LETTER OF OFFER

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

This Letter of Offer (LOO) is sent to you as an equity shareholder of Neelamalai Agro Industries Ltd. If you require any clarifications about the action to be taken, you may consult your Stock Broker or Investment Consultant or Meghraj Financial Services (India) Private Limited (hereinafter referred to as "Manager to the Offer") or Cameo Corporate Services Ltd. (hereinafter referred to as "Registrar to the Offer"). In case you have recently sold your shares in the Company, please hand over this LOO, the accompanying Form of Acceptance-cum-acknowledgement, Form of Withdrawal and Transfer Deed to the Member of Stock Exchange through whom the said sale was effected.

CASH OFFER
by

Mr. Ajit Thomas

" ACQUIRER"

47, Vijayaraghava Road, T. Nagar, Chennai – 600 017, Tel.: 044-28583463 Fax: 044-28593997

To acquire up to 79,900 fully paid up equity shares representing upto 12.74% of the issued and paid up equity share capital of

NEELAMALAI AGRO INDUSTRIES LIMITED ("NAIL" or "Target Company")
Registered Office: Katary Estate, Katary Post - 643 213, Coonoor, The Nilgiris, Tamil Nadu
Tel.:0423-2284235 Fax:0423-2284080
At Rs.103/- per equity share

(1) This offer is being made by Mr. Ajit Thomas ("**Acquirer**") pursuant to Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 1997 ("**SEBI (SAST) Regulations**").

(2) This offer is not subject to a minimum level of acceptance. (3) As on date no approvals, statutory or otherwise are required under the Companies Act 1956, Monopolies and Restrictive Trade Practices Act 1969, Foreign Exchange Management Act, 1999 and / or any other applicable laws and from any bank and / or financial institutions for the said acquisition. (4) Shareholders who accept the Offer by tendering the requisite documents, in terms of the Public Announcement/ Letter of Offer, can withdraw the same up to 3 (three) working days prior to the date of closure of the Offer (i.e. **Tuesday, January 3, 2006**), in terms of Regulations 22 (5A) of the SEBI (SAST) Regulations. (5) The Acquirer can revise the Offer Price upwards up to 7 (seven) working days prior to the date of closure of the Offer (i.e. Thursday, December 22, 2005). If there is any upward revision in the Offer Price by the Acquirer till the last date for revising the Offer Price i.e. Thursday, December 22, 2005, or if the Offer is withdrawn, the same would be communicated by a public announcement in the same newspapers in which the Public Announcement appeared. The Acquirer would pay such revised Offer Price for all the equity shares validly tendered any time during the Offer and accepted under the Offer. (6) **If there is a competitive bid(s): (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 offer / bids, it would, therefore, be in the interest of shareholders to await till the commencement of that period to know the final offer price of each bid and tender their acceptance accordingly.** (7) A copy of the Public Announcement and LOO (including form of acceptance-cum-acknowledgement and form of withdrawal) is also available at the website of SEBI at www.sebi.gov.in

Manager to the Offer	Registrar of the Offer
Meghraj Financial Services (India) Pvt. Ltd. 3rd Floor, Khanna Construction House, 44, Dr. R.G. Thadani Marg, Worli, Mumbai – 400 018. Tel : 022 - 24931764 Fax : 022 - 24931765 Email: rajesh@meghrajindia.com SEBI Regn. No.:MB/INM000001220 Name of contact person: Mr. Rajesh Sonkusare	CAMEO **Cameo Corporate Services Ltd.** Subramanian Building, 1, Club House Road, Chennai - 600 002. Tel : 044 - 28460390 Fax : 044 - 28460129 Email: cameo@cameoindia.com SEBI Regn. No.: INR000003753 Name of contact person: Mr. R.D. Ramasamy

Schedule of the Major Activities of the Offer

No.	Activity	Original Schedule	Revised Schedule
1.	Public Announcement	Friday, October 21, 2005	Friday, October 21, 2005
2.	Specified Date	Friday, October 28, 2005	Friday, October 28, 2005
3.	Last Date for a competitive bid	Friday, November 11, 2005	Friday, November 11, 2005
4.	Date by which Letter of Offer will be dispatched to the shareholders	Monday, November 28, 2005	Monday, November 28, 2005
5.	Offer Opening date	Thursday, December 15, 2005	Thursday, December 15, 2005
6.	Last Date for revising offer price / number of shares	Monday, December 26, 2005	Thursday, December 22, 2005
7.	Last Date for withdrawal of acceptance by shareholders	Friday, December 30, 2005	Wednesday, December 28, 2005
8.	Offer Closing Date	Tuesday, January 3, 2006	Tuesday, January 3, 2006
9.	Date by which the acceptance/rejection would be intimated and the corresponding payment for the acquired shares and/ or the share certificates for the rejected shares will be dispatched	Wednesday, January 18, 2006	Wednesday, January 18, 2006

RISK FACTORS

The risk factors set forth below pertain to the Offer and are not in relation to the present or future business operations of the Target Company or its subsidiaries or 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 analysing all the risks with respect to their participation in the Offer.

Given below are the risks related to the transaction, the proposed Offer and getting associated with the Acquirer:

(i) In the event of regulatory approvals not being received in a timely manner or litigation leading to stay on the Offer, or SEBI instructing that the Offer should not proceed, the Offer process may be delayed beyond the Schedule of the Major Activities indicated in this Letter of Offer.

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

(iii) There is no assurance with respect to the continuation of the past trend in the financial performance of NAIL.

(iv) The tendered shares will lie to the credit of a designated escrow account until the completion of the Offer formalities. During such period, there may be fluctuation in the market price of the shares of NAIL.

Note: Please refer to the "Definitions" section for the definition of various terms used above.

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1. DEFINITIONS/ ABBREVIATIONS

The following definitions apply throughout this Letter of Offer unless the context requires otherwise:

Terms	Definitions
Acquirer	Mr. Ajit Thomas
BSE	Bombay Stock Exchange Limited
CDSL	Central Depository Services (India) Limited
Closing Date	Date of closing of the Open Offer, Tuesday, January 3, 2006
Companies Act	The Companies Act, 1956
CoSE	Coimbatore Stock Exchange Limited
Date of Public Announcement	Friday, October 21, 2005
Deemed PACs/ DPACs	Deemed Parties Acting in Concert
DP	Depository Participant
Shareholder(s)	All owners (registered or unregistered) of Equity Shares of Neelamalai Agro Industries Limited (other than Acquirer and DPACs) whose names appear in the Register of Members of Neelamalai Agro Industries Limited at the close of business hours on the Specified Date and also the persons who own the Equity Shares at anytime before the Closure of the Offer, but may not be included in the Register of Members
Escrow Account	Escrow account under the name and title of "Ajit Thomas Escrow Account – Neelamalai Agro Industries Ltd. Open Offer", established in accordance with Regulation 28 of the SEBI SAST Regulations by the Acquirer
Escrow Agreement	Escrow agreement dated October 20, 2005 entered into amongst the Acquirer, Escrow Bank and Manager to the Offer.
Escrow Amount	Amount being not less than 25% of the maximum purchase consideration payable under the Offer in favour of the Manager to the Offer
Escrow Bank	State Bank of Travancore
Form of Acceptance	Form of Acceptance-cum-Acknowledgment enclosed with this Letter of Offer
INR or Rupees or Rs.	Indian National Rupees
Manager to the Offer/ Merchant Banker	Meghraj Financial Services (India) Private Ltd.
Letter of Offer/ LOO	This Letter of Offer dated November 24, 2005
NAIL/Company/Target Company	Neelamalai Agro Industries Limited
NSDL	National Securities Depository Limited
Offer/Public Offer/Open Offer	This Offer by the Acquirer to acquire upto 79,900 fully paid up equity shares of face value Rs.10/- each at Rs.103/- per equity share for cash.
Offer Price	Rs. 103/- per Equity Share
Opening Date	Date of opening of the Open Offer, being Thursday, December 15, 2005

Public Announcement or PA	The Public Announcement relating to the Offer as appeared in the newspapers on October 21, 2005
RBI	Reserve Bank of India
Registrars to the Offer	Cameo Corporate Services Limited
Regulation(s) or SEBI(SAST) Regulations	SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 1997 and subsequent amendments thereof as applicable on Trigger Dates, unless specified otherwise
SEBI	Securities and Exchange Board of India
SEBI Act	Securities and Exchange Board of India Act, 1992
Specified Date	Date specified in the Public Announcement for the purpose of determining the names of the shareholders to whom the Letter of Offer is to be sent being October 28,2005
Stock Exchanges	BSE, MSE and CoSE
Valuation Report	Valuation Report dated October 18, 2005 of M/s. T.G. Ramanathan & Co., Chartered Accountants

2. DISCLAIMER CLAUSE

IT IS TO BE DISTINCTLY UNDERSTOOD THAT FILING OF DRAFT LETTER OF OFFER WITH SEBI SHOULD NOT IN ANY WAY BE DEEMED OR CONSTRUED THAT THE SAME HAS BEEN CLEARED, VETTED OR APPROVED BY SEBI. THE DRAFT LETTER OF OFFER HAS BEEN SUBMITTED TO SEBI FOR A LIMITED PURPOSE OF OVERSEEING WHETHER THE DISCLOSURES CONTAINED THEREIN ARE GENERALLY ADEQUATE AND ARE IN CONFORMITY WITH THE REGULATIONS. THIS REQUIREMENT IS TO FACILITATE THE SHAREHOLDERS OF NEELAMALAI AGRO INDUSTRIES LTD., TO TAKE AN INFORMED DECISION WITH REGARD TO THE OFFER. SEBI DOES NOT TAKE ANY RESPONSIBILITY EITHER FOR FINANCIAL SOUNDNESS OF THE ACQUIRERS 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 ACQUIRERS ARE PRIMARILY RESPONSIBLE FOR THE CORRECTNESS, ADEQUACY AND DISCLOSURE OF ALL RELEVANT INFORMATION IN THIS LETTER OF OFFER, THE MERCHANT BANKER IS EXPECTED TO EXERCISE DUE DILIGENCE TO ENSURE THAT ACQUIRERS DULY DISCHARGE THEIR RESPONSIBILITY ADEQUATELY IN THIS BEHALF, AND TOWARDS THIS PURPOSE, THE MERCHANT BANKER MEGHRAJ FINANCIAL SERVICES (INDIA) PRIVATE LIMITED HAS SUBMITTED A DUE DILIGENCE CERTIFICATE DATED OCTOBER 28, 2005 TO SEBI IN ACCORDANCE WITH THE SEBI (SUBSTANTIAL ACQUISITION OF SHARES AND TAKEOVERS) 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 MAY BE REQUIRED FOR THE PURPOSE OF THE OFFER.

3. DETAILS OF THE OFFER

3.1 Background of the Offer

3.1.1 Mr. Ajit Thomas (‘Acquirer’), residing at 47, Vijayaraghava Road, T. Nagar, Chennai - 600 017 is making a voluntary offer pursuant to Regulation 11(2) of the SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 1997 (‘Regulations’) to acquire upto 79,900 equity shares of face value of Rs.10/- each representing upto 12.74% of the issued and paid up equity share capital of Neelamalai

Agro Industries Ltd. from the public equity shareholders (other than the Acquirer and deemed PAC, being the promoter group), at a price of Rs.103/- per share in cash. The offer is being made by the Acquirer with a view to further consolidating his holdings in the company.

3.1.2 The Acquirer holds 3,84,202 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 and along with the other persons in the promoter group is holding 3,90,552 equity shares of Rs.10/- each of the company forming 62.25% of the paid up equity share capital of the company.

The Acquirer is a significant shareholder of the company within the promoter group. No person is acting in concert with the Acquirer for the purpose of this offer. Hence for the purpose of this offer, the persons in the promoter group, other than the Acquirer, will only be considered as 'Deemed Persons Acting in Concert' ('DPAC'). The shareholding of the Acquirer and the names of the Deemed PAC's and their shareholding is as below:

Sl. No.	Name	No. of Shares	Shareholding %
	Acquirer		
1	Mr. Ajit Thomas	3,84,202	61.25
2	**Sub-Total Acquirer**	**3,84,202**	**61.25**
	DPAC		
3	Mr. J. Thomas	2,500	0.39
4	Ms. Lily Thomas	1,200	0.19
5	Mr. Dilip Thomas	2,650	0.42
6	**Sub-Total DPAC**	**6,350**	**1.00**
7	Total - Promoter Group (2 + 6)	**3,90,552**	**62.25**

3.1.4 The Acquirer and the company are not included in the list of persons/entities debarred from dealing in securities under Section 11B of the SEBI Act, 1992 or under any other regulation.

3.1.5 There will be no change in control of management or in the Board of Directors of the company pursuant to this offer.

3.2 Details of the proposed offer

3.2.1 As per Regulation 15(1) of the Regulations, the Public Announcement was made on Friday, October 21, 2005 in the following newspapers:

Newspaper	Language	Editions
Financial Express	English	All
Makkal Kural	Tamil	All
Jansatta	Hindi	All

A copy of the Public Announcement is also available on the SEBI website at www.sebi.gov.in

Any decision for an upward revision in the Offer Price by the Acquirer till the last date of revision i.e. Thursday, December 22, 2005, or withdrawal of the Offer would be communicated by way of a public announcement in the same newspapers in which the Public Announcement had appeared. In case of an upward revision in the Offer Price, the Acquirer would pay such revised price for all the Shares validly tendered any time during the Offer and accepted under the Offer.

3.2.2 The Acquirer hereby announces a voluntary offer under Regulation 11(2) of the SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 1997, to acquire by tender upto 79,900 fully paid up equity shares of Rs.10/- each of NAIL representing upto 12.74% of its paid up equity share capital from the public equity shareholders of NAIL (other than the Acquirer and DPAC, being the promoter group) on the terms and subject to the conditions set out in this Letter of Offer ('**LOO**'), at a price of Rs.103/ (Rupees One hundred three only) per fully paid up equity share ('**offer price**') payable in cash ['**Offer**']. There are no partly paid shares of NAIL.

3.2.3 The equity shares of NAIL are listed only on the Bombay Stock Exchange Limited, Mumbai ('**BSE**'), the Madras Stock Exchange Ltd., Chennai ('**MSE**'), and the Coimbatore Stock Exchange Ltd., Coimbatore ('**CoSE**'). The equity shares of the company are infrequently traded in terms of explanation (i) to Regulation 20(5) of the Regulations. The offer price of Rs.103/- per share has been determined as per Regulation 20 (5) of the Regulations.

3.2.4 The equity shares of NAIL to be acquired, pursuant to this Offer, shall be free from all liens, charges and encumbrances and together with all rights attached thereto, including the rights to all dividends or other distributions hereinafter declared, made or paid.

3.3 Object of the Acquisition/Offer

3.3.1 The object of the acquisition/offer is to consolidate the shareholding of the promoter group in NAIL.

4. BACKGROUND OF ACQUIRER AND THE DEEMED PERSONS ACTING IN CONCERT (DPAC)

The Acquirer is part of the promoter group of NAIL and his background is given below:

4.1 BACK GROUND OF THE ACQUIRER, MR. AJIT THOMAS

4.1.1 Mr. Ajit Thomas is the Acquirer and his address is 47, Vijayaraghava Road, T. Nagar, Chennai – 600017. Mr. Ajit Thomas' personal net worth as on October 18, 2005 is Rs.2300 lacs, duly certified by Mr. S. Ganesan (Membership No. 018525), Partner, M/s. Suri & Co., Chartered Accountants having their office at 70, Kodambakkam High Road, Nungambakkam, Chennai – 600 034, Tel. No. 044-28277082 vide their Certificate dated October 18, 2005.

4.1.2 Mr. Ajit Thomas has over 25 years experience in business and is the Chairman & Managing Director of the company. The positions held by him on the Board of other listed companies are, Chairman & Managing Director of The Midland Rubber & Produce Company Limited, Chairman of The Nelliampathy Tea & Produce Company Limited, Chairman of AVT Natural Products Limited, Director of A. V. Thomas & Co. Limited and A. V. Thomas International Limited. He is also an independent Director on the Board of Cholamandalam Cazenove AMC Limited.

4.1.3 The Acquirer has complied with the provisions of Chapter II of the regulations.

4.1.4 Details of Prior Acquisitions by the Acquirer

Details of Shares Purchased By Mr. Ajit Thomas
Total No. of Shares: 627350

Date of Purchase	Cumulative No. of shares	%	No of Shares	SEBI Compliance	Compliance under Other Regulation
8-Jul-1996	27400	4.37	27400	NA	NA
9-Jul-1996	101366	16.16	73966	NA	NA
10-Jul-1996	133456	21.27	32090	NA	NA
11-Jul-1996	247736	39.49	114280	NA	NA
10-Sep-1996	332810	53.05	85074	NA	NA
26-May-1997	345172	55.02	12362	NA	NA
24-Nov-1998	345272	55.04	100	NA	NA
21-May-1999	347422	55.38	2150	NA	NA
9-Sep-1999	347632	55.41	210	NA	NA
21-Feb-2000	348912	55.62	1280	NA	NA
24-Feb-2000	350512	55.87	1600	NA	NA
5-Aug-2000	350912	55.94	400	NA	NA
6-Nov-2000	351212	55.98	300	NA	NA
6-Dec-2000	351512	56.03	300	NA	NA
5-Jun-2001	351712	56.06	200	NA	NA
10-Nov-2001	351912	56.10	200	NA	NA
11-Feb-2002	352462	56.18	550	NA	NA
11-Mar-2002	353612	56.37	1150	NA	NA
26-Mar-2002	353712	56.38	100	NA	NA
12-Apr-2002	353862	56.41	150	NA	NA
13-May-2002	353962	56.42	100	NA	NA
10-Jun-2002	354182	56.46	220	NA	NA
12-Aug-2002	354382	56.49	200	NA	NA
10-Oct-2002	354582	56.52	200	NA	NA
16-Nov-2004	355282	56.63	700	NA	NA
18-Nov-2004	356482	56.82	1200	NA	NA
19-Nov-2004	356682	56.86	200	NA	NA
20-Nov-2004	357886	57.05	1204	NA	NA
22-Nov-2004	358186	57.10	300	NA	NA
23-Nov-2004	358236	57.10	50	NA	NA
24-Nov-2004	360986	57.54	2750	NA	NA
25-Nov-2004	364410	58.09	3424	NA	NA
26-Nov-2004	364810	58.15	400	NA	NA
27-Nov-2004	368544	58.75	3734	NA	NA

28-Nov-2004	368644	58.76	100	NA	NA
29-Nov-2004	369985	58.98	1341	NA	NA
30-Nov-2004	371085	59.15	1100	NA	NA
1-Dec-2004	371985	59.29	900	NA	NA
2-Dec-2004	372685	59.41	700	NA	NA
3-Dec-2004	373651	59.56	966	NA	NA
4-Dec-2004	373676	59.56	25	NA	NA
5-Dec-2004	373742	59.57	66	NA	NA
6-Dec-2004	374042	59.62	300	NA	NA
7-Dec-2004	374792	59.74	750	NA	NA
8-Dec-2004	374892	59.76	100	NA	NA
9-Dec-2004	375192	59.81	300	NA	NA
11-Dec-2004	375392	59.84	200	NA	NA
12-Dec-2004	375692	59.89	300	NA	NA
13-Dec-2004	375742	59.89	50	NA	NA
14-Dec-2004	375892	59.92	150	NA	NA
15-Dec-2004	376752	60.05	860	NA	NA
17-Dec-2004	378052	60.26	1300	NA	NA
21-Dec-2004	378202	60.29	150	NA	NA
22-Dec-2004	383602	61.15	5400	NA	NA
23-Dec-2004	383802	61.18	200	NA	NA
27-Dec-2004	384002	61.21	200	NA	NA
31-Dec-2004	384202	61.24	200	NA	NA

4.2 BACKGROUND OF DEEMED PERSONS ACTING IN CONCERT ('DPAC')

There is no PAC with the Acquirer for this offer. Persons other than the Acquirer who are part of the promoter group are therefore deemed PAC. They have complied with the applicable provisions of Chapter II of the Regulations within the time specified in the Regulations. Information on the deemed PAC is given below:

4.2.1 Mr. J. Thomas

Mr. J. Thomas, is residing at 46, Vijayaraghava Road, T. Nagar, Chennai - 600 017 (Tel.: 044-28553249). The positions held on the Board of listed companies are A V Thomas & Co. Ltd., L. J International Ltd and A. V Thomas International Ltd. He has five decades of experience in the plantations industry. He is the father of the Acquirer.

4.2.2 Ms. Lily Thomas

Ms. Lily Thomas, wife of Mr. J. Thomas, residing at 46, Vijayaraghava Road, T. Nagar, Chennai- 600 017 (Tel. 044-28553249), is a businessperson. The positions held on the Board of listed companies are A. V. Thomas & Co. Ltd., L. J. International Ltd. and A. V. Thomas International Ltd.

4.2.3 **Mr. Dilip Thomas**

Mr. Dilip Thomas, son of Mr. J. Thomas, is residing at 2, Lodhi Khan Street, T. Nagar, Chennai –600 017 (Tel.044-28553249). The positions held on the Board of listed companies are A. V. Thomas & Co. Ltd., L. J. International Ltd., The Highland Produce Co. Ltd., The Rajagiri Rubber & Produce Co. Ltd. and A. V. Thomas International Ltd. He has nearly three decades of experience in the plantation industry.

5. RATIONALE FOR THE OFFER

5.1 The Acquirer along with the deemed PAC, being the promoter group of NAIL is holding 62.25% of the equity share capital of NAIL. The Acquirer wishes to further consolidate his holding by making the said voluntary offer to the shareholders of the company. Since the promoter group is already holding 62.25% of the equity share capital of NAIL, this offer to the shareholders of NAIL is being made under Regulation 11(2) of the Regulations.

5.2 The Acquirer does not currently have any plans to dispose off or otherwise encumber any assets of NAIL in the succeeding two years from the date of closure of this offer except in the ordinary course of business of NAIL. Further, the Acquirer shall not sell, dispose off or otherwise encumber any substantial asset of NAIL, except with the prior approval of the shareholders. The Board of Directors of NAIL 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. DELISTING OPTION TO NAIL

6.1 The Acquirer along with the deemed PAC, being the promoter group of NAIL is holding 62.25% of the equity share capital of NAIL. The present offer for 12.74% of the equity share capital of NAIL is not subject to any minimum level of acceptance. Therefore, the public shareholding in NAIL will not reduce to less than 25% of the voting capital of the company after the present offer. Hence, the provisions of Regulation 21(3) of the (Substantial Acquisition of Shares & Takeovers) Regulations will not apply on completion of this offer.

6.2 The equity shares of NAIL will continue to remain listed after completion of the present offer.

7. BACKGROUND OF NAIL

7.1 NAIL is a public limited company incorporated on April 21, 1943, having its Registered Office at Katari Estate, Katari Post, - 643 213, Coonoor, The Nilgiris, Tamil Nadu. The company manages its own tea plantations and is engaged in the production, manufacture and marketing of tea.

7.2 NAIL has three estates in South India producing tea with acreage, bearing about 546 hectares.

7.3 The issued and paid up equity share capital of NAIL is Rs.62.735 lakhs comprising 6,27,350 fully paid up equity shares of Rs.10/- each. The equity shares of NAIL are listed on BSE, MSE and CoSE.

Paid up equity share capital of the company	No. of shares/ voting rights	% of shares /voting rights
Fully paid up equity shares	6,27,350	100
Partly paid up equity shares	Nil	Nil
Total paid up equity shares	6,27,350	100
Total voting rights in NAIL –Target Company	6,27,350	100

7.4 The current share capital structure of NAIL since inception and the disclosure status of compliance with applicable provisions of SEBI (SAST) Regulations/ other applicable regulations under the SEBI Act 1992 and other statutory requirements as applicable, is given as under

Allotment Date	No. of Equit Share allotted	Face Value (Rs.)	Cumulative paid up capital (Rs.)	Mode of allotment	Identity of allottes (promoters / expromoters/others)	Status of Compliance with SEBI (SAST) Regulations
16.04.1943	12802	5	64010	Original Issue	Subscriber to MOA & AOA	Not Applicabe
01.09.1943	707198	5	3600000	Public Issue	Existing Shareholder	Not Applicabe
24.09.1986	360000	10	3600000	Consolidation of paid up capital into shares of face value of Rs.10/- each	Existing Shareholder	Not Applicabe
29.01.1992	360000	10	7200000	Bonus Issue (Ratio 1:1)	Existing Shareholder	Not Applicabe
24.06.2000	(92650)	10	6273500	Buyback	Not Applicabe	Not Applicabe

Following are the details of the preference share capital of NAIL: -

Year of Allotment	No. of Preference shares allotted	Face Value (Rs.)	Cumulative paid up capital	Mode of allotment	Identity of allottes (promoters / expromoters/others)	Status of Compliance with SEBI (SAST) Regulations
08.09.1944	180000	10	1800000	CASH	Public	Not Applicabe
31.05.1993	Redemption of preference shares	10	NIL			Not Applicable

There are no partly paid up equity shares in NAIL. There are no outstanding instruments in the nature of warrants/fully convertible debentures/partly convertible debentures etc., which are convertible into equity at any later date. There are no shares under lock-in period.

7.5 NAIL was incorporated by the name NEELAMALAI TEA AND COFFEE ESTATES AND INDUSTRIES LIMITED on April 21, 1943. Its name was subsequently changed to Neelamalai Agro Industries Limited on November 17, 1986.

There has been no merger/de-merger or spin off in the company during the past 3 years.

7.6 NAIL completed the buy back of 92,650 equity shares of Rs.10/- each at Rs.65/- per share on June 24, 2000, being 12.87% of the then paid up equity capital of the company.

7.7 The composition of the Board of Directors as on the date of issue of the Public Announcement (October 21, 2005) is as follows:

Name	Designation / Date of Appointment	Address
Mr. Ajit Thomas	Chairman & Managing Director 2.9.2005	47, Vijayaraghava Road, T. Nagar, Chennai - 600 017.
Ms. Shanthi Thomas	Director 2.9.2005	47, Vijayaraghava Road, T. Nagar, Chennai – 600 017.
Mr. C.R. Dorai Raj	Director 4.9.2004	'KR Villa', 17, Third Street, Surya Gardens, Bharathi Colony,Peelamedu, Coimbatore - 641 004.
Mr. A.D. Bopanna	Director 25.9.2002	'Kathlekad Estate', P.B. No.94, Madikeri, Kodagu,Karnataka – 571201.
Mr. H.M.A. Hussain	Director 28.8.2003	'Ambrosia', 29/2, Pycrofts Garden Road, Chennai - 34.
Mr. B.B. Medaiah	Director 4.9.2004	'SriLakshmi', Panorama Nagar, Kadavanthra, Kochi, Kerala - 682 030.
Mr. S. Rajasekar	Director 2.9.2005	Flat No.B-3, 'Sunshine Apartments', 2, Rajambal Street, T. Nagar,Chennai – 600 017.

7.8 Mr. Ajit Thomas, Chairman and Managing Director, the Acquirer was last appointed to the Board of Directors of NAIL on 2/9/2005.

7.9 NAIL has been regular in complying with the provisions of the listing agreements entered into with BSE, MSE and CoSE. No penal action has been instituted against NAIL by any of the stock exchanges till the date of Public Announcement. The company has been regular in complying with the provisions of Chapter II of the Regulations.

7.10 The audited financials of NAIL for the last three years are as follows:

Profit & Loss Account

Particulars	Year ended March31, 2003 (Audited)	Year ended March31, 2004 (Audited)	Year ended March31, 2005 (Audited)	Quarter ended June 30, 2005 (Certified)
Income from operation	741.56	757.61	916.24	267.70
Other Income	19.64	108.72	41.87	7.64
Total Income	**761.20**	**866.33**	**958.11**	**275.34**
Expenditure	709.88	800.43	829.17	222.29
Profit/(Loss) before interest, depreciation and tax	51.32	65.90	128.94	53.05
Financial charges	15.99	19.32	18.25	5.16
Depreciation	29.33	40.44	37.90	10.09
Profit/(Loss) before tax	6.00	6.14	72.79	37.80
Provision for taxation	(1.50)	(4.00)	(7.00)	5.10
Provision for taxation written back	-	-	14.38	-
Profit/(Loss) after tax	4.50	2.14	80.17	32.70

Balance Sheet

Particulars	Year ended March31, 2003 (Audited)	Year ended March31, 2004 (Audited)	Year ended March31, 2005 (Audited)	Quarter ended June 30, 2005 (Certified)
Sources of Funds				
Paid up Share capital	62.735	62.735	62.735	62.735
Reserves & Surplus excluding revaluation reserve	1237.94	1233.00	1295.29	1327.99
Net Worth	1300.675	1295.735	1358.025	1390.725
Secured Loans	32.65	91.76	46.19	46
Unsecured Loans	112.71	140.92	148.10	144.64
Deferred Tax Liability	-	-	5.75	5.75
Total	**1446.035**	**1528.415**	**1558.065**	**1587.11**
Use of Funds				
Net Fixed Assets	325.49	338.69	342.34	343.14
Investments	1031.73	1092.92	1138.01	1134.86
Net Current Assets	88.815	96.805	77.715	109.11
Total	**1446.035**	**1528.415**	**1558.065**	**1587.11**

Other Financial Data	Year ended March31, 2003 (Audited)	Year ended March31, 2004 (Audited)	Year ended March31, 2005 (Audited)
Dividend (%)	10	10	25
Earning per Share (Rs.)	0.72	0.34	12.78
Return on Net worth (%)	0.34	0.16	5.90
Book Value per Share (Rs.)	207.33	206.54	216.47

Reasons for the fall/ rise in the total income and profit after tax:

Year ended March 31, 2005 compared to Year ended March 31, 2004

The total income of the company has shown steady improvement. It was Rs.866.33 lakhs in 2003-04 and increased by 10.6% to Rs.958.11 lakhs in 2004-05.

While the PBIDT (Profit Before Interest Depreciation and Tax) has also shown significant improvement from 2003-04 to 2004-05. The PAT (Profit After Tax) improved significantly in 2004-05.

Year ended March 31, 2004 compared to Year ended March 31, 2003

The total Income grew by 14%. It was Rs.761.20 lakhs in 2002-03 and Rs. 866.33 lakhs in 2003-04.

While the PBIDT (Profit Before Interest Depreciation and Tax) has also shown improvement in tandem from 2002-03 to 2003-04, the PAT (Profit After Tax) took a dip of 52.4% in 2003-04 due to higher depreciation charges.

7.11 Pre & Post Offer Equity Shareholding pattern of the Target Company is as follows:

Shareholder Category	Shareholding and Voting right prior to the offer (A)		Share/voting rights agreed to be acquired which triggered off the Regulations (B)		Share/voting rights to be acquired in oppen offer (assuming full acceptances) (C)		Shareholding/voting right after the acquisition and offer (D)	
	No.	%	No.	%	No.	%	No.	%
1. Promoter Group								
a) Acquirer								
Mr. Ajit Thomas	384202	61.25	-	-	79900	12.74	464102	73.99
Sub Total 1 (a)	384202	61.25	-	-	79900	12.74	464102	73.99
b) Deemed PAC	6350	1.00	-	-	-	-	6350	1.00
Sub Total 1 (a+b)	**390552**	**62.25**	-	-	**79900**	**12.74**	**470452**	**74.99**
2. Parties toAgreement other than (1) (a)	-	-	-	-	-	-	-	-
3. Public other than Acquirer and other persons in promoter group								
a) FI's/ MFs/ FIIs/ Banks/ SFIs	**11730**	**1.87**						
(i) LIC	7230	1.15						
(ii) Others	4500	0.72						
b) Others	225068	35.88	-	-	-	-	156898	25.01
Sub Total 3 (a+b)	**236798**	**37.75**	-	-	-	-	**156898**	**25.01**
Total (1+2+3)	**627350**	**100.00**	-	-	**79900**	**12.74**	**627350**	**100.00**

Note *(1)- Mrs. Shanthi Thomas is joint holder with Mr. Ajit Thomas who holds 384202 shares.

7.12 Details of change in promoters' shareholding pattern in the company

Total No. of Shares: 627350

Date of Purchase	Cumulative No. of shares	%	No of Shares	SEBI Compliance	Compliance under Other Regulation
8-Jul-1996	27400	4.37	27400	NA	NA
9-Jul-1996	101366	16.16	73966	NA	NA
10-Jul-1996	133456	21.27	32090	NA	NA
11-Jul-1996	247736	39.49	114280	NA	NA
10-Sep-1996	332810	53.05	85074	NA	NA
26-May-1997	345172	55.02	12362	NA	NA
24-Nov-1998	345272	55.04	100	NA	NA
21-May-1999	347422	55.38	2150	NA	NA
9-Sep-1999	347632	55.41	210	NA	NA
21-Feb-2000	348912	55.62	1280	NA	NA
24-Feb-2000	350512	55.87	1600	NA	NA
5-Aug-2000	350912	55.94	400	NA	NA
6-Nov-2000	351212	55.98	300	NA	NA
6-Dec-2000	351512	56.03	300	NA	NA
5-Jun-2001	351712	56.06	200	NA	NA
10-Nov-2001	351912	56.10	200	NA	NA
11-Feb-2002	352462	56.18	550	NA	NA
11-Mar-2002	353612	56.37	1150	NA	NA
26-Mar-2002	353712	56.38	100	NA	NA
12-Apr-2002	353862	56.41	150	NA	NA
13-May-2002	353962	56.42	100	NA	NA
10-Jun-2002	354182	56.46	220	NA	NA
12-Aug-2002	354382	56.49	200	NA	NA
10-Oct-2002	354582	56.52	200	NA	NA
16-Nov-2004	355282	56.63	700	NA	NA
18-Nov-2004	356482	56.82	1200	NA	NA
19-Nov-2004	356682	56.86	200	NA	NA
20-Nov-2004	357886	57.05	1204	NA	NA
22-Nov-2004	358186	57.10	300	NA	NA
23-Nov-2004	358236	57.10	50	NA	NA
24-Nov-2004	360986	57.54	2750	NA	NA
25-Nov-2004	364410	58.09	3424	NA	NA
26-Nov-2004	364810	58.15	400	NA	NA
27-Nov-2004	368544	58.75	3734	NA	NA

28-Nov-2004	368644	58.76	100	NA	NA
29-Nov-2004	369985	58.98	1341	NA	NA
30-Nov-2004	371085	59.15	1100	NA	NA
1-Dec-2004	371985	59.29	900	NA	NA
2-Dec-2004	372685	59.41	700	NA	NA
3-Dec-2004	373651	59.56	966	NA	NA
4-Dec-2004	373676	59.56	25	NA	NA
5-Dec-2004	373742	59.57	66	NA	NA
6-Dec-2004	374042	59.62	300	NA	NA
7-Dec-2004	374792	59.74	750	NA	NA
8-Dec-2004	374892	59.76	100	NA	NA
9-Dec-2004	375192	59.81	300	NA	NA
11-Dec-2004	375392	59.84	200	NA	NA
12-Dec-2004	375692	59.89	300	NA	NA
13-Dec-2004	375742	59.89	50	NA	NA
14-Dec-2004	375892	59.92	150	NA	NA
15-Dec-2004	376752	60.05	860	NA	NA
17-Dec-2004	378052	60.26	1300	NA	NA
21-Dec-2004	378202	60.29	150	NA	NA
22-Dec-2004	383602	61.15	5400	NA	NA
23-Dec-2004	383802	61.18	200	NA	NA
27-Dec-2004	384002	61.21	200	NA	NA
31-Dec-2004	384202	61.24	200	NA	NA

7.13 Details of Pending Litigation by/against the Company:

Sl. No.	Sl. No.	Amount (Rs. in lacs)	Forum
1	Recovery towards soil conservation works carried out at Sutton and Katary Estates of NAIL during 1986 to 1990 with interest	5.28	The Demand is disputed by filing Writ Petition & the Madras High Court has ordered restraining the Tehsildar from recovering the demand. The matter is still pending.
2	Petition filed by 9 temporary workers from Kakkachi for permanent enlistment	NM	Labour Court, Coimbatore - Court passed the award on 27.02.04 in favour of the company
3	Petition filed by a temporary worker named Stephen of Louisiana Division for non- employment from the year 2001	NM	Labour Court, Coimbatore - Now posted to 11.11.05 for hearing
4	Petition filed by 13 temporary workers of Bhavani Division for permanent enlistment	NM	Labour Court, Coimbatore - Now posted to 11.11.05 for hearing
5	Petition filed by Rajendran, Motanaad Division, stating that he was working as a Sprayer Mechanic and was asked to change to Field Work. He raised an ID demanding Sprayer Mechanic Job.	NM	Labour Court, Coimbatore passed the award on 27.02.04 in favour of the company
6	Petition filed by Kanagaraj of Mootanad Division, He was a temporary worker and his work was stopped along with other temporaries when there was no work. He raised an ID for reinstatement with back wages	NM	Labour Court, Coimbatore -Now posted to 11.11.05 for hearing
7	Petition filed by a worker named Arokiadas Simon who was dismissed from 28.12.1998 for unauthorised absence. He raised an ID demanding reinstatement with back wages.	NM	Labour Court, Coimbatore decreed the case in favour of the company. We filed Eviction Petition. In the mean time, Arokiadas Simon filed a Writ in the High Court, Chennai.
8	Writ Petition filed by Arikiadas Simon against the award of Labour Court in ID No. 119/2000	NM	High Court, Chennai on 04.06.04 granted injunction to the petitioner to stay in the labour line pending disposal of the Write petition
9	Petition filed by the company for interim injunction passed by the High Court in WP No. 45509/2003	NM	The Petition was dismissed by the High Court on 06.10.2004

NM: Not Meaningful

7.14 Status of Corporate Governance

Clause 49 of the Listing Agreement relating to Corporate Governance is not applicable to Neelamalai Agro Industries Limited since the paid up capital & net worth since inception is less than Rs. 3 crores and 25 crores respectively which is the minimum requirement for complying with the Corporate Governance clause.

7.15 Details of the compliance officer

Mr. T M Hari Kumar
General Manager-Finance
27/1032, Panampilly Nagar
Cochin-682 036
Tel : 0484-2319325
Fax : 0484-2312541

8. OFFER PRICE AND FINANCIAL ARRANGEMENTS

8.1 Justification of Offer Price

The equity shares of NAIL are listed on BSE, MSE and CoSE. The annualised trading turnover of the equity shares of NAIL on the stock exchanges is as shown below:

Name of Stock Exchanges	Total No. of shares traded during the 6 calendar months prior to the month in which PA was made*	Total No. of listed shares	Annualised Trading Turnover (in terms of % to total listed shares
BSE	4800	6,27,350	1.53
MSE	Nil	6,27,350	0.00
CoSE	Nil	6,27,350	NiI

*Source: BSE, MSE, CoSE.

The equity shares of NAIL are deemed to be infrequently traded in terms of explanation (i) to Regulation 20(5) of the Regulations.

8.1.2 The Offer Price of Rs.103/- per share is justified in terms of Regulation 20(5) of the Regulations as it is the highest in view of the following:

8.1.2.1	The negotiated price under the agreement	Not applicable
8.1.2.2	Highest price paid by the Acquirer / DPAC for any acquisition of equtiy shares including through a public or rights issue or preferential issue during the 26 week period prior to the date of Public Announcment	Not applicable
8.1.2.3	Other parameters (as on 31.03.2005)	
i)	Return on Networth (%)	5.90
ii)	Earning per share (Rs.)	12.78
iii)	P/E multiple (at offer price)	8.03
iv)	Book Value per share (Rs.)	216.47

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 (Rs.) (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 Per Fully Paid up Equity Share			**102.60**

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

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.

8.1.3 The Acquirer shall not acquire any shares during the Offer period in NAIL.

8.2 Financial Arrangements

8.2.1 The Acquirer has adequate and firm financial resources to fulfil the obligations under this offer. The sources of funds shall be through internal resources of the Acquirer. No borrowings from bank/financial institution is being made for the purpose. All the funds will be domestic and no foreign funds will be utilized.

8.2.2 The maximum purchase consideration payable by the Acquirer in case of full acceptance of the offer i.e. 79,900 shares is Rs.82,29,700/- (Rupees Eighty Two Lakhs Twenty Nine Thousand Seven Hundred only).

8.2.3 In accordance with Regulation 28 of the Regulations, Acquirer has created an Escrow Account with State Bank of Travancore, Panampilly Nagar, Cochin – 682 036, in favour of Meghraj Financial Services (India) Private Limited, the Manager to the Offer, for an amount of Rs.20,62,425/- (Rupees Twenty Lakhs Sixty Two Thousand Four Hundred and Twenty Five only) being 25% of the maximum consideration payable under the offer.

8.2.4 The Manager to the Offer has been duly authorized by the Acquirer to operate and realize the value of the Escrow Account in terms of the Regulations.

8.2.5 Mr. S. Ganesan (Membership No. 018525), Partner, M/s. Suri & Co., Chartered Accountants having their office at 70, Kodambakkam High Road, Chennai – 600 034, Tel. No. 044-28277082, vide their certificate dated October 18, 2005 have certified the adequacy of financial resources of Acquirer for fulfilling all the obligations under the Offer.

8.2.6 The Manager to the Offer confirms that firm arrangements for funds and money for payment through verifiable means are in place to fulfil the offer obligations.

9. TERMS & CONDITIONS OF THE OFFER

1.1 Eligibility for accepting the Offer:

The Offer is being made to all the remaining shareholders of NAIL (other than the Acquirer and the DPAC) whose names appear on the Register of Members of NAIL as on Friday, October 28, 2005 (the '**Specified Date**') and also to those persons who own the equity shares at any time prior to the closure of the Offer, but are not registered equity shareholders.

1.2 Statutory Approvals:

9.2.1 As on date, no approvals, statutory or otherwise, are required under the Companies Act, 1956, Monopolies and Restrictive Trade Practices Act, 1969, the Foreign Exchange Management Act, 1999 and/or any other applicable laws and from any bank and/or financial institutions for the said acquisition.

9.2.2 If any other statutory approvals become applicable at a later date, the offer would be subject to such statutory approvals.

9.2.3 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 tendering shareholders subject to the Acquirer agreeing to pay interest as directed by SEBI under Regulation 22 (12) of the Regulations. If the delay occurs due to wilful default of the Acquirer in obtaining the requisite approvals, if any, Regulation 22 (13) of the Regulations will become applicable.

9.3 Other Conditions:

9.3.1 All owners of fully paid up equity shares, registered or unregistered and beneficial owners of the shares (except the Acquirer and DPAC) who own the shares at any time prior to the closure of the offer are eligible to participate in the offer as per procedure set out in Section 10. Unregistered owners / shareholders who have not received the LOO can send their application in accordance with Section 10 so as to reach the Registrar on or before Tuesday, January 3, 2006. No indemnity is required from the unregistered owners.

9.3.2 Accidental omission to dispatch this LOO or the non-receipt or delayed receipt of this LOO will not invalidate this offer in any way.

9.3.3 Shares, if any, that are 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 LOO in some of these cases, wherever possible, would be forwarded to the concerned statutory authorities for further action at their end.

9.3.4 The acceptance of the offer made by the Acquirer is entirely at the discretion of the shareholders of the Target Company. The Acquirer will not be responsible in any manner for any loss of share certificates and offer acceptance documents during transit and the shareholders of the target company are advised to adequately safeguard their interest in this regard.

9.3.5 Incomplete applications including non-submission of necessary enclosures, if any, are liable to be rejected.

9.3.6 Shares that are subject to any lien, charge or encumbrance are liable to be rejected.

9.3.7 The instructions and provisions contained in the Form of Acceptance-cum-Acknowledgement and Form of Withdrawal constitute an integral part of the terms of this offer.

9.3.8 Shareholders should note that after 4.00 P.M. on the last date of withdrawal i.e. Wednesday, December 28, 2005, shareholders who have lodged their acceptance would not be able to withdraw them even if the acceptance of shares under the offer and dispatch of consideration gets delayed. The validly tendered shares and documents would be held by the Registrars to the Offer in trust, till such time as the process of acceptance of tenders and the payment of consideration is completed.

9.3.9 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, if consultation with the Manager 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. The marketable lot of the equity shares of the company is one share.

9.3.10 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 the purpose open a Special Account as provided under Regulation 29.

Provided where the Acquirer is unable to make payment to the shareholders 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 wilful default or neglect of 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.

9.3.11 Subject to the conditions governing this offer, as mentioned in this LOO, the acceptance of this offer by the shareholders must be absolute and unqualified. Any acceptance to the offer, which is conditional or incomplete, is liable to be rejected without assigning any reason whatsoever.

9.3.12 The Acquirer can revise the price upwards up to 7 working days prior to closure of the offer and revision, if any, in the offer price, would appear in the same newspapers the PA has appeared. The same price would be paid to all shareholders who tendered their shares in the offer.

Shareholders may note that if there is a competitive bid, the public offers under all the subsisting bids shall close on the same date. As the offer price cannot be revised during 7 working days prior to the closing date of the offers /bids, it would therefore, be in the interest of the shareholders to wait till the commencement of that period to know the final offer price of each bid and tender their acceptance accordingly. For queries regarding the offer, the shareholders / applicants may contact the Registrar at the address mentioned in this LOO.

10. PROCEDURE FOR ACCEPTANCE AND SETTLEMENT

10.1 Procedure for accepting the Offer by eligible persons:

The equity shareholders of NAIL who qualify and who wish to avail of this Offer will have to deliver the relevant documents mentioned hereinafter as applicable, to the Registrar as follows:

Name and Address of the Registrar to whom the shares should be sent	Working days and timings	Mode of Delivery
Cameo Corporate Services Ltd., Subramanian Buildings, 1,Club House Road, Chennai – 600 002. Tel.: 91-44-28460390 Fax: 91-4428460129 Email: cameo@cameoindia.com	Monday to Friday, 11.00 A.M. to 4.00 P.M. (excluding Saturdays, Sundays and Bank Holidays)	Hand Delivery/Courier/Registered Post on or before the close of the offer, i.e. by Tuesday, January 3, 2006.

Details of Collection Centres:

Name & Address of the collection centre	Telephone No.(s)	Fax No.(s)	Contact Person	Mode of delivery
Chennai Cameo Corporate Services Ltd V Floor, Subramanian Building No.1 Club House Road Chennai- 600 002	044-28460390/ 91/92/93/94	044- 28460129	A Sivasubramanian Sr. Executive-Shares	Hand delivery and by Regd post
Bangalore Cameo Corporate Services Ltd No. 17 / 3, First Floor Andree Road, Shanti Nagar Bangalore 560 027	080-51240340	080-51240341	S Mahesha & S. Ramakrishnan Executives	Hand Delivery
Cochin Cameo Corporate Services Ltd Marayil Chambers, 2nd Floor 57/792 Karikkamuri Cross Road Cochin 682 011	0484-2369980	0484-2369970	E V Vijesh Kumar Executive	Hand Delivery
Hyderabad Cameo Corporate Services Ltd Kalpavruksha , 3-6-475/3 , 2nd Floor Himayath Nagar Hyderabad 500 029	040-55777951	55777952	G. Nagesh Executive	Hand Delivery

Business Hours : Monday to Friday, 11.00 A.M. to 4.00 P.M.
Holidays : Saturdays, Sundays and Bank Holidays

10.2 For equity shares held in physical form

Registered equity shareholders should send the following documents:

10.2.1 Form of Acceptance-cum-Acknowledgement duly completed and signed in accordance with the instructions contained therein by all equity shareholders whose names appear on the share certificate.

10.2.2 Original share certificate(s).

10.2.3 Valid share transfer deed(s) duly signed by all registered equity shareholders (in case of joint holdings) in the same order and as per the specimen signatures registered with NAIL and duly witnessed at the appropriate place. The details of the buyer should be left blank in the share transfer deed(s). Acquirer's name will be subsequently filled in upon verifying the validity of the share transfer deed.

10.3 For unregistered holders of equity shares

10.3.1 Form of Acceptance-cum-Acknowledgement duly completed and signed in accordance with the instructions contained therein .

10.3.2 Original share certificate(s).

10.3.3 Valid share transfer deed(s) as received from the market. The details of the buyer should be left blank. If the details of the buyer are filled in, the tender will not be valid under the Offer. Acquirer's name will be subsequently filled in upon verifying the validity of the share transfer deed.

10.3.4 No indemnity is needed from unregistered equity shareholders.

10.3.5 Persons who have sent their shares for transfer should enclose the Form of Acceptance-cum-Acknowledgement duly completed and signed along with the copy of letter sent to NAIL for transfer of shares and valid share transfer deed(s) as mentioned in (iii) above.

10.4 For shares held in demat form

10.4.1 Beneficial owners should send Form of Acceptance-cum-Acknowledgement duly completed and signed in accordance with the instructions contained therein, by all the beneficial owners whose names appear in the Beneficiary Account as per the respective Depository.

10.4.2 Photocopy of the 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 Special Depository Account (as defined herein below) should be attached.

10.4.3 The Registrar has opened a Special Depository Account as under:

DP Name	Stock Holding Corporation of India Ltd.
DP ID	16010100
Client ID	00328213
Account Name	Cameo Corporate Services Ltd. Escrow Account – Neelamalai Agro Open Offer
Depository	Central Depository Services (India) Limited

For each delivery instruction, the beneficial owner should submit separate Form of Acceptance-cum-Acknowledgement. The shareholders are advised to ensure that their shares are credited in favour of the Special Depository Account, not later than 4.00 P.M. on the close of business hours on Tuesday, January 3, 2006.

10.4.4 The Forms of Acceptance of such demat shares not credited in favour of the Special Depository Account on Tuesday, January 3, 2006 will be rejected.

10.4.5 Shareholders should also provide all relevant documents which are necessary to ensure transferability of the shares in respect of which the application is being sent, failing which the application would be considered invalid and would be liable as rejected.

10.4.6 The minimum marketable lot for the purpose of acceptance, for both physical and demat share would be one share.

10.4.7 In case of non-receipt of LOO, the eligible person may obtain the copy of the same from any of the Registrar on providing suitable documentary evidence of acquisition of shares. The LOO and Form of Acceptance-cum- Acknowledgement will be available on SEBI website i.e. www.sebi.gov.in from the offer opening date i.e. Thursday, December 15, 2005 The eligible persons desirous of participating in the offer can download the documents from the SEBI website. Alternatively they may send by delivery or registered post their acceptance to the Registrar on plain paper stating the name, address, number of shares held, distinctive numbers, folio number, number of shares offered, along with documents as mentioned above, so as to reach the Registrar on or before the closure of the offer i.e. Tuesday, January 3, 2006.

Unregistered shareholders should not sign the transfer deed. The transfer deed should be valid for transfer.

Beneficial owners may send their name, address, number of shares held, number of shares offered, DP name, DP id, Beneficial Account number and the photo copy of the Delivery Instruction in ‘Off Market’ mode, duly acknowledged by the DP in favour of the Special Depository Account so as to reach the Registrar to the offer not later than 4.00 P.M. on Tuesday, January 3, 2006. The application should be signed by all the shareholders as per the registration details available with the company and should be sent to the Registrar in an envelope clearly marked ‘Neelamalai Agro Industries Limited Offer for acquisition of shares’.

NO DOCUMENTS SHOULD BE SENT TO THE ACQUIRER OR TO TARGET COMPANY OR TO THE MANAGER TO THE OFFER.

The Registrar will hold in trust the Share Certificate(s), Form of Acceptance cum Acknowledgement and the Transfer deed(s) on behalf of the shareholders of NAIL who have accepted the offer till the Draft/Pay Orders for the consideration and/or the unaccepted Share Certificate(s) are dispatched or returned at their own risk by Registered Post latest by Wednesday, January 18, 2006.

10.5 Procedure for withdrawal of application/ acceptance

In accordance with Regulation 22 (5) (A) of the Regulations, shareholders who have tendered requisite documents in terms of PA and LOO shall have option to withdraw acceptance tendered up to 3 working days prior to the offer closing date i.e. Wednesday December 28, 2005:

10.5.1 The withdrawal option can be exercised, as per the instruction in (ii) & (iii) below, so as to reach the Registrar not later than 4.00 P.M. on Wednesday, December 28, 2005.

10.5.2 The withdrawal option can be exercised by submitting the Form of Withdrawal attached to this LOO duly completed together with Acknowledgement Slip in original / copy of the submitted Form of Acceptance-cum-Acknowledgement in case delivered by Registered Post.

10.5.3 In case of non-receipt of the Form of Withdrawal, the withdrawal option can be exercised by making an application on plain paper along with the following details. The Form of Withdrawal shall be delivered to the Registrar either by Hand Delivery or by Registered Post:

10.5.4 **In case of physical shares:** Name, Address, Distinctive Number, Folio Number, Number of shares tendered/withdrawn

10.5.5 **In case of dematerialised shares:** Name, Address, Number of shares tendered/withdrawn, DP Name, DP ID, Beneficiary Account Number, photo copy for 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 Special Depository Account.

10.5.6 Shareholders who have tendered shares in physical form and wish to partially withdraw their tender, should also enclose valid share transfer forms for the remaining equity shares i.e. (shares not withdrawn) duly signed as Transferors by all registered shareholders in the same order and as per specimen signature registered with the company and duly witnessed at the appropriate places.

10.5.7 The withdrawal of shares will be available only for the share certificates/shares that have been received by the Registrar/Special Depository Account.

10.5.8 The intimation of returned shares to the shareholders will be at the address as per the records of the company or the DP as the case may be.

10.5.9 The Form of Withdrawal should be sent to the Registrar only.

10.5.10 In case of partial withdrawal of shares tendered in physical form, if the original share certificates are required to be split, the same will be returned on receipt of share certificate from the company.

10.5.11 Partial withdrawal of shares tendered can be done only by the registered shareholders/beneficial owners. In case of partial withdrawal, the earlier Form of Acceptance-cum-Acknowledgement will stand revised to that effect.

10.5.12 Shareholders holding shares in dematerialised form are requested to issue the necessary standing instruction for receipt of the credit in their DP account.

10.5.13 Unaccepted share certificates, transfer forms and other documents, if any, will be returned by Registered Post at the shareholder's/unregistered owner's sole risk to the sole/first shareholder.

10.5.14 Shares held in demat form to the extent not accepted will be credited back to the beneficial owner's depository account, with their respective DP s per the details furnished by the beneficial owner in the Form of Acceptance-cum-Acknowledgement. Shareholders holding shares in the dematerialised form are requested to issue the necessary standing instruction for receipt of credit, if any, in the DP account. It will be responsibility of the shareholders to ensure that unaccepted shares are accepted by their respective DP while transferred by the Registrar. Shareholders should ensure that their Depository Account is maintained till the offer formalities are completed.

10.5.15 In case any person has lodged shares for transfer and such transfer has not yet been effected, the concerned person may apply as per instruction contained in 10.3 above together with the Acknowledgement for the lodgement of shares for transfer. Such person should also instruct the company and its Registrar and Transfer Agent to send the transferred share certificates directly to the Registrar to the Offer. The applicant should ensure that the certificate reach the Registrar to the Offer not later than Tuesday, January 3, 2006.

10.5.16 In case any person has tendered physical shares for dematerialization and such dematerialization has not yet been effected, the concerned shareholder may apply in the offer as per the instruction mentioned in Section 10.3 above together with a photocopy of the completed dematerialization request form acknowledged by the shareholders DP. Such shareholders should ensure the credit of the shares to the Special Depository Account on or before the offer closing date i.e. Tuesday, January 3, 2006. A copy of delivery instruction acknowledged by the DP in favour of the Special Depository

Account should be forwarded to the Registrar not later than 4.00 P.M. on Tuesday, January 3, 2006.

10.6 Payment of consideration

10.6.1 The payment of consideration shall be made to those shareholders whose share certificates and / or other documents are found valid and in order by the Acquirer, and the same shall be through a crossed Account Payee Cheque/Demand Draft/Pay Order. The intimation regarding the acquisition (in part or full) or rejection of the shares tendered by the shareholders in acceptance of this offer and the corresponding payment for the acquired shares and/ or share certificates for the rejected shares will be dispatched to the shareholders for value over Rs.1,500/- by Registered Post and for value up to Rs.1,500/- by Ordinary Post under Certificate of Posting, as the case may be, at the shareholder's/ unregistered owner's sole risk within 15 days from the date of the closure of the offer i.e. Wednesday, January 18, 2006.

10.6.2 All Cheques/Demand Drafts will be drawn in the name of the first holder, in case of joint holders. In case of unregistered owners of shares, payment will be made in the name of the person stated in the contract note. It will be desirable if the shareholders provide bank account details in the Form of Acceptance-cum-Acknowledgement in the Cheque/Demand Draft.

If the Acquirer is unable to make the payment to the shareholders within 15 days due to non-receipt of any statutory approval to which the offer may be subject, SEBI may, if it is satisfied that non-receipt of requisite statutory approval 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 payment of interest to the shareholders at such rate for delay beyond 15 days, as may be specified by the Board.

11. DOCUMENTS FOR INSPECTION

The following documents are regarded as material documents and are available for inspection at the office of the Manager to the Offer i.e. Meghraj Financial Services (India) Private Limited from 11.00 A.M. to 3.00 P.M. on any working day except Saturdays, Sundays and Public / Bank holidays until the closure of the offer:

1. Copy of MOU dated October 19, 2005 between Meghraj Financial Services (India) Private Limited, Manager to the Offer and the Acquirer.
2. Memorandum and Articles of Association of NAIL the Target Company.
3. Copies of Annual Report of NAIL for the financial years 2000-2001, 2001-2002, 2002-2003, 2003-2004 and 2004-2005 and unaudited financials for the three months ended June 30, 2005.
4. Chartered Accountant's Certificate certifying the net worth of the Acquirer.
5. Chartered Accountant's Certificate certifying the adequacy of financial resources with Acquirer to fulfil the open offer obligations.
6. Chartered Accountant's Certificate on fair value of the shares of NAIL.
7. Copy of Public Announcement of offer dated October 21, 2005.
8. Letter from Bank confirming the amount kept in the Escrow Account and lien in favour of Manager to the Offer.
9. Copy of undertaking from Acquirer.
10. Due diligence certificate.
11. Observation letter Ref. CFD/DCR/TO/HB/54396/05 dated November 23, 2005 issued by SEBI.

12. DECLARATION BY THE ACQUIRER

The Acquirer Mr. Ajit Thomas accepts full responsibility for the information contained in this Letter of Offer and would be responsible for ensuring compliance with the obligations of the Acquirer as laid down in the Regulations and subsequent amendments thereto.

Sd/-
(Ajit Thomas)

Place: Chennai

Date: November 24, 2005