LETTER OF OFFER

This Document is important and requires your immediate attention

This Letter of Offer is sent to you as a shareholder(s) of SAYAJI IRON & ENGINEERING COMPANY LIMITED. If you require any clarifications about the action to be taken, you may consult your Stock Broker or investment consultant or Manager/Registrar to the Offer. In case you have recently sold your shares in the Company, please hand over this Letter of Offer and the accompanying Form of Acceptance cum Acknowledgement and Transfer Deed to the Member of Stock Exchange through whom the said sale was effected.

OPEN OFFER
By
McNALLY BHARAT ENGINEERING COMPANY LIMITED (MBECL)

having its registered & corporate office at 4, Mangoe Lane, 7th Floor, Kolkata- 700 001,
Phone No (033) 65500725-39 Fax No (033) 22480340/5016, email :mbecal@mbecl.co.in

to the shareholders of

SAYAJI IRON & ENGINEERING COMPANY LIMITED (SIECL)

having its registered office at Chhani Road, Vadodara – 390 002
Ph No (0265) 2793650, Fax No (0265) 2791914

for the acquisition of upto 7,80,080 (Seven Lacs Eighty Thousand and Eighty Only) fully paid-up equity shares of Rs.10/- each, representing 20.00 % of the fully paid-up equity and voting share capital at a price of Rs. 221.60/- per share ("Offer Price") payable in cash, in accordance with regulation 20(2)(a) of SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 1997 and subsequent amendments thereof, from the equity shareholders of SIECL except parties to the MOU.

Please Note:

1. This Offer is being made in compliance with Regulation 10 & 12 of the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 1997 and subsequent amendments thereof (hereinafter referred to as "Regulations").
2. The Offer is subject to receiving the necessary approval(s), if any, from the Reserve Bank of India, under the Foreign Exchange Management Act, 1999 and subsequent amendments thereto, for acquiring shares tendered by non-resident shareholders. In case of acceptances from Non-Resident shareholders, the Acquirer would after the closure of the Offer, make the requisite applications to RBI to obtain its approval for transfer of such shares of SIECL to the Acquirer. There are no other statutory approvals required to acquire equity shares that are tendered pursuant to this Offer. However, the offer would be subject to all statutory approvals as may be required and/or may subsequently become necessary to acquire at any later date.
3. If there is any upward revision in the Offer Price/Size at any time up to seven working days prior to the date of closure of the Offer viz. 28.08.2008 or withdrawal of the Offer in terms of the regulation, the same would also be informed by way of a Public Announcement in the same newspapers where the original Public Announcement dated 21.05.2008 & Corrigendum to Public Announcement dt 09.08.2008 had appeared. Such revised Offer Price would be payable for all the shares tendered any time during the Offer & accepted under the Offer.
4. Shareholders, who have accepted the Offer by tendering the requisite documents in terms of the Public Announcement / Letter of Offer, can withdraw the same upto 03.09.2008 i.e. three working days prior to the closure of the Offer.
5. The offer is not subject to a minimum level of acceptance by the shareholders of SIECL.
6. **No Competitive bid has been announced as on the date of this Letter of Offer.**
7. The Procedure for acceptance is set out in Para 8 of this Letter of Offer. A Form of Acceptance and a Form of Withdrawal is enclosed with this Letter of Offer.
8. The Public Announcement, Corrigendum to Public Announcement and Letter of Offer (including Form of Acceptance cum Acknowledgement and Form of Withdrawal) would also be available at SEBI website www.sebi.gov.in.

MANAGER TO THE OFFER:	REGISTRAR TO THE OFFER:
VC CORPORATE ADVISORS PRIVATE LIMITED SEBI REGN NO: INM000011096 (Contact Person:Mr. Vijay Kumar Chandak) 31, Ganesh Chandra Avenue, 2nd Floor, Suite No. 2C, Kolkata – 700 013 Tel: - (033) 2225 3940 / 41, Fax: (033) 2225 3941 Email: mail@vccorporate.com	**MAHESHWARI DATAMATICS PRIVATE LIMITED** SEBI REGN No :INR000000353 (Contact Person: S. Raja Gopal) 6, Mangoe Lane, 2nd floor, Kolkata – 700 001 Tel: (033) 2243 5809/029, Fax: (033) 2248 4787 E-mail: mdpl@cal.vsnl.net.in

A SCHEDULE OF SOME OF THE MAJOR ACTIVITIES RELATING TO THE OFFER IS GIVEN BELOW:

Activity	Original Date & Day	Revised Date & Day
Date of Public Announcement	21.05.2008 (Wednesday)	21.05.2008 (Wednesday)
Specified date (for the purpose of determining the names of shareholders to whom the Letter of Offer will be sent)	30.05.2008 (Friday)	30.05.2008 (Friday)
Last Date for a Competitive Bid	11.06.2008 (Wednesday)	11.06.2008 (Wednesday)
Date by which the Letter of Offer will be dispatched to shareholders	02.07.2008 (Wednesday)	14. 08.2008 (Thursday)
Date of Opening of the Offer	09.07.2008 (Wednesday)	20.08.2008 (Wednesday)
Last Date for revising the Offer Price / No. of Shares	17.07.2008 (Thursday)	28.08.2008 (Thursday)
Last Date for withdrawal of acceptance by shareholders who have accepted the Offer	23.07.2008 (Wednesday)	03.09.2008 (Wednesday)
Date of Closing of the Offer	28.07.2008 (Monday)	08.09.2008 (Monday)
Date by which the acceptance / rejection would be intimated and the corresponding payment for the acquired shares and / or the share certificate for the rejected shares will be dispatched.	11.08.2008 (Monday)	22.09.2008 (Monday)

Risk Factors relating to the transaction, the proposed offer and probable risks involved in associating with the Acquirer: -

1. The offer involves an offer to acquire upto 20.00 % of the paid up equity and voting share capital of SIECL from the eligible persons for the Offer. In the case of oversubscription in the offer, as per the Regulations, acceptance would be determined on a proportionate basis and hence there is no certainty that all the shares tendered by the shareholders in the Offer will be accepted.

2. In the event that either (a) a regulatory approval is not received in a timely manner, (b) there is any 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 LO. Consequently, the payment of consideration to the public shareholders of SIECL whose shares have been accepted in the Offer as well as the return of Shares not accepted by the Acquirer may be delayed. In case of the delay, due to non-receipt of the statutory approvals, as per Regulation 22(12) of the Regulations, SEBI, may, if satisfied that the non-receipt of approval was not due to the willful default or negligence or failure to diligently pursue on the part of the Acquirer, grant an extension for the purpose of completion of the Offer subject to the Acquirer paying interest to the shareholders, as may be specified by the SEBI. Further, shareholders should note that after the last date of withdrawal i.e. 03.09.2008, the shareholders who have lodged the shares would not be able to withdraw them even if the acceptance of the Shares under the Offer and dispatch of consideration gets delayed. The tendered shares and documents would be held by the Registrar to the Offer, till such time as the process of acceptance of tenders and the payment of consideration is completed.

   The Offer is subject to the receipt of statutory and regulatory approvals by the Acquirer under the Offer. The Acquirer may not be able to proceed with the Offer in the event the approvals are not received in terms of the Regulation 27 of the Regulations. Delay, if any, in the receipt of these approvals may delay completion of the offer.

3. The Acquirer intend to acquire upto 7,80,080 (Seven Lacs Eighty Thousand and Eighty Only) fully paid-up equity shares of Rs.10/- each, representing 20.00 % of the fully paid-up equity and voting share capital at a price of Rs. 221.60/- per share under the Regulations. Further, the shares tendered in the offer in demat form will lie to the credit of a designated Escrow Account and the shares tendered in physical form will lie with the Registrar to the Offer, till the completion of the offer formalities. The Acquirer make no assurance with respect to the market price of the shares both during the Offer period and upon the completion of the Offer, and disclaim any responsibility with respect to any decision by the shareholders on whether or not to participate in the Offer.

   The risk factor set forth above pertains to the acquisition and the Offer and not in relation to the present or future business operations of the Target Company 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 further risk with respect to their respective participation in the Offer.

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DEFINITIONS/ABBREVIATIONS

Acquirer/ MBECL	McNally Bharat Engineering Company Limited.
ASE	Ahmedabad Stock Exchange Limited
BSE	Bombay Stock Exchange Limited
Corrigendum to PA	Corrigendum to Public Announcement dt 09.08.2008
DSE	Delhi Stock Exchange Association Limited
FOA or Form of Acceptance	Form of Acceptance – cum - Acknowledgment accompanying this Letter of Offer
FOW or Form of Withdrawal	Form of Withdrawal accompanying this Letter of Offer
LO	Letter of Offer
Manager to the Offer	VC Corporate Advisors Private Limited
MOU	Memorandum of Understanding
NSE	National Stock Exchange of India
NRI(s)	Non- Resident Indians
Offer Period	16.05.2008 to 22.09.2008
Offer Price	Rs.221.60/- payable in cash
Offer/Open Offer	Cash Offer being made by the Acquirer to acquire upto 7,80,080 (Seven Lacs Eighty Thousand and Eighty Only) fully paid-up equity shares of Rs.10/- each, representing 20.00 % of the fully paid-up equity and voting share capital at a price of Rs. 221.60/-
PA	Public Announcement dt. 21.05.2008
Persons eligible to participate in the Offer	All owners (registered and unregistered) of shares of SIECL except the parties to the MOU.
RBI	Reserve Bank of India
Registrar to the Offer	Maheshwari Datamatics Private Limited
Regulations	Securities & Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 1997 and subsequent Amendments thereof.
ROC	Registrar of Companies
SEBI	Securities & Exchange Board of India
Sellers	Anil C. Patel, Anilbhai Chhotabhai Patel HUF, Kunal Anil Patel, Shobhna Anilbhai Patel, Sankeel Anilbhai Patel, Anita Kunal Patel, Vaishali Sankeel Patel, Subina Anilbhai Patel, Jatin Kantibhai Patel, Bhavniben Jatinbhai Patel, Dittiben J. Patel, Bhairavi Patel, Biraj Patel, Diptiben S. Patel, Chirag S. Patel, Chinar S. Patel, Nikhil Vipinbhai Patel, Nisha Nikhil Patel, Patel Snehlata Vipinbhai, Rajal N Patel, Sheena Biraj Patel, Shirali P Patel, Sayaji Trading & Investments Private Ltd, Mauna Udayan Patel, Molina Udayan Patel, Uneesh Udayanbhai Patel and Sarojben B Patel
Specified date	Date for the purpose of determining the names of Shareholders, as appearing in the Register of Members of SIECL, to whom the Letter of Offer should be sent, i.e. May 30, 2008
Target Company / SIECL	Sayaji Iron & Engineering Company Limited
VSE	Vadodara Stock Exchange Limited

1. **DISCLAIMER CLAUSE**

IT IS TO BE DISTINCTLY UNDERSTOOD THAT FILING OF LETTER OF OFFER WITH SEBI SHOULD NOT, IN ANY WAY, BE DEEMED OR CONSTRUED THAT THE SAME HAS BEEN CLEARED, VETTED OR APPROVED BY SEBI. THE LETTER OF OFFER HAS BEEN SUBMITTED TO SEBI FOR A LIMITED PURPOSE OF OVERSEEING WHETHER THE DISLOSURES CONTAINED THEREIN ARE GENERALLY ADEQUATE AND ARE IN CONFORMITY WITH THE REGULATIONS. THIS REQUIREMENT IS TO FACILITATE EQUITY SHAREHOLDERS OF SIECL 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 ACQUIRER IS PRIMARILY RESPONSIBLE FOR THE CORRECTNESS, ADEQUACY AND DISCLOSURE OF ALL RELEVANT INFORMATION IN THIS LETTER OF OFFER, THE MANAGER TO THE OFFER IS EXPECTED TO EXERCISE DUE DILIGENCE TO ENSURE THAT THE ACQUIRER DULY DISCHARGE THEIR RESPONSIBILITY ADEQUATELY. IN THIS BEHALF, AND TOWARDS THIS PURPOSE, THE MANAGER TO THE OFFER VC CORPORATE ADVISORS PRIVATE LIMITED HAS SUBMITTED A DUE DILIGENCE CERTIFICATE DATED 03.06.2008 TO SEBI IN ACCORDANCE WITH THE SEBI (SUBSTANTIAL ACQUISITION OF SHARES AND TAKEOVERS) REGULATIONS, 1997 AND SUBSEQUENT AMENDMENT (S) THEREOF. THE FILLING OF THIS 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 PROPOSED OFFER.

2. DETAILS OF THE OFFER:

2.1. Background of the Offer:

2.1.1 This Offer is being made by the Acquirer in compliance with Regulation 10 & 12 of the Regulations. The prime object of the Offer by the Acquirer is substantial acquisition of shares and voting rights accompanied with change in control/management of SIECL.

2.1.2 The Acquirer has entered into a Memorandum of Understanding ("MOU") dated 16th May 2008 with Shri Anil C. Patel residing at "Kalyan" 35, Alkapuri Society, Alkapuri, Vadodara –390007 and Shri Nikhil V. Patel residing at "Vraj Bungalow" near Akashvan Hsg. Complex, Gotri Sevasi Road, Vadodara-391101 representing themselves and their family members and also the other family members as detailed below:

Sr. No	Name	Address	Tel .No. / Fax No.	No. of Shares	% of Equity and voting capital
1.	Anil C. Patel	"Kalyan", 35 Alkapuri Society, Alkapuri, Vadodara-390007	Ph.No.:-0265- 2793650, Fax No. 0265- 2791914	329,700	8.45
2.	Anilbhai Chhotabhai Patel HUF	"Kalyan", 35 Alkapuri Society, Alkapuri, Vadodara-390007	Ph.No.:-0265-2793650, Fax No. 0265- 2791914	9,800	0.25
3.	Kunal Anil Patel	"Kalyan", 35 Alkapuri Society, Alkapuri, Vadodara-390007	Ph.No.:-0265-2793650, Fax No. 0265- 2791914	40,100	1.03
4.	Shobhna Anilbhai Patel	"Kalyan", 35 Alkapuri Society, Alkapuri, Vadodara-390007	Ph.No.:-0265- 2793650, Fax No. 0265- 2791914	82,000	2.10
5.	Sankeel Anilbhai Patel	"Kalyan", 35 Alkapuri Society, Alkapuri, Vadodara-390007	Ph.No.:-0265-2793650, Fax No. 0265- 2791914	42,800	1.10
6.	Anita Kunal Patel	"Kalyan", 35 Alkapuri Society, Alkapuri, Vadodara-390007	Ph.No.:-0265-2793650, Fax No. 0265- 2791914	1,000	0.03
7.	Vaishali Sankeel Patel	"Kalyan", 35 Alkapuri Society, Alkapuri, Vadodara-390007	Ph.No.:-0265-2793650, Fax No. 0265- 2791914	10,400	0.27
8.	Subina Anilbhal Patel	"Kalyan", 35 Alkapuri Society, Alkapuri, Vadodara-390007	Ph.No.:-0265-2793650, Fax No. 0265- 2791914	3,200	0.08
9.	Jatin Kantibhai Patel	'Yamuna Krupa', Behind Meeraj Apartments, Race Course (W), Baroda-390007.	Ph.No.:-0265-2793650, Fax No. 0265- 2791914	170,150	4.36
10.	Bhavniben Jatinbhai Patel	'Yamuna Krupa', Behind Meeraj Apartments, Race Course (W), Baroda-390007.	Ph.No.:-0265-2793650, Fax No. 0265- 2791914	75,600	1.94
11.	Ditiben J. Patel	'Yamuna Krupa', Behind Meeraj Apartments, Race Course (W), Baroda-390007.	Ph.No.:-0265-2793650, Fax No. 0265- 2791914	3,600	0.09
12	Bhairavi Patel	'Yamuna Krupa', Behind Meeraj Apartments, Race Course (W), Baroda-390007.	Ph.No.:-0265-2793650, Fax No. 0265- 2791914	4,700	0.12
13	Diptiben S. Patel	'Brindaban', Near Meeraj Apartment, Race Course (W), Baroda-390007	Ph.No.:-0265-2793650, Fax No. 0265- 2791914	240,400	6.16
14	Chirag S. Patel	'Brindaban', Near Meeraj Apartment, Race Course (W), Baroda-390007	Ph.No.:-0265-2793650, Fax No. 0265- 2791914	6,700	0.17
15	Chinar S. Patel	'Brindaban', Near Meeraj Apartment, Race Course (W), Baroda-390007	Ph.No.:-0265-2793650, Fax No. 0265- 2791914	5,000	0.13
16	Nikhil Vipinbhai Patel	'Vraj' Bungalow, Near Akashvan Hsg. Complex, Gotri Sevasi Road, Vododara-391101	Ph.No.:-0265-2793650, Fax No. 0265- 2791914	205,150	5.26
17	Nisha Nikhil Patel	'Vraj' Bungalow, Near Akashvan Hsg. Complex, Gotri Sevasi Road, Vododara-391101	Ph.No.:-0265-2793650, Fax No. 0265- 2791914	256,800	6.58
18	Patel Snehlata Vipinbhai	'Vraj' Bungalow, Near Akashvan Hsg. Complex, Gotri Sevasi Road, Vododara-391101	Ph.No.:-0265-2793650, Fax No. 0265- 2791914	30,500	0.78
19	Rajal N Patel	'Vraj' Bungalow, Near Akashvan Hsg. Complex, Gotri Sevasi Road, Vododara-391101	Ph.No.:-0265-2793650, Fax No. 0265- 2791914	5,000	0.13
20	Sheena N Patel	'Vraj' Bungalow, Near Akashvan Hsg. Complex, Gotri Sevasi Road, Vododara-391101	Ph.No.:-0265-2793650, Fax No. 0265- 2791914	5,000	0.13
21	Mauna Udayan Patel	'Madhuban', Near Khanpur Village, Sevasi, Vadodara-391101.	Ph.No.:-0265-2793650, Fax No. 0265- 2791914	116,200	2.98

Sr. No	Name	Address	Tel .No. / Fax No.	No. of Shares	% of Equity and voting capital
22	Molina Udayan Patel	'Madhuban', Near Khanpur Village, Sevasi, Vadodara-391101.	Ph.No.:-0265-2793650, Fax No. 0265- 2791914	25,000	0.64
23	Uneesh Udayanbhai Patel	'Madhuban', Near Khanpur Village, Sevasi, Vadodara-391101.	Ph.No.:-0265-2793650, Fax No. 0265- 2791914	361,000	9.26
24	Sarojben B Patel	'Shirali', Opposite Concorde Building, Alkapuri, Vadodara-390007	Ph.No.:-0265-2793650, Fax No. 0265- 2791914	180,700	4.63
25	Biraj Patel	'Shirali', Opposite Concorde Building, Alkapuri, Vadodara-390007	Ph.No.:-0265-2793650, Fax No. 0265- 2791914	160,600	4.12
26	Shirali P Patel	'Shirali', Opposite Concorde Building, Alkapuri, Vadodara-390007	Ph.No.:-0265-2793650, Fax No. 0265- 2791914	160,100	4.10
27	Sayaji Trading & Investments Private Ltd	C/o Sayaji Iron & Engg. Co. Ltd., Chhani Road, Vadodara - 390002	Ph.No.:- (0265) 2793650, Fax No. : (0265) 2791914	131,900	3.38

(hereinafter collectively referred to as "Sellers") to acquire their entire shareholding aggregating to 26,63,100 (Twenty Six Lacs Sixty Three Thousand One Hundred Only) fully paid-up equity shares of Rs. 10/- each representing 68.28 % of the fully paid-up equity and voting share capital of SIECL at a price of Rs.221.60/- per fully paid up equity share payable in cash ("Negotiated Price"). The total consideration for the shares acquired as mentioned above is Rs 59,01,42,960/- (Rupees Fifty Nine Crore One Lac Forty Two Thousand Nine Hundred Sixty Only). The Acquirer has also agreed to pay a sum of Rs. 100 Lacs as non-compete fee to Shri Anil C. Patel & Shri Nikhil V. Patel (forming part of the sellers), in equal proportion subject to some material adjustments viz non recoverability of debtors, liquidated damages, cancellation of orders, refund of sales tax and other levies etc. The Sellers and any other person acting in concert with sellers directly or indirectly, agree neither to compete nor use the drawings & designs of the products presently manufactured by the Company for a period of five years in the same or similar business of the Company anywhere in India, subsequent to transfer of shares presently held by them. The Offer is not as a result of global acquisition resulting in indirect acquisition of SIECL. The sellers are forming part of the promoters/ promoter group. Mr Patel Anil Chhotalal , Mr Patel Nikhil Vipinbhai & Mr Patel Kunal Anilbhai alongwith their family members are the promoters of the Company. Out of the above, Mr Patel Anil Chhotalal is presently the Chairman cum Managing Director of the Company and is associated with the Company since last 45 years. Mr Patel Nikhil Vipinbhai is presently the Executive director of the Company and is associated with the Company since last 30 years. Mr Patel Kunal Anilbhai is also the Executive director of the Company and is associated with the Company since last 12 years. The other sellers forming part of the promoter group are their family members & associates.

The Acquirer does not hold any equity share in SIECL. The Acquirer has not acquired any equity shares of the Target Company during the twelve months preceding the date of this PA except those agreed to be acquired through MOU.

As on the date of PA, the Manager to the Offer does not hold any equity share in the Target Company. They declare and undertake not to deal in the shares of SIECL 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 the Offer.

2.1.3 The Salient features of MOU/Escrow Agreement are as follows:

- The Acquirer shall deposit with the Escrow Agent, 25% of the total consideration (including non compete fee) aggregating to Rs. 15,00,35,740/-(Fifteen Crores Thirty Five Thousand Seven Hundred Forty Only) in favour of Sellers on execution of the MOU and the balance 75% of the total consideration (including non compete fee) aggregating to Rs.45,01,07,220/- (Forty Five Crores One Lac Seven Thousand Two Hundred Twenty Only) in favour of the sellers with in 90 days from the date of the MOU.

- Within seven days from the initial remittance of 25% of the total consideration by the Acquirer, the sellers shall deposit 26,63,100 Equity shares being their entire shareholding forming part of MOU together with transfer forms/demat execution slips with the Escrow Agent.

- The Escrow Agent shall on receipt of the total consideration with in the stipulated period of 90 days, remit the entire amount to the sellers as consideration in the MOU and simultaneously deliver the physical shares together with the transfer forms /demat execution slips to the acquirer based on the duly executed share purchase agreement delivered to the Escrow Agent.

- In case of acquirer not depositing with the Escrow Agent, the total consideration within a period of 90 days from the date of MOU, the Escrow Agent shall return the physical shares together with the transfer forms /demat execution slips to the sellers as also refund the amount deposited by the Acquirer after retaining an amount of 1% of the total consideration. The said retention amount should be remitted to the sellers/ buyers or dealt with as per the terms of MOU by the Escrow Agent.

- Notwithstanding anything contained herein, the MOU shall not be acted upon by the sellers or the Acquirer in case of non-compliance of any of the provisions of the Regulations.

2.1.4 The proposed change in control is consequent to the MOU whose salient features are described in 2.1.3. above.

2.1.5 The Acquirer, its directors, the Sellers and the Target Company have not been prohibited by SEBI from dealing in securities, in terms of the direction issued u/s 11B of the SEBI Act or under any other regulations made under the SEBI Act.

2.1.6 The Offer will result in change in control of SIECL and a change in the Board of Directors of SIECL is contemplated by the Acquirer, consequent to this acquisition. As on the date of Public Announcement, none of the Director representing the Acquirer is on the Board of SIECL.

2.2. Details of the proposed Offer:

2.2.1. The Public Announcement dated 21.05.2008 , Corrigendum to Public Announcement dt 09.08.2008 in respect of the Offer was made in Financial Express (English Daily) all editions, Jansatta (Hindi Daily) all editions, and Bindu (Gujarati Daily) in compliance with Regulation 15(1) of the Regulations. The Public Announcement made on 21.05.2008 & Corrigendum to Public Announcement dt 09.08.2008 is available on the SEBI web-site at www.sebi.gov.in

2.2.2. The Acquirer proposes to acquire from the existing equity shareholders of SIECL (other than the parties to the MOU) upto 7,80,080 (Seven Lacs Eighty Thousand and Eighty Only) fully paid-up equity shares of Rs.10/- each, representing 20.00 % of the fully paid-up equity and voting share capital at a price of Rs. 221.60/- per share ("Offer Price") payable in cash. SIECL does not have any partly paid up shares.

2.2.3. The shares will be acquired by the Acquirer, free from all liens, charges and encumbrances and together with all the rights attached thereto, including the right to all dividends, bonus and rights declared hereafter.

2.2.4. The Offer is not subject to any minimum level of acceptances. The Acquirer will accept all equity shares of SIECL in terms of this Offer upto a maximum of 7,80,080 equity shares constituting 20.00% of the paid up equity and voting share capital of the Target Company.

2.2.5. Since the date of the PA to the date of this LO, the Acquirer has not acquired any shares of SIECL.

2.2.6. No competitive bid has been received as on date of LO.

2.3. Object of the Offer:

2.3.1 The Offer has been made pursuant to regulation 10 & 12 and other provisions of the Chapter III and in compliance with the Regulations.

2.3.2 The prime object of the Offer is to acquire substantial acquisition of shares/voting rights accompanied with the change in control and management of the Company.

2.3.3 The Acquirer is presently engaged in the business of Engineering and Turnkey Projects and provides turnkey solutions in plant layout and design, basic and detailed engineering, project management, sourcing and procurement, equipment, fabrication and construction, erection, installation and commissioning to various coal, power, steel, cement, iron ore, fertilizer and mining industries. The Target Company is presently engaged in manufacturing wide range of equipment used in crushing, grinding, screening, road making, construction and material handling equipment, customized equipment for steel, cement, power and coal plants and complex turnkey projects. The Acquisition of the Target Company will provide product and technological synergy to the Acquirer and add sizeable volume to its equipment business. The Acquirer proposes to continue the existing line of business of the target company.

3. BACKGROUND OF THE ACQUIRER:

3.1. Acquirer – McNALLY BHARAT ENGINEERING COMPANY LIMITED ("MBECL")

3.1.1 MBECL was incorporated under the name of McNally-Bird Engineering Company Private Limited on 10th July 1961 under the Companies Act 1956 with registered number 25181. The Company subsequently became a Public Limited Company pursuant to Section 43A of Companies Act, 1956 on 25th September 1961. The Company's name was changed to McNally Bharat Engineering Company Limited in 1972. The CIN no. of the Company is U45202WB1961PLC025181. The Registered & Corporate Office of the Company is situated at 4, Mangoe Lane, 7th Floor, Kolkata- 700 001, Phone No (033) 65500725-39 Fax No (033) 22480340/5016, email: mbecal@mbecl.co.in

3.1.2 MBECL was originally promoted by Bird & Co Limited of India in a technical and financial collaboration with McNally Pittsburgh Inc. of the USA. Subsequently the Company was taken over by the Williamson Magor group in 1980. MBECL belongs to Williamson Magor group represented by Mr Deepak Khaitan & Mr. Amritanshu Khaitan, who are also the directors of the Company. As on the date of PA the Promoters / promoter group are holding 1,02,03,242 equity shares constituting 32.81% of the paid up and voting share capital of the MBECL. MBECL is presently engaged in the business of Engineering and turnkey project executions. It is one of the leading companies in bulk materials handling, process plants, mineral beneficiation, power sector engineering (including coal handling plants, coal washeries and ash handling plants) and port handling equipment. MBECL has also diversified into mobile bulk handling equipment, ash handling water treatment, road construction, retrofitting jobs at steel plants, construction of material handling in nuclear power plant and contract mining. MBECL also provides turnkey solutions in plant layout and design, basic and detailed engineering, project management, sourcing and procurement, equipment, fabrication and construction, erection, installation and commissioning to various coal, power, steel, cement, iron ore, fertilizer and mining industries.

3.1.3 The compliances under Chapter II of the Regulations is not applicable to the Acquirer since it does not hold any shares of SIECL as on the date of P.A. i.e., 21.05.2008.

3.1.4 For the purpose of this offer, there are no persons acting in concert as per the Provisions of Regulation 2(1)(e) of the Regulations.

3.1.5 Name and residential address of the Board of directors of MBECL as on the date of PA i,e 21.05.2008 are as follows:

Names of Directors	Residential Address	Experience	Qualification	Designation	Date of Apptt.
Mr. Deepak Khaitan	10,Queens Park Kolkata-700019	Over 25 years of experience in Steering diverse business enterprises in India. Presently holding the position of Executive Chairman of the company.	B.Com (Hons) MBA (Geneva)	Chairman	17.11.1995
Mr. S.P.Singhi	8/11, Alipore Road Kolkata-700027	48 years of experience in automobile industry	B.Sc	Vice Chairman	05.04.1989
Mr. V.K.Verma	C-37, Connaught Place New Delhi 110001	Professional experience of more than 40 years as practicing Chartered Accountant.	Chartered Accountant	Director	29.11.1978
Mr. S.K.Pasari	14, Theatre Road Kolkata 700071	Industrialist since past 20 years	B.Com	Director	05.04.2006
Mr. Utsav Parekh	2/3 Sarat Bose Road Kolkata 700020	25 years of in-depth experience in stock market, merchant banking and financial services. He is on the boards of a number of companies covering various industries including engineering, paper, information technology, capital market services etc.	B.Com	Director	25.06.1998
Mr. C..K. Pasari	4A, Rainey Park Kolkata 700019	Have profound knowledge and experience in industry and is associated with a reputed group of Companies.	B.Com	Director	30.03.2004
Mr. Srinivash Singh	7C2 Brook Tower Hiland Park 1925 Chak Garia Kolkata 700094	Having 48 years experience in finance, administration, liasioning, industrial relation, procurement, material and project management etc. He has proven track record in handling turnkey projects.	B.Com, LLB, ACS, AICWA	Managing Director	27.06.2002
Mr. A.Khaitan	10,Queens Park Kolkata-700019	7 years of experience in diverse business enterprises in India	B.Com (Hons)	Director	31.10.2006
Mr. S.R.Dasgupta	1,Peck Hay Road # 12-13 Singapore - 228305	36 years of experience in managing the business and affairs of large companies. Has held positions as Area Chairman of Eveready Company for all Asia and Africa Operation (1998-99), the Vice President/ Managing Director of Eveready Singapore Pte. Ltd. (1996-98), and Director – PR Eveready Company Indonesia, Jakarta (1986-95).	B.A (Eco)	Director	21.06.2007

None of the persons representing or having interest with the Acquirer are on the Board of SIECL, in terms of Regulation 22(9) of the Regulations.

3.1.6 The shares of MBECL are presently listed at the Bombay Stock Exchange Limited (BSE) and National Stock Exchange of India Limited (NSE). As on the date of PA, the closing price of the shares of MBECL was Rs 175.40/- on NSE and Rs.175.10/- on BSE.

3.1.7 As on the date of PA, the Authorized Share Capital of MBECL is Rs. 4000 Lacs comprising of 4,00,00,000 Equity Shares of Rs.10/- each. The Issued, Subscribed and Paid up Equity Share Capital is Rs.31,09,38,180/- comprising of 3,10,93,818 fully paid up equity shares of Rs.10/- each.

3.1.8 Financial Information:

The financial details of MBECL as per the audited accounts for the last three financial years ended March 31, 2008 are as follows:

Profit & Loss Statement **Rs.in Lacs**

For the year ended	31st March 2006 (Audited)	31st March 2007 (Audited)	31st March 2008 (Audited)
Income from Operations	33,273.64	50,400.48	54899.49
Other Income	50.67	562.27	106.25
Total Income	33,324.31	50,962.75	55005.74
Total Expenditure	31,586.24	47,879.83	50660.53
Profit/(Loss) before Interest, Depreciation & Tax	1,738.07	3,082.92	4345.21
Depreciation	272.85	172.19	225.35
Interest	805.28	902.40	889.37
Profit/(Loss) before Tax	659.94	2,008.33	3230.49
Provision for Tax (including deferred tax)	134.64	257.87	990.49
Profit/(Loss) after tax	525.30	1,750.46	2240.00

Balance Sheet **Rs.in Lacs**

As on	31st March 2006 (Audited)	31st March 2007 (Audited)	31st March 2008 (Audited)
Sources of funds			
Paid up share capital	2,646.18	2,677.97	2868.71
Share Application Money	-	207.77	2096.53
Reserves & Surplus (Excluding revaluation reserves)	4,233.72	5,978.57	10314.51
Less : Miscellaneous Expenditure not written off)	-	-	-
Net Worth	6,879.90	8,864.31	15279.75
Deferred Tax Liabilities	110.16	70.22	113.83
Secured Loans	7,954.15	7,066.93	5064.99
Unsecured Loans	-	4,662.09	1199.10
Total	**14,944.21**	**20,663.55**	**21657.67**
Uses of Funds			
Net Fixed Assets	4,285.42	4,895.30	7532.17
Investments	320.94	461.37	1471.09
Deferred Tax Assets (Net)	-	-	-
Net Current Assets	10,337.85	15,306.88	12654.41
Total	**14,944.21**	**20,663.55**	**21657.67**

Other Financial Data

For the year ended	31st March 2006 (Audited)	31st March 2007 (Audited)	31st March 2008 (Audited)
Dividend (%)	5.00	10.00	10.00
Earning per Share (Rs.)- Basic	2.20	6.60	8.10
Return on Networth (%)	7.64	19.75	14.66
Book Value per Share (Rs.)	26.00	33.10	53.26

Note:
(i) EPS = Profit after tax / number of outstanding equity shares at the close of the year/period
(ii) Return on Net Worth = Profit after Tax /Net Worth
(iii) Book Value per Share = Net Worth / No. of equity shares
(iv) Source: Audited Annual Reports

3.1.9 Details of Contingent Liabilities as on March 31, 2008.

	NATURE OF DUES	Amount in Rs. ('000)
a)	Exercise Duty matters pending in appeal related to issue of applicability and classification	21,482
b)	Sales Tax matters pending in appeal relating to disputes regarding assessable value and exemptions claimed	5,955

Reason for fall/rise in Total Income, Expenditure and PAT in the relevant years: - last three financial years ended March 31, 2008:

Reason for change in Total Income, Expenditure & PAT for the year ended 31st March 2008 over year ended 31st March, 2007:-

Total Income for the year ended 31st March 2008 increased to Rs.55,005.74 Lacs as compared to Rs.50,962.75 Lacs for the year ended 31st March 2007 mainly on account of increase in sale of products and contracts . However the Other Income was lower for the year ended March 2008 at Rs.106.25 Lacs as compared to Rs. 562.27 Lacs for the year ended 2007 mainly on account of profit on sale of Long Term Investments of Rs. Nil (Previous year Rs.510 Lacs). Total expenditure increased to Rs.50,660.53 Lacs for the year ended 31st March 2008 as compared to Rs.47,879.83 Lacs for the year ended 31st March 2007 mainly on account of increase in volume of operations. Accordingly PAT for the year ended 31st March 2008 increased to Rs.2,240.00 Lacs as compared to Rs.1,750.46 Lacs for the year ended 31st March 2007.

Reason for change in Total Income, Expenditure & PAT for the year ended 31st March 2007 over year ended 31st March, 2006:-

Total Income for the year ended 31st March 2007 increased to Rs.50962.75 Lacs as compared to Rs.33324.31 Lacs for the year ended 31st March 2006 mainly on account of increase in sale of Products and Contracts. Further other income for the year ended 31st March 2007 was higher at Rs 562.27 lacs as compared to Rs 50.67 lacs for the year ended 31st March 2006 mainly due to profit on sale of Long Term Investment of Rs 510.00 lacs for the year ended 31st March 2007 (previous year Nil). Total expenditure increased to Rs.47879.83 Lacs for the year ended 31st March 2007 as compared to Rs.31586.24 Lacs for the year ended 31st March 2006 mainly on account of increase in activities. Accordingly PAT increased to Rs.1750.46 Lacs for the year ended 31st March 2007 as compared to Rs. 525.30 Lacs for the year ended 31st March 2006.

Reason for change in Total Income, Expenditure & PAT for the year ended 31st March 2006 over year ended 31st March 2005:-

Total Income for the year ended 31st March 2006 increased to Rs.33324.31 Lacs as compared to Rs.28856.42 Lacs for the year ended 31st March 2005 mainly due to the momentum on the growth track set in the previous years. Other Income for the year ended 31st March 2006 was higher at Rs 50.67 lacs as compared to Rs 26.52 lacs for the year ended 31st March 2005 basically due to Gain on Exchange Fluctuations of Rs 11.03 lacs for the year ended 31st March 2006 (Previous year Rs Nil). Total expenditure increased to Rs.31586.24 Lacs from Rs.27705.36 Lacs on account of increased production and operations. There was a significant growth in PAT, which increased to Rs.525.30 Lacs from Rs.262.53 Lacs . The provision for tax for the year ended 31st March 2006 was Rs.134.64 Lacs as compared to Rs.82.71 Lacs for the year ended 31st March 2005.

3.1.10 Significant Accounting Policies of the Acquirer :

I. The financial statements have been prepared in accordance with applicable Accounting Standards (AS) specified by the Institute of Chartered Accountants of India (ICAI). A summary of important accounting policies, which have been applied consistently, is set out below. Financial statements have also been prepared in accordance with relevant presentational requirements of the Companies Act, 1956.

II. BASIS OF ACCOUNTING.
The financial statements are prepared in accordance with the historical cost convention modified by the revaluation of certain fixed assets.

III. FIXED ASSETS.

a) Fixed Assets other than those revalued are stated at their cost. Cost includes Inward Freight, Duties and Taxes and Expenses incidental to acquisition and installation.

b) Depreciation.
Depreciation on assets is provided on Straight Line Method as below:

(i) In respect of assets acquired prior to 1st June 1987 at rates specified in Income tax Act 1961 and rules made thereunder and in terms of section 205(2)(b) of the Companies Act, 1956 prevailing at the time of acquisition of the assets.
(ii) For assets acquired on or after 1st June 1987 at rates specified in Schedule XIV to the Companies Act, 1956 as prevailing on the date of acquisition of the assets except as follows:
Certain items of plant and machinery 7.07%, 11.31%
(iii) Freehold Land and Leasehold Land on perpetual lease are not depreciated. Other Leasehold Land are amortised over the period of Lease.
In respect of revalued assets, depreciation on amount added on revaluation is recouped from revaluation reserve.

c) Profit and Loss on disposal of Fixed Assets is recognized in Profit and Loss Account.

d) Intangible Assets represents technologies for pumps and mineral processing equipments (acquired on amalgamation) and technical know-how for vibrating screens and granulators, which are amortized over a period of ten years and five years respectively under straight line method. Intangible assets also include computer software which are amortized over a period of five years.

e) Amortizations of revalued intangible assets are recouped from Revaluation Reserve, wherein the credit was given on its valuation.

f) An impairment loss is recognized where applicable when the carrying value of the Fixed Assets exceeds its market value or value in use, whichever is higher.

IV. GOVERNMENT GRANTS.

Grants / Subsidies that relate to Capital Expenditure are deducted from the cost of the assets. Other grants / subsidies are credited to the Profit and Loss Account.

V. INVESTMENTS

Investments that are readily realizable and intended to be held for not more than one year are classified as current investments. All other investments are classified as long term investments. Current investments are carried at lower of cost and fair value determined on an individual investment basis. Long term investments are carried at cost. However provision for diminution in value is made to recognize a decline other than temporary in the value of such investments.

VI. STOCK and JOBS-IN PROGRESS.

Inventories including Jobs-in-Progress are stated at cost or Net Realizable Value, whichever is lower.
In case of raw materials and stores and spares, such cost is arrived on Weighted Average Basis. Cost comprises of expenditure incurred in the normal course of business in bringing Stocks and Jobs-in-Progress to their location and condition (including appropriate overheads in case of Jobs-in-Progress, calculated on a basis appropriate to the business carried on by the Company).
Where the current estimate of total cost and revenue in respect of Jobs-in-Progress covered by customer's orders indicate a loss, provision is made for entire loss.
Loose tools are written off over a period of ten years.
Obsolete, slow moving and defective stocks are identified at the time of physical verification of stocks and where necessary, provision is made for such stocks.

VII. REVENUE RECOGNITION.

Revenue on contracts is recognized on percentage of completion method wherein the stage of completion is determined with reference to the ratio of the contract cost incurred for work performed upto the reporting date to the estimated total contract cost. In the case of unit rate contracts the stage of completion is determined with reference to the valuation of the actual amount of work completed as per the contracted rates. In cases where the current estimate of total contract cost and revenue indicate a loss, such loss is recognized as an expense.

VIII. FOREIGN CURRENCIES.

Transactions in foreign currency are recorded in Rupees by applying the rate of exchange ruling at the time of transactions. Exchange differences arising on the settlement of transactions are recognized as income or as expense in the period in which they arise, except in respect of fixed assets acquired from outside India, where exchange variance is adjusted to the carrying amount of respective fixed assets.
Monetary current assets and monetary current liabilities denominated in foreign currency are translated at the exchange rate prevalent at the date of the balance sheet. The resulting difference is also recorded in the profit and loss account. Non monetary items at the balance sheet date are stated at historical cost.

The Company uses foreign exchange forward contracts to hedge its exposure to movements in foreign exchange rates. The premium or discount arising at the inception of a forward exchange contract is amortised as expense or income over the life of the contract. Exchange differences on such a contract are recognized in the profit and loss account in the reporting period in which the exchange rates change. Any profit or loss arising on cancellation or renewal of such a forward exchange contract is recognized as income or as expense for the period.

IX. SALES

Sales represent the invoiced value of goods and services supplied and exclude Sales Tax. Agency commission is recognized in terms of agency agreement.

X. INCOME FROM INVESTMENTS

Income from Investment is included, together with related tax credit, in the Profit and Loss Account on an accrual basis.

XI. RETIREMENT BENEFITS.

a) Provident Fund:

Contribution to Provident Fund, which is administered by an independent Trust/Fund maintained by the Regional Fund Commissioner, is charged to the Profit and Loss Account.

b) Pension:

The Company operates a superannuation fund scheme for some of its employees towards which the Company contributes upto a maximum of 15% of the employee's current salary, which is charged to the Profit and Loss Account. The scheme, which is fully funded, is administered by Trustees and is independent of the Company's finance.

c) Gratuities and Leave Encashment:
The Company operates a Gratuity Fund Scheme for its employees. The liability in respect of such scheme is ascertained on the basis of actuarial valuation at the year-end and provided for. The scheme, which is funded is administered by Life Insurance Corporation of India (LIC). Accrued liability towards leave encashment benefits payable to employees is also ascertained on the basis of actuarial valuation at the end of the year and recognized as a charge in the accounts.

XII. BORROWING COSTS.
Borrowing costs attributable to the acquisition, construction or production of qualifying assets (i.e. assets that necessarily take substantial period of time to get ready for its intended use or sale) are capitalized as part of the cost of such asset upto the date when such asset is ready for its intended use or sale. Other borrowing costs are recognized as an expense in the period in which they are incurred.

XIII. TAXES ON INCOME.
Current tax represents the amount that would be payable based on computation of tax as per prevailing taxation laws under the Income tax Act, 1961.
Deferred Tax is recognized, subject to the consideration of prudence, on timing differences, being the difference between taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent periods. Deferred Tax assets are not recognized unless there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized.
Fringe Benefit Tax is accounted for based on the estimated value of Fringe Benefits for the period as per the related provisions of the Income tax Act, 1961.

3.1.11 The information for the last three years based on the audited statement in respect of all the Companies promoted by the Acquirer or where they exercise management control are given as under:-

(A) **McNally Bharat Equipments Limited (MBEL),** a wholly owned subsidiary of MBECL was incorporated on 7th March 2008 under the Companies Act 1956 under the Registrar of Companies, West Bengal. The Company was incorporated with the main object of carrying on the business of manufacturers, importers, exporters, wholesalers, consultants, retailers, fabricators, founders, moulders, welders, dealers. Stockists and distributors of engineering goods. The Company has not commenced its business operations from the date of incorporation to 31st March 2008 and accordingly no financial statements have been prepared till date. The Company is not a Sick Industrial Company.

(B) **McNally Bharat Infrastructure Limited (MBIL),** a wholly owned subsidiary of MBECL was incorporated on 3rd March 2008 under the Companies Act 1956 under the Registrar of Companies, West Bengal. The Company was incorporated with the main object of carrying on all or any of the business of promoting, developing, trading, retailing, designing, manufacturing, supplying, constructing, supervising, operating, maintaining of infrastructure projects and other infrastructural development projects, estates, office buildings, industrial projects, industrial buildings, structures, equipment, components, industrial housing, urban housing and townships etc. The company has not commenced its business operations from the date of incorporation to 31st March 2008and accordingly no financial statements have been prepared till date. The Company is not a Sick Industrial Company.

(C) **EWB-MBE International Kornyezetvedelmi Kft**:- EWB-MBE International Kornyezetvedelmi Kft, Hungary, a subsidiary of MBECL was originally incorporated on December 18, 1990 in the name of Eroterv-Waagner-Biro Kft. The name of the Company was subsequently changed to EWB-MBE International Kornyezetvedelmi Kft w.e.f July 1, 2001. The Company's spheres of activity includes Engineering activities, consultancy services, manufacturer of metallic containers , steam boilers, furnaces, material lifting & moving machines, industrial coolers , air conditioning equipment, as well as technical testing & analysis.

Brief financials based on Audited Accounts for 3 financial years ended 31.12.2007 is given below:

Particulars	**31.12.2005**	**31.12.2005**	**31.12.2006**	**31.12.2006**	**31.12.2007**	**31.12.2007**
	HUF	Rs.	HUF	Rs.	HUF	Rs.
Equity Share Capital	9,900	2,120	9,900	2,295	9,900	2,240
Reserves (excluding revaluation reserves)	2,208	473	448	104	554	125
Total Income	nil	nil	nil	nil	500	113
Profit after Tax (PAT)	(3,769)	(807)	(1,760)	(408)	106	24
Earnings per share (EPS)	(0.38)	(0.38)	(0.18)	(0.18)	0.01	0.01
Net Asset Value (NAV) per share	NA	NA	NA	NA	NA	NA

Exchange Rate

As on 31st Dec 05	1 Hungarian Forint = 0.21419 Re
As on 31st Dec 06	1 Hungarian Forint = 0.23185 Re
As on 31st Dec 07	1 Hungarian Forint = 0.22622 Re

The Company is not a Sick Industrial Company.

(D) EWB Kornyezetvedelmi Kft :- EWB Kornyezetvedelmi Kft is a 100% Subsidiary Company of EWB-MBE International Kornyezetvedelmi Kft, Hungary. The Company was originally founded on 10.12.2002 as a one – person limited company for undetermined time. Subsequently the Court of Registry signed the company to its registration on 04.02.2003. The Company's spheres of activity includes manufacture of metallic containers, steam boliers, annealing furnaces, material lifting and moving machines, industrial coolers and air – controllers and technical inquiry and analysis.

Brief financials based on Audited Accounts for 3 financial years ended 31.12.2006 is given below:

Particulars	**31.12.2004**	**31.12.2004**	**31.12.2005**	**31.12.2005**	**31.12.2006**	**31.12.2006**
	HUF	Rs.	HUF	Rs.	HUF	Rs.
Equity Share Capital	10,000	1,986	15,000	3,213	15,000	3,478
Reserves (excluding revaluation reserves)	4,900	973	606	130	925	214
Total Income	420,412	83,481	149,731	32,071	139,258	32,287
Profit after Tax (PAT)	11,371	2,258	606	130	319	74
Earnings per share (EPS)	1.14	0.23	nil	nil	nil	nil
Net Asset Value (NAV) per share	2.12	0.42	NA	NA	NA	NA

Exchange Rate:

As on 31st Dec 04 - 1 Hungarian Forint = 0.19857 Re. (last available exchange rate)

As on 31st Dec 05 - 1 Hungarian Forint = 0.21419 Re.

As on 31st Dec 06 - 1 Hungarian Forint = 0.23185 Re.

The Company is not a Sick Industrial Company.

3.1.12 Corporate Governance and Pending Litigations:

Status of Corporate Governance

MBECL has duly complied with the provision of Corporate Governance as stipulated in the clause – 49 of the listing agreement. The Non-executive Directors are eminent professionals, drawn from amongst persons with experience in business and industry, finance, law and public enterprises. The Company has also constituted the Audit Committee, Remuneration Committee and Investor Grievance Committee as below:

AUDIT COMMITTEE:

Name of the Members	**Designation**	**Nature of Directorship**
Mr. V.K. Verma	Chairman	Independent & Non-Executive Director
Mr. U. Parekh	Member	Independent & Non-Executive Director
Mr. C.K. Pasari	Member	Independent & Non-Executive Director
Mr. A. Khaitan	Member	Promoter & Non-Executive Director

REMUNERATION COMMITTEE:

Name of the Members	**Designation**	**Nature of Directorship**
Mr. S.P. Singhi	Chairman	Promoter & Non-Executive Director
Mr. U. Parekh	Member	Independent & Non-Executive Director
Mr. V.K. Verma	Member	Independent & Non-Executive Director
Mr. C.K. Pasari	Member	Independent & Non-Executive Director

SHAREHOLDERS/INVESTORS' GRIEVANCE COMMITTEE:

Name of the Members	**Designation**	**Nature of Directorship**
Mr. S.P. Singhi	Chairman	Promoter & Non-Executive Director
Mr. U. Parekh	Member	Independent & Non-Executive Director
Mr. C.K. Pasari	Member	Independent & Non-Executive Director
Mr. V.K. Verma	Member	Independent & Non-Executive Director

We state that as per the Annual Report of MBECL for the financial year ended dated 31.03.2008; there are no pending Litigations /claims against MBECL contingent in nature except the following:

NAME OF THE STATUTE	NATURE OF DUES	AMOUNT in Rs.	PERIOD TO WHICH THE AMOUNT RELATES	FORUM IN WHICH THE DISPUTE IS PENDING
CENTRAL EXCISE ACT, 1944	Excise Duty and Penal Interest thereon	670,220	1990-91	CEGAT – Kolkata
-DO-	-DO-	2,119,191	1994-95 & 95-96	Commissioner (Appeal)-Patna
-DO-	-DO-	2,831,749	1996-97	Asst. Commissioner – Dhanbad
-DO-	-DO-	674,059	1993-94	Asst. Commissioner – Dhanbad
-DO-	-DO-	1,879,868	1994-95	Asst. Commissioner- Dhanbad
-DO-	-DO-	355,691	1992-93	Asst. Commissioner- Dhanbad
-DO-	-DO-	12,951,359	1989-90 to 1992-93	Commissioner of Central Excise-Trichy
	SUB-TOTAL	**21,482,137**		

APGST ACT, 1957	Sales Tax	416,084	1994-95	Sales Tax Appellate Tribunal-Hyderabad
-DO-	Sales Tax	1,314,578	1995-96	Sales Tax Appellate Tribunal-Hyderabad
-DO-	Sales Tax	452,894	1997-98	Sales Tax Appellate Tribunal-Hyderabad
-DO-	Sales Tax	886,480	1996-97	Sales Tax Appellate Tribunal-Hyderabad
OST ACT	Sales Tax	166,333	2003-04	Asstt Commissioner of Commercial Taxes – Cuttack Circle
WBST ACT	Sales Tax	177,694	2003-04	Dy Commissioner of Commercial Taxes- Kolkata
BIHAR FINANCE ACT, 1981	Sales Tax	644,052	1991-92	Dy Commissioner of Commercial Taxes- Chirkunda Circle
-DO-	Sales Tax	547,379	1992-93	Dy Commissioner of Commercial Taxes – Chirkunda Circle
Bangalore	Demands less than 6 months - misc	482,184		
Paid under protest		867,454		
	SUB TOTAL	**5,955,132**		

Current Arbitration Matter

The Company had entered in September 2003 a joint venture agreement with Elsamex S.A. where officially it was appointed as a subcontractor in "West Bengal Corridor Development Project-improvement of Gazole Hilli Section of SH 10 with a link to Balurghat from Patiram", (the Project). However consequent to considerable delay in execution of the project the Public Works Department of Government of West Bengal (PWD) had terminated the contract in January 2006. The Company and Elsamex S.A. feels that such delay in execution was due to the inability of PWD to hand over the stretch of land for widening of road and non- availability of construction drawings on time by PWD. The company has a legitimate claim of Rs 15,16,90,568 towards receivable and Rs 11,33,09,901 on account of deposit against Performance Guarantee. Elsamex S.A. has already moved to arbitration and has claimed an amount of Rs. 73,34,03,024 including an additional claim on consequential losses as per guidelines of "Federation International Des Ingenieurs-Conseils" (FIDIC). Arbitration proceedings are underway, however pending settlement of the arbitration proceeding and also based on legal opinion obtained in this regard in the previous Year, the company is confident in recovering at least an amount not less than the recoverable shown in its books and consider that no provision towards such amounts recoverable is necessary at this stage.

3.1.13 Compliance Officer:

Sri D. Chatterjee, Company Secretary is acting as the Compliance Officer and his address is 4, Mangoe Lane, 7th Floor, Kolkata- 700 001, Phone No (033) 65500725-39 Fax No (033) 22480340/5016, email: mbecal@mbecl.co.in

3.1.14 Details of Merger/ Demerger/ spin off involving the acquirer

ERIEZ MBE INDIA LTD:- MBECL held 40% of the total equity shares of Rs 1 crores of Eriez MBE India Limited(EMIL) , a Company incorporated as joint venture between MBE & Eriez Manufacturing Company, USA(Eriez) .

EMIL was involved in manufacture and marketing of Magnetic & allied products. MBE used to assist EMIL in marketing its products since inception.

Currently, EMIL has more or less established its business in India. Since there is less synergy between the activities of EMIL and that of MBECL and with the increase in the activities of MBECL in its own field of specialization and in the best interest of both the Companies, it was decided by MBECL to dispose off its investments. Eriez USA, the joint promoters acquired the investments from MBECL during March 07.

3.1.15 MBECL was incorporated under the name of McNally-Bird Engineering Company Private Limited on 10th July 1961 under the Companies Act 1956 with registered number 25181. The Company subsequently became a Public Limited Company pursuant to Section 43A of Companies Act, 1956 on 25th September 1961. The Company's name was changed to McNally Bharat Engineering Company Limited in 1972.

3.1.16 Shareholding Pattern as on 21.05.2008 i.e date of Public Announcement.

Category of shareholder	Total no. of Shares	Total shareholding as a % of total no. of shares
Promoters		
Individuals/ HUF	600	0.00
Bodies corporate		
McLeod Russel India Limited	3052295	9.82
National Bearing Co. (Jaipur) Ltd	1764000	5.67
Central India Industries Limited	1729700	5.56
Others	3656647	11.76
SUB TOTAL	**1,02,03,242**	**32.81**
Public Shareholding		
MF/UTI	54,93,532	17.67
FIs/Banks	27,140	0.09
Insurance Companies	13,88,101	4.46
Foreign Institutional Investors	56,08,276	18.04
SUB TOTAL	**1,25,17,049**	**40.26**
Non-Institutions		
Bodies Corporate	25,43,349	8.18
Individuals	40,63,653	13.07
Others	17,66,525	5.68
SUB TOTAL	**83,73,527**	**26.93**
TOTAL	**3,10,93,818**	**100.00**

3.2. Disclosures in terms of Regulations 16(ix) of the Regulations & Acquirer's future plans for SIECL

3.2.1 The prime object of the Offer is to acquire substantial acquisition of shares/voting rights accompanied with the change in control and management of the Company.

3.2.2 The Acquirer is presently engaged in the business of Engineering and Turnkey Projects and provides turnkey solutions in plant layout and design, basic and detailed engineering, project management, sourcing and procurement, equipment, fabrication and construction, erection, installation and commissioning to various coal, power, steel, cement, iron ore, fertilizer and mining industries. The Target Company is presently engaged in manufacturing wide range of equipment used in crushing, grinding, screening, road making, construction and material handling equipment, customized equipment for steel, cement, power and coal plants and complex turnkey projects. The Acquisition of the Target Company will provide product and technological synergy to the Acquirer and add sizeable volume to its equipment business. The Acquirer proposes to continue the existing line of business of the target company.

3.2.3 Subject to satisfaction of the provisions under the Companies Act, 1956 and / or any other Regulation(s), the Acquirer intends to make changes in the management of SIECL. It is proposed to induct new Directors on the Board of SIECL by the Acquirer. The likely changes in the management /taking control by the Acquirer shall be subject to successful completion of the Open Offer formalities, including dispatch of consideration for the Shares accepted and shall be subject to compliance with Regulation 23(6) of the Regulations.

3.2.4 The Acquirer does not have any plans to dispose off or otherwise encumber any assets of SIECL in the next two years except in the ordinary course of business of SIECL and / or for the purposes of entering into any compromise or arrangement, reconstruction, restructuring, merger, rationalizing and / or streamlining various operations, assets, liabilities, investments, businesses or otherwise of SIECL, subject to applicable shareholders approval.

3.2.5 The Acquirer undertakes not to sell, dispose of or otherwise encumber any substantial assets of the Target Company except with the prior approval of the shareholders of the Target Company and in accordance with and subject to the applicable laws, permissions and consents, if any.

4. OPTION IN TERMS OF REGULATION 21(2)

In the event, pursuant to this offer, the public shareholding in the Target Company falls below 25% of its outstanding equity share capital, the Acquirer will, in accordance with Regulation 21(2) of the SEBI (SAST) Regulations, 1997, facilitate the Target Company to raise the level of public shareholding to the level specified for continuous listing in the Listing Agreement with the Stock Exchanges within the specified time and in accordance with the prescribed procedure under clause 40A(viii) of the Listing Agreement and in compliance with the Regulations.

5. BACKGROUND OF THE TARGET COMPANY – SIECL

5.1. Brief History and Main Areas of Operations:

5.1.1. Sayaji Iron & Engineering Company Limited ("SIECL") having its Registered Office at Chhani Road, Vadodara-390002 was incorporated on December 06,1943 under the Baroda State Companies Act, 1918 as a Private Limited Company. It became a deemed Public Limited Company on July 01,1988 under section 43A of the companies Act, 1956. Subsequently the company was converted into a Public Limited Company by passing a special resolution on November 25,1994 and has obtained a fresh certificate of incorporation dated January 02,1995. SIECL came out with initial Public offer in the year October 1995. Mr. Patel Anil Chhotalal , Mr Patel Nikhil Vipinbhai & Mr Patel Kunal Anilbhai alongwith their family members are the promoters of the Company. Out of the above, Mr Patel Anil Chhotalal is presently the Chairman cum Managing Director of the Company and is associated with the Company since last 45 years. Mr Patel Nikhil Vipinbhai is presently the Executive director of the Company and is associated with the Company since last 30 years. Mr Patel Kunal Anilbhai is also the Executive director of the Company and is associated with the Company since last 12 years.

5.1.2 SIECL is presently engaged in manufacturing wide range of equipment used in crushing, grinding, screening, road making, construction and material handling equipment, customized equipment for steel, cement, power and coal plants and complex turnkey projects. SIECL has its plant located in Vadodara (Gujarat) and has eight marketing offices across the country.

5.1.3 As on the date of PA, the Authorised Share Capital of the Company is Rs. 500.00 Lacs comprising of 50,00,000 Equity Shares of Rs. 10/- each. The Issued, Subscribed and Paid-up capital of the Company is Rs.390.04 Lacs comprising of 39,00,400 fully paid-up Equity Shares of Rs. 10/- each. SIECL does not have any partly paid-up Equity Shares. The share capital structure of the Target Company is as follows:

Share Capital Structure of the Target Company

Paid up Equity Shares of Target Company	No. of Shares / Voting Rights	% of Shares / Voting Rights
Fully Paid up Equity Shares	39,00,400	100.00%
Partly Paid up Equity Shares	NIL	NIL
Total Paid up Equity Shares	39,00,400	100.00%
Total voting rights in the Target Company	39,00,400	100.00%

5.1.4 Current capital structure of the company has been built up since inception as per the details given below:

Date of allotment	**Shares Issued**		**Cumulative paid up capital**	**Mode of allotment**	**Identity of allottees**	**Compliance status**
	Number	%				
06.12.1943	40000	1.00	40000	On Incorporation	Promoters	Complied
12.08.1960	60000	1.49	100000	New Issue	Promoters	Complied
31.12.1970	30000	0.75	130000	New Issue	Promoters	Complied
28.02.1972	25000	0.62	155000	New Issue	Promoters	Complied
11.04.1975	62000	1.54	217000	Bonus	Promoters	Complied
29.12.1981	217000	5.40	434000	Bonus	Promoters	Complied
12.10.1993	868000	21.60	1302000	Bonus	Promoters	Complied
19.12.1994	651000	16.20	1953000	Bonus	Promoters	Complied
23.02.1995	297000	7.39	2250000	Promoter Pre Issue Allotment	Promoters	Complied
02.12.1995	1769400	44.02	4019400	Public Issue Allotment	Public	Complied
29.01.2005	-119000		3900400	Share Forfeited due to non payment of Allotment Money		
TOTAL	**3900400**	100.00				

5.1.5 We state that there has not been any suspension of trading of shares of the SIECL in any of the Stock Exchanges viz. VSE, ASE and DSE where the shares of the company are presently listed & no punitive action has been taken against the Target Company by any of the above Stock Exchanges. As per the information provided by the Target Company, the Target Company has complied with all the provisions of the Listing Agreement. We have already written to the Stock Exchanges vide our letter dt.23.05.2008 and reminder letter dt.28.05.2008 to provide us the information of compliance made by SIECL along with any suspension/disciplinary/ penal action taken by them against the Target Company. In this respect we have been informed by DSE vide their letter no.DSE/LIST/8771/NR/863 dated May27, 2008 informing non compliance of several provisions of the Listing Agreement viz. Clause 35 (Distribution Schedule) for the period 30/09/2007, Clause 41(Advance notice of Board Meeting) for the period 30/09/2004 & 31/03/2008, Publication of Unaudited quarterly results for the period 30/09/2007,31/12/2007,31/03/2008, notice of board meeting for the period 30/09/2007,31/12/2007,31/03/2008 and AGM/Book closure for the period 2007, Clause 49(Corporate Governance Report) for the period 30/06/2007 & 30/09/2007.The Company vide its letter dated June 02, 2008 has replied to DSE against the aforesaid letter along with supporting documents in respect of compliances done in the years 2007 & 2008. Apart from above, we have not received any information from any other Stock Exchanges till date. As per the letter dt 30.05.2008 received from the Registrar of the Company, we state that the Registrar has received 1 compliant during the period 01/04/2008 to 30/05/2008 which has already been resolved. Further SIECL has paid upto date listing fees to all the Stock Exchanges.

5.1.6 As on the date there are no outstanding convertible instruments such as warrants/FCDs/PCDs etc. There are no partly paid up shares as on the date of the Submission of Letter of Offer.

5.1.7 The promoters & sellers of the Target Company have not complied with Regulation 6 & 8 of the Regulations since 1997. Further there have been certain acquisition as well as inter se transfer of equity shares between promoters of the Target Company, their relatives for which intimation required under Regulation 3(3) and Regulation 3(4) has not been filed by them wherever applicable. Further no report under Regulation 7(1)/ 7(1A) has been filed. **SEBI may initiate suitable action against the promoters / seller for such non-compliance**. SIECL has not complied with the provision of Regulation 6 for the year 1997 and also Regulation 8 for the period 1998 to 2002. SIECL however regularized the same by participating in the SEBI Regularization Scheme, 2002 and filed the relevant documents on 27.03.2003 with Stock Exchanges. Since 2003, the Company is regular in depositing the Compliance requirement under Regulation 8(3) of the Regulations except for the year ended 31.03.2006 & also in respect of payment of dividend on record dates viz. 13/08/2005, 20/02/2006, 31/07/2006 & 31/10/2006 for which we have not received the acknowledged copy. No report under Regulation 7(3) has been filed by the Target Company. **For such non-compliance/delay compliance, SEBI may initiate suitable action against the Target Company.**

5.1.8 The Board of Directors of SIECL as on the date of the PA is as follows:

Names of Directors	**Designation**	**Date of Appt.**	**Qualification**	**Residential Address**	**Experience**	**No. & % of shares of SIECL held as on date of P.A. i.e., 21.05.08**	**No. & % of shares agreed to be sold through MOU dt. 16.05.2008**
Patel Anil Chhotalal	Chairman & Managing Director	15.04.61	D.M.E	"KALYAN" 35 Alkapuri Society, Alkapuri vadodara-390007	Associate with the Company since last 45 Years	329700 8.45%	329700 8.45%
Patel Nikhil Vipinbhai	Executive Director	20.02.92	D.M.E	"VRAJ BUNGALOW", Near Akshvan Hsg Complex , Gotri Sevasi Road vadodara-391101	Associate with the Company since last 30 Years	205150 5.26%	205150 5.26%
Patel Kunal Anilbhai	Executive Director	02.12.95	(MBA) University of Hartford, Connecticut, U.S.A	"KALYAN" 35 Alkapuri Society, Alkapuri vadodara-390007	Associate with the Company since last 12 Years	40100 1.03%	40100 1.03%
Vyas Mahendra Govindlal	Director	30.07.01	LLB	402 Pluto Apartment Race Course Circle, vadodara-390 007	Senior Advocate	1000 0.03%	NIL
Hathi Ashwin Pundarikrai	Director	30.07.01	LLB	81,Arishram Sampatrao Colony, R.C.Dutt Road, vadodara-390 007	Senior Advocate	200 0.01%	NIL
Shroff Atul Govindji	Director	09.01.85	SSC	7, Charotar Society, Old Padra Road vadodara – 390 020	Industrialist and on the Boards of several Companies	1000 0.03%	NIL
Patel Sanjay Shantilal	Director	29.05.04	B.COM,FCA	31 Anandnagar Society, Productivity Road, vadodara-390007	Senior Chartered Accountant	Nil	NIL

None of the persons representing the Acquirer are on the Board of SIECL.

5.1.9 There has been no merger / demerger or spin off involving SIECL during the last 3 years.

5.2. Financial Information:

The financial information of SIECL for the last 3 financial years ending 31.03.2008 are as follows:

Profit & Loss Statement **(Rs. in Lacs)**

For the Year Ended	31st March 2006 (Audited)	31st March, 2007 (Audited)	31st March,2008 (Audited)
Income from Operations	4523	5179	5955
Other Income	19	32	102
Total Income	4542	5211	6057
Change in Stock	-153	181	293
Total Expenditure	3969	4330	5406
Profit/(Loss) before Interest, Depreciation and Tax	573	1196	1128
Depreciation	80	90	145
Interest	73	44	39
Profit/(Loss) before Tax	420	1062	944
Provision for Tax (including deferred tax)	63	412	389
Profit/(Loss) after tax	357	650	555

Balance Sheet **(Rs. in Lacs)**

As on	31st March 2006 (Audited)	31st March, 2007 (Audited)	31st March,2008 (Audited)
Sources of funds			
Paid up share capital	390	390	390
Share Application Money	0	0	0
Reserves & Surplus (excluding revaluation reserves)	715	1248	1666
Less: Miscellaneous Expenditure not written off	0	0	0
Net Worth	1105	1638	2056
Deferred Tax Liabilities	7	146	313
Secured loans	118	304	24
Unsecured loans	237	242	165
Total	1467	2330	2558
Uses of funds			
Net Fixed Assets	634	1221	1648
Investments	33	159	71
Deferred Tax Assets (Net)	0	0	0
Net Current Assets	800	950	839
Total	1467	2330	2558

Other Financial Data

For the Year Ended	31st March 2006 (Audited)	31st March, 2007 (Audited)	31st March,2008 (Audited)
Dividend (%)	12	26	30
Earning Per Share (Rs.)	9.87	20.23	18.50
Return on Networth (%)	32	40	27
Book Value Per Share (Rs.)	28.32	41.99	52.71

(i) ***Note:***EPS = Profit after tax / number of outstanding equity shares at the close of the year/period
(ii) Return on Net Worth = Profit after Tax /Net Worth
(iii) Book Value per Share = Net Worth / No. of equity shares.
(iv) Source: Audited Annual Reports
(v) Reason for fall/rise in Total Income, Expenditure and PAT in the relevant years: - last 3 financial years ending 31.03.2008 are as follows:

Reason for change in Total Income, Expenditure & PAT for the year ended 31st March, 2008 over the year ended 31st March, 2007: -

Total Income for the year ended 31st March, 2008 increased to Rs. 63,50,07,041/- as compared to Rs. 53,92,10,873/- for the year ended 31st March, 2007 mainly due to increase in sales of crushers, screens, project/special equipments and others and further increase in other income from Rs. 32,47,816/- to Rs. 1,01,75,598/- mainly due to increase in wind mill energy income, miscellaneous income and commission income. Total expenditure increased to Rs. 54,06,12,924/- from Rs. 43,30,00,937/- mainly on account of increased production and operations and further increase in legal and professional fees. PAT decreased to Rs. 5,54,75,601/- from Rs. 6,49,68,676/- mainly on account of increase in legal and professional fees as mentioned above.

Reason for change in Total Income, Expenditure & PAT for the year ended 31st March, 2007 over the year ended 31st March, 2006 :-

Total Income for the year ended 31st March, 2007 increased to Rs. 53,92,10,873/- as compared to Rs. 43,89,57,649/- for the year ended 31st March, 2006 mainly due to increase in sales of crushers, screens and spares and further increase in other income from Rs. 19,46,092/- to Rs. 32,47,816/- mainly due to wind mill energy income of Rs. 23,73,397/-. Total expenditure increased to Rs. 43,30,00,937/- from Rs. 39,69,12,869/- on account of increased production and operations. PAT increased to Rs. 6,49,68,676/- from Rs. 3,57,88,722/- despite increase in provision for income tax, wealth tax, fringe benefit tax and deferred tax. The increase in PAT is the consequential effect of increase in sales volume of the Company.

Reason for change in Total Income, Expenditure & PAT for the year ended 31st March, 2006 over the year ended 31st March, 2005 :-

Total Income for the year ended 31st March, 2006 increased to Rs. 43,89,57,649/- as compared to Rs. 29,40,81,660/- for the year ended 31st March, 2005 mainly due to increase in sales of each product of the company and further increase in other income from Rs. 11,07,453/- to Rs. 19,46,092/- mainly due to increase in interest income, commission income and profit on sale of investments. Total expenditure increased to Rs. 39,69,12,869/- from Rs. 28,38,45,807/- on account of increased production and operations. PAT increased to Rs. 3,57,88,722/- from Rs. 58,49,587/- despite increase in provision for income tax and fringe benefit tax. The increase in PAT is the consequential effect of increase in sales volume of the Company.

5.3. Pre and Post-Offer Shareholding Pattern of SIECL (based on Issued, Subscribed & Paid-up Equity Share and Voting Capital) is as under:

Shareholders' Category	**Share holding/voting rights Prior to the MOU/ acquisition and Offer**		**Shares/voting rights agreed to be acquired which triggered off the Regulation**		**Shares/voting rights to be acquired in open Offer (assuming full acceptances)**		**Share holding /voting rights after Acquisition and Offer (A+B+C)**	
	(A)		**(B)**		**(C)**		**(D)**	
	No. of shares	%	No. of shares	%	No. of shares	%	No. of shares	%
1. Promoter Group								
a) Parties to MOU	2663100	68.28	(2663100)	(68.28)	-	-	-	-
b) Promoter other than (a) above	-	-	-	-	-	-	-	-
TOTAL 1 (a + b)	2663100	68.28	(2663100)	(68.28)	-	-	-	-
2. Acquirer: **McNally Bharat Engineering Co. ltd**	-	-	2663100	68.28	780080	20.00	3443180	88.28
TOTAL 2	-	-	2663100	68.28	780080	20.00	3443180	88.28
3. Public Share Holding [other than 1(a) & (2)]*								
a) FIs/Banks	-	-	-	-				
b) NRIs	-	-	-	-				
c) MF's/ Insurance Company	50000	1.28	-	-				
d) Others	1187300	30.44	-	-				
Total 3 (a+b+c+d)	1237300	31.72	-	-	(780080)	(20.00)	457220	11.72
GRANDTOTAL (1+2+3)	**3900400**	**100.00**	**-**	**-**	**-**	**-**	**3900400**	**100.00**

*The total number of shareholders in Public category is 2041.

5.4. There was no trading of the shares of SIECL as on 21.05.2008 i.e. the date of Public Announcement at VSE, ASE & DSE.

5.5. The details of the buildup of the Promoter shareholding in the Target Company are as follows;

Shareholdings			**Purchase / Interse Transfer made during the year**	**Sale / Interse Transfer made during the year**	**Shareholdings**		
As on	No. of Shares	%			As on	No. of Shares	%
01/04/1997	2341200	58.25	0	0	31/03/1998	2341200	58.25
01/04/1998	2341200	58.25	0	0	31/03/1999	2341200	58.25
01/04/1999	2341200	58.25	0	0	31/03/2000	2341200	58.25
01/04/2000	2341200	58.25	296800	23000	31/03/2001	2615000	65.06
01/04/2001	2615000	65.06	0	0	31/03/2002	2615000	65.06
01/04/2002	2615000	65.06	600	0	31/03/2003	2615600	65.07
01/04/2003	2615600	65.07	1400	0	31/03/2004	2617000	65.11
01/04/2004	2617000	65.11	17200	2600	31/03/2005	2631600	*67.47
01/04/2005	2631600	67.47	530450	505750	31/03/2006	2656300	68.10
01/04/2006	2656300	68.10	6500	-	31/03/2007	2662800	68.27
01/04/2007	2662800	68.27	11300	11000	31/03/2008	2663100	68.28
01/04/2008	2663100	68.28	-	2663100			

* The Company had forfeited 1,19,000 Equity Shares on 29.01.2005 due to non-payment of Allotment Money.

Note:

There has been number of instances of inter-se transfer, fresh acquisition/sale of equity shares by the seller promoters in the past as detailed below:.

Purchase / sale of shares by the Promoters including Inter-se transfer amongst them

Purchase/ Inter Se Transfer					Sale/ Inter Se Transfer								
Year	Date	Buyer	No of shares	Rate	Seller	No of shares	Rate	Remarks	Promoters Shareholding before transaction	Purchase	Sales	Promoters Shareholding after transaction	Compliance Status Complied (Yes/ No)
1997-98													
	Total		**0**			**0**			58.25%	-	-	58.25%	NA
1998-99													
	Total		**0**			**0**			58.25%	-	-	58.25%	NA
1999-2000													
	Total		**0**			**0**			58.25%	-	-	58.25%	NA
2000-2001	1.4.00	Moulina U Patel	*23000	0	Indubhai C Patel	23000	0	*Interse Off	58.25%	0.57%	0.57%	58.25%	NO
	15.4.00	Anil C Patel	9900	10	Non-promoter		10	Market Off	58.25%	0.25%	-	58.50%	NO
	15.4.00	Shobhna A Patel	9900	10	Non-promoter		10	Market Off	58.50%	0.25%	-	58.74%	NO
	15.4.00	Vaishali S Patel	9200	10	Non-promoter		10	Market Off	58.74%	0.23%	-	58.97%	NO
	15.4.00	Anita K Patel	9800	10	Non-promoter		10	Market Off	58.97%	0.24%	-	59.22%	NO
	15.4.00	Savitaben I Patel	40400	10	Non-promoter		10	Market Off	59.22%	1.01%		60.22%	NO
	15.4.00	Mauna U Patel	47300	10	Non-promoter		10	Market Off	60.22%	1.18%	-	61.40%	NO
	15.4.00	Nikhil V Patel	15000	10	Non-promoter		10	Market Off	61.40%	0.37%	-	61.77%	NO
	15.4.00	Nisha N Patel	14400	10	Non-promoter		10	Market Off	61.77%	0.36%	-	62.13%	NO
	15.4.00	Rajal N Patel	5000	10	Non-promoter		10	Market Off	62.13%	0.12%	-	62.25%	NO
	15.4.00	Sheena N Patel	5000	10	Non-promoter		10	Market Off	62.25%	0.12%	-	62.38%	NO
	15.4.00	Sarojben B Patel	13400	10	Non-promoter		10	Market Off	62.38%	0.33%	-	62.71%	NO
	15.4.00	Biraj Patel	13000	10	Non-promoter		10	Market Off	62.71%	0.32%	-	63.03%	NO
	15.4.00	Shirali Papatel	13000	10	Non-promoter		10	Market Off	63.03%	0.32%	-	63.36%	NO
	15.4.00	Jatin K Patel	10000	10	Non-promoter		10	Market Off	63.36%	0.25%	-	63.61%	NO
	15.4.00	Bhavini J Patel	6200	10	Non-promoter		10	Market Off	63.61%	0.15%	-	63.76%	NO
	15.4.00	Bhairavi J Patel	3200	10	Non-promoter		10	Market Off	63.76%	0.08%	-	63.84%	NO
	15.4.00	Ditti J Patel	300	10	Non-promoter		10	Market Off	63.84%	0.01%	-	63.85%	NO
	15.4.00	Sayaji Trding	29100	10	Non-promoter		10	Market Off	63.85%	0.72%	-	64.57%	NO
	15.4.00	Sanjay K Patel	5000	10	Non-promoter		10	Market Off	64.57%	0.12%	-	64.70%	NO
	15.4.00	Diptiben Patel	8000	10	Non-promoter		10	Market Off	64.70%	0.20%	-	64.90%	NO
	15.4.00	Chirag S Patel	6700	10	Non-promoter		10	Market	64.90%	0.17%	-	65.06%	NO
	Total		**296800**			**23000**							

2001-2002													
		Total	**0**			**0**			65.06%	-	-	65.06%	NO
2002-2003	14.08.02	Vaishali S Patel	600	10	Non-promoter		10	Off Market	65.06%	0.01%	-	65.08%	NO
		Total	**600**			**0**							
2003-2004	15.10.03	Sayaji Trding	1400	10	Non-promoter		10	Off Market	65.08%	0.04%		65.11%	NO
		Total	**1400**			**0**							
2004-2005	15.10.04	Non-promoter			Vaishali S Patel	600	10	Off Market	65.11%	-	0.01%	65.10%	NO
	15.10.04	Indubhai C Patel	100	10	Non-promoter		10	Off Market	65.10%	0.002%	-	65.10%	NO
	15.10.04	Moulina U Patel	2000	0	Savitaben I Patel	2000	0	*Interse	65.10%	0.05%	0.05%	65.10%	NO
	15.10.04	Jatin K Patel	100	10	Non-promoter		10	Off Market	65.10%	0.002%	-	65.10%	NO
	15.10.04	Sayaji Trding	15000	10	Non-promoter		10	Off Market	65.10%	0.37%	-	#67.47%	NO
		Total	**17200**			**2600**							
2005-2006	4.8.05	Shobhna A Patel	4000	10	Non-promoter		10	Off Market	67.47%	0.10%	-	67.57%	NO
	4.8.05	Subina Patel	3200	10	Non-promoter		10	Off Market	67.57%	0.08%	-	67.65%	NO
	4.8.05	Uneesh U Patel	294400	0	Indubhai C Patel	294400	0	*Interse	67.65%	7.55%	7.55%	67.65%	NO
	4.8.05	Uneesh U Patel	62600	0	Savitaben I Patel	62600	0	*Interse	67.65%	1.60%	1.60%	67.65%	NO
	4.8.05	Uneesh U Patel	4000	10	Non-promoter		10	Off Market	67.65%	0.10%	-	67.76%	NO
	4.8.05	Nikhil V Patel	4000	10	Non-promoter		10	Off Market	67.76%	0.10%	-	67.86%	NO
	4.8.05	Sarojben B Patel	4000	10	Non-promoter		10	Off Market	67.86%	0.10%	-	67.96%	NO
	4.8.05	Jatin K Patel	2000	10	Non-promoter		10	Off Market	67.96%	0.05%	-	68.01%	NO
	4.8.05	Sayaji Trding	1500	10	Non-promoter		10	Off Market	68.01%	0.04%	-	68.05%	NO
	4.8.05	Diptiben Patel	143750	0	Sanjay K Patel	143750	0	*Interse	68.05%	3.69%	3.69%	68.05%	NO
	4.8.05	Diptiben Patel	2000	10	Non-promoter		10	Off Market	68.05%	0.05%	-	68.10%	NO
	4.8.05	Chinar Patel	5000	0	Sanjay K Patel	5000	0	*Interse	68.10%	0.13%	0.13%	68.10%	NO
		Total	**530450**			**505750**							
2006-2007	31.8.06	Anil C Patel	1900	10	Non-promoter		10	Off Market	68.10%	0.05%	-	68.15%	NO
	31.8.06	Sankeel A Patel	400	10	Non-promoter		10	Off Market	68.15%	0.01%	-	68.16%	NO
	31.8.06	Vaishali S Patel	600	10	Non-promoter		10	Off Market	68.16%	0.02%	-	68.18%	NO
	31.8.06	Anita K Patel	1000	10	Non-promoter		10	Off Market	68.18%	0.03%	-	68.20%	NO
	13.2.07	Nikhil V Patel	100	10	Non-promoter		10	Off Market	68.20%	0.003%		68.21%	NO
	31..10.06	Sayaji Trding	2500	10	Non-promoter		10	Off Market	68.21%	0.06%	-	68.27%	NO
		Total	**6500**			**0**							
2007-2008	28.6.07	Anil C PatelHUF	9800	0	Anita K Patel	9800	0	*Interse	68.27%	0.25%	0.25%	68.27%	NO
	11.5.07	Sarojben B Patel	100	10	Non-promoter		10	Off Market	68.27%	0.003%	-	68.27%	NO
	31.12.07	Sayaji Trding	200	50	Non-promoter		10	Off Market	68.27%	0.01%	-	68.28%	NO
	11.5.07	Diptiben Patel	1200	0	Sanjay K Patel	1200	0	*Interse	68.28%	0.03%	0.03%	68.28%	NO
		Total	**11300**			**11000**							

*Interse denotes shares transferred due to transmission.

the percentage increase is due to giving effect of forfeiture of 119000 Equity Shares

Since the seller promoters exceeded permissible acquisition limit and/ or not complied with the norms for claiming exemption under the Regulations, they triggered the requirement of making open offer to the public shareholders. However, the offer price of Rs. 221.60/- per share being paid under the open offer by the acquirer to the Public shareholders is higher than the highest price paid by the seller promoters for various inter-se transfers / acquisition done in the past. The price offered is even higher than assuming those triggering points as acquisition date and interest calculation thereon @ 10% P.A. till date as detailed below:.

Date of Inter-se Trasnfer/Purchase (Trigger date)	Date of PA (Current)	No of days (Delay)	Acquisition/Sale/Transfer Price	Fair value as on trigger date*	Price as per Regulation 20(5) of the Regulations	Interest @ 10% P.A.	Total (Rs.)
4/15/2000	5/21/2008	2958	10.00	7.68	10.00	8.10	18.10
8/4/2005	5/21/2008	1021	10.00	10.20	10.20	2.85	13.05
8/31/2006	5/21/2008	629	10.00	16.68	16.68	2.87	19.55
2/13/2007	5/21/2008	463	10.00	16.68	16.68	2.12	18.80
10/31/2006	5/21/2008	568	10.00	16.68	16.68	2.60	19.28
6/28/2007	5/21/2008	328	10.00	33.87	33.87	3.04	36.91
5/11/2007	5/21/2008	376	10.00	33.87	33.87	3.49	37.36
12/31/2007	5/21/2008	142	50.00	33.87	50.00	1.95	51.95

*As per Supreme Court decision in Hindustan Lever Employees union vs. Hindustan Lever Limited. 1995 (83 com. Case 30)
As per the above calculation the highest price arrived at after taking into consideration interest @ 10 % P.A for all the trigger points comes to Rs. 51.95. However the offer price under the current offer is Rs. 221.60, which is higher than the highest price payable under all previous trigger cases.

The aforesaid sheet is prepared based on the following assumptions:-

- Trigger dates indicates those dates on which Regulation 11(1) / 11(2) of the SEBI (SAST) Regulation 1997 as case may be has been violated.
- Interest is calculated @ 10 % P.A from each trigger date to the current PA date.
- Interest is calculated on the price arrived as per Regulation 20(5) of the Regulation being higher of Acquisation price & Fair value as stated above based on financial data derived from the annual reports of the immediately preceding financial year prior to the trigger date.
- The shares of the company are infrequently traded as per explanation (i) to Regulation 20(5) of the regulations on all triggering dates.
- In respect of inter se transfers, the promoters have not filed any report wherever applicable, under Regulation 3(3) & 3(4) & accordingly all the dates of the inter se transfer, where the report was required to be filed has been considered as a trigger date & considered in the above table.

SEBI may initiate suitable proceedings against the seller promoters for such violation done in the past. The promoters have undertaken to co-operate with SEBI on any proceedings against them with regard to the violations mentioned. For the non-compliance of Chapter II of the Target Company and the promoters/sellers, SEBI may initiate appropriate action. The promoters/sellers have further confirmed vide their letter dated 16.06.2008 that they intend to avail the facilities under SEBI Consent Order Scheme for the various non-compliances/ delayed compliances.

5.6. Corporate Governance

The Company has complied with the conditions of Corporate Governance as envisaged under clause 49 of the listing agreement. Statutory auditors of the Company have certified compliance of conditions of corporate governance as per their certificate attached with annual report of the Company. The Company has constituted various committees, details of which are as follows:-

AUDIT COMMITTEE:

Name of the Members	Designation	Nature of Directorship
Mr. Mahendra G. Vyas	Chairman	Independent & Non-Executive Director
Mr. Ashwin P. Hathi	Member	Independent & Non-Executive Director
Mr. Atul G. Shroff	Member	Independent & Non-Executive Director
Mr. Sanjay S. Patel	Member	Independent & Non-Executive Director

REMUNERATION COMMITTEE:

Name of the Members	Designation	Nature of Directorship
Mr. Ashwin P. Hathi	Chairman	Independent & Non-Executive Director
Mr. Mahendra G. Vyas	Member	Independent & Non-Executive Director
Mr. Nikhil V. Patel	Member	Promoter & Executive Director
Mr. Sanjay S. Patel	Member	Independent & Non-Executive Director

SHAREHOLDERS/INVESTORS' GRIEVANCE COMMITTEE:

Name of the Members	Designation	Nature of Directorship
Mr. Ashwin P. Hathi	Chairman	Independent & Non-Executive Director
Mr. Anil C. Patel	Member	Promoter & Executive Director
Mr. Mahendra G. Vyas	Member	Independent & Non-Executive Director
Mr. Sanjay S. Patel	Member	Independent & Non-Executive Director

Pending Litigations:
As per Audited Accounts for the year ended 31.03.2008
Contingent Liability not provided for in respect of claims against the Company not acknowledged as debts.

a. Labour & Excise matters - Rs. 22.80 lacs (P.Y.Rs.31.37 lacs)

5.7. Compliance Officer:
Mr. Bharat I Patel, Company Secretary is acting as the Compliance Officer , and his address is C/o Sayaji Iron & Engineering Co. Ltd., Chhani Road, Vadodara-390002 Ph No.: (0265) 2793650, Fax No.: (0265) 2791914 E-mail sayaji.baroda@smi.sril.in

6. OFFER PRICE & FINANCIAL ARRANGEMENTS:

6.1. Justification of Offer Price:

6.1.1. The Equity Shares of SIECL are presently listed at VSE, ASE and DSE. The shares of the Target Company are not traded under permitted category on any other stock exchanges.

6.1.2. The Annualised trading turnover during the preceding six calendar months ended April 2008 in VSE, ASE and DSE is as follows:

Name of Stock Exchange	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)
VSE	NIL	3900400	NA
ASE	NIL	3900400	NA
DSE	NIL	3900400	NA

6.1.3. As the Annualised Trading Turnover (by number of shares) is less than 5% of the total number of listed shares of SIECL at VSE, ASE and DSE, the equity shares of SIECL are infrequently traded in terms of explanation (i) to Regulation 20(5) of the Regulations and therefore the Offer Price has been determined taking into account the following parameters: -

a)	Negotiated Price under the MOU	:	Rs.221.60 per fully paid-up equity share
b)	Highest Price paid by the Acquirer for acquisition, including by way of allotment in a public or rights or preferential issue during the twenty six week period prior to the date of Public Announcement	:	Not Applicable
c)	**Other Parameters**		Based on Audited Accounts for the year ended 31.03.2007
	Return on Net worth (%)	:	39.67%
	Book Value per share (Rs)	:	41.99
	Earning per Share (Rs)	:	20.23
	Industry Average P/E Multiple*	:	38.0
	Offer price P/E Multiple**	:	10.88

*(Source: Capital Market Journal Vol XXIII/02 March 24 – April 06, 2008, Industry -Engineering –Turkney Services). The Industry PE is not strictly comparable as the Industry segment covered by the Capital Market consists of Companies which have varied and different businesses compared to SIECL and also vary widely in terms of financial parameters with SICEL.
**Offer price/EPS

Mr. Sunil Dokania, Proprietor of Dokania Sunil & Co. (Membership No. 62097) Chartered Accountants having its office at 7/1A, Grant Lane, 2nd Floor, Room No–205, Kolkata-700012, Ph No: (033)-2234-5998 Fax No (033) 2211-0299, email vedantsunil1@indiatimes.com vide certificate dated 19.05.2008, has stated that based on the decision of the Hon'ble Supreme Court of India in the case of Hindustan Lever Employees Union Vs Hindustan Lever Limited, 1995 (83 Com case 30), the value of the equity shares of SIECL is Rs.53.74/- per share.

6.1.4. Based on the above financial parameters and in the opinion of the Manager to the Offer and the Acquirer, the offer price of Rs.221.60/- per share is justified in terms of regulation 20(5) of the Regulations.

6.1.5. SIECL doesn't have any partly paid up shares as on date of this PA.

6.1.6. The Offer is not as a result of global acquisition resulting in indirect acquisition of SIECL.

6.1.7. The Acquirer has agreed to pay a sum of Rs. 100 Lacs as non-compete fee to Shri Anil C. Patel & Shri Nikhil V. Patel (forming part of the sellers), in equal proportion subject to some material adjustments viz non recoverability of debtors, liquidated damages, cancellation of orders, refund of sales tax and other levies etc. The Sellers and any other person acting in concert with sellers directly or indirectly, agree neither to compete nor use the drawings & designs of the products presently manufactured by the Company for a period of five years in the same or similar business of the Company anywhere in India, subsequent to transfer of shares presently held by them. The amount of non compete fees are with in the limit specified under Regulation 20(8) of the Regulations.

6.1.8. The Acquirer would be responsible for ensuring compliance with the Regulations for the consequences arising out of the acquisition of shares, if any, made after the date of Public Announcement i.e. 21.05.2008 in terms of Regulation 20(7) of the Regulations. However, no such acquisition shall be made by the Acquirer during 28.08.2008 to 08.09.2008.

6.1.9. It is ensured that the Offer Price shall not be less than the highest price paid by the Acquirer for any acquisition of shares of the SIECL from the date of Public Announcement upto 7 working days prior to the closure of the offer viz. 28.08.2008.

6.2. Financial arrangements:

6.2.1. The total fund requirement for the acquisition of 7,80,080 equity shares, being 20% of the paid up equity and voting share capital of SIECL @ Rs. 221.60 Per share is Rs. 17,28,65,728/- (Rupees Seventeen Crores Twenty Eight Lacs Sixty Five Thousand Seven Hundred Twenty Eight Only).

6.2.2. The Acquirer has adequate financial resources and has made firm financial arrangements for the implementation of the offer in fully out of its internal accruals viz Investment in Mutual funds, cash and bank balances, short term advances and sundry receivables and no borrowings from banks/financial institutions/foreign sources or otherwise is envisaged. Further the Acquirer has already deposited a sum of Rs. 60.01 Crores in the escrow Account maintained with Standard Chartered Bank, M.G.Road, Fort, Mumbai being 100 % of the consideration amount payable under the MOU inclusive of non-compete fee of Rs. 1 Crore out of Internal Accruals of Rs 20.00 crores viz, redemption of Mutual fund units , Bank Balances & balance Rs 40.01 crores appx. out of Corporate/ Bank borrowings.

6.2.3. The Acquirer has created an Escrow Account with ICICI Bank, Capital Markets Division, 30, Mumbai Samachar Marg, Fort, Mumbai – 400 001, India, in their capacity as Escrow Banker, under the name and style of “SIECL Open Offer Escrow Account” in accordance with the provisions of Regulation 28 of the Regulations in terms of Escrow Agreement dated May 20, 2008 entered into between the Acquirer, Manager to the Offer and ICICI Bank Limited.

6.2.4. The Acquirer has deposited an amount of Rs. 432.50 Lacs (Rupees Four Crores Thirty Two Lacs Fifty thousand Only) being in excess of 25% of the total consideration payable to the shareholders of SIECL, assuming full acceptance of the Offer, in the “SIECL Open Offer Escrow Account” on 20.05.2008. The Manager to the Offer i.e. VC Corporate Advisors Private Limited has been solely authorized by the Acquirer to operate and realise the value of Escrow Account in terms of the Regulations. Incase of a revision in the offer price, the Acquirer would raise the amount in the escrow account to ensure compliance with the regulation 28 of the Regulations.

6.2.5. The Acquirer has confirmed that the Escrow Account will be utilized exclusively for the purpose of the Open Offer.

6.2.6. Mr. Arnab Basu, Proprietor of Arnab Basu & Associates, Chartered Accountants (Membership No. 59349) having office at 286, Prince Anwar Shah Road, Kolkata - 700045 Tele Fax no (033) 2417-6012, email arnab75in@yahoo.com has certified vide letter dated 16.05.2008 that sufficient resources are available with the Acquirer for fulfilling the obligations under this "Offer" in full.

6.2.7. Based on the above, the Manager to the Offer is satisfied about the ability of the Acquirer to implement the offer in accordance with the Regulations. The Manager to the Offer confirms that the firm arrangement for the funds and money for payment through verifiable means are in place to fulfill the Offer obligations.

7. TERMS AND CONDITIONS OF THE OFFER:

7.1. The Letter of Offer (“LO”) together with the Form of Acceptance and Form of Withdrawal will be mailed to those equity shareholders of SIECL (other than the shareholders who are parties to the MOU) whose names appear on the Register of the Members of SIECL and to those beneficial owners of the Equity shares of SIECL, whose names appear as beneficiaries on the records of the respective Depository Participant (“DP”), at the close of the business hours on 30.05.2008 (the “Specified Date”).

7.2. All the owners of the shares, registered or unregistered (except the parties to the MOU) are eligible to participate in the Offer as per the procedure set out in Para 8 below. Eligible persons can participate in the Offer by offering their shareholding in whole or in part. No indemnity is required from the unregistered owners.

7.3. Accidental omission to dispatch this LO or the non-receipt or delayed receipt of this LO will not invalidate the Offer in anyway.

7.4. Subject to the conditions governing this Offer, as mentioned in the LO, the acceptance of this Offer by the shareholder(s) 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.

7.5. Locked-in Shares:
There are no locked-in shares in SIECL.

7.6. Eligibility for accepting the Offer:

The Offer is made to all the public shareholders (except the parties to the MOU) whose names appeared in the register of shareholders on 30.05.2008 and also to those beneficial owners ("Demat holders") of the equity shares of SIECL, whose names appeared as beneficiaries on the records of the respective Depository Participants ("DP") at the close of the business hours on 30.05.2008 and also to those persons who own shares any time prior to the closure of the Offer, but are not registered shareholders(s).

7.7. Statutory Approvals and conditions of the Offer:

7.7.1 The Offer is subject to receiving the necessary approval(s), if any, from Reserve Bank of India, under the Foreign Exchange Management Act, 1999 and subsequent amendments thereto, for acquiring equity shares tendered by non-resident shareholders, if any.

7.7.2 As of the date of this LO, other than the above there are no approvals, statutory or otherwise, required under the Companies Act, 1956, Monopolistic and Restrictive Trade Practices Act, 1969, the Foreign Exchange Management Act, 1999 and /or any other applicable laws and from any bank(s) and/ or financial institution(s) for the said acquisition. However, the Offer would be subject to all statutory approvals that may become applicable at a later date. In terms of Regulation 27 of the Regulations, the Acquirer shall not proceed with the Offer in the event that such statutory approvals that are required are refused.

7.7.3 In case of non receipt of any approval, SEBI may, if satisfied that non receipt of the requisite approvals was not due to any willful default or neglect of the Acquirer or failure of the Acquirer to diligently pursue the application for the approval, grant extension of time for the purpose, subject to the Acquirer agreeing to pay interest to the shareholders as directed by SEBI, in terms of regulation 22(12) of SEBI (SAST) Regulations, 1997. Further, if delay occurs on account of willful default by the Acquirer in obtaining the requisite approvals, regulation 22(13) of the Regulations will also become applicable.

7.7.4 No approval is required from any bank or financial institutions for this offer, to the best of the knowledge of the Acquirer.

7.8. In case of delay due to non-receipt of the 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 agreeing to pay interest to the shareholders for delay in payment of consideration beyond 22.09.2008.

7.9. Shareholders, who have accepted the Offer by tendering the requisite documents in terms of the Public Announcement / Letter of Offer, can withdraw the same upto i.e. 03.09.2008 i.e three working days prior to the closure of the Offer.

7.10. The instructions and provisions contained in Form of Acceptance constitute an integral part of the terms of this Offer.

8. PROCEDURE FOR ACCEPTANCE AND SETTLEMENT:

8.1. The Shareholder(s) of SIECL who qualify and who wish to avail of this Offer will have to send their shares to the Registrar to the Offer as mentioned in the Form of Acceptance at the following address:

MAHESHWARI DATAMATICS PRIVATE LIMITED
SEBI REGN No :INR000000353
(Contact Person: S. Raja Gopal)
6, Mangoe Lane, 2nd floor, Kolkata – 700 001
Tel: (033) 2243 5809/029, Fax: (033) 2248 4787
E-mail: mdpl@cal.vsnl.net.in,

Acceptances may be sent by Registered Post or by hand so as to reach the Registrar to the Offer on or before the Closing of the Offer, i.e. 08.09.2008. Shareholders may send their acceptances by hand accordingly:

Working Days	Timings	Mode of Delivery
Monday – Friday	11.00 a.m.to 5 p.m.	Hand Delivery

No hand delivery will be received on Saturdays.
Delivery made by Registered Post would be received on all working days except Sunday & Public Holidays.

8.2. Shareholders who wish to tender their shares under this Offer should enclose the following documents duly completed. 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.

8.2.1. For Equity Shares held in physical form:

(i) Registered shareholders should enclose:

- **Form of Acceptance cum Acknowledgement** duly completed & signed in accordance with the instructions contained therein, by all shareholders whose names appear in the share certificate(s).

- **Original share Certificates**

- **Valid share transfer Form(s**) duly signed as transferors by all registered shareholders (in case of joint holdings) in the same order and as per specimen signatures registered with SIECL and duly witnessed at the appropriate place. A blank share transfer form is enclosed along with this LO.

(ii) Unregistered owners should enclose:

- **Form of Acceptance cum Acknowledgement** duly completed & signed in accordance with the instructions contained therein.
- **Original share Certificate(s)**
- **Broker contract note.**
- **Valid share transfer form(s) as received from the market**. The details of the buyer should be left blank failing which; the same will be invalid under the Offer. Unregistered shareholders should not sign the transfer deed. All other requirements for valid transfer will be preconditioned for acceptance. No indemnity is required from unregistered shareholders.

8.2.2. For equity shares held in Demat Form:

Beneficial owners should enclose:

- **Form of Acceptance cum Acknowledgement** duly completed & signed in accordance with the instructions contained therein, by all the beneficial owners whose names appear in the beneficiary account, as per the records of the respective depositories.
- Photocopy of the delivery instruction in "Off-market" mode or counterfoil of the delivery instruction in "Off-market" mode, duly acknowledge by DP in favour of the special depository account (please see below) before the close of the business hours on 08.09.2008.

8.3. The Registrar to the Offer, Maheshwari Datamatics Private Ltd. has opened a special depository account with Shree Bahubali International Limited, (Registered with NSDL). The details of the special depository account are as under:

DP Name	Shree Bahubali International Limited
DP ID	IN 300773
Client ID	10242680
Account name	"Maheshwari Datamatics Private Ltd.–SIECL Open Offer Escrow Account"
Depository	National Securities Depository Limited

Shareholders having their beneficiary account in Central Depository Services (India) Limited ("CDSL") have to use inter depository delivery instruction for the purpose of crediting their equity shares in favour of Special Depository Escrow Account with NDSL.

8.4. For each delivery instruction, the beneficial owner should submit a separate Form of acceptance. **In the case of Demat shares, the shareholders are advised to ensure that their shares are credited in favour of special depository account, before the closure of the Offer. The Form of acceptance of such Demat shares not credited in favour of the Special Depository Account before the closure of the Offer is liable to be rejected.**

8.5. The Share Certificate(s), Share Transfer Form, Form of Acceptance, Form of Withdrawal and other documents, if any should be sent only to the Registrar to the Offer, as mentioned above. **They should not be sent to the Manager to the Offer or the Acquirer or the Target Company.**

8.6. In case of non-receipt of the Letter of Offer, the eligible persons may obtain a copy of the same from Registrar to the Offer or Manager to the Offer on providing suitable documentary evidence of acquisition of shares of SIECL. The Public Announcement, LO, Form of Acceptance Cum Acknowledgement and Form of Withdrawal will be available on SEBI website at www.sebi.gov.in, from the Offer opening date. The eligible persons can download these documents from the SEBI's website & apply using the same. Alternatively, they may send their consent to participate in the Offer, to the Registrar to the Offer, on a plain paper stating the name & address of the first holder, name(s) & address(s) of joint holders, if any, regd. folio no, share certificate no., distinctive nos., no. of the shares held, no. of the shares Offered along with documents as mentioned above so as to reach the Registrar to the Offer on or before closure to the Offer i.e. 08.09.2008. Unregistered owners should not sign the transfer deeds & the transfer deed should be valid. In case of beneficial owners, they may send their applications in writing to the Registrar to the Offer, on a plain paper stating their name, address, no. of shares held, no. of shares offered, DP name, DP ID No., beneficiary account number, and a photocopy of the delivery instructions in "Off-market" mode or counterfoil of the delivery instructions in "Off- market" mode, duly acknowledged by DP in favour of special depository account, so as to reach the Registrar to the Offer, on or before the closure of the Offer

8.7. Applications in respect of equity shares of the Target Company that are subject matter of litigation wherein the shareholders of the Target Company may be prohibited from transferring the equity shares during the pendency of the said litigation are liable to be rejected if the directions/ orders regarding these equity shares are not received together with the equity shares tendered under the Offer. The Letter of Offer in some of these cases, wherever possible, will be forwarded to the concerned statutory authorities for further action by such authorities.

8.8. While tendering the equity shares under the Offer, NRIs/ foreign shareholders will be required to submit the previous RBI Approvals (specific or general) that they would have been required to submit to acquire the equity shares of the Target Company. In case the previous RBI approvals are not submitted, the Acquirer reserve the right to reject such equity shares tendered. While tendering shares under the Offer, NRI/ 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 Income Tax Act, 1961 ('Income Tax 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 Income Tax Act, on the entire consideration amount payable to such shareholder.

8.9. As per the provisions of Section 196D(2) of the Income Tax Act, no deduction of tax at source shall be made from any income by way of capital gains arising from the transfer of securities referred to in Section 115AD of the Income Tax Act payable to a Foreign Institutional Investor ('FII') as defined in Section 115AD of the Income Tax Act.

8.10. The Acquirer shall complete all procedures relating to the Offer including payment of consideration to the shareholders by 22.09.2008. In case of delay due to non-receipt of the 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 agreeing to pay interest to the shareholders for delay in payment of consideration beyond 22.09.2008.

8.11. Payment of consideration will be made by crossed account payee cheques /demand drafts / pay orders and will be sent by registered post, to those shareholders / unregistered owners & at their sole risk, whose shares/ share certificates & other documents are found in order & accepted by Acquirer in part or in full except in case of joint holders, cheques / demand drafts/ pay orders, in the name of first holder. It is advised that shareholders provide bank details in the Form of Acceptance cum Acknowledgement, so that same can be incorporated in the cheques / demand drafts / pay orders.

8.12. In case the shares tendered in the Offer are more than the shares to be acquired under the Offer, the acquisition of shares from each shareholder will be in accordance with Regulation 21(6) of the Regulations, on a proportionate basis. The marketable lot for both physical and demat shares is 1.

8.13. Unaccepted share certificates, transfer forms & other documents, if any, will be returned by registered post at the shareholders/ unregistered owners sole risk to the sole / first shareholder. Shares held in Demat Form to the extent not accepted will be credited back to the beneficial owners' depository account with the respective DP as per the details furnished by the beneficial owners.

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

8.15. In case any person has lodged shares of SIECL for transfer & such transfer has not yet been effected, the concerned person may apply as per the instructions in Para 8.6 above together with the acknowledgement of lodgment shares for transfer. Such persons should also instruct SIECL to send the transferred share certificate(s) directly to the Registrar to the Offer. The applicant should ensure that the certificate(s) reached the Registrar to the Offer on or before the Offer closing date.

8.16. In case any person has tendered his physical shares in SIECL for dematerialization & such dematerialization has not yet been effected, the concerned shareholder may apply in the Offer as per instructions mentioned above together with a photocopy of the completed dematerialization request form acknowledged by shareholders DP. Such shareholders should ensure the credit of the shares to the special depository account on or before the Offer closing date.

8.17. In case the shareholder has already sold his Shares, he may kindly forward this Offer document to the transferee or to the broker through whom the shares were sold.

8.18. The shareholders, who are desirous of withdrawing their acceptances tendered in the Offer, can do so upto three working days prior to the date of closure of the Offer, i.e. on or before 03.09.2008 in terms of Regulation 22(5A).

8.19. The withdrawal option can be exercised by submitting the document as per the instruction below, so as to reach the Registrar to the Offer on or before 03.09.2008. The withdrawal option can be exercised by submitting the form of withdrawal.

8.20. 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:

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

8.21. The shares withdrawn by the shareholders, if any would be returned by registered post, in case of physical shares.

9. DOCUMENTS FOR INSPECTION:

Copies of the following documents will be available for inspection at the Registered office of the Manager to the Offer, M/s. VC Corporate Advisors Private Limited at 31, Ganesh Chandra Avenue 2nd Floor, Suite No. 2C, Kolkata – 700 013 on any working day between 10.00 a.m. and 2.00 p.m. during the period the Offer is open i.e., from 20.08.2008 to 08.09.2008.

i) Memorandum & Articles of Association of McNally Bharat Engineering Company Limited along with Certificate of Incorporation.

ii) Memorandum & Articles of Association of Sayaji Iron & Engineering Company Limited along with Certificate of Incorporation.

iii) Audited Annual Reports for the financial year ended March 31, 2006 , March 31, 2007 & March 31, 2008 of McNally Bharat Engineering Company Limited.

iv) Audited Annual Reports for the financial year ended March 31, 2006, March 31, 2007 & March 31, 2008 of Sayaji Iron & Engineering Company Limited.

v) Certificate dated 16.05.2008 from Mr. Arnab Basu, Proprietor of Arnab Basu & Associates, Chartered Accountants (Membership No. 59349) having office at 286, Prince Anwar Shah Road, Kolkata - 700045 that sufficient resources are available with the Acquirer for fulfilling the obligations under this "Offer" in full.

vi) Certificate dated 06.08.2008 from Mr. Arnab Basu, Proprietor of Arnab Basu & Associates, Chartered Accountants (Membership No. 59349) having office at 286, Prince Anwar Shah Road, Kolkata - 700045 in respect of source of funds for payment of consideration for acquisition of shares under MOU.

vii) Letter of ICICI Bank Capital Markets Division, 30, Mumbai Samachar Marg, Fort, Mumbai – 400 001, dated 20.05.2008, confirming the amount kept in the Escrow Account and authorization in favour of VC Corporate Advisors Private Limited, the Manager to the Offer to operate the Escrow Account.

viii) The copy of Memorandum of Understanding dated 16.05.2008 between the sellers and the Acquirer which triggered the open offer.

ix) Copy of the Public Announcement for the Offer dated 21.05.2008 & a copy of Corrigendum to Public Announcement dt 09.08.2008.

x) Copy of the Memorandum of Understanding between the Acquirer & the Manager to the Offer, dated 16.05.2008.

xi) Copy of SEBI letter no. CFD/DCR/TO/HB/33692/2008 dated 31/07/2008 issued in terms of proviso to the regulation 18(2) of the regulations.

10. DECLARATION BY THE ACQUIRER:

The Acquirer and its directors accept full responsibility for the information contained in this letter of Offer and also for their obligations as laid down in Regulation No 22(6) of the Regulations.

For **McNally Bharat Engineering Company limited**

Sd/-
Director

Place: Kolkata
Date: 11.08.2008

Attached: Form of Acceptance cum Acknowledgement & Form of Withdrawal

FORM OF ACCEPTANCE CUM ACKNOWLEDGEMENT

To,
MAHESHWARI DATAMATICS PRIVATE LIMITED
6, Mangoe Lane, 2nd floor,
Kolkata – 700 001

Date:

OFFER	
Opens on	August 20, 2008
Closes on	September 8, 2008
Last date of Withdrawal	September 3, 2008

Dear Sir,

Subject: **Open Offer by M/s McNally Bharat Engineering Company Limited having Registered Office at 4, Mangoe Lane, 7th Floor, Kolkata-700 001 Phone No (033) 65500725-39 Fax No –(033) 22480340/5016, email :mbecal@mbecl.co.in (hereinafter referred to as "Acquirer" or "MBECL") to the shareholders of Sayaji Iron & Engineering Company Limited ("Target Company" or "SIECL") to acquire from them upto 7,80,080 equity shares of Rs. 10/- each aggregating 20% of the paid up Equity & voting share capital of SIECL @ Rs. 221.60 per fully paid up equity share.**

I/We refer to the Letter of Offer dated 11.08.2008 for acquiring the equity shares held by us in SAYAJI IRON & ENGINEERING COMPANY LIMITED

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

SHARES IN PHYSICAL FORM

I/We, accept the Offer and enclose the original share certificate(s) and duly signed transfer deed(s) in respect of my/our Shares as detailed below.

Sr. No.	Ledger Folio No.	Certificate No(s).	Distinctive No(s).	No. of shares
Total number of equity shares				

I/We note and understand that the original share certificate(s) and valid share transfer deed will be held in trust for me/us by the Registrar to the Offer until the time the Acquirer(s) gives 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.

SHARES IN DEMATERIALISED 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/our Shares as detailed below:

DP Name	DP ID	Client ID	No. of Shares	ISIN No.
Total number of shares				

I/We have done an off market transaction for crediting the Shares to the special account opened for the purposes of the Offer, for which necessary instructions have been given to my/our DP.
I/We note and understand that the Shares would reside in the depository account opened for the purpose of this Offer until the time the Acquirer accepts the Shares and makes the payment of purchase consideration as mentioned in the Letter of Offer.
I/We confirm that the equity shares of SAYAJI IRON & ENGINEERING COMPANY 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 they 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, equity share certificate(s) in respect of which the offer is not found valid/not accepted.
I/We authorise the Acquirer and the Registrar to the Offer and the Manager to the Offer to send by Registered Post/UCP 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.
I/We authorize the Acquirer to accept the Shares so offered or such lesser number of Shares that they 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 are 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 Names (s) of the holders	Address	Signature
First/Sole Holder			
Joint Holder 1			
Joint Holder 2			
Joint Holder 3			

Note: In case of joint holdings all must sign. Enclose duly attested power of attorney if any person apart from the shareholder has signed acceptance form or transfer deed(s). A corporation must affix its common seal and enclose necessary certified corporate authorizations. Non-resident shareholders with repatriable benefits must enclose appropriate documentation.
Place:
Date:

Bank Details

So as to avoid fraudulent encashment in transit, the shareholder(s) may, at their option, provide details of bank account of the first/sole shareholder and the consideration cheque or demand draft will be drawn accordingly.
Savings/Current/(Others; please specify) : ______________________________________
Name of the Bank Branch: ______________________________________
Account Number: ______________________________________

-- **Tear along this line** --

Acknowledgement slip

Ledger Folio No. ______________________DP ID ______________ Client ID________________Received from ______________________ __________an application for sale of _________Equity Share(s) of SAYAJI IRON & ENGINEERING COMPANY LIMITED together with ________share certificate(s) bearing Certificate Numbers ______________ and _______transfer deed(s)/ photocopy of "Off-market" delivery instruction duly acknowledged by the DP.

Note : All future correspondence, if any, should be addressed to the Registrar to the Offer at the address mentioned above.

Date of receipt **Signature of the official**

FORM OF WITHDRAWAL

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

From:
Name:
Address:

Tel. No.
Fax No.
E-mail:

OFFER	
Opens on	August 20, 2008
Closes on	September 8, 2008
Last date of Withdrawal	September 3, 2008

To,
MAHESHWARI DATAMATICS PRIVATE LIMITED
6, Mangoe Lane, 2nd floor,
Kolkata – 700 001

Dear Sir,

Subject: **Open Offer by M/s McNally Bharat Engineering Company Limited having Registered Office at 4, Mangoe Lane, 7th Floor, Kolkata- 700 001 Phone No (033) 65500725-39 Fax No –(033) 22480340/5016, email :mbecal@mbecl.co.in (hereinafter referred to as "Acquirer" or "MBECL") to the shareholders of Sayaji Iron & Engineering Company Limited ("Target Company" or "SIECL") to acquire from them upto 7,80,080 equity shares of Rs. 10/- each aggregating 20% of the paid up Equity & voting share capital of SIECL @ Rs. 221.60 per fully paid up equity share.**

We refer to the Letter of Offer dated 11.08.2008 for acquiring the equity shares held by me/us in SAYAJI IRON & ENGINEERING COMPANY LIMITED.
We, the undersigned have read the Letter of Offer and understood its contents including the terms and conditions as mentioned therein.
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 equity share certificate(s)/ share(s) at my/our sole risk.
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.
We note that this Form of Withdrawal should reach the Registrar to the Offer before the last date of withdrawal i.e. 03.09.2008.
We note that 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.
We also note and understand that the Acquirer /PAC will return the original share certificate(s), share transfer deed(s) and shares only on completion of verification of the documents, signatures and beneficiary position as available from the depositories from time to time.

SHARE HELD IN PHYSICAL FORM

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

Sr. No.	Ledger folio No.	Certificate No.	Distinctive No.		No. of Shares
			From	To	
Total number of shares					

SHARES HELD IN DEMAT FORM

We have tendered the shares in the offer which was done in an off market transaction for crediting the shares to the "Maheshwari Datamatics Private Ltd.–SIECL Open Offer Escrow Account" as per the following particulars:

DP ID	:	IN 300773
DP Name	:	Shree Bahubali International Limited
Beneficiary ID Number	:	10242680

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 detailed below:

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 dematerialised 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 Names (s) of the holders	Address	Signature
First/Sole Holder			
Joint Holder 1			
Joint Holder 2			
Joint Holder 3			

Note: In case of joint holdings, all shareholders must sign. A corporate body must sign under its official name. The withdrawal option can be exercised by submitting the Form of Withdrawal, duly signed and completed, along with the copy of acknowledgement slip issued at the time of submission of the Form of Acceptance cum Acknowledgement. Applicants are requested to clearly mark the envelope with the words "SAYAJI IRON & ENGINEERING COMPANY LIMITED Open Offer" while sending the documents to the registrar to the offer. All future correspondence, if any, should be sent to the registrar to the offer, Maheshwari Datamatics Private Ltd. (unit: SAYAJI IRON & ENGINEERING COMPANY LIMITED), at their aforesaid address.

Place: Date:

-- TEAR HERE--

ACKNOWLEDGEMENT RECEIPT

Received Form of Withdrawal from Mr./ Mrs./Ms. ---

Folio No.--------------------------------DP ID --------------------------- Client ID NO. --------------------------------Number of shares tendered ------------------------------

Number of share withdrawn ---

Stamp of Registrar **Signature of official** **Date of Receipt**