

LETTER OF OFFER

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

This Letter of Offer is being sent to you as a Shareholder of Dabur Pharma Limited. If you require any clarifications about the action to be taken, you may consult your stock broker or investment consultant or the Manager to the Offer / Registrar to the Offer. In case you have sold your shares in Dabur Pharma Limited, please hand over this Letter of Offer and the accompanying Form of Acceptance-cum-Acknowledgement, Form of Withdrawal and Transfer Deed to the purchaser of the Shares or the member of stock exchange through whom the sale was effected.

CASH OFFER

by

Fresenius Kabi (Singapore) Pte Ltd (“FKSL” or “Acquirer”)

Registered Office: 99, Bukit Timah Road # 05-07, Alfa Centre, Singapore 229835; Tel. No. +65 6837 2552, Fax No. +65 6837 2442

and

Fresenius Kabi Austria GmbH (“FKA”)

Registered Office: Hafnerstr. 36, 8055 Graz, Austria; Tel. No. +43 316 249 0; Fax No. +43 316 249 408

and

Fresenius SE (“FSE”)

Registered Office: Else-Kroener-Str. 1, 61352 Bad Homburg, Germany; Tel. No. +49 6172 608 0; Fax No. +49 6172 608 2294

and

Fresenius Finance B.V. (“FFB”)

Registered Office: Demkaweg 11 ac, 3555 HW Utrecht, The Netherlands; Tel. No. +31 3024 28383; Fax No. +31 3024 28194

for purchase of up to 3,13,41,260 fully paid-up Shares representing 20% (twenty percent) of the Emerging Voting Capital of Dabur Pharma Limited (“Target Company” or “Company”)

Registered office: 3, Factory Road, Adjacent Safdurjung Hospital, New Delhi-110 029, India;

Tel. No. +91 11 30611300 30; Fax No. +91 11 26198436

at Rs. 76.50 per Share (the “Offer Price”) for cash

FKA, FSE and FFB are hereinafter collectively referred to as the “Persons Acting in Concert”.

The Offer is being made by the Acquirer and the Persons Acting in Concert pursuant to Regulations 10 and 12 of the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 1997 and subsequent amendments thereof (the “SEBI (SAST) Regulations”). The Offer and the acquisition of Shares under the Share Purchase Agreements and the opening and operation of the relevant escrow accounts under the various escrow agreements require the approval from the Reserve Bank of India (“RBI”) under the Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder (“FEMA”) for acquiring Shares validly tendered under the Offer. Except for the RBI approval as mentioned above, as of the date of this Letter of Offer, no other statutory approval is required to acquire the Shares tendered pursuant to this Offer. The Acquirer received the RBI approval as mentioned above on May 28, 2008. As the approval for the opening of the various escrow accounts was granted on a non-interest bearing basis, the Acquirer is contemplating filing an amendment application with the RBI for the limited purpose of making the escrow account to be opened pursuant to the Promoter Escrow Agreement interest bearing.

The Offer is not subject to a minimum level of acceptance. This is not a competitive bid.

Shareholders, who accept the Offer by tendering the requisite documents, in terms of the Public Announcement / Letter of Offer, can withdraw the same up to three (3) working days prior to the date of the closure of the Offer, i.e., on or before Friday, July 4, 2008.

The Acquirer is permitted to revise the Offer Price or Offer Size upward any time up to seven (7) working days prior to the date of the Closure of the Offer (i.e., Monday, June 30, 2008). If there is any upward revision in the Offer Price or Offer Size before the last date of revision (i.e., Monday, June 30, 2008) or withdrawal of the Offer, the same would be informed by way of Public Announcement in the same newspapers where the original Public Announcement has appeared. Such revised Offer Price would be payable to all Eligible Shareholders who tender their Shares at any time during the Offer and which are accepted under the Offer.

A copy of the Public Announcement and this Letter of Offer (including Form of Acceptance-cum-Acknowledgement and Form of Withdrawal) would also be available on SEBI's web-site (www.sebi.gov.in) from the Offer opening date, i.e., Friday, June 20, 2008. A copy of the Form of Acceptance-cum-Acknowledgement and the Form of Withdrawal may also be obtained from the Registrar to the Offer.

MANAGER TO THE OFFER	REGISTRAR TO THE OFFER
<p>Morgan Stanley</p> <p>Morgan Stanley India Company Private Limited 1101-1115, Trident, Nariman Point, Mumbai - 400 021, India Tel. No.: +91-22-6621 0555 Fax: +91-22-6621 0556 Email: dpoffer@morganstanley.com Contact Person: Mr. Shiv Chaudhary</p>	<p>KARVY Karvy Computershare Private Limited</p> <p>Karvy Computershare Private Limited Plot No. 17 to 24, Vitthalrao Nagar, Hi-Tech City Road, Madhapur, Hyderabad - 500 081, India Tel. No.: +91-40-23420815 - 820 Fax: +91-40-23420814 Email: murali@karvy.com Contact Person: Mr. Murali Krishna</p>
<p>OFFER OPENS ON : Friday, June 20, 2008</p>	<p>OFFER CLOSURES ON : Wednesday, July 9, 2008</p>

SCHEDULE OF ACTIVITIES

Activity	Original Day and Date	Revised Day and Date
Public Announcement (PA) Date	Tuesday, April 22, 2008	Tuesday, April 22, 2008
Specified Date*	Friday, May 2, 2008	Friday, May 2, 2008
Last date for a competitive bid	Tuesday, May 13, 2008	Tuesday, May 13, 2008
Date by which Letter of Offer will be dispatched to the shareholders	Tuesday, June 3, 2008	Tuesday, June 17, 2008
Offer Opening Date	Friday, June 13, 2008	Friday, June 20, 2008
Last date for revising the Offer Price / Offer Size	Tuesday, June 24, 2008	Monday, June 30, 2008
Last date for Shareholders for withdrawing their acceptances tendered in the Offer	Monday, June 30, 2008	Friday, July 4, 2008
Offer Closing Date	Thursday, July 3, 2008	Wednesday, July 9, 2008
Last 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 credited / dispatched	Friday, July 18, 2008	Thursday, July 24, 2008

* "Specified Date" is only for the purpose of determining the Shareholders to whom the Letter of Offer is to be mailed. All owners (registered or unregistered) of the Shares (other than the Sellers) are eligible to participate in the Offer anytime before the Closure of the Offer.

RISK FACTORS

The risk factors set forth below pertain to the Offer and are not in relation to the present or future business operations of the Target Company or other related matters, and are neither exhaustive nor intended to constitute a complete analysis of the risks involved in participation by a Shareholder in the Offer or otherwise but are merely indicative. Shareholders are advised to consult their stockbroker or investment consultant, if any, for analyzing all the risks with respect to their participation in the Offer.

1. In the event that either (a) there is any litigation leading to a stay on the Offer, or (b) SEBI instructing the Acquirer not to proceed with the Offer, then the Offer process may be delayed beyond the revised schedule of activities indicated in this Letter of Offer. Consequently, the payment of consideration to the Shareholders whose Shares are accepted under this Offer as well as the return of Shares not accepted under this Offer by the Acquirer may be delayed. Further, Shareholders should note that after the last date of withdrawal, *i.e.*, Friday, July 4, 2008, Shareholders who have lodged their acceptances would not be able to withdraw them even if the acceptance of 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.
2. The Shares and the documents tendered in the Offer will be held by the Registrar to the Offer till the completion of the Offer formalities, and the Shareholders will not be able to trade such Shares. Further, during such period there may be fluctuations in the market price of the Shares. The Acquirer and all Persons Acting in Concert 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.
3. In the event the aggregate number of Shares validly tendered under the Offer exceeds 3,13,41,260 Shares constituting 20% of the Emerging Voting Capital, the Shares will be accepted on a proportionate basis in accordance with Regulation 21(6) of the SEBI (SAST) Regulations.
4. There is no assurance with respect to the continuation of the past trend in the financial performance of the Target Company.

The Acquirer, Persons Acting in Concert and the Manager to the Offer accept no responsibility for statements made otherwise than in the Public Announcement or the Letter of Offer or in the advertisement or any materials issued by or at the instance of the Acquirer, Persons Acting in Concert and the Manager to the Offer, and any person placing reliance on any other source of information would be doing so at its own risk.

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KEY DEFINITIONS

Acquirer / FKSL	Fresenius Kabi (Singapore) Pte Ltd, a company incorporated under the laws of Singapore with its registered office at 99, Bukit Timah Road # 05-07, Alfa Centre, Singapore 229835; Tel. No. +65 6837 2552; Fax No. +65 6837 2442
ACC	Austrian Commercial Code
Ajay Vij	Mr. Ajay Kumar Vij s/o Kharaiti Lal Vij, having his permanent residence at 30-A, Friends Colony (West), New Delhi – 110 065
Ajay Vij Share Purchase Agreement	The share purchase agreement executed between the Acquirer and Ajay Vij dated April 18, 2008
Ajay Vij Sale Shares	2,31,458 Shares forming 0.148% of the Share Capital of the Target Company, which Ajay Vij has agreed to transfer to the Acquirer under the terms of the Ajay Vij Share Purchase Agreement
BSE	Bombay Stock Exchange Limited
Board of Directors	Board of Directors of the Target Company
CDSL	Central Depository Services (India) Limited
Closure of the Offer	Wednesday, July 9, 2008
Company / Target Company	Dabur Pharma Limited, a company incorporated under the laws of India, having its registered office at 3, Factory Road, Adjacent Safdurjung Hospital, New Delhi - 110 029
Dabur India Limited	Dabur India Limited, a company incorporated under the laws of India, having its registered office at 8/3 Asaf Ali Road, New Delhi - 110 002
Dabur Research Foundation	Dabur Research Foundation, a company incorporated under Section 25 of the Companies Act, 1956, having its registered office at 8/3 Asaf Ali Road, New Delhi - 110 002
Deutsche	Deutsche Bank AG
Doric Agreement	The agreement executed between the Acquirer and Doric Asia Pacific Small Cap Fund dated April 18, 2008
DP	Depository Participant
Eligible Shareholders	All owners of Shares (registered and unregistered) other than the Sellers, who own Shares prior to the date of Closure of the Offer
Employees Sale Shares	1,21,951 Shares forming 0.078% of the Share Capital of the Target Company, which the Employee Shareholders have agreed to transfer to the Acquirer under the terms of the Employees Share Purchase Agreement
Employee Shareholders	(a) Mr. Rakesh Sharma, s/o Sh. Jagdishwar Nath Sharma, having his permanent residence at 1409 B, Beverly Park II, DLF Ph II, Gurgaon, Haryana; (b) Mr. Shyam Khante, s/o Sh. Nagorao Khante, having his permanent residence at B-340, 1 st Floor, New Friends Colony, New Delhi; (c) Mr. Manish Kacker, s/o Sh. Jawaher Lal Kacker, having his permanent residence at 103, Aman Castle, Vaishali, Sector 4, Ghaziabad, Uttar Pradesh; and (d) Mr. Sameer Agarwal, s/o Dr. Gaya Prasad Agarwal, having his permanent residence at 168, Deshbandhu Apartments, Kalkaji, New Delhi
Employees Share Purchase Agreement	The share purchase agreement executed between the Employee Shareholders and the Acquirer dated April 18, 2008.
Escrow Account	Escrow account maintained by the Acquirer with the Escrow Bank located at Sakhar Bhavan, 3rd floor, Nariman Point, Mumbai - 400 021
Escrow Bank	ABN Amro Bank N.V. having its head office at Gustav Mahlerlaan 10, 1082 PP Amsterdam, The Netherlands and acting through its branch in India located at Sakhar Bhavan, 3rd floor, Nariman Point, Mumbai - 400 021
EUR	Euro
Form of Acceptance-cum-Acknowledgement	The Form of Acceptance-cum-Acknowledgement which is part of this Letter of Offer
Form of Withdrawal	The Form of Withdrawal which is part of this Letter of Offer
FEMA	Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder
FFB	Fresenius Finance B.V. having its registered office at Demkaweg 11 ac, 3555 HW Utrecht, The Netherlands

FKA	Fresenius Kabi Austria GmbH having its registered office at Hafnerstr. 36, 8055 Graz, Austria
FSE	Fresenius SE having its registered office at Else-Kroener-Str. 1, 61352 Bad Homburg, Germany
FRS	Singapore Financial Reporting Standards
HGB	German Commercial Code
INTR FRS	Interpretations of FRS
IFRS	International Financial Reporting Standards
IFC	International Finance Corporation, an international organization established by the articles of agreement among its member countries, which includes India
IFC Sale Shares	1,21,45,000 Shares, forming 7.752% of the Share Capital of the Target Company, which the IFC has agreed to transfer to the Acquirer under the terms of the IFC Share Purchase Agreement
IFC Share Purchase Agreement	The share purchase agreement executed between IFC and the Acquirer dated April 18, 2008
Letter of Offer	Letter of Offer dated June 13, 2008 including the Form of Acceptance-cum-Acknowledgement and Form of Withdrawal
Listing Agreement	Listing Agreement with the stock exchanges in India as amended from time to time
Manager / Manager to the Offer	Morgan Stanley India Company Private Limited, a company incorporated under the laws of India, having its office at 1101-1115, Trident, Nariman Point, Mumbai - 400 021
Maximum Consideration	Total consideration of Rs. 239,76,06,390 payable by the Acquirer to acquire 3,13,41,260 Shares under the Offer at Rs. 76.50 per Share
NRI	Non Resident Indian
NSDL	National Securities Depositories Ltd
NSE	National Stock Exchange of India Limited
Negotiated Price	Rs. 76.50 being the price per Share for the acquisition of the Sale Shares under Share Purchase Agreements
OCB	Overseas Corporate Body
Offer / Open Offer	This open offer being made by the Acquirer and Persons Acting in Concert to the public shareholders of the Target Company to acquire up to 3,13,41,260 Shares, representing 20% of the Emerging Voting Capital of the Target Company at Rs. 76.50 (Rupees seventy six and fifty paise only) per Share payable in cash and subject to the terms and conditions mentioned in this Letter of Offer
Open Offer Escrow Agreement	The escrow agreement between the Acquirer, the Manager to the Offer and the Escrow Bank dated April 21, 2008
Offer Price	Rs. 76.50 (Rupees seventy six and fifty paise only) per Share
Offer Size	Up to 3,13,41,260 Shares, representing 20% of the Emerging Voting Capital of the Target Company
Persons Acting in Concert	Fresenius Kabi Austria GmbH, Fresenius SE and Fresenius Finance B.V.
P Notes	37,56,244 participatory notes relating to Shares issued by Deutsche, the legal holder of the Underlying Shares
P Note Holder	Doric Asia Pacific Small Cap Fund
Promoters	Promoters of the Target Company as indicated in paragraph 2.1.5 of the Letter of Offer
Promoter Sale Shares	10,22,99,846 Shares forming 65.296% of the Share Capital, which the Promoters have agreed to transfer to the Acquirer under the terms of the Promoter Share Purchase Agreement
Public Announcement	Announcement of the Offer made by the Manager to the Offer on behalf of the Acquirer and Persons Acting in Concert on April 22, 2008
Promoter Share Purchase Agreement	The share purchase agreement dated April 18, 2008 executed between the Promoters and the Acquirer for the acquisition of 10,22,99,846 Shares
Purchase Consideration	The total price agreed to be paid for the acquisition of the Promoter Sale Shares under the Promoter Share Purchase Agreements <i>i.e.</i> , Rs. 782,59,38,219

RBI	The Reserve Bank of India
Registrar / Registrar to the Offer	Karvy Computershare Private Ltd, a company incorporated in India having its place of business at Plot No 17 to 24, Vitthalrao Nagar, Hi-Tech City Road, Madhapur, Hyderabad – 500 081
Rs./INR	Indian Rupees
Sale Shares	Collectively, the Promoter Sale Shares, the IFC Sale Shares, the Ajay Vij Sale Shares and the Employees Sale Shares
SEBI	The Securities and Exchange Board of India
Sellers	Collectively, the Promoters, IFC, Ajay Vij and the Employee Shareholders
Share Capital	Rs. 156.67 million divided into 15,66,69,800 Shares, being the total issued and paid-up share capital of the Target Company, as on April 22, 2008
Share(s)	Fully paid-up equity share(s) of the Target Company, having a face value of Rs.1/- each
Share Purchase Agreements	Collectively, the Promoter Share Purchase Agreement, the IFC Share Purchase Agreement, the Ajay Vij Share Purchase Agreement and the Employees Share Purchase Agreement
Shareholders	All shareholders of the Target Company
Specified Date	Friday, May 2, 2008
Surrendered ESOPs	The 14,81,226 unvested employee stock options surrendered by Ajay Vij and the Employee Shareholders to the Target Company for a cash consideration of Rs. 14,04,35,037 (Rupees fourteen crores four lacs thirty five thousand and thirty seven only) or Rs. 15,00,63,006 (Rupees fifteen crores sixty three thousand and six only), depending on the applicable effective tax rate on short-term capital gains at the time of such payment, under the terms of the Ajay Vij Share Purchase Agreement and the Employees Share Purchase Agreement respectively
SEBI (SAST) Regulations	The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 1997, and subsequent amendments thereto
SGD	Singapore Dollars
Underlying Shares	The underlying Shares, amounting to 2.398% of the Share Capital of the Target Company, which are held by Deutsche and to which the P Notes relate
US GAAP	United States Generally Accepted Accounting Principles

PRESENTATION OF CURRENCY

Certain financial details contained in this Letter of Offer quoted in Indian Rupees are denominated in Euros or SGD. The following exchange rates have been used for conversion to Rs.:

Currency	FX Used for 2005 Data	Spot Rate on	FX Used for 2006 Data	Spot Rate on	FX Used for 2007 Data	Spot Rate on
1 EUR = <i>Source: www.rbi.org.in</i>	Rs. 53.5500	December 30, 2005	Rs. 58.2600	December 29, 2006	Rs. 58.1200	December 31, 2007
1 SGD = <i>Source: Bloomberg</i>	Rs. 27.0981	December 30, 2005	Rs. 28.8527	December 29, 2006	Rs. 27.3764	December 31, 2007

All information in this Letter of Offer is as on the date of the Public Announcement unless otherwise stated.

1. DISCLAIMER CLAUSE

IT IS TO BE DISTINCTLY UNDERSTOOD THAT FILING OF DRAFT LETTER OF OFFER WITH SEBI SHOULD NOT IN ANY WAY BE DEEMED OR CONSTRUED THAT THE SAME HAS BEEN CLEARED, VETTED OR APPROVED BY SEBI. THE DRAFT LETTER OF OFFER HAS BEEN SUBMITTED TO SEBI FOR A LIMITED PURPOSE OF OVERSEEING WHETHER THE DISCLOSURES CONTAINED THEREIN ARE GENERALLY ADEQUATE AND ARE IN CONFORMITY WITH THE REGULATIONS. THIS REQUIREMENT IS TO FACILITATE THE SHAREHOLDERS OF DABUR PHARMA LIMITED TO TAKE AN INFORMED DECISION WITH REGARD TO THE OFFER. SEBI DOES NOT TAKE ANY RESPONSIBILITY EITHER FOR FINANCIAL SOUNDNESS OF THE ACQUIRER, PERSONS ACTING IN CONCERT OR THE COMPANY WHOSE SHARES / CONTROL IS PROPOSED TO BE ACQUIRED OR FOR THE CORRECTNESS OF THE STATEMENTS MADE OR OPINIONS EXPRESSED IN THE LETTER OF OFFER. IT SHOULD ALSO BE CLEARLY UNDERSTOOD THAT WHILE THE ACQUIRER IS PRIMARILY RESPONSIBLE FOR THE CORRECTNESS, ADEQUACY AND DISCLOSURE OF ALL RELEVANT INFORMATION IN THIS LETTER OF OFFER, THE MANAGER TO THE OFFER IS EXPECTED TO EXERCISE DUE DILIGENCE TO ENSURE THAT THE ACQUIRER DULY DISCHARGES ITS RESPONSIBILITY ADEQUATELY. IN THIS BEHALF, AND TOWARDS THIS PURPOSE, THE MANAGER TO THE OFFER HAS SUBMITTED A DUE DILIGENCE CERTIFICATE DATED APRIL 30, 2008 TO SEBI IN ACCORDANCE WITH THE SEBI (SAST) REGULATIONS. THE FILING OF THIS DRAFT LETTER OF OFFER DOES NOT, HOWEVER, ABSOLVE THE ACQUIRER FROM THE REQUIREMENT OF OBTAINING SUCH STATUTORY CLEARANCES AS MAY BE REQUIRED FOR THE PURPOSE OF THE OFFER.

2. THE OFFER

2.1. Background of the Offer

2.1.1. This Offer is being made by the Acquirer, Fresenius Kabi (Singapore) Pte Ltd., and the Persons Acting in Concert, namely Fresenius Kabi Austria GmbH, Fresenius SE and Fresenius Finance B.V., to the Shareholders of Dabur Pharma Limited, the Target Company, in accordance with Regulations 10 and 12 of the SEBI (SAST) Regulations and is made for the acquisition of substantial shares and voting rights accompanied with change of control of the Target Company.

2.1.2. On April 18, 2008, the Acquirer entered into a share purchase agreement, ("**Promoter Share Purchase Agreement**") with the promoters of the Target Company as listed in Paragraph 2.1.5 below ("**Promoters**"), whereby the Acquirer has agreed to acquire 10,22,99,846 Shares of the Target Company ("**Promoter Sale Shares**") forming 65.296% of Share Capital for a total purchase consideration of Rs. 782,59,38,219 (Rupees seven hundred and eighty two crores fifty nine lacs thirty eight thousand two hundred and nineteen only) ("**Purchase Consideration**") at a price of Rs. 76.50 per Share payable in cash. Of the Purchase Consideration, Rs. 722,59,38,219 (Rupees seven hundred and twenty two crores fifty nine lacs thirty eight thousand two hundred and nineteen only) is payable on the closing of the Promoter Share Purchase Agreement and Rs. 60,00,00,000 (Rupees sixty crores only) is payable in a deferred manner over a period of seven (7) years from the closing of the Promoter Share Purchase Agreement. The terms of the Promoter Share Purchase Agreement, inter alia, provide that the obligation of the Acquirer to acquire the Promoter Sale Shares is subject to the satisfaction of certain conditions precedent including (a) receipt of necessary regulatory approvals for the purchase of the Promoter Sale Shares and the Offer Shares and opening and operation of the relevant escrow accounts in connection with the purchase; (b) irrevocable assignment of title to certain identified assets from Dabur Research Foundation to the Target Company for a consideration of Rs. 12,30,00,000 (Rupees twelve crores thirty lacs only) to be paid by the Target Company; (c) irrevocable assignment of certain oncology-related patents and other intellectual property rights from Dabur Research Foundation to the Target Company for a consideration of Rs. 1,80,00,000 (Rupees one crore eighty lacs only) to be paid by the Target Company; (d) transfer of certain oncology-related patents and other intellectual property rights from Dabur India Limited to the Target Company for a consideration of Rs. 90,00,000 (Rupees ninety lacs only) to be paid by the Target Company; (e) execution of employment agreements with certain identified employees of Dabur Research Foundation with the Target Company; (f) cancellation of the Surrendered ESOPs; (g) closure of the Offer and receipt of the Manager to the Offer's certificate under Regulation 23 of the SEBI (SAST) Regulations; (h) execution of a lease agreement with Dabur India Limited for the use of office premises located at 3, Factory Road, Adjacent Safdurjung Hospital, New Delhi-110029, India for a period of twelve (12) months from closing; (i) execution of a product manufacturing agreement with Dabur India Limited; (j) execution of a name user agreement with Dabur India Limited for the use of the trade name and logo "DABUR" for a period of twelve (12) months from closing; (k) renewal of certain licenses and approvals for the change in control of the Target Company from specified government authorities; and (l) consent of ABN Amro Bank N.V. (London) and HSBC Bank Plc (London) for the proposed transaction. The approval of the RBI as aforesaid was received on May 28, 2008. As the approval for the opening of the various escrow accounts was granted on a non-interest bearing basis, the Acquirer is contemplating filing an amendment application with the RBI for the limited purpose of making the escrow account to be opened pursuant to the Promoter Escrow Agreement interest bearing. Furthermore, the consent of ABN Amro Bank N.V. (London) and HSBC Bank Plc (London) has been obtained on May 27, 2008 and June 2, 2008 respectively. Accordingly, the conditions mentioned under items (a) and (l) as aforesaid have been satisfied as on date. The Target Company has issued a postal ballot notice on April 18, 2008 for seeking the consent of the Shareholders through special resolution

for the cancellation of the Surrendered ESOPs. The terms of the Promoter Share Purchase Agreement provide for the resignation of the Promoter nominated directors Dr. Anand Burman, Mr. Mohit Burman, Mr. Amit Burman, Mr. P. D. Narang, Mr. Ashok Vij and Dr. Rama Mukherjee and the appointment of the nominees of the Acquirer on the Board of Directors of the Target Company ("**Board of Directors**") upon the closing of the Promoter Share Purchase Agreement. The terms of the Promoter Share Purchase Agreement include a representation from the Target Company that apart from Ajay Vij, who shall be entitled to receive Rs. 2,70,00,000 (Rupees two crores seventy lacs only) on the closing of the Promoter Share Purchase Agreement in terms of his employment agreement with the Target Company, no other key employee of the Target Company shall be entitled to receive any payment from the Target Company, from a subsidiary of the Target Company or from Dabur Research Foundation or any third party, as applicable, as a result of the consummation of the transactions contemplated by the Promoter Share Purchase Agreement. The terms of the Promoter Share Purchase Agreement further provide for the transfer, in accordance with applicable law, of all assets which are not related to the oncology business of the Target Company to the Promoters at book value for cash, prior to the closing of the Promoter Share Purchase Agreement.

- 2.1.3. Simultaneously with the execution of the Promoter Share Purchase Agreement, the Acquirer has entered into (i) a share purchase agreement with International Finance Corporation ("**IFC**"), whereby the Acquirer has agreed to acquire 1,21,45,000 Shares ("**IFC Sale Shares**") forming 7.752% of the Share Capital for a total purchase consideration of Rs. 92,90,92,500 (Rupees ninety two crores ninety lacs ninety two thousand five hundred only) at a price of Rs. 76.50 per Share payable in cash ("**IFC Share Purchase Agreement**"); (ii) a share purchase agreement with Mr. Ajay Kumar Vij ("**Ajay Vij**"), Chief Executive Officer and whole-time director of the Target Company, whereby the Acquirer has agreed to acquire 2,31,458 Shares ("**Ajay Vij Sale Shares**") forming 0.148% of the Share Capital for a total purchase consideration of Rs. 1,77,06,537 (Rupees one crore seventy seven lacs six thousand five hundred and thirty seven only) at a price of Rs. 76.50 per Share payable in cash ("**Ajay Vij Share Purchase Agreement**"); and (iii) a share purchase agreement with Mr. Rakesh Sharma, Mr. Shyam Khante, Mr. Manish Kacker and Mr. Sameer Agarwal, who are employees of the Target Company (collectively the "**Employee Shareholders**"), whereby the Acquirer has agreed to acquire 1,21,951 Shares ("**Employees Sale Shares**") forming 0.078% of the Share Capital for a total purchase consideration of Rs. 93,29,251.50 (Rupees ninety three lacs twenty nine thousand two hundred and fifty one and fifty paise only) at a price of Rs. 76.50 per Share payable in cash ("**Employees Share Purchase Agreement**"). The terms of the IFC Share Purchase Agreement provide for the resignation of the IFC nominated director, Mr. Irving Kuczynski, upon the closing of the IFC Share Purchase Agreement. The terms of the Ajay Vij Share Purchase Agreement and the Employees Share Purchase Agreement further provide that Ajay Vij and the Employee Shareholders shall have surrendered all rights, claims and interests in and arising out of 14,81,226 unvested employee stock options that have been granted to them by the Target Company ("**Surrendered ESOPs**") for a cash consideration of Rs. 14,04,35,037 (Rupees fourteen crores four lacs thirty five thousand and thirty seven only) or Rs. 15,00,63,006 (Rupees fifteen crores sixty three thousand and six only), depending on the applicable effective tax rate on short-term capital gains at the time of such payment in order to ensure the maximum benefit to the employees, to be paid by the Target Company. The terms of the IFC Share Purchase Agreement, the Ajay Vij Share Purchase Agreement and the Employees Share Purchase Agreement *inter alia* provide that the obligation of the Acquirer to acquire the IFC Sale Shares, the Ajay Vij Sale Shares and the Employees Sale Shares are subject to the satisfaction of certain conditions precedent including (a) receipt of necessary regulatory approvals and (b) closure of the Offer and receipt of the Manager to the Offer's certificate under Regulation 23 of the SEBI (SAST) Regulations. The approval of the RBI as aforesaid was obtained on May 28, 2008 and accordingly the condition mentioned under item (a) above has been satisfied as on date. As the approval for the opening of the various escrow accounts was granted on a non-interest bearing basis, the Acquirer is contemplating filing an amendment application with the RBI for the limited purpose of making the escrow account to be opened pursuant to the Promoter Escrow Agreement interest bearing. (The Promoter Sale Shares, the IFC Sale Shares, the Ajay Vij Sale Shares and the Employees Sale Shares shall hereinafter be collectively referred to as "**Sale Shares**". The Promoter Share Purchase Agreement, the IFC Share Purchase Agreement, the Ajay Vij Share Purchase Agreement and the Employees Share Purchase Agreement shall hereinafter be collectively referred to as "**Share Purchase Agreements**"). The aggregate negotiated price under the Share Purchase Agreements is Rs. 878,20,66,508 (Rupees eight hundred and seventy eight crores twenty lacs sixty six thousand five hundred and eight only) at a price of Rs. 76.50 per Share ("**Negotiated Price**") payable in cash. Specifically, the closing of the IFC Share Purchase Agreement, the Ajay Vij Share Purchase Agreement and the Employees Share Purchase Agreement will be simultaneous with the closing of the Promoter Share Purchase Agreement.
- 2.1.4. Simultaneously with the execution of the Share Purchase Agreements, the Acquirer has entered into an agreement ("**Doric Agreement**") with Doric Asia Pacific Small Cap Fund ("**P Note Holder**") who is the legal holder of 37,56,244 participatory notes ("**P Notes**") relating to Shares issued by Deutsche Bank AG ("**Deutsche**"), the legal holder of the underlying Shares, amounting to 2.398% of the Share Capital ("**Underlying Shares**"). Under the terms of the Doric Agreement, the P Note Holder has agreed to validly instruct Deutsche, in advance to the opening of the Offer, to tender its Underlying Shares in the Offer. Accordingly, the P Note Holder has instructed Deutsche on April 24, 2008 and Deutsche has acknowledged receipt of the same. The terms of the Doric Agreement also provide that the P Note Holder acknowledges that the Underlying Shares tendered in the Offer will be acquired subject to the SEBI (SAST) Regulations, including Regulation 21(6) of the SEBI (SAST) Regulations. The parties to the Doric Agreement have expressly acknowledged and agreed that the agreement is not an agreement to buy.

2.1.5. Details of Sellers and the Shares agreed to be acquired by the Acquirer under the Share Purchase Agreements are as follows:

S. No.	Name of the Seller	Address of the Seller (including phone number and fax number)	Number of Shares and percentage of the Share Capital as on the date of the Public Announcement	
(a) Promoters				
1.	PURAN ASSOCIATES PRIVATE LIMITED	4th Floor, Punjabi Bhawan, 10, Rouse Avenue, New Delhi-110002 Tel. No.: +91 11 42786000 Fax No.: +91 11 42786110	2,44,24,377	15.590%
2.	VIC ENTERPRISES PVT. LTD.	4th Floor, Punjabi Bhawan, 10, Rouse Avenue, New Delhi-110002 Tel. No.: +91 11-42786000 Fax No.: +91 11 42786110	1,82,91,551	11.675%
3.	GYAN ENTERPRISES PVT. LTD.	4th Floor, Punjabi Bhawan, 10, Rouse Avenue, New Delhi-110002 Tel. No.: +91 11 42786000 Fax No.: +91 11 42786110	1,82,26,897	11.634%
4.	A.CEE ENTERPRISES	4th Floor, Punjabi Bhawan, 10, Rouse Avenue, New Delhi-110002 Tel. No.: +91 11 42786000 Fax No.: +91 11 42786110	1,81,89,819	11.610%
5.	CHOWDHRY ASSOCIATES	4th Floor, Punjabi Bhawan, 10, Rouse Avenue, New Delhi-110002 Tel. No.: +91 11 42786000 Fax No.: +91 11 42786110	1,27,90,000	8.164%
6.	RATNA COMMERCIAL ENTERPRISES PVT. LTD	4th Floor, Punjabi Bhawan, 10, Rouse Avenue, New Delhi-110002 Tel. No.: +91 11 42786000 Fax No.: +91 11 42786110	71,97,102	4.594%
7.	RATNA COMMERCIAL ENTERPRISES PVT. LTD	4th Floor, Punjabi Bhawan, 10, Rouse Avenue, New Delhi -110002 Tel. No.: +91 11 42786000 Fax No.: +91 11 42786110	28,56,000	1.823%
8.	DABUR INDIA LIMITED	4th Floor, Punjabi Bhawan, 10, Rouse Avenue, New Delhi-110002 Tel. No.: +91 11 42786000 Fax No.: +91 11 42786110	1,00,000	0.064%
9.	GAURI TONDON	Satguru Simran, 10 th Floor, Plot No. 16, PPS-IV, 3 rd Road, Almeida Park, Bandra (W), Mumbai-400 050 Tel. No.: +91 22 26559878 Fax No.: +91 22 26551396	69,000	0.044%
10.	ASHOK CHAND BURMAN	4th Floor, Punjabi Bhawan, 10, Rouse Avenue, New Delhi -110002 Tel. No.: +91 11 42786000 Fax No.: +91 11 42786110	33,500	0.021%
11.	SIDHARTH BURMAN	4th Floor, Punjabi Bhawan, 10, Rouse Avenue, New Delhi -110002 Tel. No.: +91 11 42786000 Fax No.: +91 11 42786110	25,000	0.016%
12.	PRADIP BURMAN	3rd Floor, Sagar Plaza, Dist Centre Laxmi Nagar, Vikas Marg, Delhi-110092 Tel. No.: +91 11 22518794 Fax No.: +91 11 22530527	30,333	0.019%
13.	ANAND BURMAN	3, Factory Road, Adjacent Safdurjung Hospital, New Delhi-110029 Tel. No.: +91 11 30611300 Fax No.: +91 11 26198436	18,500	0.012%

S. No.	Name of the Seller	Address of the Seller (including phone number and fax number)	Number of Shares and percentage of the Share Capital as on the date of the Public Announcement	
14.	ASHA BURMAN	UGF 5, Indra Prakash Building, 21, Barakhamba Road, Connaught Place, New Delhi -110001 Tel. No.: +91 11 23715614 Fax No.: +91 11 23721731	12,833	0.008%
15.	INDIRA BURMAN	4th Floor, Punjabi Bhawan, 10, Rouse Avenue, New Delhi-110002 Tel. No.: +91 11 42786000 Fax No.: +91 11 42786110	10,334	0.007%
16.	SUDHA BURMAN	2, Rajesh Pilot Marg, New Delhi-110 011 Tel. No.: +91 11 23010106 Fax No.: +91 11 23017744	3,000	0.002%
17.	VIVEK CHAND BURMAN	4th Floor, Punjabi Bhawan, 10, Rouse Avenue, New Delhi-110002 Tel. No.: +91 11 42786000 Fax No.: +91 11 42786110	2,500	0.002%
18.	ADITYA BURMAN	3, Factory Road, Adjacent Safdurjung Hospital, New Delhi-110029 Tel. No.: +91 11 30611300 Fax No.: +91 11 26198436	2,500	0.002%
19.	PRADIP BURMAN HUF	4th Floor, Punjabi Bhawan, 10, Rouse Avenue, New Delhi-110002 Tel. No.: +91 11 42786000 Fax No.: +91 11 42786110	2,500	0.002%
20.	GC BURMAN HUF	4th Floor, Punjabi Bhawan, 10, Rouse Avenue, New Delhi-110002 Tel. No.: +91 11 42786000 Fax No.: +91 11 42786110	2,500	0.002%
21.	AC BURMAN HUF	4th Floor, Punjabi Bhawan, 10, Rouse Avenue, New Delhi-110002 Tel. No.: +91 11 42786000 Fax No.: +91 11 42786110	2,500	0.002%
22.	MINNIE BURMAN	2, Rajesh Pilot Marg, New Delhi-110011 Tel. No.: +91 11 23010106 Fax No.: +91 11 23017744	2,500	0.002%
23.	CHETAN BURMAN	3rd Floor, Sagar Plaza, Dist Centre Laxmi Nagar, Vikas Marg, Delhi-110092 Tel. No.: +91 11 22518794 Fax No.: +91 11 22530527	2,000	0.001%
24.	SAHIWAL INVESTMENT AND TRADING COMPANY	4th Floor, Punjabi Bhawan, 10, Rouse Avenue, New Delhi-110002 Tel. No.: +91 11 42786000 Fax No.: +91 11 42786110	1,250	0.001%
25.	UPVAN FARMS & SERVICES PVT. LTD.	4th Floor, Punjabi Bhawan, 10, Rouse Avenue, New Delhi-110002 Tel. No.: +91 11 42786000 Fax No.: +91 11 42786110	1,250	0.001%
26.	SIDHARTH BURMAN	4th Floor, Punjabi Bhawan, 10, Rouse Avenue, New Delhi-110002 Tel. No.: +91 11 42786000 Fax No.: +91 11 42786110	1,000	0.001%
27.	INDIRA BURMAN	4th Floor, Punjabi Bhawan, 10, Rouse Avenue, New Delhi-110002 Tel. No.: +91 11 42786000 Fax No.: +91 11 42786110	1,000	0.001%
28.	AMIT BURMAN	4th Floor, Punjabi Bhawan, 10, Rouse Avenue, New Delhi-110002 Tel. No.: +91 11 42786000 Fax No.: +91 11 42786110	100	0.000%

S. No.	Name of the Seller	Address of the Seller (including phone number and fax number)	Number of Shares and percentage of the Share Capital as on the date of the Public Announcement	
(b) Other Sellers				
29.	INTERNATIONAL FINANCE CORPORATION	2121 Pennsy Ivania Ave., N.W. Washington, DC 20433 United States of America Fax No.: +1 202 974 4321	12,145,000	7.752%
30.	AJAY VIJ	3, Factory Road, Adjacent Safdurjung Hospital, New Delhi-110029 Tel. No.: +91 11 30611300 Fax No.: +91 11 26198436	2,31,458	0.148%
31.	RAKESH SHARMA	3, Factory Road, Adjacent Safdurjung Hospital, New Delhi-110029 Tel. No.: +91 11 30611300 Fax No.: +91 11 26198436	53,800	0.034%
32.	SHYAM KHANTE	Dabur India Limited, 22, Site IV, Sahibabad Industrial Area, Sahibabad, Dist. Ghaziabad-201010, U.P Tel. No.: +91 120 3001700 Fax No.: +91 120 4376872	33,000	0.021%
33.	MANISH KACKER	Dabur India Limited, 22, Site IV, Sahibabad Industrial Area, Sahibabad, Dist. Ghaziabad - 201010, U.P Tel. No.: +91 120 3001700 Fax No.: +91 120 4376872	21,500	0.014%
34.	SAMEER AGARWAL	3, Factory Road, Adjacent Safdurjung Hospital, New Delhi-110029 Tel. No.: +91 11 30611300 Fax No.: +91 11 26198436	13,651	0.009%
	Total		11,47,98,255	73.274%

2.1.6. The Acquirer, the Promoters and ABN Amro Bank N.V. ("**Escrow Agent**") have entered into an escrow agreement dated April 18, 2008 ("**Promoter Escrow Agreement**"), whereby the Acquirer and the Promoters have agreed to an escrow mechanism wherein the Promoter Sale Shares in physical form shall be deposited in escrow to be released to the depository participant of the Promoters for demat reconversion immediately prior to the closing of the Promoter Share Purchase Agreement. Accordingly, the Promoter Sale Shares and the dematerialisation request forms have been deposited by the Promoters with the Escrow Agent on May 3, 2008. The Acquirer has agreed to deposit the Purchase Consideration in escrow at the time of closing of the Promoter Share Purchase Agreement, to be released in accordance with the terms of the Promoter Escrow Agreement. The terms of the Promoter Escrow Agreement provide that an amount of Rs. 60 crores ("**Deferred Purchase Consideration**") shall be held back in the escrow account by the Escrow Agent and, subject to any indemnifications payments to be made to the Acquirer, be released subsequently as follows: (a) Rs. 20 crores shall be released by the Escrow Agent after a period of twelve (12) months from the closing of the Promoter Share Purchase Agreement; (b) Rs. 20 crores shall be released by the Escrow Agent after a period of twenty-four (24) months from the closing of the Promoter Share Purchase Agreement; and (c) Rs. 20 crores shall be released after a period of eighty four (84) months from the closing of the Promoter Share Purchase Agreement. As the approval for the opening of the various escrow accounts was granted on a non-interest bearing basis, the Acquirer is contemplating filing an amendment application with the RBI for the limited purpose of making the escrow account to be opened pursuant to the Promoter Escrow Agreement interest bearing.

2.1.7. The Acquirer and the Escrow Agent have entered into separate escrow agreements dated April 18, 2008 with each of (a) IFC; (b) Ajay Vij; and (c) the Employee Shareholders (collectively the "**Other Sellers**") whereby the Acquirer has agreed to deposit the relevant purchase consideration in escrow at the time of closing of the relevant share purchase agreement with each of the Other Sellers, to be released in accordance with the terms of the relevant escrow agreement. Ajay Vij and the Employee Shareholders have agreed to deposit the sale shares in physical form in escrow to be released to the depository participant of Ajay Vij and the Employee Shareholders for demat reconversion immediately prior to the closing of the Ajay Vij Share Purchase Agreement and the Employees Share Purchase Agreement respectively. IFC has agreed to deposit the depository instructions in relation to IFC Sale Shares in escrow at the time of closing. Accordingly, Ajay Vij and the Employee Shareholders have deposited the Ajay Vij Sale Shares and the Employees Sale Shares in physical form along with the dematerialisation request forms with the Escrow Agent.

2.2. Details of the Offer

2.2.1 The Acquirer and Persons Acting in Concert are making an offer ("**Offer**") to the public Shareholders of the Target Company to acquire up to 3,13,41,260 Shares ("**Offer Shares**"), representing 20% of the Emerging Voting Capital (as

detailed in Paragraph 5.6 hereunder) of the Target Company at Rs. 76.50 (Rupees seventy six and fifty paise only) per Share (“**Offer Price**”) payable in cash in accordance with the terms of the SEBI (SAST) Regulations and subject to the terms and conditions mentioned in this Letter of Offer. The Offer Size is calculated based on the Emerging Voting Capital in terms of Regulations 21(1) and 21(5) of the SEBI (SAST) Regulations.

- 2.2.2 As on the date of the Public Announcement, the Share Capital comprised of 15,66,69,800 outstanding fully paid-up Shares, 23,20,876 outstanding employee stock options (“**ESOPs**”) and 7,600 ESOPs that were exercised and were pending allotment (application money received) (“**Exercised ESOPs**”). The share allotment committee of the Board of Directors at its meeting held on April 23, 2008 has allotted 7,600 Shares to five (5) employees pursuant to the Exercised ESOPs. Subsequently, these Shares have been listed and permitted to trade on the BSE with effect from June 6, 2008 and on the NSE with effect from June 11, 2008. Accordingly, the fully diluted capital of the Target Company on exercise of all outstanding ESOPs would be 15,89,98,276 Shares. This Offer is to acquire up to 3,13,41,260 Shares forming 20% of the Emerging Voting Capital (as detailed in Paragraph 5.6).
- 2.2.3 The Shares of the Target Company are listed on the BSE and the NSE. The Shares are frequently traded on both the BSE and NSE within the meaning of Regulation 20 of the SEBI (SAST) Regulations. For the purpose of Regulation 20(4) of the SEBI (SAST) Regulations, the Shares are most frequently traded on the NSE (*Source: www.bseindia.com and www.nseindia.com*).
- 2.2.4 The Public Announcement announcing the Offer as per Regulation 15(1) of the SEBI (SAST) Regulations was made in the following newspapers on Tuesday, April 22, 2008:

Newspaper	Language	Editions
Business Standard	English	(All Editions) Ahmedabad, Bangalore, Mumbai, Kolkata, New Delhi, Hyderabad, Chennai
Pratahkal	Hindi	(All Editions) Mumbai, New Delhi, Jaipur, Udaipur
Navshakti	Marathi	Mumbai

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

- 2.2.5 In case of any upward revision in the Offer Price before the last date of revision (*i.e.*, Monday, June 30, 2008) or withdrawal of the Offer, the same would be informed by way of a public announcement in the same newspapers where the Public Announcement has appeared. The revised Offer Price, if any, would be payable to all Eligible Shareholders who tender their Shares at any time during the Offer and which are accepted in the Offer.
- 2.2.6 Neither the Acquirer nor the Persons Acting in Concert nor any of their respective directors have acquired any Shares in the twelve (12) months prior to the date of the Public Announcement. Further, no Shares have been allotted to the Acquirer or the Persons Acting in Concert in the twelve (12) months prior to the date of the Public Announcement. The Acquirer or Persons Acting in Concert have not held any Shares in the past nor do they currently hold any Shares. Neither the Acquirer nor the Persons Acting in Concert have acquired Shares after the date of the Public Announcement. There are no partly paid-up shares of the Target Company.
- 2.2.7 Neither the Acquirer, the Persons Acting in Concert, the Sellers nor the Target Company have been prohibited by SEBI from dealing in securities in terms of directions issued under Section 11B of the Securities and Exchange Board of India Act, 1992 or any other regulations made there under.
- 2.2.8 The Offer is not conditional on any minimum level of acceptance by the Shareholders.
- 2.2.9 There have been no competitive bids.

3. BACKGROUND OF THE ACQUIRER AND PERSONS ACTING IN CONCERT

A. The Acquirer / Fresenius Kabi (Singapore) Pte Ltd

- 3.1 The Acquirer is an unlisted company originally incorporated as Fresenius Singapore Pte Limited on June 18, 1994 under the laws of the Republic of Singapore. The name of the Acquirer was changed to Fresenius Kabi (Singapore) Pte Ltd vide fresh certificate of incorporation granted by the Assistant Registrar of Companies and Business, Singapore, dated September 30, 1999. The registered office of the Acquirer is located at 99, Bukit Timah Road # 05-07, Alfa Centre, Singapore 229835; Tel. No. +65 6837 2552, Fax No. +65 6837 2442.
- 3.2 The Acquirer is a wholly owned subsidiary of FKA. The principal business of the Acquirer is the provision of sales and marketing services to its related companies as well as direct product sales in local markets in Singapore. The Acquirer belongs to the Fresenius group of companies.
- 3.3 FKA is the promoter and 100% shareholder of the Acquirer. FSE, the ultimate holding company of the Fresenius group of companies, and FFB, a company forming part of the Fresenius group of companies, have agreed to make available all funds necessary to fulfill the obligations of the Acquirer under the Share Purchase Agreements and the Offer.
- 3.4 Since its inception, the Acquirer served as a regional sales and marketing support office for the Fresenius group of companies in South East Asia. In January 2007, the Acquirer began conducting sales and marketing of pharmaceutical products and medical devices for the Singapore market in addition to its regional support activities.

- 3.5 The paid-up share capital of the Acquirer is SGD 390,000 or Rs. 106.8 lacs consisting of 3,90,000 shares each of a value of SGD 1 or Rs. 27.38 per share.
- 3.6 The Acquirer does not hold any Shares. Therefore, the obligations stipulated in Chapter II of the SEBI (SAST) Regulations are not applicable to it.
- 3.7 100% of the issued and paid-up share capital of the Acquirer is held by FKA. The shares of FKA are not listed.
- 3.8 The details of the board of directors of the Acquirer are set forth below:

S. No.	Name	Date of Appointment	Qualifications and Experience	Residential Address
1	Peeratip Assawes	May 21, 2001	Peeratip Assawes holds an MBA degree in commerce and a BA degree in pharmaceutical science from Chulalongkorn University, Bangkok Thailand. Prior to joining the Acquirer she was holding a position of division manager for Schering Plough Pharmaceuticals (trading), Bangkok, Thailand.	725/2 The Oriental Park Soi Pradoo 1 Rachada-Ram 3 Road Bangpongpan, Yannawa Bangkok, 10120 Thailand
2	Luc Depotter	June 14, 2006	Luc Depotter holds a masters degree of science in chemistry and agricultural science from the University of Ghent, Belgium. Prior to joining the Acquirer he was the representative director / president of Fresenius Kabi Korea Ltd in Seoul. He has also held senior executive positions since 1989 with Pharmacia, a diversified Swedish / US multinational company.	Pacific Place Apartments 88 Queensway Hong Kong
3	Lim Tiong Beng	November 30, 2006	Lim Tiong Beng holds a degree from Swinburne College of Technology, Melbourne. He also holds a diploma in commerce and is a certified public accountant. Previously, he has worked as an auditor with Coopers & Lybrand and as a director and company secretary with Courts Singapore Pte Ltd.	2 Guok Avenue Singapore 119632
4	Mats Henriksson	March 24, 2008	Mats Henriksson holds a bachelor of science in business administration and economics from Gothenburg School of Economics, Sweden. Prior to joining the Acquirer he was holding several leading controller positions within the European and corporate organization of Pharmacia, a diversified Swedish / US multinational company. Since 1999 he is a member of the management board of Fresenius Kabi AG, responsible for the region Asia Pacific since 2001.	House 35 Palm Drive Redhill Peninsula 18 Pak Pat Shan Road Hong Kong
5	Gerrit Steen	March 24, 2008	Gerrit Steen holds a degree in business administration from the Otto-Beisheim Graduate School of Business, Germany. Prior to joining Fresenius, he worked for the German technology group Heraeus in several senior executive positions in Germany and the US.	Winterbachstraße 42 D-60320 Frankfurt Germany

None of the directors of the Acquirer is on the Board of Directors of the Target Company.

3.9 Based on the latest audited financial statements prepared in accordance with the Singapore Companies Act, Cap. 50, and the Singapore Financial Reporting Standards, the financial information of the Acquirer for the previous three (3) years is as follows:

Profit & Loss Account						
For the year ended December 31	2005		2006		2007	
SGD in Actual, INR in Lacs	SGD	INR	SGD	INR	SGD	INR
Income						
Revenue	712,949	193	301,526	87	1,392,036	381
Other operating income	–	–	822	0	3,168	1
	712,949	193	302,348	87	1,395,204	382
Expenditure						
Purchases	–	–	–	–	870,633	238
Change in inventories	–	–	–	–	(141,304)	(39)
Depreciation	2,823	1	1,792	1	9,433	3
Staff costs	85,756	23	103,975	30	354,399	97
Other operating expenses	592,025	160	180,023	52	338,296	93
Finance costs	–	–	–	–	3,110	1
Profit before income tax	32,345	9	16,558	5	(39,363)	(11)
Income tax	1,912	1	1,300	0	–	–
Profit after income tax	30,433	8	15,258	4	(39,363)	(11)
Balance Sheet Statement						
As on December 31,	2005		2006		2007	
SGD in Actual, INR in Lacs	SGD	INR	SGD	INR	SGD	INR
Non-current assets						
Plant and equipment	4,822	1	7,839	2	27,946	8
Current assets						
Inventories, at cost	–	–	–	–	141,304	39
Trade and other receivables	233,525	63	65,518	19	494,122	135
Cash and bank balances	159,821	43	463,479	134	260,535	71
	393,346	107	528,997	153	895,961	245
Current liabilities						
Trade and other payables	201,089	54	35,933	10	236,406	65
Amount owing to a director	–	–	–	–	76,986	21
Provision for income tax	3,165	1	1,731	0	706	0
Short term bank borrowing	–	–	–	–	150,000	41
	204,254	55	37,664	11	464,098	127
Net current assets	189,092	51	491,333	142	431,863	118
Non-current & Net current assets	193,914	53	499,172	144	459,809	126
Capital and reserves						
Share capital	100,000	27	390,000	113	390,000	107
Retained profits	93,914	25	109,172	31	69,809	19
	193,914	53	499,172	144	459,809	126

Other Financial Data						
SGD per share, INR per share	2005		2006		2007	
	SGD	INR	SGD	INR	SGD	INR
Dividend (%)	Nil	Nil	Nil	Nil	Nil	Nil
Diluted earnings per share	0.30	8.25	0.04	1.13	(0.10)	(2.76)
Return on stockholder equity	15.7%		3.1%		(8.6)%	
Book value per share	1.94	52.55	1.28	36.93	1.18	32.28

3.10 Significant Accounting Policies

Basis of preparation

The financial statements are prepared in accordance with Singapore Financial Reporting Standards (“FRS”) and in accordance with the historical cost convention.

The preparation of financial statements in conformity with FRS requires management to exercise judgment in the process of applying the Acquirer’s accounting policies and requires the use of accounting estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Although these estimates are based on management’s best knowledge of current events and actions, actual results may differ from those estimates.

During the financial year, the Acquirer adopted the new or revised FRS and Interpretations of FRS (“INT FRS”) that are relevant to its operations and effective for annual periods beginning on or after January 1, 2007. The adoption of the new or revised FRS and INT FRS did not result in any substantial changes to the Acquirer’s accounting policies.

FRS and INT FRS issued but not yet effective

The Acquirer has not adopted the following FRSs and INT FRSs that are relevant to the Acquirer which have been issued but not yet effective:

		Effective date (Annual periods beginning on or after)
FRS 1	Amendments to FRS 1 (revised), Presentation of Financial Statements (Capital Disclosures)	January 1, 2008
FRS 23	Borrowing Costs (revised)	January 1, 2008
FRS 107	Financial Instruments: Disclosures	January 1, 2008

The Acquirer expects that the adoption of the above pronouncements will have no material impact on the financial statements in the period of initial application, except for FRS 107 and the amendment to FRS 1 as indicated below:

FRS 107 Financial Instruments: Disclosures and amendments to FRS 1 relating to Capital Disclosures

FRS 107 introduces new disclosures to improve the information about financial instruments. It requires the disclosure of qualitative and quantitative information about exposure to risks arising from financial instruments, including specified minimum disclosure about credit risk, liquidity risk and market risk, including sensitivity analysis to market risk. The amendment to FRS 1 requires the Acquirer to make new disclosure to enable users of the financial statements to evaluate the Acquirer’s objectives, policies and processes for managing capital.

The Acquirer will apply FRS 107 and the amendment to FRS 1 from the annual period beginning January 1, 2008.

3.11 Disclosure on Contingent Liabilities:

Critical accounting estimates and judgements

Critical judgements in applying the company’s accounting policies

In the process of applying the Acquirer’s accounting policies the management is of the opinion that there are no critical judgements involved that have significant effect on the amounts recognised in the financial statements (apart from those involving estimations).

Key sources of estimation uncertainty

The management is of the opinion that there are no key sources of estimation uncertainty at the balance sheet date that have a significant effect on the amounts of assets and liabilities within the next financial year.

3.12 Reasons for fall / rise in total income & net profit

The year 2007 began with a significant increase in revenue compared to 2006. However due to start up costs and operational costs associated with the launch of trading in pharmaceutical and medical devices, the Acquirer registered negative earnings after tax in 2007.

3.13 The Acquirer has not promoted any company in India. The Acquirer does not have any subsidiaries.

B. Persons Acting In Concert

Fresenius Kabi Austria GmbH ("FKA")

3.14 FKA was incorporated as Laevosan GmbH on December 4, 1969 under the laws of Austria. FKA has its registered office at Hafnerstr. 36, 8055 Graz, Austria; Tel. No. +43-316-249-0; Fax No. +43-316-249-408.

3.15 FKA is engaged in the business of production, sale and distribution of pharmaceutical products including ancillary products, substances and preparations, destined for medicinal use, of dietetic preparations and dietetic food products.

3.16 The paid-up share capital of FKA is EUR 3,500,000 or Rs. 2,034 lacs consisting of 35,00,000 shares each of value of EUR 1 per share or Rs. 58.12. The shares of FKA are not listed.

3.17 The shareholding pattern of FKA is as under:

S. No	Shareholder	Shareholder's Category	No and Percentage of shares held
1.	Fresenius Kabi Deutschland GmbH	Promoter	34,95,450 / 99.87%
2.	Fresenius Kabi Asiaco GmbH	Fresenius group entity	4,550 / 0.13%

3.18 Fresenius Kabi Deutschland GmbH holds 99.87 % of the shares of FKA and is the promoter of FKA. FKA belongs to the Fresenius group of companies.

3.19 FKA in its current form was established in 1997 by the merger of Leopold Pharma GmbH, located in Graz, Austria, into Laevosan GmbH, then located in Linz, Austria. The company was then named Fresenius Pharma Austria GmbH. In 1999, the company's name was changed to Fresenius Kabi Austria GmbH. Leopold Pharma GmbH and Laevosan GmbH were acquired by the Fresenius group in 1992 and 1997 respectively. Leopold Pharma GmbH was first incorporated in 1947. FKA has historically been engaged in the production, sale and distribution of pharmaceutical products. The Linz facility specializes in the manufacture of active pharmaceutical ingredients while the Graz facility specializes in sterile liquid pharmaceuticals and their different applications.

3.20 The details of the board of directors of FKA are set forth below:

S. No.	Name	Date of Appointment	Qualifications and Experience	Residential Address
1.	Dr. Rudolf Dax	September 29, 1997	Dr. Rudolf Dax holds an MBA and a doctorate degree. He has served as a CFO for six (6) years and as financial group controller for two (2) years. He has been working as general manager since 1997.	Grasaeckerweg 16A-8403 Lebring Austria
2.	Dr. Oskar Haszonits	July 1, 2002	Dr. Oskar Haszonits holds an MS and a doctorate degree. He has served as business unit manager for nine (9) years and as a marketing director for two (2) years. He has been working as a general manager since 2002.	Lanngweg 20 A-8010 Kainbach bei Graz Austria

None of the directors of FKA is on the Board of Directors of the Target Company.

3.21 Based on the latest audited standalone Austrian GAAP financial statements, the financial information of FKA for the previous three (3) years is as follows:

Profit & Loss Account						
For the year ended December 31	2005		2006		2007	
EUR in MM, INR in Lacs	EUR	INR	EUR	INR	EUR	INR
Operating Income						
Net sales	162.0	86,730	176.6	102,907	192.4	111,839
Change in inventories	0.8	426	0.8	463	1.9	1,122
Other operating income	7.5	4,006	8.6	5,004	8.3	4,813
	170.2	91,162	186.0	108,373	202.6	117,774
Operating Expenses						
Expenses for materials and services received	64.2	34,368	71.2	41,457	78.7	45,765
Personnel expenses	30.0	16,087	30.5	17,753	33.9	19,725
Depreciation and amortisation	3.7	1,970	3.8	2,192	4.2	2,423
Other operating expenses	42.3	22,636	42.7	24,920	44.0	25,581
	140.2	75,062	148.2	86,323	160.9	93,494
Operating Result	30.1	16,100	37.8	22,050	41.8	24,280
Financial Income						
Income from investments in affiliated companies	1.8	955	2.9	1,674	6.6	3,851
Income from securities and loans	0.3	146	0.2	130	0.2	129
Interest and similar income	0.5	252	0.3	204	0.4	242
Income from disposal of financial assets	0.1	68	0.3	199	0.3	161
	2.7	1,421	3.8	2,208	7.5	4,383
Financial Expenses						
Expenses from financial assets (= devaluation)	0.1	32	0.5	270	0.1	55
Interest and similar expenses	5.5	2,956	6.5	3,808	6.4	3,727
	5.6	2,988	7.0	4,079	6.5	3,783
Financial Result	(2.9)	(1,567)	(3.2)	(1,871)	1.0	600
Profit on ordinary activities	27.1	14,533	34.6	20,179	42.8	24,880
Taxes on income	7.3	3,915	8.0	4,658	9.1	5,275
Profit for the year before changes in reserves	19.8	10,618	26.6	15,521	33.7	19,605
Reversal of untaxed reserves	0.5	278	0.2	95	0.3	146
Profit carried forward from prior year	0.4	215	0.9	553	1.8	1,019
Net Profit	20.7	11,111	27.8	16,169	35.7	20,769

Balance Sheet Statement						
As on December 31	2005		2006		2007	
EUR in MM, INR in Lacs	EUR	INR	EUR	INR	EUR	INR
Assets						
Fixed assets						
Intangible assets	0.4	227	0.5	318	11.7	6,814
Tangible assets	26.9	14,408	29.8	17,380	36.6	21,285
Financial assets	116.2	62,220	116.0	67,559	125.4	72,907
	143.5	76,855	146.3	85,257	173.8	101,006
Current Assets						
Inventories	17.9	9,600	18.9	11,007	21.7	12,638
Accounts receivable and other assets	43.6	23,320	45.5	26,501	50.6	29,397
Cash at bank and in hand, cheques	0.3	167	0.3	160	0.2	125
	61.8	33,086	64.7	37,668	72.5	42,160
Prepayment and deferred charges	0.0	8	0.0	6	0.0	7
Total assets	205.3	109,949	211.0	122,930	246.3	143,174
Owners Equity						
Share capital	3.5	1,874	3.5	2,039	3.5	2,034
Additional paid in capital	19.8	10,590	19.8	11,521	19.8	11,494
Other reserves	14.1	7,546	14.1	8,210	14.1	8,190
Net profit	20.7	11,111	27.8	16,169	35.7	20,769
	58.1	31,121	65.1	37,939	73.1	42,487
Untaxed Reserves	1.4	770	1.3	756	1.1	620
Investment (Government) Grants	0.1	39	0.0	29	0.0	17
Provisions	20.9	11,231	21.1	12,287	21.7	12,624
Liabilities						
Liabilities to banks	7.0	3,749	7.0	4,078	7.0	4,068
Advance payments received	0.0	0	0.3	194	0.3	194
Trade accounts payable	4.8	2,566	5.2	3,047	7.0	4,042
Accounts payable to affiliated companies	103.5	55,404	103.0	60,015	129.1	75,026
Other liabilities	9.5	5,071	7.9	4,585	7.0	4,096
	124.8	66,789	123.4	71,920	150.4	87,426
Total Liabilities & Owners Equity	205.3	109,949	211.0	122,930	246.3	143,174

Other Financial Data *						
EUR per share, INR per share	2005		2006		2007	
	EUR	INR	EUR	INR	EUR	INR
Dividend (%)	98.1%		95.4%		93.7%	
Diluted earnings per share	5.67	303	7.61	443	9.64	560
Return on stockholder equity	34.1%		40.9%		46.1%	
Book value per share	16.60	889	18.61	1,084	20.89	1,214

Notes:

*Earnings per share and RoE calculated using Net Profit before reversal of untaxed reserve and previous year profit carry forward. Dividend (%) calculated using dividends distributed during the year divided by previous year's net profit.

3.22 FKA does not hold any Shares. Therefore, the obligations stipulated in Chapter II of the SEBI (SAST) Regulations are not applicable to it.

3.23 Significant Accounting Policies:

Accounting and Valuation-Methods

The financial statements of FKA were prepared in Euros based on the requirements of the Austrian Commercial Code ("ACC"). Accounting and Valuation were prepared in accordance with generally accepted accounting principles. The principle of completeness was adhered to in the preparation of all financial statements. The valuation of single assets and liabilities were prepared in accordance with the principle of individual valuation and assumed the business was a going concern. The principle of prudence was adhered to, since only those profits which had been realized on the balance date are included in the financial statements. All measurable risks and impending losses have been accounted for.

Fixed assets are valued at cost. If their useful life is limited, costs are reduced by planned depreciation. Permanent declines in value are accounted for through impairment write-offs. A linear method depreciation schedule is used. Low value fixed assets are fully depreciated in their year of acquisition according to §13 EStG (Austrian Income Tax Code) and are at the same time treated as disposals.

Financial assets are valued at cost. Permanent declines in value are accounted for through impairment write-offs. As regards receivables, individual bad debt allowances are created for delinquent accounts. An adequate deduction is made for general credit risk.

Receivables and liabilities in foreign currencies are valued at cost. However, losses from exchange rate differences as of the balance sheet date are taken into account.

Provisions are valued at their required amount and liabilities are valued at repayment cost.

The provisions of severance payments are accounted for in the financial statements in accordance with the Austrian expert opinions KFS-RL/2 and RL/3, mainly based on the principles of IAS 19.

3.24 Disclosure on Contingent Liabilities:

According to the requirements of the ACC, contingent liabilities are shown in the notes to the financial statements. As on December 31, 2007, the contingent liabilities were nil.

3.25 Reasons for fall / rise in total income & net profit

2007: income and net profit grew 8.9% and 28.4% respectively as a result of strong growth in foreign markets. In the Product Partnering division, various new product development and product implementation projects were successfully completed, providing a good basis for future growth. In the area of aseptic products, manufactured in the plant in Graz, the company achieved 40% growth in revenues. Core products, such as Propofol, Dipeptiven and amino acids contributed to revenue growth in 2007.

2006: income and net profit grew 9.3% and 34.3% respectively as a result of strong growth in contract manufacturing projects. Exports contributed 70% of total revenues. In addition, FKA was able to grow its raw material business due to

increase of raw material production capacity in the Linz plant. In the domestic market the company achieved moderate growth in revenues despite high growth in volumes as a result of increased pricing pressure.

- 3.26 FKA has not promoted any company in India. The financial statements of FKA and the companies promoted by it are consolidated into the financial results of FSE.

Fresenius SE

- 3.27 FSE came into its current form through the conversion of the company into a stock corporation (Fresenius Aktiengesellschaft) under the laws of Germany on October 31, 1981. Due to the conversion of the company into a European company (SE) in 2007 the name of the company was then changed to Fresenius SE. FSE has its registered office located at Else-Kroener-Str. 1, 61352 Bad Homburg, Germany; Tel. No. +49 6172 6080; Fax No. +49 6172 608 2294.
- 3.28 FSE is engaged in the business of health care, with products and services for dialysis, hospital and medical care of patients at home.
- 3.29 The paid-up share capital of FSE is EUR 155,237,016 or Rs. 90,224 lacs consisting of 7,76,18,508 ordinary shares and 7,76,18,508 preference shares. It may be noted that the shares of FSE are without a par value, which is in compliance with applicable law.
- 3.30 Else Kroener-Fresenius-Stiftung is the promoter of FSE and holds the majority voting rights of FSE as on December 31, 2007. Else Kroener-Fresenius-Stiftung is a legal non-profit based foundation, founded in 1983 by Else Kroener, with its postal address at Postfach 1852, 61288 Bad Homburg, Germany. The foundation supports scientific clinical research projects as well as charitable projects. FSE belongs to the Fresenius group of companies and is the ultimate parent company of the Fresenius group of companies.
- 3.31 The shares of FSE are listed on the Frankfurt Stock Exchange, the Munich Stock Exchange and the Duesseldorf Stock Exchange in Germany. The shareholding pattern of FSE is as follows*:

Name of Shareholder	Shareholder's Category	Number of Ordinary Shares	% of voting rights in FSE
Else Kroener-Fresenius-Stiftung	Promoter	4,65,82,692	60.01%
Public Shareholders	Public	3,10,35,816	39.99%
Total		7,76,18,508	100.00%

Notes:

**The share capital of FSE consists of ordinary shares and non-voting preference shares, each of which are issued only in bearer form. Accordingly, FSE is unable to fully ascertain who its shareholders are or how many shares any particular shareholder holds. However under the German Securities Exchange Law, holders of voting securities of a German company listed on the official market of a German stock exchange are obligated to notify an issuer of their holding whenever such holding reaches, exceeds or falls below certain thresholds, which have been set at 3%, 5%, 10%, 20%, 25%, 30%, 50%, and 75% of a company's outstanding voting rights. The above list of shareholders is therefore incomplete and is based only on such notifications to FSE and based on publicly available information.*

- 3.32 FSE consists of four (4) business segments, each of which is responsible for its own business operations worldwide: Fresenius Medical Care, Fresenius Kabi, Fresenius Helios and Fresenius Vamed. Fresenius Medical Care is the world's leading provider of products and services for patients with chronic kidney failure. Fresenius Kabi provides treatment and care for critically-ill patients in both the hospital and out-patient environments. Fresenius Helios is an owner and operator of hospitals in Europe specializing in hospital management with a focus on acute treatment and subsequent medical rehabilitation. Fresenius Vamed operates in the project and management business of health care facilities worldwide, including hospitals and healthcare centers as well as spas and wellness centers. In addition to these four (4) business segments, FSE is also active through Fresenius Biotech GmbH which is focused on the development and marketing of biopharmaceuticals in the fields of oncology and immunology / transplantation medicine and Fresenius Netcare which is focused on information technology services.

3.33 The details of the board of directors of FSE are set forth below:

S. No.	Name	Date of Appointment	Qualifications and Experience	Residential Address
1.	Dr. Ulf M. Schneider	May 28, 2003	<p>Dr. Ulf M. Schneider holds a Lic. Oec. degree in finance and accounting and a doctorate degree in economics from the University of St. Gallen. He also holds an MBA degree from Harvard University.</p> <p>Prior to joining Fresenius he was a group finance director for Gehe UK plc., a pharmaceutical wholesale and retail distributor, in Coventry, United Kingdom. He has also held several senior executive positions since 1989 in Franz Haniel & Cie. GmbH, a diversified German multinational company.</p>	Metzlerstraße 27 D-60594 Frankfurt Germany
2.	Rainer Baule	June 1, 1997	<p>Rainer Baule holds a degree in commercial engineering from TU Darmstadt.</p> <p>He started his professional career as a management partner of Komeg-Kontroll-Technik GmbH, Riegelsberg, Germany. Beginning in 1979, he held several leading positions in Germany and the U.S. at Carl Zeiss Group, Oberkochen, most recently as executive vice president of a division and as member of the Zeiss group management. From 1996 to 1997 he was the CEO of EG&G Berthold, Bad Wildbad, Germany.</p>	Schönblick 15 D-76275 Ettlingen Germany
3.	Dr. Francesco de Meo	January 1, 2008	<p>Dr. Francesco de Meo studied law and earned a doctorate degree at Tuebingen University, Germany.</p> <p>In the year 2000, he became the head of the legal and human resources departments of HELIOS Kliniken GmbH. On January 1, 2001, he was appointed to the HELIOS Kliniken management board with responsibilities for human resources, legal affairs, research and science. At the same time, he was also appointed labor relations director. Before joining HELIOS, Dr. Francesco De Meo was director of Rauser AG, a management consultancy in Reutlingen, Germany, as well as a practicing attorney.</p>	Watschelweg 18 D-36100 Petersberg Germany

4.	Dr. Juergen Goetz	July 1, 2007	<p>Dr. Juergen Goetz studied law in Bonn, Munich and Frankfurt am Main, where he also earned his doctorate degree.</p> <p>He began his career in 1993 at Hoechst AG, where he held several senior management positions. In 1997, he became head of the legal department of Hoechst Marion Roussel AG.</p> <p>Subsequently in 1999, he took over the legal global corporate department of Aventis Pharma AG, the successor company to Hoechst Marion Roussel AG.</p> <p>From April 1, 2005 until his appointment to the management board of FSE, he led the legal and insurance department of FSE as a senior vice president and general counsel.</p>	Bismarckstrasse 8 D-65812 Bad Soden Germany
5.	Dr. Ben Lipps	March 16, 2004	<p>Dr. Ben Lipps has earned his masters and doctorate degrees at the Massachusetts Institute of Technology.</p> <p>In 1966, Dr. Ben Lipps joined Dow Chemical Company where he led the research team that developed the first commercial Hollow Fiber Artificial Kidney at the end of the 1960s. He has held various senior executive positions such as president, CEO, chief operating officer and director in Fresenius USA from October 1989 until February 2004.</p>	500 Atlantic Avenue Boston, MA 02210 USA
6.	Stephan Sturm	January 1, 2005	<p>Stephan Sturm holds a degree in business from Mannheim University.</p> <p>Prior to joining FSE, he was serving as a managing director of Credit Suisse First Boston (CSFB). During his more than thirteen (13) years in investment banking, he has held various executive positions with BHF-Bank, Union Bank of Switzerland and CSFB in Frankfurt and London.</p> <p>Prior to entering investment banking in 1991, he was a management consultant at McKinsey & Co in Duesseldorf and Frankfurt, Germany.</p>	Roedersteinweg 2B D-65719 Hofheim Germany
7.	Dr. Ernst Wastler	January 1, 2008	<p>Dr. Ernst Wastler studied international business and earned a doctorate degree at the Vienna University of Economics and Business Administration.</p> <p>His career began in 1981 in international consulting, engineering and project management at Austroplan GmbH in Vienna, Austria. He became a member of the VAMED AG management board in 1998 and was responsible for projects and services Central Europe. Prior to that, he has held several management positions at international business segments of the VAMED group.</p>	Am Bachlberg 19 A-4040 Linz Austria

None of the directors of FSE are on the Board of Directors of the Target Company.

3.34 Based on the latest audited consolidated US GAAP financial statements, the financial information of FSE for the previous three (3) years is as stated herein below. Please note that the financial statements of FSE are the consolidated financial statements of FSE and its subsidiaries in various jurisdictions including the Acquirer and the Persons Acting in Concert.

Profit & Loss Account						
For the year ended December 31	2005		2006		2007	
EUR in MM, INR in Lacs	EUR	INR	EUR	INR	EUR	INR
Sales	7,889	4,224,560	10,777	6,278,680	11,358	6,601,270
Cost of sales	(5,300)	(2,838,150)	(7,351)	(4,282,693)	(7,680)	(4,463,616)
Gross profit	2,589	1,386,410	3,426	1,995,988	3,678	2,137,654
Selling, general and administrative expenses	(1,471)	(787,721)	(1,815)	(1,057,419)	(1,885)	(1,095,562)
Research and development expenses	(149)	(79,790)	(167)	(97,294)	(184)	(106,941)
Operating income (EBIT)	969	518,900	1,444	841,274	1,609	935,151
Interest income	20	10,710	23	13,400	27	15,692
Interest expenses	(223)	(119,417)	(418)	(243,527)	(395)	(229,574)
Earnings before income taxes and minority interest	766	410,193	1,049	611,147	1,241	721,269
Income taxes	(298)	(159,579)	(414)	(241,196)	(448)	(260,378)
Minority interest	(246)	(131,733)	(305)	(177,693)	(383)	(222,600)
Net income	222	118,881	330	192,258	410	238,292
Balance Sheet Statement						
As on December 31	2005		2006		2007	
EUR in MM, INR in Lacs	EUR	INR	EUR	INR	EUR	INR
Assets						
Cash and cash equivalents	252	134,946	261	152,059	361	209,813
Trade accounts receivable, less allowance for doubtful accounts	1,871	1,001,921	2,088	1,216,469	2,159	1,254,811
Accounts receivable from and loans to related parties	15	8,033	8	4,661	8	4,650
Inventories	727	389,309	761	443,359	875	508,550
Prepaid expenses and other current assets	478	255,969	730	425,298	603	350,464
Deferred taxes	188	100,674	258	150,311	285	165,642
Total current assets	3,531	1,890,851	4,106	2,392,156	4,291	2,493,929
Property, plant and equipment	2,356	1,261,638	2,712	1,580,011	2,971	1,726,745
Goodwill	4,680	2,506,140	7,107	4,140,538	7,094	4,123,033
Other intangible assets	541	289,706	548	319,265	546	317,335
Other non-current assets	359	192,245	378	220,223	290	168,548
Deferred taxes	127	68,009	173	100,790	132	76,718
Total non-current assets	8,063	4,317,737	10,918	6,360,827	11,033	6,412,380
Total assets	11,594	6,208,587	15,024	8,752,982	15,324	8,906,309

As on December 31	2005		2006		2007	
	EUR	INR	EUR	INR	EUR	INR
Liabilities and Shareholders' Equity						
Trade accounts payable	353	189,032	464	270,326	485	281,882
Short-term accounts payable to related parties	2	1,071	2	1,165	5	2,906
Short-term accrued expenses and other short-term liabilities	1,522	815,031	1,808	1,053,341	1,897	1,102,536
Short-term borrowings	224	119,952	330	192,258	362	210,394
Short-term loans from related parties	1	536	1	583	-	-
Current portion of long-term debt and liabilities from capital lease obligations	222	118,881	265	154,389	115	66,838
Current portion of trust preferred securities of Fresenius Medical Care Capital Trusts	-	-	-	-	455	264,446
Short-term accruals for income taxes	146	78,183	159	92,633	158	91,830
Deferred taxes	27	14,459	29	16,895	26	15,111
Total short-term liabilities	2,497	1,337,144	3,058	1,781,591	3,503	2,035,944
Long-term debt and liabilities from capital lease obligations, less current portion	2,055	1,100,453	3,230	1,881,798	2,887	1,677,924
Senior Notes	-	-	1,100	640,860	1,434	833,441
Long-term liabilities and loans from related parties	-	-	-	-	-	-
Long-term accrued expenses and other long-term liabilities	304	162,792	300	174,780	326	189,471
Trust preferred securities of Fresenius Medical Care Capital Trusts, less current portion	1,000	535,500	946	551,140	446	259,215
Pension liabilities	305	163,328	310	180,606	270	156,924
Long-term accruals for income taxes	-	-	-	-	87	50,564
Deferred taxes	303	162,257	352	205,075	312	181,334
Total long-term liabilities	3,967	2,124,329	6,238	3,634,259	5,762	3,348,874
Total liabilities	6,464	3,461,472	9,296	5,415,850	9,265	5,384,818
Minority interest	2,289	1,225,760	2,560	1,491,456	2,644	1,536,693
Subscribed capital	130	69,615	154	89,720	155	90,086
Capital reserve	1,546	827,883	1,702	991,585	1,739	1,010,707
Other reserves	1,061	568,166	1,315	766,119	1,636	950,843
Accumulated other comprehensive income (loss)	104	55,692	(3)	(1,748)	(115)	(66,838)
Total shareholders' equity	2,841	1,521,356	3,168	1,845,677	3,415	1,984,798
Total liabilities and shareholders' equity	11,594	6,208,587	15,024	8,752,982	15,324	8,906,309

Other Financial Data						
EUR per share, INR per share	2005		2006		2007	
	EUR	INR	EUR	INR	EUR	INR
Dividend per ordinary share	27.8%		26.5%		25.0%	
Dividend per preference share	28.2%		26.9%		25.3%	
Fully diluted earnings per ordinary share	1.75	94	2.12	124	2.61	152
Fully diluted earnings per preference share	1.76	94	2.13	124	2.62	152
Return on shareholders' equity*	11.4%		10.4%		12.0%	
Book value per share *	18.67	1,000	20.52	1,196	22.01	1,279

Notes:

*Adjusted for share split in February 2007. Because FSE shares are without par value, dividend per ordinary and preference share (%) are calculated as dividend per share divided by earnings per share for the respective category.

3.35 Significant Accounting Policies:

Basis of Preparation

The accompanying consolidated financial statements have been prepared in accordance with the US GAAP.

Since January 1, 2005, FSE, as a stock exchange listed company with its domicile in a member state of the European Union, prepares and publishes consolidated financial statements in accordance with the International Financial Reporting Standards ("IFRS") applying Section 315a of the German Commercial Code ("HGB"). Simultaneously, the Fresenius group voluntarily prepares and publishes the consolidated financial statements in accordance with US GAAP.

In order to improve clarity of presentation, various items are aggregated in the consolidated balance sheet and statement of income. These items are analyzed separately in the Notes to Financial Statements which provide useful information to the users of the consolidated financial statements.

The consolidated balance sheet is classified on the basis of the liquidity of assets and liabilities; the consolidated statement of income is classified using the cost-of-sales accounting format.

Summary of Significant Accounting Policies

Principles of consolidation

The financial statements of consolidated entities have been prepared using uniform accounting methods.

Capital consolidation is performed according to FAS 141 (Business Combinations) and FAS 142 (Goodwill and Other Intangible Assets) by offsetting investments in subsidiaries against the underlying equity at the date of acquisition. The identifiable assets and liabilities of subsidiaries are recognized at their fair values. Any remaining debit balance is recognized as goodwill and is tested at least once a year for impairment.

The equity method is performed according to APB No. 18 (The Equity Method of Accounting for Investments in Common Stock).

All significant intercompany revenues, expenses, income, receivables and payables are eliminated.

Profits and losses on items of property, plant and equipment and inventory acquired from other group entities are also eliminated.

Deferred tax assets and liabilities are recognized on temporary differences resulting from consolidation procedures.

Minority interest comprises the interest of minority shareholders in the consolidated equity of group entities. Profits and losses attributable to the minority shareholders are separately disclosed in the statement of income.

3.36 Disclosure on Contingent Liabilities:

Critical Accounting Policies

In the opinion of the Management of the Fresenius group, the following accounting policies and topics are critical for the consolidated financial statements in the present economic environment. The influences and judgments as well as the uncertainties which affect them are also important factors to be considered when looking at present and future operating earnings of the Fresenius group.

(a) *Recoverability of goodwill and intangible assets with indefinite useful lives*

The amount of intangible assets, including goodwill, tradenames and management contracts, represents a considerable part of the total assets of the Fresenius group. At December 31, 2007 and December 31, 2006, the carrying amount of goodwill and non-regularly amortizable intangible assets with indefinite useful lives was EUR 7,411 million or Rs. 43,07,273 lacs and EUR 7,457 million or Rs. 43,44,448 lacs, respectively. This represented 48% and 50%, respectively, of total assets.

In accordance with FAS 142 (Goodwill and Other Intangible Assets), an impairment test of goodwill and non-amortizable intangible assets with indefinite useful lives is performed at least once a year, or if events occur or circumstances change that would indicate the carrying amount might be impaired (Impairment test).

(b) *Legal contingencies*

The Fresenius group is involved in several legal matters arising from the ordinary course of its business. The outcome of these matters may have a material effect on the financial position, results of operations or cash flows of the Fresenius group.

The Fresenius group regularly analyzes current information about such claims for probable losses and provides accruals for such matters, including estimated expenses for legal services, as appropriate. The Fresenius group utilizes its internal legal department as well as external resources for these assessments. In making the decision regarding the need for a loss accrual, the Fresenius group considers the degree of probability of an unfavorable outcome and its ability to make a reasonable estimate of the amount of loss.

The filing of a suit or formal assertion of a claim, or the disclosure of any such suit or assertion, does not necessarily indicate that an accrual of a loss is appropriate.

(c) *Allowance for doubtful accounts*

Trade accounts receivable are a significant asset and the allowance for doubtful accounts is a significant estimate made by the management. Trade accounts receivable were EUR 2,159 million or Rs. 12,54,811 lacs and EUR 2,088 million or Rs. 12,16,469 lacs in 2007 and 2006, respectively, net of allowance. Approximately two thirds of receivables derive from the business segment Fresenius Medical Care and mainly relate to the dialysis care business in North America.

The major debtors or debtor groups of trade accounts receivable were US Medicare and Medicaid health care programs with 13% as well as private insurers in the US with 17% at December 31, 2007. Other than that, the Fresenius group has no significant risk concentration due to its international and heterogeneous customer structure.

The allowance for doubtful accounts was EUR 223 million or Rs. 1,29,608 lacs and EUR 218 million or Rs. 1,27,007 lacs as of December 31, 2007 and December 31, 2006, respectively.

Sales are invoiced at amounts estimated to be receivable under reimbursement arrangements with third party payors. Estimates for the allowance for doubtful accounts are mainly based on historic collection experience, taking into account the aging of accounts receivable and the contract partners. The Fresenius group believes that these analyses result in a well-founded estimate of allowances for doubtful accounts. From time to time, the Fresenius group reviews changes in collection experience to ensure the appropriateness of the allowances.

Deterioration in the ageing of receivables and collection difficulties could require that Fresenius group increases the estimates of allowances for doubtful accounts. Additional expenses for uncollectible receivables could have a significant negative impact on future operating results.

(d) *Self-insurance programs*

Under the insurance programs for professional, product and general liability, auto liability and worker's compensation claims, the largest subsidiary of the Fresenius group, located in North America, is partially self-insured for professional liability claims.

3.37 Reasons for fall / rise in total income & PAT

Revenue

2007: Consolidated sales increased by 5% to EUR 11,358 million or Rs. 66,01,270 lacs in 2007. Organic growth of 6% was achieved. Acquisitions contributed 6% to growth. Divestitures reduced sales by 2% and currency translation had a negative impact of 5%.

- In North America sales increased by 10% in constant currency due to a good organic growth of 5% and the full-year renal care group consolidation.
- In Europe sales grew by 7% with organic sales growth contributing 5%.

- Strong organic growth rates were achieved in the emerging markets with 9% in Asia-Pacific, 10% in Latin America and 26% in Africa.

2006: Consolidated sales increased by 37% to EUR 10,777 million or Rs. 62,78,680 lacs. Excellent organic growth of 9% was achieved, while acquisitions, mainly the consolidation of Renal Care Group and HELIOS Kliniken Group, contributed 29% of the sales growth. Divestments had an effect of -1%.

- In North America, the consolidation of Renal Care Group had a considerable impact on growth. However, very good organic growth of 9% was also achieved.
- In Europe, much of the growth was attributable to the consolidation of HELIOS Kliniken Group. Good organic growth of 5% was reached here, too.
- Excellent growth rates of 25% were realized in the Asia-Pacific region, in Latin America 28%, and in Africa 16%.

Earnings

2007: Operating income (EBIT) grew by 11% and by 17% in constant currency to EUR 1,609 million or Rs. 9,35,151 lacs (2006: EUR 1,444 million or Rs. 8,41,274 lacs). All business segments contributed to this excellent earnings growth with double-digit rates.

- The EBIT margin improved by 80 basis points to 14.2%.
- Group net interest expense was EUR 368 million or Rs. 2,13,882 lacs (2006: EUR 395 million or Rs. 2,30,127 lacs, including one-time expenses of EUR 30 million or Rs. 17,478 lacs for the early refinancing of Group debt).
- Net income was EUR 410 million or Rs. 2,38,292 lacs, an excellent increase of 24%. Earnings per ordinary and preference share rose by 23%.

2006: The growth in operating income (EBIT) to EUR 1,444 or Rs. 8,41,274 lacs million was driven by strong operating performance in all business segments and by acquisitions. EBIT includes an amount of EUR -12 million or Rs. -6,991 lacs from the divestitures of dialysis clinics in the USA set off by one-time expenses at Fresenius Medical Care as well as by expenses related to the stock option accounting change

- The EBIT margin rose in 2006 by 110 basis points to 13.4%.
- Net interest expense was EUR 395 million or Rs. 2,30,127 lacs, primarily as a result of the debt financing of the Renal Care Group acquisition (2005: EUR 203 million or Rs. 1,08,707 lacs). Net interest, however, also includes one-time expenses of EUR 30 million or Rs. 17,478 lacs associated with the early refinancing of debt.
- Net income grew by 49% to EUR 330 million or Rs. 1,92, EUR 258 lacs. Due to the higher number of shares outstanding following the capital increase in December 2005, earnings per share rose by 22%.

3.38 FSE is in compliance with all relevant applicable regulations on corporate governance in Germany.

3.39 There is no material pending litigation against FSE.

3.40 Details of the compliance officer of FSE:

Dr. Juergen Goetz,
Else-Kroener-Str. 1, 61352 Bad Homburg, Germany,
Tel. No. +49 6172 608 2333; Fax No. +49 6172 608 5017.

3.41 The Fresenius group made acquisitions of EUR 613 million or Rs. 3,56,275 lacs and EUR 3,714 million or Rs. 21,63,776 lacs in 2007 and 2006, respectively. Of this amount EUR 444 million or Rs. 2,58,052 lacs were paid in cash and EUR 169 million or Rs. 98,223 lacs were assumed obligations in 2007. These acquisitions made by the Fresenius group will not affect the ability of FSE and FFB to meet their obligations under Regulation 29 of the SEBI (SAST) Regulations. The Manager to the Offer is in receipt of letter dated March 27, 2008 from ABN Amro Bank N.V. Niederlassung Deutschland, banker to FSE, confirming that FSE has sufficient means and financial capability to meet its obligations under the Share Purchase Agreements and the Offer.

3.42 FSE does not hold any Shares. Therefore, the obligations stipulated in Chapter II of the SEBI (SAST) Regulations are not applicable to it.

3.44 FSE, the ultimate holding company of the Fresenius group, has promoted two companies in India. Brief details of both of these companies are as follows:

3.43.1 Fresenius Medical Care India Pvt. Ltd

Date of Incorporation	March 13, 2006
Nature of Business	Sale of dialysis products

Profit & Loss Account	
INR in Lacs	
For the period ending March 31	2007
Income	
Income from operations	487.1
Other income	2.3
	489.4
Expenditure	
Cost of goods sold	389.1
Personnel expenses	40.0
Operating and administration expenses	71.3
Depreciation / amortisation	5.3
	505.7
Loss before tax	16.3
Deferred tax charge / (credit)	(3.3)
Fringe benefits tax	1.3
Loss after tax	14.3
Balance carried forward to the Balance Sheet	14.3
Balance Sheet Statement	
INR in Lacs	
As on March 31	2007
Sources of funds	
Shareholders' funds	
Share capital	133.8
Application of funds	
Fixed assets	
Gross block	35.8
Less: Accumulated depreciation/amortization	5.3
Net block	30.5
Deferred tax asset (Net)	3.3
Current assets, loans and advances	
Inventories	311.2
Sundry debtors	31.4
Cash and bank balances	96.0
Loans and advances	9.0
	447.6
Less: Current liabilities and provisions	
Current liabilities	359.9
Provisions	2.0
	361.9
Net current assets	85.7
Profit and Loss Account	14.3
	13.4

Fresenius Medical Care India Pvt. Ltd is not a 'sick industrial company' within the meaning of the Sick Industrial Companies (Special Provisions) Act, 1985.

3.43.2 Fresenius Kabi India Pvt. Ltd

Date of Incorporation	February 2, 1995
Nature of Business	Manufacturing and marketing of pharmaceutical and nutritional products and services and marketing of medical devices

Profit & Loss Account**INR in Lacs**

For the period ending March 31	2005	2006	2007
Income			
Manufactured sales (gross)	7,887.1	4,778.9	7,854.5
Less: Excise duty	57.5	37.2	53.9
Manufactured sales (net)	7,829.6	4,741.6	7,800.6
Trading sale	–	2,847.1	3,635.6
	7,829.6	7,588.8	11,436.2
Other income	169.1	184.7	335.6
	7,998.7	7,773.5	11,771.8
Expenditure			
Material cost	–	3,886.9	5,385.0
Manufacturing, selling and general expenses	7,376.1	3,654.8	4,686.4
Personnel cost	–	983.0	1,170.3
Depreciation and amortisation	377.6	409.4	471.9
Interest	313.4	354.6	478.1
	8,067.0	9,288.8	12,191.8
Loss before tax	68.4	1,515.3	420.0
Fringe benefit tax	–	17.9	30.5
Loss after tax transferred to Profit & Loss account	68.4	1,533.2	450.5

Balance Sheet Statement**INR in Lacs**

As on March 31	2005	2006	2007
Sources of funds			
Shareholders' funds			
Share capital	6,982.9	3,982.9	4,582.9
Advance towards share capital	1,800.0	1,800.0	–
Reserves and surplus	900.0	507.1	1,707.1
	9,682.9	6,290.0	6,290.0
Loan funds			
Secured loans	2,564.1	3,903.6	3,972.2
Unsecured loans	296.1	1,092.2	1,085.3
	2,860.2	4,995.8	5,057.5
	12,543.1	11,285.8	11,347.4

Application of funds			
Fixed assets			
Gross block	6,506.2	9,690.0	9,992.9
Less: accumulated depreciation	(2,369.2)	(3,337.6)	(3,784.0)
Net block	4,137.0	6,352.3	6,209.0
Capital work in progress (including capital advances)	382.1	64.9	101.4
	4,519.1	6,417.3	6,310.4
Investments	961.1	0.5	0.5
Current assets, loans and advances			
Inventories	2,366.7	2,016.9	2,014.5
Sundry debtors	2,458.1	2,141.3	2,357.9
Cash and bank balances	74.9	231.4	281.1
Loans and advances	893.6	589.5	834.5
	5,793.2	4,979.2	5,488.0
Less: Current liabilities and provisions			
Current liabilities	2,385.3	2,275.4	3,057.0
Provisions	66.7	89.7	98.9
	2,452.0	2,365.1	3,155.8
Net current assets	3,341.2	2,614.1	2,332.2
Profit and loss account			
	3,720.8	2,253.9	2,704.4
	12,543.1	11,285.8	11,347.4

Fresenius Kabi India Pvt. Limited is not a 'sick industrial company' within the meaning of the Sick Industrial Companies (Special Provisions) Act, 1985.

Fresenius Finance B.V.

- 3.44 FFB was incorporated on September 24, 1998 under the laws of The Netherlands. FFB has its registered office located at Demkaweg 11 ac, 3555 HW Utrecht, The Netherlands; Tel. No. +31 3024 28383; Fax No. +31 3024 28194.
- 3.45 FFB is a wholly owned subsidiary of FSE and is engaged in the business of incorporation, financing, lending and on-lending to group companies and entities. It belongs to the Fresenius group of companies.
- 3.46 The paid-up capital of FFB is EUR 18,151.21 or Rs. 10,54,948 consisting of 40 shares with a nominal value of EUR 453.78 or Rs. 26,374 per share. The total authorized capital of FFB is EUR 90,756.04 or Rs. 52,74,741 consisting of 200 shares with a nominal value of EUR 453.78 or Rs. 26,374 per share. The shares of FFB are not listed.
- 3.47 FFB has historically provided the following services to Fresenius group companies:
- financing companies and entities;
 - lending, on-lending and raising money, including the issue of notes, bonds or other securities, and to conclude any agreements that are conducive thereto; and
 - acquiring, managing, and disposing of registered properties and assets in general.

3.48 The details of the board of directors of FFB are set forth below:

S. No.	Name	Date of Appointment	Qualifications and Experience	Residential Address
1.	Dr. Joseph Maurice Simons	June 1, 2006	Dr. Joseph Maurice Simons graduated as a pharmacist and holds a master degree in pharmacy and a doctorate degree in immunology from the University of Utrecht. He has been associated with Fresenius group for more than ten (10) years during which period he held several executive positions at various business units. Previously he worked in various international sales and marketing positions at OPG Groep N.V. and Royal DSM N.V. in The Netherlands.	Biltstraat 128 NL-3572 BL UTRECHT The Netherlands
2.	Mark Rengelink	January 1, 2005	Mark Rengelink has qualified as a physiotherapist. He also holds a degree in business administration. He has been associated with Fresenius group in marketing and sales operations since 1996.	Julianalaan 13 NL-6717 JK EDE (Gld) The Netherlands

None of the directors of FFB is on the Board of Directors of the Target Company.

3.49 Based on the latest audited financial statements prepared in accordance with Title 9 of Book 2 of The Netherlands Civil Code, the financial information of FFB for the previous three (3) years is as follows:

Profit & Loss Account						
For the year ended December 31	2005		2006		2007	
EUR in MM, INR in Lacs	EUR	INR	EUR	INR	EUR	INR
Financial result						
Interest and similar income	47.9	25,667	75.3	43,868	72.3	42,039
Interest and similar charges	46.6	24,965	73.6	42,849	71.2	41,423
	1.3	702	1.7	1,019	1.1	616
Costs of outsourced work and other external costs	0.1	76	0.2	125	0.2	87
Operating result before taxation	1.2	626	1.5	894	0.9	528
Taxation on result	0.4	197	0.4	264	0.2	134
Net result	0.8	430	1.1	630	0.7	395
Balance Sheet Statement						
As on December 31	2005		2006		2007	
EUR in MM, INR in Lacs	EUR	INR	EUR	INR	EUR	INR
Fixed assets						
Financial fixed assets	429.9	230,185	1,085.9	632,637	1,281.0	744,545
Current assets						
Receivables from affiliated companies	289.0	154,768	201.7	117,517	86.6	50,358
Other assets	0.2	103	1.0	572	0.1	62
Cash and cash equivalents	0.2	131	0.2	106	0.2	106
	289.5	155,001	202.9	118,195	86.9	50,526
Total assets	719.3	385,186	1,288.8	750,832	1,368.0	795,071

Shareholders' equity						
Issued capital	0.0	10	0.0	11	0.0	11
Share premium reserve	2.0	1,061	2.0	1,155	2.0	1,152
Hedging reserve	(1.0)	(514)	0.6	347	(1.3)	(758)
Retained earnings	0.8	430	1.1	630	0.7	395
	1.8	987	3.7	2,142	1.4	799
Non-current liabilities	614.6	329,140	1,122.5	653,962	1,284.9	746,793
Current liabilities	102.8	55,059	162.6	94,728	81.7	47,479
Total liabilities	719.3	385,186	1,288.8	750,832	1,368.0	795,071

Other Financial Data

EUR per share, INR per share	2005		2006		2007	
	EUR	INR	EUR	INR	EUR	INR
Dividend (%)	100%		100%		100%	
Diluted earnings per share	20,056	1,074,001	27,020	1,574,168	16,984	987,135
Return on shareholders' equity	43.5%		29.4%		49.4%	
Book value per share	46,065	2,466,804	91,895	5,353,793	34,383	1,998,333

3.50 FFB does not hold any Shares. Therefore, the obligations stipulated in Chapter II of the SEBI (SAST) Regulations are not applicable to it.

3.51 FFB has not promoted any company in India. FFB does not have any subsidiaries.

3.52 Significant Accounting Policies:

Certain comparative amounts have been reclassified to conform to current year's presentation.

If not stated otherwise, assets and liabilities are shown at cost.

An asset is disclosed in the balance sheet when it is probable that the expected future economic benefits that are attributable to the asset will flow to the entity and the cost of the asset can be reliably measured. A liability is disclosed in the balance sheet when it is expected to result in an outflow from the entity of resources embodying economic benefits and the amount of the obligation can be measured with sufficient reliability.

If a transaction results in a transfer of future economic benefits and or when all risks relating to assets or liabilities transfer to a third party, the asset or liability is no longer included in the balance sheet. Assets and liabilities are not included in the balance sheet if economic benefits are not probable or cannot be measured with sufficient reliability.

The income and expenses are accounted for in the period to which they relate.

3.53 Disclosure on Contingent Liabilities:

There are no contingent liabilities disclosed in the annual report.

3.54 Reasons for fall / rise in total income & net profit:

Due to the business purpose of FFB, the company is not exposed to major income or net profit fluctuations. FFB raises funds in the European capital markets for the purpose of on-lending those funds to other Fresenius group companies which it does on a cost-plus basis. The volume of loans that FFB made to Fresenius group companies increased in 2006 and 2007. However, the 2007 income is lower than in 2006 because the overall funding costs of FFB declined in 2007.

4. REASONS FOR THE OFFER, FUTURE PLANS AND DISCLOSURE IN TERMS OF REGULATION 21(2) OF THE SEBI (SAST) REGULATIONS

4.1 The Acquirer has agreed to acquire the Sale Shares which constitute 73.274% of the Share Capital from the Sellers, subject to the terms and conditions of the Share Purchase Agreements, in order to acquire substantial shares in the Target Company which will be accompanied with a change of control of the Target Company. Hence, the Acquirer and the Persons Acting in Concert are making this Offer pursuant to Regulations 10 and 12 of the SEBI (SAST) Regulations.

4.2 The Fresenius group intends to expand its business in the oncology segment. The acquisition will enlarge the Fresenius group's portfolio of intravenously administered drugs (i.v. drugs) and will ensure the group's own supply of active pharmaceutical ingredients for its cytostatics business. The Fresenius group will also use the Target Company's products to manufacture patient specific preparations of i.v. drugs for cancer patients. This will be done through its compounding

centers in Europe, Asia-Pacific and Latin America. The Fresenius group will use its international sales and marketing presence to commercialize the product portfolio of the Target Company in various markets. The Target Company will benefit from greater scale, marketing organization, resources and expertise, which will facilitate and accelerate the delivery of innovative dosage forms to their customers. By aligning talents of both organizations, the Target Company and the Fresenius group of companies will be better able to address the evolving needs of their respective customers.

- 4.3 The Acquirer does not have any plans at present to dispose of or otherwise encumber any assets of the Target Company in the next two (2) years, except in the ordinary course of business of the Target Company or to the extent required for the purpose of restructuring and / or rationalization of assets, investments, or liabilities of the Target Company for commercial reasons and operational efficiencies. The Board of Directors will make decisions on these matters in accordance with the requirements of the business of the Target Company.
- 4.4 Except as otherwise disclosed in this Letter of Offer, the Acquirer undertakes that it shall not sell, dispose of or otherwise encumber any substantial asset of the Target Company except with the prior approval of the Shareholders, to the extent required by applicable laws.
- 4.5 Subject to the provisions of applicable law, the Acquirer intends to have its nominee directors appointed to the Board of Directors upon the closing of the Promoter Share Purchase Agreement.
- 4.6 As per Clause 40 A of the listing agreement (“**Listing Agreement**”) with the BSE and NSE, the Target Company is required to maintain at least 10% public shareholding on a continuous basis. In the event that the acquisition made in pursuance to the Offer results in the public shareholding of the Target Company falling below the minimum level required as per Clause 40A of the Listing Agreement, the Acquirer undertakes to comply with the requirements of Clause 40A of the Listing Agreement, by adopting one of the methods specified therein.

The Acquirer may evaluate the option to delist the Target Company. Any decision to delist would be dependent upon a number of factors, including but not limited to, the public holding in the Target Company, financial position of the Acquirer, prevailing price of the Shares of the Target Company and the prevailing regulatory environment for delisting etc. As of date, no decision has been taken in this regard by the Acquirer.

5. BACKGROUND OF THE TARGET COMPANY

- 5.1 The Target Company is a public limited company incorporated on March 18, 2003 under the provisions of the Companies Act, 1956. The corporate and registered office of the Target Company is located at 3, Factory Road, Adjacent Safdurjung Hospital, New Delhi-110 029, India. Tel. No. +91-11-30611300-30, Fax No. +91-11-26198436. There has been no change in the name of the Target Company since its incorporation. The Target Company has two wholly owned subsidiaries, namely Dabur Oncology Plc., a company incorporated under the laws of United Kingdom, having its registered office at 5th Floor, 17, Hanover Square, London, W1 S1HU, United Kingdom; and Dabur Pharma (Thailand) Company Limited, a company incorporated under the laws of Thailand, having its principal place of business at 18th Floor, Olympia Thai Tower, 444, Rachatapisek Road, Samsennork, Huaykwang, Bangkok, 10310, Thailand. Furthermore, Dabur Pharma US Inc., a company incorporated under the laws of Florida, United States of America, having its principal place of business at 401 E. Las Olas Suite No. 1472, Ft. Lauderdale, FL 33301, is a wholly owned subsidiary of Dabur Oncology Plc.
- 5.2 The Target Company was formed as a result of demerger of the pharmaceuticals undertaking of Dabur India Limited in 2003 under a scheme of arrangement pursuant to Sections 391-394 of the Companies Act, 1956. The Target Company is engaged in the business of manufacture, sale and distribution of chemical products, antibiotics, medicinal preparations and drugs in various markets across the globe including Latin America, Asia Pacific, Africa, and Europe. The Target Company focuses primarily on the oncology products including dosage forms and active pharmaceutical ingredients. The pharmaceutical business of Dabur India Limited was started in 1988. Dabur India Limited entered the oncology sector in 1994 with the launch of Paclitaxel in India. In 2007, the Target Company sold its non-oncology business to Alembic Limited (“**Alembic**”), and its molecular business to Onquest Laboratories Limited (“**Onquest**”).
- 5.3 The Target Company has three manufacturing facilities in India. The details of the locations of the manufacturing facilities are set forth below:
- 19, HPSIDC Industrial Area, Baddi, District Solan, Himachal Pradesh, India
 - Village Kishanpura, District Solan, Himachal Pradesh, India
 - D 35, Industrial Area, Kalyani, District Nadia, West Bengal, India
- 5.4 As on the date of the Public Announcement, the details of the Share Capital of the Target Company are set forth below:

Paid-up Shares of the Company	No. of Shares / Voting Rights	% of Shares / Voting Rights
Fully paid-up equity shares	15,66,69,800	100%
Partly paid-up equity shares	Nil	Nil
Total paid-up equity shares	15,66,69,800	100%
Total voting rights	15,66,69,800	100%

As on the date of the Public Announcement, 7,600 ESOPs were exercised and were pending allotment (application money received). Subsequently, the share allotment committee of the Board of Directors at its meeting held on April 23, 2008 allotted 7,600 Shares pursuant to the Exercised ESOPs. Subsequent to the allotment of the aforesaid 7,600 Shares, the total paid-up equity Shares of the Target Company as on the date of this Letter of Offer stand increased to 15,66,77,400. These Shares have been listed and permitted to trade on the BSE with effect from June 6, 2008 and on the NSE with effect from June 11, 2008.

5.5 As on date of the Public Announcement the build-up of the Share Capital of the Target Company is as follows:

Date of Allotment	Number of Equity Shares (Percentage of Share Capital)	Cumulative Paid-up Share Capital	Mode of Allotment	Identity of Allottees (Promoters / Ex-Promoters / Others)	Status of Compliance with the provisions of SEBI (SAST) Regulations and other applicable statutory requirements
March 18, 2003	5,00,000 (0.32%)	5,00,000	Subscribers to the memorandum of association	Promoters and Others	Complied with
June 30, 2004	14,31,44,577 (91.37%)	14,36,44,577	Allotment to shareholders of Dabur India Ltd on demerger	Promoters and Others	Complied with
June 13, 2005	1,21,45,000 (7.75%)	15,57,89,577	Preferential allotment to International Finance Corporation	Others	Complied with
June 13, 2005	1,50,000 (0.10%)	15,59,39,577	Preferential allotment to Dabur Research Foundation Employees Trust	Others	Complied with
February 14, 2006	1,43,986 (0.09%)	15,60,83,563	Allotment pursuant to employee stock options	Employees / Executive Director	Complied with
October 10, 2006	1,68,775 (0.11%)	15,62,52,338	Allotment pursuant to employee stock options	Employees / Executive Director	Complied with
February 5, 2007	1,26,376 (0.08%)	15,63,78,714	Allotment pursuant to employee stock options	Employees / Executive Director	Complied with
March 29, 2007	2,91,086 (0.19%)	15,66,69,800	Allotment pursuant to employee stock options	Employees / Executive Director	Complied with

Subsequently, on April 23, 2008, 7,600 Shares were allotted by the Target Company and the details for the consequent build-up of share capital is as follows:

Date of Allotment	Number of Equity Shares (Percentage of Share Capital)	Cumulative Paid-up Share Capital	Mode of Allotment	Identity of Allottees (Promoters / Ex-Promoters / Others)	Status of Compliance with the provisions of SEBI (SAST) Regulations and other applicable statutory requirements
April 23, 2008	7,600 (0.005%)	15,66,77,400	Allotment pursuant to the ESOPs	Employees	Complied with

5.6 As of the date of the Public Announcement, the Target Company had 15,66,69,800 outstanding Shares, 23,20,876 outstanding employees stock options (“**ESOPs**”), and 7,600 ESOPs that were exercised and were pending allotment (application money received) (“**Exercised ESOPs**”). Accordingly, the fully diluted capital of the Target Company on exercise of all outstanding ESOPs would be 15,89,98,276 Shares.

The voting rights as at the expiration of fifteen (15) days after the Closure of the Offer (“**Emerging Voting Capital**”) was calculated as follows, based on the information as available on the date of the Public Announcement:

	Particulars	No. of equity shares
1.	Total Shares outstanding as on the date of PA	15,66,69,800
2.	Add: ESOPs exercised and pending allotment of equity shares (application money received)	7,600
3.	Add: ESOPs which have been vested or will be vested and are eligible to be exercised within fifteen (15) days after the closure of the Offer	28,900
4.	Emerging Voting Capital	15,67,06,300

As noted previously, subsequent to the date of the Public Announcement, the share allotment committee of the Board of Directors at its meeting held on April 23, 2008 has allotted 7,600 Shares to five (5) employees pursuant to the Exercised ESOPs. Thus, the Emerging Voting Capital as on the date of this Letter of Offer is calculated as follows:

	Particulars	No. of equity shares
1.	Total Shares outstanding	15,66,77,400
2.	Add: ESOPs which have been vested or will be vested and are eligible to be exercised within fifteen (15) days after the closure of the Offer	28,900
3.	Emerging Voting Capital	15,67,06,300

As per the terms and conditions of the issuance of ESOPs, in case of a change of control of the Target Company, the vesting of all ESOPs is accelerated subject to a minimum vesting period of one (1) year from the date of issuance. Accordingly, 3,59,476 unvested ESOPs will vest immediately on the change of control. The above have not been considered for the calculation of the Emerging Voting Capital as the change of control will happen only upon the closing of the Promoter Share Purchase Agreement and completion of the Offer.

At a meeting of the Board of Directors held on April 18, 2008 it was decided to seek the approval of the Shareholders through postal ballot for: (a) the cancellation of the Surrendered ESOPs (*i.e.*, 14,81,226 ESOPs) in lieu of cash compensation of Rs. 14,04,35,037 (Rupees fourteen crores four lacs thirty five thousand and thirty seven only) or Rs. 15,00,63,006 (Rupees fifteen crores sixty three thousand and six only) depending upon the applicable effective tax rate on short-term capital gains on the date of such payment, to be paid by the Target Company; and (b) provide an option to all other employees of the Target Company with unvested stock options to surrender their unvested stock options for cash consideration equivalent to Rs. 94.81 or Rs. 101.31 depending upon the applicable effective tax rate on short term capital gains, to be paid by the Target Company, such an option to be exercised within thirty (30) days of the closing of the Promoter Share Purchase Agreement. Accordingly, the Target Company has issued a notice of postal ballot on April 18, 2008, to seek the consent of the Shareholders as aforesaid by special resolution.

- 5.7 Except as indicated above, there are no other outstanding convertible instruments of the Target Company. Further, there are no partly paid shares of the Target Company.
- 5.8 None of the Shares are subject to any lock-in.
- 5.9 The Target Company, the Promoters and Sellers have complied with the applicable provisions of Chapter II of the SEBI (SAST) Regulations.
- 5.10 Based on the information received from the Target Company, the Target Company has been in compliance with the listing requirements of the BSE and NSE, and no penal actions (including suspension) have been initiated by any of the aforementioned stock exchanges against the Target Company.
- 5.11 The details of the Board of Directors as on the date of the Public Announcement are set forth below:

S. No.	Name	Date of Appointment	Qualifications and Experience	Residential Address
1.	Mohit Burman	July 26, 2007	Mohit Burman holds a degree in business administration and economics and an MBA in finance. He is a highly qualified business management and finance professional. He joined the Board in July 2007 as the non-executive chairman of Dabur Pharma Limited and as a director on the board of Dabur India Limited. Mohit Burman has previously played a key role in the acquisition of the Balsara group by Dabur India Ltd.	43A Prithviraj Road, New Delhi-110003, India

S. No.	Name	Date of Appointment	Qualifications and Experience	Residential Address
2.	Dr. Anand C. Burman	July 7, 2003	Dr. Anand C. Burman holds a masters degree in science and a doctorate degree. He joined the Dabur group in 1980. He set up the pharmaceutical division of Dabur India Limited (which was later demerged into the Target Company).	2, Southend Road, New Delhi-110011, India
3.	Amit Burman	July 7, 2003	Amit Burman holds an MBA degree. He has been associated with the Dabur Group since 1995.	E-83 Paschimi Marg, Vasant Vihar, New Delhi-110057, India
4.	P.D. Narang	March 18, 2003	P.D. Narang is a qualified FCA, FCS, FICWA. He joined the Dabur group in 1983 and has around twenty-nine (29) years of professional experience in the field of accounting , finance and audit.	B-117, Neeti Bagh, New Delhi-110049, India
5.	Ajay Kumar Vij	July 7, 2003	Ajay Kumar Vij holds a bachelors degree of science and an MBA. He has been associated with the Dabur Group since 1995.	H. No. L-2, Sarita Vihar, New Delhi-110044, India
6.	Dr. Rama Mukherjee	July 7, 2003	Dr. Rama Mukherjee holds a masters degree in science, a doctorate degree and an FNA Sc. She specializes in the field of neurobiology, microbacterial biology, immunology and cancer therapeutics and has varied experience in research and development in the aforesaid areas.	K-11-19 DLF City, Phase II, Gurgaon, Haryana
7.	Dr. Naresh Trehan	July 29, 2004	Dr. Naresh Trehan holds an MBBS degree. He is also a diplomate of the American Board of Surgery, USA and a diplomate of the American Board of Cardiothoracic Surgery, USA. He has extensive experience in the field of cardiology.	B-4, Maharani Bagh, New Delhi-India
8.	Irving H. Kuczynski	January 27, 2006	Irving H. Kuczynski holds a B.A. degree in economics and a doctorate degree in business administration from Harvard Business School. He has extensive sectoral experience in both emerging markets and OECD countries worldwide and has promoted improved corporate governance and transparency in emerging markets.	167, Yarnick Road, Great Falls, 22066 Virginia, United States
9.	Ashok Vij	January 23, 2007	Ashok Vij is a qualified FCA. He has over twenty-eight (28) years of professional experience in the areas of audit, taxation and business advisory services.	A 1/117A Safdurjung Enclave, New Delhi-110029

The terms of the Promoter Share Purchase Agreement provide for the resignation of Mr. Mohit Burman, Dr. Anand Burman, Mr. Amit Burman, Mr. P.D. Narang, Dr. Rama Mukherjee and Mr. Ashok Vij on the closure of the Promoter Share Purchase Agreement. The terms of the IFC Share Purchase Agreement provide for the resignation of Mr. Irving H. Kuczynski on the closure of the IFC Share Purchase Agreement.

5.12 None of the aforementioned directors of the Target Company represents the Acquirer or any Persons Acting in Concert.

5.13 The Target Company has transferred its non-oncology business undertaking to Alembic pursuant to a business transfer agreement entered into on January 1, 2007. Pursuant to this agreement, the non-oncology business was transferred with effect from April 1, 2007. The Target Company has transferred its molecular business undertaking to Onquest pursuant to a business transfer agreement dated December 27, 2007. Pursuant to this agreement, the molecular business undertaking of the company was transferred with effect from January 1, 2008. Other than the above, the Target Company has not been involved in any other merger, demerger or spin off in the past three (3) years.

5.14 Brief audited standalone financial details of the Target Company for the periods ended on March 31, 2005, 2006, 2007 and the details of the unaudited reviewed financial statements of the Target Company for the nine (9) month period ended on December 31, 2007 as certified by the statutory auditors of the Target Company are set forth below:

Profit & Loss Account				
INR in Lacs				Unaudited (Reviewed)*
For the period ending March 31	2005	2006	2007	9 Months ended December 31, 2007
Income				
Sales less returns	23,480	27,044	32,201	20,768
Other income	973	354	627	17,601
Total income	24,453	27,398	32,828	38,369
Expenditure				
Cost of materials	6,136	7,443	8,823	5,292
Manufacturing expenses	2,969	3,258	3,326	2,229
Payments to and provisions for employees	2,003	3,350	4,026	2,218
Selling and administrative expenses	9,969	10,049	12,210	7,732
Financial expenses	158	290	674	519
Misc. Expenditure Written Off	60	357	264	150
Depreciation	348	419	514	412
Total expenditure	21,644	25,166	29,837	18,552
Balance being net profit	2,809	2,232	2,991	19,817
Balance of profit brought forward from previous year	1,137	3,030	4,279	6,504
Provision for taxation - Current (Including FBT)	220	275	421	4,757
- Deferred	333	102	45	39
Proposed dividend	144	312	-	-
Corporate tax on proposed final dividend	19	44	-	-
Transferred to general reserve	200	250	300	-
Balance carried over to balance sheet	3,030	4,279	6,504	21,525

Balance Sheet Statement						
INR in Lacs						
As on March 31	2005		2006		2007	
Sources of Funds						
Shareholders' Funds						
A) Share capital	1,436	-	1,561		1,567	
B) Reserve and surplus	20,980	22,416	29,373	30,934	31,922	33,489
Loan Funds						
Secured loans	4,504	-	5,268		14,603	
Unsecured loans	361	4,865	-	5,268	-	14,603
Deferred tax liability		665		727		767
Total		27,946		36,929		48,859

INR in Lacs As on March 31	2005		2006		2007	
Application of Funds						
Fixed Assets						
A) Gross Block	8,935		12,372		18,824	
B) Less : Depreciation	1,736		2,119		2,600	
C) Net Block		7,199		10,253		16,224
Investments		12,625		12,975		13,236
Deferred tax assets		99		58		54
Current assets, loans and advances						
A) Inventories	5,794		5,576		5,985	
B) Sundry debtors	3,353		4,193		5,723	
C) Cash & bank balances	387		898		447	
D) Loans & advances	1,297		6,306		13,300	
	10,831		16,973		25,455	
Less: Current liabilities and provisions						
A) Liabilities	2,506		2,874		5,378	
B) Provisions	705		1,111		996	
	3,211		3,985		6,374	
Net current assets		7,620		12,988		19,081
Miscellaneous expenditure (To the extent not written off or adjusted)		403		655		264
Total		27,946		36,929		48,859
Other Financial Data						
INR per share		2005		2006		2007
Dividend (%)		10.0%		20.0%		Nil
Diluted earnings per share		1.56		1.20		1.63
Return on stockholder equity		12.5%		7.2%		8.9%
Book value per share		15.61		20.15		21.73

Notes:

* Subject to limited review by G. Basu & Company, statutory auditor of Dabur Pharma Limited vide their report dated January 30, 2008

5.15 Reasons for fall / rise in total income & PAT:

2007:

The Target Company registered strong growth in sales, profits and all-round improvements in the key operating parameters. The sales of the Target Company at Rs. 32,201 lacs recorded a growth of 19.1% over the previous year (2006: Rs. 27,044 lacs). Both the formulations and bulk drugs business showed sharp growth trends, the notable feature being the high growth registered by the formulations business in the Asia Pacific region.

The key features during the year were:

- Sales less returns increased by 19% from Rs. 27,044 lacs to Rs. 32,201 lacs. Exports grew by 41% and domestic sales grew by 2%. Formulations exports grew by over 34%.
- Profit before tax grew by 34% from Rs. 2,232 lacs to Rs. 2,991 lacs.
- Profit after tax grew by 36% from Rs. 1,854 lacs to Rs. 2,525 lacs.
- Return on stockholder equity increased from 7.2% to 8.9%, while the debt equity ratio increased from 0.17 to 0.44. This is partly due to raising of external commercial borrowings by the Target Company and additional loans from banks.

2006:

The key features during the year were:

- Sales less returns increased by 15% from Rs. 23,480 lacs to Rs. 27,044 lacs. International business accounted for 44% of total sales and grew by 10% during the year. Domestic business accounted for 56% of total sales and grew by 18% during the year.
- Profit before tax grew by 12% from Rs. 1,993 lacs to Rs. 2,232 lacs (after excluding non recurring income of Rs. 816 lacs earned during 2004-05) during the full year.
- Earnings before interest, taxes and depreciation recorded growth of 18% from Rs. 2,450 lacs to Rs. 2,880 lacs (after excluding non recurring income of Rs. 816 lacs earned during 2004-05).

5.16 As on the date of the Public Announcement, the shareholding pattern of the Target Company before and after the Offer is as follows:

Shareholder's Category	Shareholding & voting rights prior to the Share Purchase Agreements / acquisition and Offer		Shares / voting rights agreed to be acquired which triggered the SEBI (SAST) Regulations		Shares / voting rights to be acquired in Open Offer (assuming full acceptances)		Shareholding / voting rights after the acquisition and Offer	
	(A)		(B)		(C)		(D) = (A) + (B) + (C)	
	No.	%	No.	%	No.	%	No.	%
(1) Promoter								
a. Parties to the Promoter Share Purchase Agreement	10,22,99,846	65.296	–	–	–	–	–	–
b. Promoters other than (a) above	N.A.	N.A.	–	–	–	–	–	–
Total 1	10,22,99,846	65.296	–	–	–	–	–	–
(2) Acquirers								
a. Acquirers	–	–	11,47,98,255	73.274	3,13,41,260	20.000	14,61,39,515	93.274
b. Persons Acting in Concert	–	–	–	–	–	–	–	–
Total 2	–	–	11,47,98,255	73.274	3,13,41,260	20.000	14,61,39,515	93.274
(3) Parties to Share Purchase Agreements other than (1)(a) & (2)								
a. IFC	1,21,45,000	7.752	–	–	–	–	–	–
b. Ajay Vij	2,31,458	0.148	–	–	–	–	–	–
c. Mr. Rakesh Sharma	53,800	0.034	–	–	–	–	–	–
d. Mr. Shyam Khante	33,000	0.021	–	–	–	–	–	–
e. Mr. Manish Kacker	21,500	0.014	–	–	–	–	–	–
f. Mr. Sameer Agrawal	13,651	0.009	–	–	–	–	–	–
Total (3) (a+b+c+d+e+f)	1,24,98,409	7.978	–	–	–	–	–	–
(4) Public								
a. FIs/MFs/Banks/FIIs/SFIs*	2,31,66,037	14.787	–	–	–	–	–	–
b. Others	1,87,05,508	11.939	–	–	–	–	–	–
Total (4) (a+b)	4,18,71,545	26.726	–	–	–	–	1,05,30,285*	6.726
GRAND TOTAL (1+2+3+4)	15,66,69,800	100.000	–	–	–	–	15,66,69,800	100.000

*This will depend on response in the Open Offer from and within each category of (4).

After the date of the Public Announcement, the share allotment committee of the Board of Directors at its meeting held on April 23, 2008 has allotted 7,600 Shares to five (5) employees pursuant to the Exercised ESOPs and the total paid-up equity shares of the Target Company as on the date of this Letter of Offer stand increased to 15,66,77,400 Shares.

The total number of Shareholders in the Public category (as per (4) above) as on March 31, 2008 was 49,756.

5.17 The details of the change in shareholding of the Promoters are set forth below:

Date of Allotment/Sale	No. of shares Issued/(sold)	Cumulative No. of shares held	Mode of Acquisition	% of shares outstanding as on date of Public Announcement	Status of compliance with applicable provisions of the Regulations, under the SEBI Act, 1992 and other statutory requirements as applicable
March 18, 2003	499,400	499,400	Subscribers to the memorandum of association	0.319	Complied with
June 30, 2004	111,931,595	112,430,995	Allotment to shareholders of Dabur India Ltd as per scheme of demerger	71.763	Complied with
July 12, 2004	(25,000)	112,405,995	Sale	71.747	Complied with
August 12, 2004	(309,212)	112,096,783	Sale	71.550	Complied with
September 12, 2004	(219,624)	111,877,159	Sale	71.410	Complied with
October 11, 2004	(76,000)	111,801,159	Sale	71.361	Complied with
October 12, 2004	(366,216)	111,434,943	Sale	71.127	Complied with
November 11, 2004	(105,000)	111,329,943	Sale	71.060	Complied with
November 16, 2004	(135,000)	111,194,943	Sale	70.974	Complied with
November 23, 2004	(130,581)	111,064,362	Sale	70.891	Complied with
November 24, 2004	(190,000)	110,874,362	Sale	70.769	Complied with
December 11, 2004	(32,000)	110,842,362	Sale	70.749	Complied with
December 13, 2004	(387,375)	110,454,987	Sale	70.502	Complied with
December 14, 2004	(255,625)	110,199,362	Sale	70.339	Complied with
December 15, 2004	(48,519)	110,150,843	Sale	70.308	Complied with
December 16, 2004	(162,290)	109,988,553	Sale	70.204	Complied with
December 17, 2004	(268,925)	109,719,628	Sale	70.032	Complied with
December 20, 2004	(237,971)	109,481,657	Sale	69.881	Complied with
December 21, 2004	(253,528)	109,228,129	Sale	69.719	Complied with
December 29, 2004	(5,407)	109,222,722	Sale	69.715	Complied with
December 31, 2004	(17,824)	109,204,898	Sale	69.704	Complied with
January 3, 2005	(20,000)	109,184,898	Sale	69.691	Complied with
February 3, 2005	(20,000)	109,164,898	Sale	69.678	Complied with
February 24, 2005	(15,000)	109,149,898	Sale	69.669	Complied with
February 25, 2005	(10,000)	109,139,898	Sale	69.662	Complied with
March 3, 2005	(20,000)	109,119,898	Sale	69.650	Complied with
March 14, 2005	(10,000)	109,109,898	Sale	69.643	Complied with
March 15, 2005	(10,000)	109,099,898	Sale	69.637	Complied with
March 16, 2005	(10,000)	109,089,898	Sale	69.630	Complied with
March 17, 2005	(5,000)	109,084,898	Sale	69.627	Complied with
March 31, 2005	(20,000)	109,064,898	Sale	69.615	Complied with

April 3, 2005	(20,000)	109,044,898	Sale	69.602	Complied with
July 3, 2005	(20,000)	109,024,898	Sale	69.589	Complied with
August 3, 2005	(20,000)	109,004,898	Sale	69.576	Complied with
September 3, 2005	(10,000)	108,994,898	Sale	69.570	Complied with
September 14, 2005	(500)	108,994,398	Sale	69.570	Complied with
October 3, 2005	(10,000)	108,984,398	Sale	69.563	Complied with
November 3, 2005	(10,000)	108,974,398	Sale	69.557	Complied with
February 17, 2006	(20,000)	108,954,398	Sale	69.544	Complied with
February 21, 2006	(45,000)	108,909,398	Sale	69.515	Complied with
February 22, 2006	(13,045)	108,896,353	Sale	69.507	Complied with
February 23, 2006	(38,000)	108,858,353	Sale	69.483	Complied with
February 24, 2006	(17,041)	108,841,312	Sale	69.472	Complied with
February 27, 2006	(25,748)	108,815,564	Sale	69.455	Complied with
February 28, 2006	(12,372)	108,803,192	Sale	69.447	Complied with
March 1, 2006	(163,071)	108,640,121	Sale	69.343	Complied with
March 2, 2006	(105,000)	108,535,121	Sale	69.276	Complied with
March 3, 2006	(90,621)	108,444,500	Sale	69.219	Complied with
March 6, 2006	(50,350)	108,394,150	Sale	69.186	Complied with
March 7, 2006	(52,019)	108,342,131	Sale	69.153	Complied with
March 8, 2006	(7,091)	108,335,040	Sale	69.149	Complied with
March 9, 2006	(21,744)	108,313,296	Sale	69.135	Complied with
March 10, 2006	(11,806)	108,301,490	Sale	69.127	Complied with
March 13, 2006	(53,369)	108,248,121	Sale	69.093	Complied with
March 14, 2006	(104,205)	108,143,916	Sale	69.027	Complied with
March 16, 2006	(31,620)	108,112,296	Sale	69.006	Complied with
March 17, 2006	(30,703)	108,081,593	Sale	68.987	Complied with
March 21, 2006	(46,352)	108,035,241	Sale	68.957	Complied with
March 31, 2006	(1,609,170)	106,426,071	Interse	67.930	Complied with
March 31, 2006	1,609,170	108,035,241	Interse	68.957	Complied with
April 3, 2006	(600,000)	107,435,241	Interse	68.574	Complied with
April 3, 2006	600,000	108,035,241	Interse	68.957	Complied with
April 4, 2006	(5,530)	108,029,711	Sale	68.954	Complied with
April 5, 2006	(12,648)	108,017,063	Sale	68.946	Complied with
April 7, 2006	(35,000)	107,982,063	Sale	68.923	Complied with
April 19, 2006	(10,400)	107,971,663	Sale	68.917	Complied with
April 25, 2006	(29,000)	107,942,663	Sale	68.898	Complied with
April 26, 2006	(20,000)	107,922,663	Sale	68.885	Complied with
April 28, 2006	(20,000)	107,902,663	Sale	68.873	Complied with
May 2, 2006	(10,000)	107,892,663	Sale	68.866	Complied with
May 4, 2006	(30,000)	107,862,663	Sale	68.847	Complied with
May 9, 2006	(7,479)	107,855,184	Sale	68.842	Complied with
May 10, 2006	(2,521)	107,852,663	Sale	68.841	Complied with
May 12, 2006	(40,000)	107,812,663	Sale	68.815	Complied with
May 15, 2006	(60,000)	107,752,663	Sale	68.777	Complied with

May 17, 2006	(25,000)	107,727,663	Sale	68.761	Complied with
May 25, 2006	(75,000)	107,652,663	Sale	68.713	Complied with
August 24, 2006	(10,000)	107,642,663	Sale	68.707	Complied with
August 29, 2006	(10,000)	107,632,663	Sale	68.700	Complied with
September 4, 2006	(10,000)	107,622,663	Sale	68.694	Complied with
September 5, 2006	(10,000)	107,612,663	Sale	68.688	Complied with
September 6, 2006	(1,855)	107,610,808	Sale	68.686	Complied with
September 7, 2006	(500)	107,610,308	Sale	68.686	Complied with
September 12, 2006	(499)	107,609,809	Sale	68.686	Complied with
September 13, 2006	(15,000)	107,594,809	Sale	68.676	Complied with
September 14, 2006	(2,146)	107,592,663	Sale	68.675	Complied with
September 19, 2006	(5,000)	107,587,663	Sale	68.672	Complied with
September 20, 2006	(15,000)	107,572,663	Sale	68.662	Complied with
September 21, 2006	(20,000)	107,552,663	Sale	68.649	Complied with
September 25, 2006	(10,000)	107,542,663	Sale	68.643	Complied with
September 26, 2006	(10,000)	107,532,663	Sale	68.636	Complied with
October 3, 2006	(25,000)	107,507,663	Sale	68.621	Complied with
October 4, 2006	(25,500)	107,482,163	Sale	68.604	Complied with
October 5, 2006	(29,500)	107,452,663	Sale	68.585	Complied with
December 11, 2006	(9,517)	107,443,146	Sale	68.579	Complied with
December 11, 2006	(31,000)	107,412,146	Succession	68.560	Complied with
December 11, 2006	31,000	107,443,146	Succession	68.579	Complied with
January 5, 2007	(10,000)	107,433,146	Sale	68.573	Complied with
January 8, 2007	(10,000)	107,423,146	Sale	68.567	Complied with
January 8, 2007	(10,000)	107,413,146	Sale	68.560	Complied with
January 9, 2007	(10,000)	107,403,146	Sale	68.554	Complied with
January 23, 2007	(10,000)	107,393,146	Sale	68.547	Complied with
February 1, 2007	(10,000)	107,383,146	Sale	68.541	Complied with
February 2, 2007	(5,000)	107,378,146	Sale	68.538	Complied with
April 25, 2007	(7,500)	107,370,646	Sale	68.533	Complied with
April 26, 2007	(55,800)	107,314,846	Sale	68.497	Complied with
June 1, 2007	(5,000,000)	102,314,846	Sale	65.306	Complied with
May 30, 2007	(10,333)	102,304,513	Succession	65.299	Complied with
May 30, 2007	10,333	102,314,846	Succession	65.306	Complied with
June 19, 2007	(15,000)	102,299,846	Sale	65.296	Complied with
July 4, 2007	(5,000,000)	97,299,846	Interse	62.105	Complied with
July 4, 2007	5,000,000	102,299,846	Interse	65.296	Complied with
March 6, 2008	(10,334)	102,289,512	Succession	65.290	Complied with
March 6, 2008	10,334	102,299,846	Succession	65.296	Complied with

The application for Inter-se transfer of Shares amongst the Promoters are under examination of SEBI for appropriate exemption.

- 5.18 Except as disclosed, the Promoters have been complying with the applicable provisions of the SEBI (SAST) Regulations and other statutory requirements. In the year 2007, there was a delay of one (1) day in compliance with Regulation 7(1A) and 2(A) of the SEBI (SAST) Regulations by Chowdhry Associates.

5.19 The Target Company has been complying with the corporate governance requirements as are prescribed in Clause 49 of the Listing Agreement. The compliance of these conditions has been certified by the auditors of the Target Company for the fiscal years ended 2007, 2006 and 2005 vide their certificates dated May 17, 2007, May 16, 2006 and May 30, 2005.

The details of the compliance officer of the Target Company are as follows:

Name: Mr. Nikhil Kulshreshtha

Address: 3, Factory Road, Adjacent Safdurjung Hospital, New Delhi – 110 029, India

Tel. No.: + 91 11 30611300

Fax No.: + 91 11 26198436

5.20 Brief details of pending material litigations / proceedings involving the Target Company are set forth below:

5.20.1 An arbitration claim is pending against the Target Company wherein an aggregate sum of approximately Rs. 241 lacs has been claimed by M/s Welcure Drugs (the "**Claimant**"). The Claimant has *inter alia* alleged the wrongful termination of its product manufacturing agreement with the Target Company, which had resulted in losses to the Claimant. In addition to filing its response to the claim the Target Company has also filed a counter claim for an aggregate sum of approximately Rs. 685 lacs alleging *inter alia* the failure of the Claimant in adhering to the payment schedule and the loss of market share of the Target Company due to the short supply of finished goods and the poor quality of finished goods supplied by the Claimant. Both these claims are pending disposal. The matter was slated for hearing on April 26, 2008 and was adjourned; the next date of hearing in this matter has not been given.

5.20.2 A suit has been filed against the Target Company by an ex-employee of Dabur India Limited, employed at the Kalyani unit of the Target Company, for an aggregate sum of approximately Rs.193 lacs alleging *inter alia* wrongful and illegal termination of services. The suit is pending disposal and the next date of hearing is June 6, 2008.

5.20.3 A suit has been filed by M/s Pharma Traders against the Target Company before the Civil Court, Moraina, Madhya Pradesh. It has been alleged therein that the Target Company had illegally terminated an agreement for distributorship with M/s Pharma Traders without notice. M/s Pharma Traders have sought the restoration of the agreement of distributorship and a permanent injunction against the Target Company against the cessation of supply of goods to them. The matter is pending disposal.

5.20.4 A tax related proceeding is pending against the Target Company, wherein a demand for a sum of Rs. 11.9 lacs payable as sales tax has been raised by the tax authorities. The Target Company has disputed the amount. The matter is pending disposal.

5.20.5 M/s Aventis Pharma S.A. ("**Aventis**") had initiated proceedings against M/s Bioscience Co. Ltd, Bangkok ("**Bioscience**") on January 9, 2002, alleging that Bioscience is selling / planning to sell a pharmaceutical product in Thailand containing Docetaxel as the active ingredient. It was alleged that the activity of importing into or sale in Thailand of the said pharmaceutical product containing 'Docetaxel' as the active ingredient would infringe Thai Patent No. 12332 belonging to Aventis related to a process for preparation of Docetaxel trihydrate, marketed by Aventis in Thailand as well as world wide under the brand name 'Taxotere'. Bioscience's submissions to the allegations of Aventis, were that its product was manufactured by a process developed by the Target Company, for which a patent in the USA, viz. US Patent No. 6,838,569 B2 (in the name of Dabur India Limited) which was different from that claimed in Aventis' Thai Patent No. 12332, and hence there was no infringement of the Aventis patent. After a prolonged trial the Central Intellectual Property and International Trade Court, Thailand in its order dated July 27, 2005 noted that the process employed by the Target Company for manufacture of the active ingredient Docetaxel Trihydrate was found to infringe Aventis' Thai Patent No. 12332 and thereby restrained Bioscience from importing, manufacturing, selling or offering for sale the 'Daxotel' product (containing 'Docetaxel trihydrate' as the active ingredient). An appeal has been submitted by Bioscience and other defendants to the Supreme Court of Thailand against the said order on November 10, 2005 and the same is pending disposal.

5.20.6 Schering Corporation and others ("**Schering**") have filed a suit against the Target Company and against other companies for using a similar prefix "Temo" before the High Court of New Delhi for the infringement of their trademark 'temodal / temodar' and for the offence of passing off. It has been alleged by Schering that the Target Company had infringed Schering's rights in their registered trademark 'temodal / temodar' by naming a drug manufactured by the Target Company as 'temozam' which was deceptively similar to its registered trademark. Schering has sought a permanent injunction against the Target Company, restraining it from using the name 'temozam'. The Target Company has made its submission in the matter and the same is pending disposal. The next date of hearing in this matter is August 8, 2008.

5.20.7 The Target Company and its subsidiary Dabur Oncology Plc. submitted two abbreviated new drug applications with Para-IV Certifications with the U.S. Food and Drug Administration ("**US FDA**") on February 9, 2007, seeking marketing approval for the generic versions of Eloxatinâ, which contains the active ingredient Oxaliplatin. Eloxatinâ which is marketed by Sanofi-Aventis U.S. LLC as an injectable is used in the treatment of bowel cancer. In connection with this filing with the U.S. FDA a suit was filed by Sanofi-Aventis U.S. LLC and Sanofi-Aventis Debiopharm, S.A. in the

United States District Court for the District of New Jersey. The complaint alleges that the filing of the applications has infringed, and the proposed products will infringe U.S. Patent No. 5,338,874 and U.S. Patent No. 5,716,988 held by Sanofi-Aventis U.S. LLC. The case is under discovery process and the Target Company has provided all relevant documents to Sanofi-Aventis U.S. LLC. After completion of the discovery process the fact depositions are expected to commence in the last quarter of 2008.

- 5.20.8 Casso Pharmaceuticals Ltd & Angelos Casso Pharmacueticals Ltd & Angelos Cassotakis (“Casso”) have initiated garnishment related proceedings against the Target Company before the Multi Member First Instance Court of Piraeus, Greece. The Target Company had initially guaranteed Casso of the legality of the sale and distribution of a product by it which is currently under contest. The proceedings have been initiated against the Target Company with a view to obtain compensation and damages in the event that the sale and distribution of the product are held illegal. The Target Company has filed its reply and the matter is pending disposal.
- 5.20.9 A first information report has been instituted against the Target Company for commission of offence of causing death by negligence under the provisions of Indian Penal Code, 1860 in relation to a fatal accident that took place on January 2, 2006 in the premises of the Kalyani Unit of the Target Company. However, the charge sheet in this matter was not filed within the stipulated time, and an application for acquittal has been filed by the Target Company. The matter is pending disposal and is scheduled for hearing on May 8, 2008.
- 5.20.10 A criminal case has been filed against the Target Company and one of its employees for *inter alia* the alleged commission of offences punishable under various provisions of Indian Forest Act, 1927. It has been alleged that the Target Company had purchased camptoesin powder from other accused in the matter without having verified the legality of the same. Relief was granted in favor of the Target Company against which the forest department has preferred an appeal. At the hearing held on August 3, 2006 the High Court of Calcutta passed a stay order against the interim relief granted by the single bench of the High Court of Calcutta. The matter is yet to be listed for hearing.
- 5.20.11 Criminal proceedings have been initiated against the Target Company before the Judicial Magistrate, First Class, Shirala, Sangli, Maharashtra under the provisions of the Indian Forest Act, 1927. It has been alleged that the Target Company had purchased camptoesin powder in its raw form without verifying the legality of the same. The matter is pending disposal and the next date of hearing is June 21, 2008.
- 5.20.12 A criminal proceeding has been initiated against the Target Company before the Chief Judicial Magistrate, Rajnandgaon, Raipur, Chhattisgarh *inter alia* under the provisions of Prevention of Food Adulteration Act, 1954 on the allegations of misbranding and wrong labeling of a product marketed by the Target Company. The matter is being contested both on legal and technical grounds. The matter is pending disposal and the next date of hearing is scheduled for June 30, 2008.
- 5.20.13 The Target Company has also instituted approximately four (4) civil and ten (10) criminal proceedings against various persons with a view to recover a total sum of approximately Rs. 21.8 lacs. These matters are pending before various judicial forums in the country and are at various stages of pendency.

6. OFFER PRICE

- 6.1. The reference date for calculation of the Offer Price is the date of the Public Announcement, *i.e.*, Tuesday, April 22, 2008. The Shares are listed on the BSE and NSE.
- 6.2. With March 31, 2008 as the reference date, the Shares are frequently traded on BSE and NSE within the meaning of Regulation 20 of the SEBI (SAST) Regulations. The annualized trading turnover during the preceding six months in which the Public Announcement was made in terms of number and percentage of the total listed shares, in BSE and NSE, is as follows:

Name of Stock Exchange	Total no. of Shares traded during October, 2007 to March, 2008	Total no. of listed Shares as on March, 2008	Annualized Trading Turnover (in terms of % to total listed Shares)	
NSE	2,51,47,977	15,66,69,800	32.1%	Frequently traded
BSE	1,18,58,168	15,66,69,800	15.1%	Frequently traded

Source: www.bseindia.com, www.nseindia.com

As the annualized trading turnover on both the BSE and NSE is more than 5% of the total number of listed Shares, the Shares are frequently traded as per the explanation to regulation 20(3) of the SEBI (SAST) Regulations.

- 6.3. The Offer Price of Rs. 76.50 per Share is justified in terms of Regulation 20(4) of the SEBI (SAST) Regulations, **since it is the highest of the following:**
- The Negotiated Price under the Share Purchase Agreements: Rs. 76.50.
 - Price paid by the Acquirer or Persons Acting in Concert for the acquisition, if any, including by way of allotment,

in a public or rights or preferential issuance of Shares during the twenty-six (26) week period prior to the date of the Public Announcement: N/A.

- (iii) The historical share price of the Target Company on the NSE, where it is most frequently traded, is as provided hereunder:

(a)	Average of the weekly high and low of the closing prices of the Shares during the twenty-six (26) week period prior to the date of the Public Announcement	Rs. 67.72
(b)	Average of the daily high and low of the Shares during the two (2) week period prior to the date of the PA	Rs. 68.50

Source: www.nseindia.com

6.4. In view of the above, the Offer Price of Rs. 76.50 per Share is justified as per the SEBI (SAST) Regulations.

6.5. The price and volume data of the Shares on the NSE, where the Shares are most frequently traded, preceding the date of the Public Announcement, *i.e.*, Tuesday, April 22, 2008 are set forth below:

- (i) High / low of weekly closing prices for preceding twenty-six (26) weeks:

Week No.	Week Ending	High (Rs.)	Low (Rs.)	Average (Rs.)	Volume (NSE)
1	April 21, 2008	67.05	73.70	70.38	3,196,292
2	April 14, 2008	64.90	67.30	66.10	298,521
3	April 7, 2008	60.20	64.05	62.13	639,167
4	March 31, 2008	59.40	65.95	62.68	1,164,421
5	March 24, 2008	49.10	56.90	53.00	4,452,874
6	March 17, 2008	51.95	56.25	54.10	1,673,009
7	March 10, 2008	53.30	58.85	56.08	313,412
8	March 3, 2008	61.50	65.40	63.45	1,070,808
9	February 25, 2008	61.05	64.35	62.70	537,746
10	February 18, 2008	56.65	61.80	59.23	282,321
11	February 11, 2008	57.70	67.30	62.50	236,463
12	February 4, 2008	63.20	67.75	65.48	494,203
13	January 28, 2008	55.05	64.85	59.95	512,304
14	January 21, 2008	65.20	74.25	69.73	547,978
15	January 14, 2008	73.10	82.70	77.90	1,326,381
16	January 7, 2008	81.70	88.90	85.30	3,673,862
17	December 31, 2007	73.05	81.85	77.45	1,748,275
18	December 24, 2007	72.00	73.45	72.73	633,468
19	December 17, 2007	75.80	79.95	77.88	1,191,329
20	December 10, 2007	71.90	78.20	75.05	802,518
21	December 3, 2007	70.70	72.60	71.65	275,309
22	November 26, 2007	71.75	77.30	74.53	305,110
23	November 19, 2007	72.00	79.45	75.73	1,125,027
24	November 12, 2007	66.35	72.65	69.50	350,901
25	November 5, 2007	70.15	71.95	71.05	484,047
26	October 29, 2007	63.15	65.65	64.40	570,830

(ii) High / low of daily closing prices for preceding two (2) weeks:

Day No.	Date	High (Rs.)	Low (Rs.)	Average (Rs.)	Volume (NSE)
1	April 21,2008	73.35	82.80	78.08	2,621,522
2	April 20, 2008	NA	NA	NA	NA
3	April 19, 2008	NA	NA	NA	NA
4	April 18, 2008	NA	NA	NA	NA
5	April 17, 2008	68.55	74.00	71.28	119,537
6	April 16, 2008	66.85	72.60	69.73	391,014
7	April 15, 2008	65.00	67.50	66.25	64,219
8	April 14, 2008	NA	NA	NA	NA
9	April 13, 2008	NA	NA	NA	NA
10	April 12, 2008	NA	NA	NA	NA
11	April 11, 2008	66.55	69.85	68.20	77,245
12	April 10, 2008	65.70	67.25	66.48	73,603
13	April 9, 2008	60.50	66.60	63.55	75,610
14	April 8, 2008	63.25	65.70	64.48	72,063

Source: www.nseindia.com

6.6. No separate non-compete fee is payable to the Promoters in terms of the Promoter Share Purchase Agreement.

6.7. The Acquirer or Persons Acting in Concert shall not acquire any Shares during the Offer period, except in compliance with the SEBI (SAST) Regulations. The details of acquisitions made after the date of Public Announcement, *i.e.*, Tuesday, April 22, 2008 shall be disclosed to the stock exchanges and to the Manager within twenty-four (24) hours thereof in terms of the Regulation 22(17) of the SEBI (SAST) Regulations. If the Acquirer or Persons Acting in Concert acquire any Shares in the open market or through negotiation or otherwise after the date of the Public Announcement till the Closure of the Offer at a price higher than the Offer Price, then the highest price paid for such acquisition shall be payable for all acceptances received under the Offer. However, no acquisition will be made by the Acquirer in the open market during the last seven (7) working days prior to the Offer Closing Date. The Acquirer and the Persons Acting in Concert have not acquired any Shares since the date of the Public Announcement.

7. FINANCIAL ARRANGEMENTS

7.1. The total funding requirement, *i.e.*, the maximum consideration for the acquisition of up to 3,13,41,260 Shares held by the public shareholders of the Target Company at Rs. 76.50 per Share is Rs. 239,76,06,390 (Rupees two hundred and thirty nine crores seventy six lacs six thousand three hundred and ninety only) ("**Maximum Consideration**").

7.2. Pursuant to the resolutions of the management boards of FSE and FFB dated April 18, 2008, FSE and FFB have confirmed that they will provide the necessary funds to enable the Acquirer to be able to fulfill its obligations under Regulation 29 of the SEBI (SAST) Regulations, and that all funds necessary to consummate the Offer have been or will be made available on behalf of Acquirer.

7.3. ABN Amro N.V. Niederlassung Deutschland having its office at Theodor-Heuss-Allee 80, 60486 Frankfurt am Main, Germany, who is the banker for FSE, has vide letter dated March 27, 2008 confirmed that FSE has sufficient means and financial capability to fund the Acquirer to enable it to meet its obligations under the SEBI (SAST) Regulations.

7.4. ABN Amro Bank N.V, having its head office at Gustav Mahlerlaan 10, 1082 PP Amsterdam, The Netherlands, and carrying on the business of banking in India as a scheduled commercial bank, and acting through its branch in India located at Sakhar Bhavan, 3rd floor, Nariman Point, Mumbai - 400 021 ("**Escrow Bank**") has issued on behalf of the Acquirer, a bank guarantee for Rs. 38,97,60,639 (Rupees thirty eight crores ninety seven lacs sixty thousand and six hundred and thirty nine only) in favor of the Manager to the Offer. The said amount is equivalent to the minimum prescribed amount (*i.e.* 25% of the value of the total consideration payable up to Rs. 10,000 lacs and 10% thereafter) as per Regulation 28(2) of the SEBI (SAST) Regulations under the Offer (assuming full acceptance). The said bank guarantee entitles the Manager to the Offer to realize the value thereof in terms of the SEBI (SAST) Regulations.

7.5. In addition, the Acquirer, the Manager to the Offer and the Escrow Bank have entered into an open offer escrow agreement, dated April 21, 2008 ("**Open Offer Escrow Agreement**") in accordance with Regulation 28 of the SEBI (SAST) Regulations. Pursuant to the Open Offer Escrow Agreement, the Acquirer has made a cash deposit of Rs. 2,39,76,186 (Rupees two crores thirty nine lacs seventy six thousand one hundred and eighty six only) which is in excess of 1% of the Maximum Consideration in an escrow account with the Escrow Bank ("**Open Offer Escrow**").

Account”). The Manager to the Offer has been duly authorized to realize the value of the aforesaid Open Offer Escrow Account in terms of the SEBI (SAST) Regulations under the Open Offer Escrow Agreement.

- 7.6. Based on the above, the Manager to the Offer is satisfied of the ability of the Acquirer to implement the Offer in accordance with the SEBI (SAST) Regulations as firm financial arrangements are in place to fulfill the obligations under the SEBI (SAST) Regulations.

8. TERMS AND CONDITIONS OF THE OFFER

- 8.1 All Shares tendered in the Offer will be acquired by the Acquirer, subject to the terms and conditions set out in the Letter of Offer.
- 8.2 All Eligible Shareholders (*i.e., all Shareholders other than the Sellers*), irrespective of whether their name appears in the register of members, are eligible to participate in the Offer anytime prior to the Closure of the Offer.
- 8.3 In the event the aggregate number of Shares validly tendered under the Offer exceeds 3,13,41,260, the Shares will be accepted on a proportionate basis in accordance with Regulation 21(6) of the SEBI (SAST) Regulations.
- 8.4 The Acquirer has obtained the approval of the RBI under FEMA on May 28, 2008 for the acquisition of Shares under the Offer, the Share Purchase Agreements and the opening and operation of the relevant escrow accounts under the various escrow agreements. As the approval for the opening of the various escrow accounts was granted on a non-interest bearing basis, the Acquirer is contemplating filing an amendment application with the RBI for the limited purpose of making the escrow account to be opened pursuant to the Promoter Escrow Agreement interest bearing. Except the aforesaid approval, there is no other statutory approval, to the best of the knowledge of the Acquirer that is required to be applied for or to be obtained to implement the Offer. If any other statutory approval becomes applicable prior to completion of the Offer, the Offer will also be subject to such other statutory approval.
- 8.5 Payment of consideration for all the Shares accepted under the Offer shall be made within a period of 15 (fifteen) days from the Closure of the Offer, *i.e., Wednesday, July 9, 2008*. In case of any delay in receipt of any statutory approval(s), the Acquirer shall pay the consideration along with the interest for the delayed period as may be directed by SEBI in terms of Regulation 22(12) of the SEBI (SAST) Regulations.
- 8.6 The Acquirer shall not be responsible in any manner for any loss of Share certificate(s) and other documents during transit and the Shareholders are advised to adequately safeguard their interests in this regard.
- 8.7 Shares that are subject to charge, lien or any encumbrance or where the Shares are the subject matter of any dispute are liable to be rejected.
- 8.8 Shareholders who have accepted the Offer by tendering the requisite documents in terms of this Letter of Offer and the Public Announcement can withdraw the acceptance up to three (3) working days prior (*i.e., on or before Friday, July 4, 2008*) to the date of Closure of the Offer.
- 8.9 The instructions, authorizations and provisions contained in the Form of Acceptance-cum-Acknowledgement and Form of Withdrawal constitute an integral part of the terms of the Offer.

9. PROCEDURE FOR ACCEPTANCE AND SETTLEMENT

- 9.1 The Letter of Offer with the Form of Acceptance-cum-Acknowledgement (**“Form of Acceptance-cum-Acknowledgement”**) shall be mailed to the Shareholders other than the Sellers, whose names appear on the register of members of the Target Company, and to the beneficial owners of the Shares other than the Sellers, whose names appear on the beneficial records of the respective Depositories at the close of business on Friday, May 2, 2008, the Specified Date. The Letter of Offer shall also be sent to holders of ESOPs where the period of exercise of option or conversion falls within fifteen (15) days of the Closure of the Offer.
- 9.2 All Eligible Shareholders holding Shares in physical form, whose names appear in the register of members and who intend to participate in the Offer, are required to send the Form of Acceptance-cum-Acknowledgement and transfer deed(s), duly signed and addressed to the registrar to the Offer, Karvy Computershare Private Limited, Plot No 17 to 24, Vitthalrao Nagar, Hi-Tech City Road, Madhapur, Hyderabad-500 081, India; Tel. No.: +91-40-23420815 – 820; Fax No. +91-40-23420814; E-mail: murali@karvy.com (**“Registrar to the Offer”**), or by hand delivery on weekdays or by registered post, so as to reach the Registrar to the Offer on or before the Closure of the Offer, *i.e., no later than Wednesday, July 9, 2008*.
- 9.3 Eligible Shareholders, whose names do not appear in the register of members, are required to send original transfer deed(s) and the original contract notes issued by the broker through whom they acquired their Shares in addition to the Form of Acceptance-cum-Acknowledgement duly signed along with the original Share certificate(s) to the Registrar to the Offer either by hand delivery on weekdays or by registered post, so that the same are received on or before the Closure of the Offer, *i.e., no later than Wednesday, July 9, 2008*. Such Eligible Shareholders can also send their application in writing to the Registrar to the Offer on a plain paper stating their name, address, number of Shares held, number of Shares tendered, distinctive numbers, folio number, together with the original Share certificate(s), valid transfer deeds and the original contract notes issued by the broker through whom they acquired their Shares. No indemnity is required from the Eligible Shareholders whose names do not appear in the register of members.

9.4 The Registrar to the Offer has opened a special depository account with National Securities Depositories Ltd (“NSDL”) called “**Fresenius Escrow Account – Dabur Pharma Open Offer**”. The name of the Depository Participant (“DP”) is Karvy Stock Broking Ltd, DP ID is **IN302470** and the Client ID is **40231600**. Eligible Shareholders having their beneficiary account in Central Depository Services (India) Limited (“CDSL”) shall use the inter-depository delivery instruction slip for the purpose of crediting their Shares in favor of the special depository account with NSDL.


9.5 Eligible Shareholders, who are Beneficial owners (holders of Shares in dematerialized form) who wish to participate in the Offer are required to send their Form of Acceptance-cum-Acknowledgement along with the photocopy of the delivery instruction in “Off-market” mode or counterfoil of the delivery instructions in “Off-market” mode, duly acknowledged by the DP, in favour of the special depository account to the Registrar to the Offer either by hand delivery on weekdays or by registered post, so that the same are received by the Registrar to the Offer on or before the Closure of the Offer, *i.e.*, no later than Wednesday, July 9, 2008. The credit for the delivered Shares should be received in the special depository account mentioned in paragraph 9.4 above on or before the close of the Offer, *i.e.*, no later than Wednesday, July 9, 2008.

The application to participate in the Offer can also be made on a plain paper, in case of non-receipt of the Letter of Offer. For Shares held in physical form such application should state the name, address, number of Shares held, distinctive numbers, folio number, number of Shares offered along with documents mentioned previously, so that the same are received by the Registrar to the Offer on or before the Closure of the Offer, *i.e.*, no later than Wednesday, July 9, 2008.

9.6 The applicants should also provide all relevant documents which are necessary to ensure transferability of the Shares in respect of which the application is being sent. Such documents may include, but are not limited to:

- duly attested death certificate and succession certificate / probate / letter of administration (in case of single Shareholder) if the original Shareholder is no more;
- duly attested power of attorney if any person apart from the Shareholder has signed the application form and / or transfer deed(s);
- in case of companies, the necessary corporate authorization (including certified copy of board resolutions); and
- any other relevant documents.

9.7 The details of the Registrar are set forth below:

 Karvy Computershare Private Limited	Plot No 17 to 24, Vitthalrao Nagar, Hi-Tech City Road, Madhapur, Hyderabad-500 081, India Tel. No.: +91-40-23420815-820 Fax No.: +91-40-23420814 E-mail: murali@karvy.com
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9.8 In addition to the above mentioned address, the application along with the relevant documents may also be delivered or caused to be delivered prior to the Closure of the Offer at any of the collection centers set forth below during the business hours in the specified manner:

#	Collection Centre	Address of Collection Centre	Contact Person	Tel. No.	Fax	Mode of delivery
1.	Mumbai (Fort)	16-22 Bake House Maharashtra Chamber of Commerce Lane, Opp. MSC Bank, Fort, Mumbai - 400023.	Ms. Varija Kotian	022-66382666	022-66331135	Hand Delivery
2.	New Delhi	2E / 23, Jhandewalan Extn. New Delhi - 110055.	Mr. S N Jha	011-43681700	011-43681710	Hand Delivery
3.	Ahmedabad	201-203 “Shail”, Opp. Madhusudhan House, Behind Girish Cold Drinks, Off C G Road, Ahmedabad - 380006.	Mr. Biswanath Mukherjee	079-26420422/ 26400528	079-26565551	Hand Delivery
4.	Chennai	No. 33/1, Venkatraman Street, T. Nagar, Chennai - 600017.	Mr. Gunashekhar	044-28151793 / 1794 / 4781	044-28153181	Hand Delivery
5.	Hyderabad	Plot No 17-24, Vitthalrao Nagar, Hi Tech City Road, Madhapur, Hyderabad - 500081.	Ms. Rinki Sareen	040-23420815 -820	040-23420814	Hand Delivery/ Registered Post

#	Collection Centre	Address of Collection Centre	Contact Person	Tel. No.	Fax	Mode of delivery
6.	Kolkata	49, Jatin Das Road, Nr. Deshpriya Park, Kolkatta - 700029.	Mr. Sujit Kundu / Mr. Debnath	033-24644891	033-24644866	Hand Delivery
7.	Bangalore	No.59, Skanda, Putana Road, Basavanagudi Bangalore - 560004.	Ms. Sudha	080-26621192	080-26621169	Hand Delivery

Business Hours: Monday to Friday 10 A.M. TO 3 P.M.

Saturday 10 A.M. to 1 P.M.

Holidays: Sunday & Bank Holidays

- 9.9 The Shares and all other relevant documents should only be sent to the Registrar to the Offer and not to the Manager to the Offer, the Acquirer, or the Target Company.
- 9.10 Pursuant to Regulation 22(5A) of the SEBI (SAST) Regulations, applicants who have tendered the Shares to participate in the Offer are entitled to withdraw from the Offer up to three (3) working days prior to the closing date of the Offer, *i.e.*, Friday, July 4, 2008. The withdrawal option can be exercised by submitting the documents as per the instructions below, so as to reach the Registrar to the Offer at any of the collection centers mentioned above as per the mode of delivery indicated therein on or before Friday, July 4, 2008.
- (i) The withdrawal option can be exercised by submitting the form of withdrawal ("**Form of Withdrawal**"), which is enclosed with the Letter of Offer.
- (ii) In case of non-receipt of the Form of Withdrawal, the withdrawal option can be exercised by making a plain paper application along with the following details:
- In case of physical Shares: name, address, distinctive numbers, folio number, number of Shares tendered; and
 - In case of dematerialized Shares: name, address, number of Shares offered, DP name, DP ID, beneficiary account number and a photocopy of the delivery instruction in "Off-market" mode or counterfoil of the delivery instruction in "Off-market" mode, duly acknowledged by the DP in favor of the special depository account.
- 9.11 In case of partial withdrawal of Shares tendered in physical form, if the original share certificates are required to be split, the same will be returned on receipt of share certificates from the Target Company. The facility of partial withdrawal is available only to those holders of Shares whose names appear on the register of members.
- 9.12 The Shares are compulsorily traded in dematerialized form, hence the minimum acceptance will be one Share.
- 9.13 Eligible Shareholders who have sent their Shares for dematerialization need to ensure that the process of dematerialization of Shares is completed well in time so that the credit in the special depository account mentioned in paragraph 9.4 above is received prior to Closure of the Offer, *i.e.*, Wednesday, July 9, 2008.
- 9.14 The Registrar to the Offer will hold in trust the Shares tendered in physical form and in credit of the special depository account, Form of Acceptance-cum-Acknowledgement, Form of Withdrawal, if any, and the transfer form(s) on behalf of the applicants who have participated in the Offer until the cheques / drafts for the consideration or the unaccepted Shares are dispatched / returned. In case of Shares tendered in physical form, where the original share certificates are required to be split, all the documents will be returned only upon receipt of Share certificates from the Target Company.
- 9.15 For unaccepted applications, Share certificates, transfer forms and other documents, if any, shall be returned by registered post / speed post by the Registrar to the Offer at the applicant's sole risk. For unaccepted applications, Shares held in dematerialized form will be credited back to the beneficial owners' depository account with the respective depository participant as per the details furnished by the beneficial owner.
- 9.16 While tendering the Shares under the Offer, NRIs / OCBs / foreign Eligible Shareholders will be required to submit the previous RBI approvals (specific or general) that they obtained to acquire the Shares of the Target Company. In case the previous RBI approvals are not submitted, the Acquirer reserves the right to reject such Shares tendered. While tendering Shares under the Offer, NRI / OCBs / foreign Eligible 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 ("**Tax Clearance Certificate**"). In case the 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 Eligible Shareholder under the Income Tax Act on the entire consideration amount payable to such Eligible Shareholder.
- 10. DOCUMENTS FOR INSPECTION**
- 10.1 The following documents are available for inspection to the Shareholders at the office of the Manager to the Offer at 1101-1115, Trident, Nariman Point, Mumbai - 400 021, between 11 A.M. and 4 P.M. on all working days (except Saturdays, Sundays and bank holidays) till the Closure of the Offer, *i.e.*, Wednesday, July 9, 2008:

- (i) Copy of the certificate of incorporation, memorandum of association and articles of association, or equivalent constitutional documents of the Acquirer and Persons Acting in Concert;
- (ii) Copy of the annual reports of the Target Company for the accounting years ended March 31, 2005, March 31, 2006 and March 31, 2007;
- (iii) Copy of the annual reports of the Acquirer and Persons Acting in Concert for the years ended 2005, 2006, 2007;
- (iv) Copy of the bank guarantee for Rs. 38,97,60,639 (Rupees thirty eight crores ninety seven lacs sixty thousand and six hundred and thirty nine only) issued by ABN Amro Bank located at Sakhar Bhavan, 3rd floor, Nariman Point, Mumbai - 400 021 in favour of the Manager to the Offer;
- (v) Copy of the certificate issued by ABN Amro N.V. Niederlassung Deutschland, banker to FSE, certifying sufficiency of means and capability of FSE to fund the Acquirer;
- (vi) Copy of the Promoter Share Purchase Agreement, IFC Share Purchase Agreement, Ajay Vij Share Purchase Agreement and the Employees Share Purchase Agreement;
- (vii) Copy of the Doric Agreement;
- (viii) Copy of the Promoter Escrow Agreement;
- (ix) Copy of the escrow agreements with the IFC;
- (x) Copy of the escrow agreement with Ajay Vij;
- (xi) Copy of the escrow agreement with the Employee Shareholders;
- (xii) Copy of the open offer escrow agreement dated April 21, 2008 entered into between the Acquirer, the Manager to the Offer and the Escrow Bank;
- (xiii) Copy of the board resolutions passed by the Acquirer and the Persons Acting in Concert;
- (xiv) Copy of the power of attorney granted by the Acquirer in favor of Mr. Shardul S. Shroff, Mr. Himanshu Narayan, Ms. Akila Agrawal, Mr. Gerrit Steen, Mr. Matthias Fenner, Mr. Fabian Siegler, Mr. Rakesh Bhargava, Mr. Sanjay Gupta, Mr. Sanjay Govind Deshpande and Mr. Dharmesh Niranjana Thaker in connection with the Offer formalities;
- (xv) Copy of the power of attorney granted by FSE in favor of Mr. Shardul S. Shroff, Mr. Himanshu Narayan, Ms. Akila Agrawal, Mr. Gerrit Steen, Mr. Matthias Fenner, Mr. Fabian Siegler, Mr. Rakesh Bhargava, Mr. Sanjay Gupta, Mr. Sanjay Govind Deshpande and Mr. Dharmesh Niranjana Thaker in connection with the Offer formalities;
- (xvi) Copy of the engagement letter of the Acquirer with the Manager to the Offer dated March 19, 2008;
- (xvii) Copy of the agreement entered into between the Acquirer and the Registrar to the Offer;
- (xviii) Copy of the letter received from SEBI, Ref. No. CFD/DCR/TO/HB/128134/2008 dated June 9, 2008, in terms of proviso to Regulation 18(2);
- (xix) Copy of the agreement with the Depository Participant for opening a special depository account for the purpose of the Offer;
- (xx) Copy of the Public Announcement dated April 22, 2008; and
- (xxi) Copy of approval of the RBI dated May 28, 2008.

11. DECLARATION BY THE ACQUIRER AND PERSONS ACTING IN CONCERT

- 11.1 All directors of Acquirer and Persons Acting in Concert accept full responsibility for the information contained in this Letter of Offer.
- 11.2 Each of the Acquirer and the Persons Acting in Concert shall be, severally and jointly, responsible for ensuring compliance with the provisions of the SEBI (SAST) Regulations and for its obligations laid down in the SEBI (SAST) Regulations.
- 11.3 All information contained in this document is as on the date of the Public Announcement, unless expressly stated otherwise. Mr. Gerrit Steen has been severally authorized by the Acquirer and the Persons Acting in Concert to sign the Letter of Offer.

On behalf of Fresenius Kabi (Singapore) Pte Ltd

Mr. Gerrit Steen

Authorised Signatory

Place : Frankfurt, Germany

Date : June 13, 2008

On behalf of Fresenius Finance B.V.

Mr. Gerrit Steen

Authorised Signatory

Place : Frankfurt, Germany

Date : June 13, 2008

On behalf of Fresenius Kabi Austria GmbH

Mr. Gerrit Steen

Authorised Signatory

Place : Frankfurt, Germany

Date : June 13, 2008

On behalf of Fresenius SE

Mr. Gerrit Steen

Authorised Signatory

Place : Frankfurt, Germany

Date : June 13, 2008

Attached: (1) Form of Acceptance-cum-Acknowledgement
(2) Form of Withdrawal

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THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

(Please send this Form with enclosures to the Registrars to the Offer at their address given overleaf)

FORM OF WITHDRAWAL

From :

Name :

Address :

DABUR PHARMA LIMITED – OPEN OFFER	
OPENS ON	June 20, 2008
LAST DATE OF WITHDRAWAL	July 4, 2008
CLOSES ON	July 9, 2008
THIS FORM SHOULD BE USED BY THE SHAREHOLDERS ONLY FOR EXERCISING THE WITHDRAWAL OPTION AS PROVIDED IN THE LETTER OF OFFER	

Tel. No :

Fax No :

Email :

Fresenius Kabi (Singapore) Pte Ltd

C/o. Karvy Computershare Private Limited,

Plot No 17 to 24, Vittalrao Nagar, Hi-Tech City Road, Madhapur, Hyderabad - 500 081

Dear Sir,

Sub : Open Offer to acquire upto 3,13,41,260 fully paid-up Shares of Rs.1/- each representing 20.00% of the Emerging Voting Capital of Dabur Pharma Limited (“The Offer”) at a price of Rs.76.50/- per Share (“Offer Price”). — Withdrawal of the Shares tendered in the Offer

I/We refer to the Letter of Offer dated **June 13, 2008**, for acquiring the Shares held by me/us in **Dabur Pharma Limited**.

I/We, the undersigned have read the Letter of Offer, understood its content and unconditionally accept the terms and conditions and procedure as mentioned therein.

I/We, the undersigned, have read the procedure for withdrawal of Shares tendered by me/us in the Offer as mentioned in the Letter of Offer and unconditionally agree to the terms and conditions mentioned therein.

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

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

I/We note that this Form of Withdrawal should reach the Registrar to the Offer at any of the collection centers mentioned in the Letter of Offer or below as per the mode of delivery indicated therein on or before the last date of withdrawal i.e., no later than 3.00 P.M. hours on July 4 2008.

I/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 dematerialised form in the Depository account due to inaccurate/incomplete particulars/instructions.

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

The particulars of the tendered Share(s) that I/we wish to withdraw are detailed below:

Ledger Folio No. _____ /No. of Shares Certificate(s) _____ No. of Shares _____

Sr. No.	Folio No.	Certificate No.	Distinctive No.		No. of Shares
			From	To	
		Tendered			
		Withdrawn			
				Total	

(In case of insufficient space, please use an additional sheet and authenticate the same).

----- TEAR ALONG THIS LINE -----

ACKNOWLEDGMENT SLIP**Dabur Pharma Limited – Open Offer (subject to verification)**

Folio No./DP ID/Client ID : _____

Received from Mr./Ms. : _____

Form of Withdrawal alongwith Acknowledgement/Delivery Instructions/
Copy of Form of Acceptance

Signature of Official and Date of Receipt	Stamp of collection centre

 For Physical Form**Physical Shares** : No. of Shares tendered _____ /Withdrawal request for _____ Shares

Fresh Transfer Form for _____ Shares (in case of partial withdrawal)

 Demat Form**Demat Shares** : No. of Shares tendered _____ /Withdrawal request for _____ Shares

Note : All future correspondence, if any, in this connection should be addressed to Registrar to the Offer: Karvy Computershare Private Limited, Plot No 17 to 24, Vittalrao Nagar, Hi-Tech City Road, Madhapur, Hyderabad - 500 081. Email: murali@karvy.com

I/We hold the following Shares in dematerialised Form and have tendered the Shares in the Offer and had done an off-market transaction for crediting the Shares to the special depository account "**Fresenius Escrow Account – Dabur Pharma Open Offer**" as per the following particulars:

Depository NSDL

DP Name – Karvy Stock Broking Limited	DP Id – IN302470	Client Id - 40231600
----------------------------------------------	-------------------------	-----------------------------

Please find enclosed a photocopy of the Depository Delivery Instruction(s) (TIFD) duly acknowledged by the Depository Participant. The particulars of the account from which my/our Shares have been tendered that I/we wish to withdraw, are as detailed below:

DP Name	DP ID	Client ID	No. of Shares tendered
Name of Beneficiary		No. of Shares to be withdrawn	

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 NAME(S) OF THE HOLDERS	SIGNATURE(S)	VERIFIED AND ATTESTED BY US. PLEASE AFFIX THE STAMP OF DP (IN CASE OF DEMAT SHARES)/BANK (IN CASE OF PHYSICAL SHARES)
First/Sole Shareholder			
Joint Holder 1			
Joint Holder 2			

Note: In case of joint holdings, all holders must sign. A Corporation must affix its rubber stamp and necessary Board Resolution should be attached.

Place :

Date :

----- TEAR ALONG THIS LINE -----

All queries in this regard to be future correspondence, if any, should be addressed to the Registrar to the Offer

Karvy Computershare Private Limited

Plot No 17 to 24, Vittalrao Nagar, Hi-Tech City Road, Madhapur, Hyderabad - 500 081, India

Tel: +91-40-2342 0815 - 820; Fax: +91-40-2342 0814

Email: murali@karvy.com

INSTRUCTIONS

1. Shareholders are advised to ensure that the Form of Withdrawal should reach the Registrar to the Offer at any of the Collection Centers mentioned in the Letter of Offer as per the mode of delivery indicated therein on or before the last date of withdrawal, i.e., no later than 3.00 P.M. hours on July 4, 2008.
2. Shareholders should enclose the following:-
 - i. For Shares held in demat form: - Beneficial owners should enclose:
 - Duly signed and completed Form of Withdrawal.
 - Acknowledgement slip in original/copy of the submitted Form of Acceptance-cum-Acknowledgement/plain paper application submitted in case delivered by Registered A.D.
 - Photocopy of the delivery instruction in "Off-market" mode or counterfoil of the delivery instruction in "Off-market" mode, duly acknowledged by the DP.
 - ii. For Shares held in physical form: - Registered Shareholders should enclose:
 - Duly signed and completed Form of Withdrawal.
 - Acknowledgement slip in original/copy of the submitted Form of Acceptance-cum-Acknowledgement/plain paper application submitted in case delivered by Registered A.D.
 - In case of partial withdrawal, valid Share transfer form(s) for the remaining Shares (i.e. Shares not withdrawn) duly signed as transferors by all registered Shareholders (in case of joint holdings) in the same order and as per specimen signatures registered with **Dabur Pharma Limited** and duly witnessed at the appropriate place.
 - iii. Unregistered owners should enclose:
 - Duly signed and completed Form of Withdrawal.
 - Acknowledgement slip in original/copy of the submitted Form of Acceptance-cum-Acknowledgement/plain paper application submitted in case delivered by Registered A.D.
3. The withdrawal of Shares will be available only for the Share certificates/Shares that have been received by the Registrar to the Offer/credited into Special Depository Escrow Account.
4. The intimation of returned Shares to the Shareholders will be at the address as per the records of the Target Company/Depository as the case may be.
5. The Form of Withdrawal should be sent only to the Registrar to the Offer.
6. Request for withdrawal from unregistered Shareholders can be considered to the extent the Shares tendered and received are found to be valid.
7. Separate Request for withdrawal should be submitted for each Folio/DP Id, Client Id.
8. In case of partial withdrawal of Shares tendered in physical form, if the original Share certificates are required to be split, the same will be returned on receipt of Share certificates from the Target Company. The facility of partial withdrawal is available only to registered Shareholders.
9. Shareholders holding Shares in dematerialised form are requested to issue the necessary standing instruction for receipt of the credit in their DP account.
10. The Form of Withdrawal and other related documents should be submitted at any of the Collection Centers of **Karvy Computershare Private Limited** as stated below.
11. Applicants who cannot hand deliver their documents at the Collection Centers, may send their documents only by Registered Post, at their own risk, to the Registrar to the Offer at Karvy Computershare Private Limited, Plot No 17 to 24, Vittalrao Nagar, Hi-Tech City Road, Madhapur, Hyderabad - 500 081, so as to reach the Registrars on or before the last date of withdrawal, i.e., **no later than 3.00 P.M. hours on July 4, 2008.**
12. **Table featuring details of collection centers is given below.**

Business Hours: 10.00 A.M. to 3.00 P.M. (Monday to Friday); Saturday: 10:00 A.M. to 1:00 P.M.; Holidays: Sunday and Bank Holidays

#	Collection Centre	Address of Collection Centre	Contact Person	Phone No.	Fax	Mode of delivery
1.	Mumbai (Fort)	16-22 Bake House Maharashtra Chamber of Commerce Lane, Opp. MSC Bank, Fort, Mumbai - 400023.	Ms. Varija Kotian	022-66382666	022-66331135	Hand Delivery
2.	New Delhi	2E / 23, Jhandewalan Extn. New Delhi - 110055.	Mr. S N Jha	011- 43681700	011- 43681710	Hand Delivery
3.	Ahmedabad	201-203 "Shail", Opp. Madhusudhan House, Behind Girish Cold Drinks, Off C G Road, Ahmedabad - 380006.	Mr. Biswanath Mukherjee	079-26420422/ 26400528	079-26565551	Hand Delivery
4.	Chennai	No. 33/1, Venkatraman Street, T. Nagar, Chennai - 600017.	Mr. Gunashekhar	044-28151793 / 1794 / 4781	044-28153181	Hand Delivery
5.	Hyderabad	Plot No 17-24, Vitthalrao Nagar, Hi Tech City Road, Madhapur, Hyderabad - 500081.	Ms. Rinki Sareen	040-23420815- 820	040-23420814	Hand Delivery/ Registered Post
6.	Kolkata	49, Jatin Das Road, Nr. Deshpriya Park, Kolkatta - 700029.	Mr. Sujit Kundu / Mr. Debnath	033-24644891	033-24644866	Hand Delivery
7.	Bangalore	No.59, Skanda, Putana Road, Basavanagudi, Bangalore - 560004.	Ms. Sudha	080-26621192	080-26621169	Hand Delivery

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THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

(Please send this Form with enclosures to the Registrars to the Offer at their address given overleaf)

FORM OF ACCEPTANCE-CUM-ACKNOWLEDGEMENT

OFFER
OFFER OPENS ON : June 20, 2008
OFFER CLOSES ON : July 9, 2008

From :
Name :
Address :

Status : Resident Non-Resident

Tel. No : Fax No : Email :

To,

Fresenius Kabi (Singapore) Pte Ltd

C/o. Karvy Computershare Private Limited,
Plot No 17 to 24, Vittalrao Nagar, Hi-Tech City Road, Madhapur, Hyderabad - 500 081.

Dear Sir,

Sub : Open Offer to acquire upto 3,13,41,260 fully paid up Shares of Rs.1/- each representing 20.00% of the Emerging Voting Capital of Dabur Pharma Limited ("The Offer") at a price of Rs. 76.50/- per Share ("Offer Price")

I/We refer to the Public Announcement dated Tuesday, April 22, 2008, and the Letter of Offer dated **June 13, 2008** for acquiring the equity Shares held by me/us in Dabur Pharma Limited.

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

I/We, hold the following Shares in physical form and 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:

Ledger Folio No. _____ No. of Share Certificate(s) _____ No. of Shares _____

Sr. No.	Certificate No.	Distinctive No.		No. of Shares
		From	To	
Total				

(In case of insufficient space, please use an additional sheet and authenticate the same)

I/We confirm that the Shares of **Dabur Pharma 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 note and understand that the original Share certificate(s) and the valid Share transfer deed(s) will be held in trust for me/us by the Registrar to the Offer until the Acquirer make payment of the purchase consideration as mentioned in the Letter of Offer.

I/We also note and understand that the Acquirer will pay the consideration only after verification of the documents and signatures. I/We hold the following Shares in Demat Form and accept the Offer and enclose a photocopy of the Depository Delivery Instruction(s) duly acknowledged by DP in respect of my/our Shares as detailed below:

Depository NSDL

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

I/We have done an off-market transaction for crediting the Shares to the "**Fresenius Escrow Account – Dabur Pharma Open Offer**" whose particulars are: Depository: NSDL

DP Name : Karvy Stock Broking Limited	DP ID : IN 302470	Client ID : 40231600
----------------------------------------------	--------------------------	-----------------------------

Shareholders having their beneficiary account in CDSL have to use an inter-depository instruction slip for the purpose of crediting the Shares in favor of the depository escrow account with NSDL.

- a delivery instruction from my account with NSDL
 an inter-depository delivery instruction from my account with CDSL

I/We note and understand that the Shares would lie in the said A/c., i.e., "**Fresenius Escrow Account – Dabur Pharma Open Offer**" until the Acquirer makes payment of the purchase consideration as mentioned in the Letter of Offer.

I/We authorise 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 authorise the Acquirer to return to me/us, the equity Share certificate(s) in respect of which the offer is not found valid/not accepted, specifying the reasons thereof and in the case of dematerialised Shares, to the extent not accepted will be released to my Depository Account at my sole risk.

I/We authorise the Acquirer or the Manager to the Offer or the Registrar to the Offer to send by registered post the draft/cheque, in settlement of the amount to the sole/first holder at the address mentioned above.

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

The Permanent Account Number (PAN) allotted under the Income Tax Act 1961 is as under

	1 st Shareholder	2 nd Shareholder	3 rd Shareholder
PAN			

For NRIs/OCBs/Other persons who are not resident in India:

I/We have enclosed the following documents:

No-Objection Certificate/Tax Clearance Certificate from the Income Tax Authorities; Previous RBI approval for holding Shares hereby tendered in the Offer; Copy of the PAN Letter/PAN Card.

For NRIs/OCBs/Other persons who are not resident in India:

I/We certify that the Shares are held by me/us on "Investment/Capital Account OR Trade Account" (✓ whichever is applicable in your case).

If the NRI/OCB/non-domestic companies/other persons who are not resident in India fail to certify in the form then the Acquirer will deduct tax at the rate applicable to business income.

I/We certify that the Shares are held by me/us as Long Term Capital Asset OR Short Term Capital Asset (✓ whichever is applicable in your case).

In case of ambiguity, incomplete or conflicting information or the information not being provided to the Acquirer, the capital gain shall be assumed to be short term in nature.

In case the Shares are held in capital account or trade account, kindly enclose a tax residence certificate issued by the tax authorities of the country of which the Shareholder is a tax resident and also a certificate stating that you are a tax resident of your country of residence and that you do not have a "permanent establishment" in India in terms of the Double Tax Avoidance Agreement ("DTAA") entered into between India and your country of residence.

Further, while tendering Shares under the Offer, NRIs/OCBs/NDCs/Other Persons/Foreign Shareholders will be required to submit the following:

- previous RBI Approvals (specific or general) that they may have obtained for acquiring Shares hereby tendered in the Offer. In case of previous RBI Approvals not being submitted, the Acquirers reserve the right to reject such Shares tendered;
- "Tax Clearance Certificate" from the Income Tax authorities, indicating the amount of tax to be deducted by the Acquirers under the Income Tax Act, 1961 before remitting the consideration. In case the aforesaid Tax Clearance Certificate is not submitted, the Acquirers will arrange to deduct tax at the rate as may be applicable to the category of the shareholder under the Income Tax Act, 1961, on the entire consideration amount payable to such shareholder.

In order to avail of the benefit of lower rate of tax deduction under the DTAA, if any at the sole discretion of the Acquirers, kindly enclose a tax residence certificate issued by the tax authorities of the country of which shareholder is a tax resident.

For FII Shareholders

I/We certify that the Shares are held by me/us on Investment/Capital Account OR Trade Account (✓ whichever is applicable in your case).

In case the Shares are held in capital account or trade account, kindly enclose a tax residence certificate issued by the tax authorities of the country of which the shareholder is a tax resident and also a certificate stating that you are a tax resident of your country of residence and that you do not have a "permanent establishment" in India in terms of the DTAA entered into between India and your country of residence.

In order to avail of the benefit of lower rate of tax deduction under the DTAA, if any at the sole discretion of the Acquirers, kindly enclose a tax residence certificate issued by the tax authorities of the country of which shareholder is a tax resident.

So as to avoid fraudulent encashment in transit, the shareholder(s) holding Shares in physical form may provide details of bank account of the first/sole shareholder and the consideration payment will be drawn accordingly. For Shares that are tendered in electronic form, the bank account details obtained from the beneficiary position download to be provided by the depositories will be considered and the consideration payment will be issued with the said bank particulars.

Name of Bank	Account No.	Savings/Current/NRE/NRO/Others (Please tick)
Address of the Branch		Pin

Yours faithfully,

Signed and delivered	FULL NAME(S)	SIGNATURE(S)
1 st Shareholder		
2 nd Shareholder		
3 rd Shareholder		

Note: In case of joint holders all must sign. In case of body corporate, stamp of the company should be affixed and necessary Board resolution should be attached.

Place:

Date:

INSTRUCTIONS

1. PLEASE NOTE THAT NO SHARES/FORMS SHOULD BE SENT DIRECTLY TO THE ACQUIRER OR TO THE MANAGER TO THE OFFER
2. In the case of demat Shares, the Shareholders are advised to ensure that their Shares are credited in favour of the special depository account, before the closure of the Offer. The Form of Acceptance-cum-Acknowledgement of such demat Shares not credited in favour of the special depository account, before the closure of the Offer will be rejected.
3. Shareholders should enclose the following:-
 - i. **For Shares held in demat form:-**
Beneficial owners should enclose:
 - Form of Acceptance-cum-Acknowledgement duly completed and signed in accordance with the instructions contained therein, as per the records of the Depository Participant (DP).
 - Photocopy of the delivery instruction in "Off-market" mode or counterfoil of the delivery instruction in "Offmarket" mode, duly acknowledged by the DP.
 - For each Delivery Instruction, the beneficial owner should submit separate Form of Acceptance.

In case of non-receipt of the aforesaid documents, but receipt of the Shares in the special depository account, the Offer shall be deemed to be accepted.
 - ii. **For Shares held in physical form:-**
Registered Shareholders should enclose:
 - Form of Acceptance-cum-Acknowledgement duly completed and signed in accordance with the instructions contained therein, by all Shareholders whose names appear on the Share certificates.
 - **Original Share Certificate(s).**
 - **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 "Dabur Pharma Limited" and duly witnessed at the appropriate place. A blank Share Transfer form is enclosed along with this Letter of Offer.

In case of registered shareholder, non-receipt of the aforesaid documents, but receipt of the Share certificates along with the duly completed transfer form, the Offer shall be deemed to be accepted.

Unregistered owners should enclose:
 - **Form of Acceptance-cum-Acknowledgement** duly completed and signed in accordance with the instructions contained therein.
 - **Original Share Certificate(s)**
 - **Original 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. The details of the Acquirer as buyer will be filled by the Acquirer upon verification of the Form of Acceptance and the same being found valid. All other requirements for valid transfer will be preconditions for valid acceptance.
4. The Share certificate(s), Share transfer form(s) and the Form of Acceptance should be sent only to the Registrar to the Offer and not to the Manager to the Offer or the Acquirer or Dabur Pharma Limited.
5. Shareholders having their beneficiary account in CDSL have to use "INTER DEPOSITORY DELIVERY INSTRUCTION SLIP" for the purpose of crediting their Shares in the favour of the special depository account with NSDL.
6. In case of Shares held in joint names, names should be filled up in the same order in the Form and in the transfer deed(s) as the order in which they hold Shares, and should be duly witnessed. This order cannot be changed or altered nor can any new name be added for the purpose of accepting the Offer.
7. In case where the signature is subscribed by thumb impression, the same shall be verified and attested by a Magistrate, Notary Public or Special Executive Magistrate or a similar authority holding a Public Office and authorized to use the seal of his office.
8. All the Shareholders should provide all relevant documents which are necessary to ensure transferability of the Shares in respect of which the acceptance is being sent. Such documents may include (but not be limited to):
 - a. Duly attested death certificate and succession certificate (in case of single shareholder) in case the original shareholder has expired.
 - b. Duly attested power of attorney if any person apart from the shareholder has signed acceptance form or transfer deed(s).
 - c. No objection certificate from any shareholder/lender, if the Shares in respect of which the acceptance is sent, were under any charge, lien or encumbrance.
 - d. In case of companies, the necessary corporate authorization, including board resolutions.
 - e. Any other relevant documentation. Please specify below:
(i) _____; (ii) _____; (iii) _____
9. **Non resident Shareholders should enclose a copy of the permission received from RBI for the Shares held by them in Dabur Pharma Limited. If the Shares are held under General Permission of RBI the non resident shareholder should state that the Shares are held under General Permission and whether on repatriable basis or non repatriable basis.**
10. **Non resident Shareholders should enclose No Objection certificate/ Tax Clearance certificate from the Income Tax Authorities under Income-Tax Act, 1961, indicating the tax to be deducted by the Acquirer before remittance of consideration otherwise tax will be deducted at marginal rate as may be applicable to the category of the shareholder on the consideration payable by the Acquirer.**

Fresenius Kabi (Singapore) Pte Ltd

Acknowledgement Slip

C/o. Karvy Computershare Private Limited, Plot No. 17 to 24, Vithalrao Nagar,
Hi-Tech City Road, Madhapur, Hyderabad-500 081.

Received from Mr./Ms./M/s. _____ Form of
Acceptance-cum-Acknowledgement

Stamp of collection
centre

_____ Number of Share Certificates for _____ Shares/# Copy of the Delivery Instruction to (DP)
for _____ Shares

Delete whichever is not applicable

**Note : All future correspondence, if any, should be addressed to the Registrar to the Offer
Karvy Computershare Private Limited**

Plot No. 17 to 24, Vithalrao Nagar, Hi-Tech City Road, Madhapur, Hyderabad-500 081.
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