

LETTER OF OFFER

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

This Letter of Offer (LOO) is sent to you as equity shareholder(s) of Dhandapani Finance Limited. If you require any clarifications about the action to be taken, you may consult your stock broker or investment consultant or Keynote Corporate Services Ltd. (Manager to the Offer) or Bigshare Services Pvt. Ltd. (Registrar to the Offer). In case you have sold your shares in the Company, please hand over this LOO and the accompanying Form of Acceptance cum Acknowledgment and Transfer Deed to the Member of Stock Exchange through whom the said sale was effected.

CASH OFFER AT A PRICE OF RS 58.00 (RUPEES FIFTY EIGHT ONLY) PER EQUITY SHARE
[Pursuant to Regulation 10 read with Regulation 12 of the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 1997 and subsequent amendments thereto]

TO ACQUIRE

from existing equity shareholders upto 11,90,864 equity shares of Rs.10/- each forming 20% of the paid-up equity share capital of the company at a price of Rs.58.00 per share of

DHANDAPANI FINANCE LIMITED

having its registered office at 141, Linghi Chetty Street, Chennai - 600 001, Tamil Nadu (India)

Tel: (044) 2814 1778, 2814 1304; Fax: (044) 2814 1242; Email: dhanfin@vsnl.com; Website: www.dhandapanifinance.com

By

D.B. ZWIRN MAURITIUS

having its office at Level 6, One Cathedral Square, Jules Koenig Street, Port Louis, Mauritius

Tel: 230-207-1030; Fax: 230-207-1000

Along with

D.B ZWIRN SPECIAL OPPORTUNITIES FUND, L.P.

("PERSON ACTING IN CONCERT")

having its office at Corporation Trust Center, 1209 Orange Street, Wilmington, New Castle, DE 19801

Tel: 646-720-9100; Fax: 646-720-9002

Approval of RBI would be required to transfer the shares acquired by D. B. Zwirn Mauritius ("DBZM"/ "Acquirer") through Share Purchase Agreement dated 04/05/2006 ("SPA") and pursuant to the open Offer. Permission of RBI would also be required for transfer of shares received from Non Resident Indian ("NRI") shareholders, if any. There are no other approvals, statutory or otherwise, required under the Companies Act 1956, Monopolies and Restrictive Trade Practices Act, 1969, the Foreign Exchange Management Act, 1999 and /or any other applicable laws **The shareholder(s) shall have the option to withdraw acceptance tendered by him/them upto three working days prior to the date of closure of the offer i.e. upto 29/08/2006.**

In case of any upward revision/withdrawal of the offer, the Public Announcement for the same would be made in the same newspapers where the original Public Announcement has appeared. The last date for such upward revision, if any, is 23/08/2006. Acquirer will pay the same price for all fully paid-up equity shares tendered during the offer period.

Equity Shareholders may note that if there is a competitive bid,

- **The public offers under all the subsisting bids shall close on the same date.**
- **As the Offer Price cannot be revised during 7 working days prior to the closing date of the offers / bids, it would, therefore, be in the interest of shareholders to wait till the commencement of that period to know the final Offer Price of each bid and tender their acceptance accordingly.**

A copy of the Public Announcement and Letter of Offer (including form of acceptance cum acknowledgement and form of withdrawal) is also available at the website of SEBI www.sebi.gov.in

Manager to the Offer

KEYNOTE
CORPORATE SERVICES LTD.

KEYNOTE CORPORATE SERVICES LTD.

307, Regent Chambers,
Nariman Point, Mumbai-400 021.
Tel : (022) 2202 5230 Fax : (022) 2283 5467
E-mail: mbd@keynoteindia.net
SEBI Regn: INM000003606
AMBI Regn No.: AMBI/040
Contact Person: Mr. Janardhan Wagle

Registrar to the Offer



BIGSHARE SERVICES PVT. LTD.

E/2, Ansa Industrial Estate, Saki Vihar Road,
Sakinaka, Andheri(E), Mumbai - 400 072.
Tel.: (022) 2847 3474/0652 Fax: (022) 2852 5207
E-mail: ipo@bigshareonline.com
Website: www.bigshareonline.com
SEBI Regn. No.: INR000001385
Contact Person: Mr. Subodh Adarkar

| Activity | Original | | Revised | |
|---|------------|----------|------------|-----------|
| | Date | Day | Date | Day |
| Public Announcement | 09/05/2006 | Tuesday | 09/05/2006 | Tuesday |
| Last date for a competitive bid | 29/05/2006 | Monday | 29/05/2006 | Monday |
| Specified Date | 02/06/2006 | Friday | 02/06/2006 | Friday |
| Date by which the Letter of Offer will be dispatched to shareholders | 22/06/2006 | Thursday | 09/08/2006 | Wednesday |
| Date of opening of the Offer | 01/07/2006 | Saturday | 14/08/2006 | Monday |
| Last date for revising the Offer Price/ number of shares | 10/07/2006 | Monday | 23/08/2006 | Wednesday |
| Last date for withdrawal of acceptance | 14/07/2006 | Friday | 29/08/2006 | Tuesday |
| Date of closing of the Offer | 20/07/2006 | Thursday | 02/09/2006 | Saturday |
| Date by which acceptance/rejection would be intimated and the corresponding payment for the acquired shares and/or the share certificate(s)/demat delivery instruction for the rejected Shares will be dispatched/issued. | 03/08/2006 | Thursday | 16/09/2006 | Saturday |

INDEX

| Sr. No. | Subject | Page No. |
|---------|--|----------|
| 1. | Disclaimer clause | 3 |
| 2. | Details of the Offer | 3 |
| 3. | Rationale for the Offer | 4 |
| 4. | Background of the Acquirer/ DBZM | 4 |
| 5. | Delisting Option to the Target Company / DFL | 8 |
| 6. | Background of the Target Company/ DFL | 8 |
| 7. | Offer Price | 14 |
| 8. | Financial Arrangement | 16 |
| 9. | Terms & Conditions of the Offer | 16 |
| 10. | Procedure for acceptance and settlement of the Offer | 16 |
| 11. | Documents for inspection | 18 |
| 12. | Declaration by the Acquirer | 19 |

DEFINITIONS

| | | |
|---|---|--|
| Acquirer or DBZM | : | D. B. Zwirn Mauritius |
| Date of Public Announcement | : | 09/05/2006 |
| Letter of Offer/LOO | : | This Letter of Offer dated 03/08/2006 |
| Manager to the Offer/ Merchant Banker | : | Keynote Corporate Services Ltd. |
| NRI | : | Non Resident Indian shareholders |
| Person Acting in Concert / PAC | : | D.B Zwirn Special Opportunities Fund, L.P. |
| Persons Eligible to participate in the Offer | : | Equity shareholders of Dhandapani Finance Ltd. (except the acquirer, the persons acting in concert with acquirer and parties to agreement) whose names appear in the Register of the Members of Dhandapani Finance Ltd. at the close of business hours on 02/06/2006 (the " Specified Date ") and also to those persons (except the acquirer, the persons acting in concert with acquirer and parties to agreement) who own the shares at any time prior to the closure of the offer, but are not the registered equity shareholders. |
| SEBI | : | Securities and Exchange Board of India |
| SPA | : | Share Purchase Agreement dated 04/05/2006 |
| Specified Date | : | 02/06/2006 |
| Target Company or DFL | : | Dhandapani Finance Ltd. |
| The Regulations / SEBI (SAST) Regulations 1997 | : | Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations 1997 and subsequent amendments thereof. |
| USD | : | United States Dollar |

RISK FACTORS

Relating to the Proposed Offer

- If the aggregate of the valid responses to the Offer exceeds Offer size, then the Acquirer shall accept the valid applications received on a proportionate basis in accordance with Regulation 21 (6) of the Regulations. In such an event all the equity shares tendered by the applicant may not be accepted.
- Approval of RBI would be required to transfer the shares acquired by DBZM through SPA and pursuant to the Open Offer. Permission of RBI would also be required for transfer of shares received from NRI shareholders, if any.
- The tendered Shares will lie to the credit of a designated escrow account until the completion of the Offer formalities. During such period, there may be a fluctuation in the market price of the Shares of DFL.

CURRENCY OF PRESENTATION

In this Letter of Offer, all references to "USD" are to the US Dollar. Certain financial details contained herein are denominated in US Dollars. Unless otherwise stated, the Rupee equivalent quoted in each case is calculated in accordance with the RBI Reference rates as on May 09, 2006 i.e; the date of Public Announcement, i.e; 1 US\$ = Rs. 44.96 (Source: www.rbi.org.in).

1. DISCLAIMER CLAUSE

IT IS TO BE DISTINCTLY UNDERSTOOD THAT FILING OF LETTER OF OFFER WITH SEBI SHOULD NOT IN ANY WAY BE DEEMED OR CONSTRUED THAT THE SAME HAS BEEN CLEARED, VETTED OR APPROVED BY SEBI. THE LETTER OF OFFER HAS BEEN SUBMITTED TO SEBI FOR A LIMITED PURPOSE OF OVERSEEING WHETHER THE DISCLOSURE CONTAINED THEREIN ARE GENERALLY ADEQUATE AND ARE IN CONFORMITY WITH THE REGULATIONS. THIS REQUIREMENT IS TO FACILITATE THE EQUITY SHAREHOLDERS OF DHANDAPANI FINANCE LIMITED TO TAKE AN INFORMED DECISION WITH REGARD TO THE OFFER. SEBI DOES NOT TAKE ANY RESPONSIBILITY EITHER FOR FINANCIAL SOUNDNESS OF THE ACQUIRER OR THE COMPANY WHOSE SHARES/CONTROL IS PROPOSED TO BE ACQUIRED OR FOR THE CORRECTNESS OF THE STATEMENTS MADE OR OPINIONS EXPRESSED IN THE LETTER OF OFFER. IT SHOULD ALSO BE CLEARLY UNDERSTOOD THAT WHILE THE ACQUIRER IS PRIMARILY RESPONSIBLE FOR THE CORRECTNESS, ADEQUACY AND DISCLOSURES OF ALL RELEVANT INFORMATION IN THIS LETTER OF OFFER, THE MERCHANT BANKER IS EXPECTED TO EXERCISE DUE DILIGENCE TO ENSURE THAT ACQUIRER DULY DISCHARGES ITS RESPONSIBILITY ADEQUATELY. IN THIS BEHALF, AND TOWARDS THIS PURPOSE, THE MERCHANT BANKER KEYNOTE CORPORATE SERVICES LIMITED HAS SUBMITTED A DUE DILIGENCE CERTIFICATE DATED 22/05/2006 TO SEBI IN ACCORDANCE WITH THE SEBI (SUBSTANTIAL ACQUISITION OF SHARES AND TAKEOVERS) REGULATIONS 1997 AND SUBSEQUENT AMENDMENT(S) THEREOF. THE FILING OF THE LETTER OF OFFER DOES NOT, HOWEVER, ABSOLVE THE ACQUIRER FROM THE REQUIREMENT OF OBTAINING SUCH STATUTORY CLEARANCES AS MAY BE REQUIRED FOR THE PURPOSE OF THE OFFER.

2. DETAILS OF THE OFFER

2.1 Background of the offer

- a) **D.B. ZWIRN MAURITIUS**, a company incorporated under the laws of Mauritius and having its address at: Level 6, One Cathedral Square, Jules Koenig Street, Port Louis, Mauritius (hereinafter referred to as the "**Acquirer/DBZM**"), has agreed to acquire from **Mr. T.N. DESIKAN**, residing at New No.2, River Side Road, Kotturpuram, Chennai-600 085 and his associates ("**Sellers**") forming part of the promoter group of Dhandapani Finance Limited (hereinafter referred to as "**DFL**" or "**Target Company**") 20,84,012 equity shares of Rs.10/- each representing in the aggregate 35% of the total paid up equity share capital of DFL at a price of Rs. 58/- (Rupees Fifty Eight Only) per share payable in cash, vide Share Purchase Agreement ("**The Agreement/SPA**") dated 04/05/2006 from persons in the promoter group of DFL ("**Sellers**") as detailed below :

| Name of the Sellers | Address | No. of Equity Shares agreed to be acquired | % of the paid up equity capital of the target company |
|--|---|--|---|
| T N Desikan T N Desikan (HUF) Rajalakshmi Desikan Arun Kumar Desikan | New No.2, River Side Road, Kotturpuram, Chennai – 600 086 Tel: 044 – 2447 4762 | 1,13,000 12,960 88,000 10,000 | 1.90 0.22 1.48 0.17 |
| T N Gopalan T N Gopalan (HUF) | No.5, Rajamannar street, T Nagar, Chennai – 600 078 Tel: 044 – 4212 1986 | 67,900 6,140 | 1.14 0.10 |
| T N Kishore Vasanth Kishore Chitrupa Kishore | No.9, Cathedral Garden Road, Nungambakkam, Chennai – 600 034 Tel: 044 – 2826 9453 | 90,400 65,800 59,270 | 1.52 1.11 1.00 |
| T N Kothandapani T N Kothandapani (HUF) Harini Kothandapani | 785, Dr. Ramaswamy Road, K K Nagar, Chennai – 600 078 Tel: 044 – 2481 0857 | 1,83,400 10,210 50,465 | 3.08 0.17 0.85 |
| T N Sridharan T N Sridharan (HUF) T N Sridharan Girija Sridharan Preethi Sridharan T N Devarajan | 33/3, Meanue Avenue Road, Bangalore – 560 042 Tel: 080 – 2536 7434 | 1,22,350 12,210 800 82,777 28,000 4,000 | 2.05 0.21 0.01 1.39 0.47 0.07 |
| T N Soundararajan T N Soundararajan (HUF) Jayanthi Soundararajan Deepali Soundararajan Keerthi Soundararajan | New No.12, Sarathy Street, T Nagar, Chennai – 600 017 Tel: 044 – 2834 4649 Fax: 044 – 2814 4280 | 1,17,100 25,340 1,47,650 39,250 46,700 | 1.97 0.43 2.48 0.66 0.78 |
| K Dhandapani & Co. Ltd. | 141 Lingi Chetty Street, Chennai – 600 001 Tel: 044 – 2522 0638 Fax: 044- 2815 4502 | 7,00,290 | 11.76 |
| Total | | 20,84,012 | 35.00 |

- b) Pursuant to the aforesaid SPA, provisions of Regulation 10 read with Regulation 12 of the Regulations have been attracted. The Acquirer announced an offer under the Regulations, to acquire by tender upto 11,90,864 fully paid-up equity shares of Rs.10/- each of DFL representing in the aggregate 20% of its paid up equity share capital from the remaining shareholders of DFL (except

the acquirer, the persons acting in concert with acquirer and parties to agreement) on the terms and subject to the conditions set out below, at a price of Rs. 58/- (Rupees Fifty Eight Only) per equity share (the "Offer Price") payable in cash (the "Offer"). As per Clause 7.3 of the said SPA, in the event of any non-compliance of any of the provisions of Regulations and non-completion of the Public Offer, then in terms of Regulation 22(16) of the Regulations, SPA shall not be acted upon by any of the Parties.

- c) The Offer is not subject to any minimum level of acceptance.
- d) As on date, none of the directors representing the Acquirer are on the Board of DFL.
- e) The Acquirer and DFL are not debarred from accessing the capital market under Section 11 B of the SEBI Act, 1992 or under any other Regulation.
- f) Pursuant to the acquisition of shares under the SPA and the Offer, there would be a change in control of the Target Company in favour of the Acquirer, by way of change in constitution of the Board of Directors of the Target Company. The Acquirer, under the SPA, has been provided with an option to acquire further shares from the promoter group of the Target Company, so as to achieve, together with the shares acquired under the Offer, upto 51% of the paid up capital of the Target Company. This option may be exercised by the Acquirer based on the number of shares tendered by the public and acquired by the Acquirer, under the Offer. It is clarified that the acquisition of further shares, if any, from the promoter group would be consummated along with and as part and parcel of the acquisition of 35% of the shares from the promoter group, at Closing, as contemplated under the SPA and not as a separate transaction. Consummation of transfer of shares acquired by DBZM through SPA shall also be subject to various conditions precedent, listed in the SPA, including receipt of the approvals of certain banks and lending institutions who are lenders to the Target Company.

2.2 Details of the Proposed Offer

- a) The Acquirer has made a Public Announcement of the Offer to the existing equity shareholders of DFL which was published on 09/05/2006 in compliance with Regulation 15 of the Regulations in all editions of "Business Standard" being English National Daily, "Pratahkal" being Hindi Daily and "Makkal Kural" (Tamil Daily) being regional language daily of the place where the registered office of DFL is located. A copy of the Public Announcement is also available on the SEBI website at www.sebi.gov.in.
- b) The Acquirer has announced an open offer under Regulation 10 read with Regulation 12 of the Regulations, to acquire by tender offer upto 11,90,864 fully paid-up equity shares of Rs.10/- each of DFL representing 20% of its paid up equity share capital, from the remaining shareholders of DFL (except the acquirer, the persons acting in concert with acquirer and parties to agreement) on the terms and subject to the conditions set out in this Letter of Offer, at a price of Rs.58.00 (Rupees Fifty Eight Only) per fully paid-up equity share payable in cash.
- c) The equity shares of DFL are listed on The Bombay Stock Exchange Ltd. (BSE). The equity shares of DFL are frequently traded on BSE in terms of explanation (i) to Regulation 20(5) of the Regulations. The Offer Price of Rs. 58.00 per equity share, has been determined considering provisions of Regulation 20(4) of the Regulations
- d) The equity shares of DFL to be acquired, pursuant to the Offer, shall be free from all lien, charges and encumbrances and together with all rights attached thereto, including the rights to all dividends or other distributions hereinafter declared, made or paid.
- e) As on date Acquirer does not hold any equity shares of DFL other than those proposed to be acquired under the SPA.

3. RATIONALE FOR THE OFFER

- a) DBZM is making an investment in the Target Company in order to participate in the promising financial services sector in India. DBZM proposes to manage the affairs of DFL by assisting DFL in growing its business and infuse additional capital as may be considered to be desirable by it to further the prospects of DFL. DFL is expected to continue its present business of hire purchase, leasing, bill discounting and other financial services.
- b) With the proposed acquisition through SPA, the provisions of SEBI (SAST) Regulations get attracted as there would be substantial acquisition of shares/voting rights accompanied with change in control/management. Hence the present Offer is being made by DBZM under the Regulations.
- c) The Acquirer does not have any plan to dispose off or otherwise encumber any of the assets of DFL in the succeeding two years from the date of closure of the Offer except in the ordinary course of business of DFL. The Acquirer will not dispose off, sell or otherwise encumber any substantial assets of DFL except with the prior approval of the shareholders.

4. BACKGROUND OF THE ACQUIRER

D. B. Zwirn Mauritius (DBZM)

- a) The Acquirer D.B. ZWIRN MAURITIUS, (DBZM) is a company incorporated on 10/11/2004 in Mauritius under the Companies Act 2001 as a private company with limited liability and is having its office at: Level 6, One Cathedral Square, Jules Koenig Street, Port Louis, Mauritius. DBZM is not a listed company and is a wholly owned subsidiary of D.B Zwirn Special Opportunities Fund, L.P, a Delaware limited partnership, established on 10/04/2002 and having its registered office at Corporation Trust Centre, 1209 Orange Street, Wilmington, New Castle, DE 19801. DBZM is engaged in the business of investing in emerging markets including investments in India.

b) The details of the Board of Directors of DBZM are as follows :-

| Name, Designation And Address | Experience (Years) | Area of Experience | Qualification | Date of Appointment |
|---|--------------------|------------------------|---|---------------------|
| Mr. Jean Maurice Richard Arlove Director 5, Michael Leal Street, Beau Bassin, Republic of Mauritius | 23 | Accounting and Finance | FCCA | 10/11/2004 |
| Mr. Rezah Mohammad Cotobally Director Rte Moreau, Vacoas, Mauritius | 21 | Accounting and Finance | FCCA, Masters in Business Administration | 10/11/2004 |
| Mr. Daniel Bernard Zwirn Director 40 Central Park South New York, NY 10019, USA | 11 | Finance and Economics | M.B.A., B.S., B.A.S. | 15/11/2004 |
| Mr. David Alan Proshan Director 334 West, 86th Street Apt 5C, New York, NY 10024-3157, USA | 14 | Legal | J.D., M.A., A.B. | 15/11/2004 |
| Mr. Perry Adam Gruss Director 5 Iris circle, Manapalan NJ 07726-2863, USA | 17 | Finance and Accounting | Bachelors in Arts | 28/10/2005 |

- c) DBZM is a wholly owned subsidiary of the D.B Zwirn Special Opportunities Fund, L.P. and 100% of the paid up capital of DBZM is held by D.B Zwirn Special Opportunities Fund L.P. DBZM has capital of USD 93,00,001 divided into 93,00,000 ordinary shares of USD 1 each which are issued and fully paid and 1 ordinary share of USD 1 which is issued and unpaid.
- d) There are no outstanding instruments in the nature of warrants / fully convertible debentures / partly convertible debentures etc. which are convertible into equity at any later date. There are no shares under lock-in period. There has been no merger / de-merger or spin off in DBZM during the past three years.
- e) Presently none of the directors representing the acquirer is on the Board of DFL.
- f) DBZM is not a listed company and the entire shareholding of DBZM is held by D.B Zwirn Special Opportunities Fund, L.P.
- g) The brief Audited financial details of the Acquirer is as follows :

| PROFIT & LOSS STATEMENT | For the Period 10/11/2004 - 31/12/2005 | |
|---|---|------------------|
| | USD | Rupees (in lacs) |
| Income from operations | 17,09,081 | 768.40 |
| Other Income | — | — |
| Total Income | 17,09,081 | 768.40 |
| Total Expenditure | 33,365 | 15.00 |
| Profit/(Loss) Before Extraordinary item, Depreciation, Interest and Tax | 16,75,716 | 753.40 |
| Less: Depreciation | — | — |
| Interest (Bank Charges) | 520 | 0.23 |
| Extraordinary | — | — |
| Profit/ (Loss) Before Tax | 16,75,196 | 753.17 |
| Less: Provision for Tax | 49,086 | 22.07 |
| Profit/(Loss) After Tax | 16,26,110 | 731.10 |

| BALANCE SHEET STATEMENT | As at 31/12/2005 | |
|---|---------------------|------------------|
| | USD | Rupees (in lacs) |
| Sources of funds | | |
| Share capital | 93,00,001 | 4181.28 |
| Reserves and Surplus (excluding revaluation reserves) (Retained Earnings) | 2,53,110 | 113.80 |
| Networth | 95,53,111 | 4295.08 |
| Secured Loans | — | — |
| Trade & other payables | 29,794 | 13.39 |
| Taxation | 43,700 | 19.65 |
| Deferred Tax Liability | — | — |
| Deferred Tax (Assets) | — | — |
| Total | 96,26,605 | 4328.12 |
| Uses of funds | | |
| Net fixed assets | — | — |
| Capital Work-in-Progress and Advances | — | — |
| Investments | — | — |
| Current Assets | 96,26,605 | 4328.12 |
| Total miscellaneous expenditure not written off | — | — |
| Total | 96,26,605 | 4328.12 |

Note: Networth = Paid up Share capital + Reserves and surplus (excluding Revaluation reserves) - Miscellaneous Expenditure (to the extent not written off).

| OTHER FINANCIAL DATA | For the Period 10/11/2004 - 31/12/2005 | |
|---|---|--------|
| | USD | Rupees |
| Earning Per Share (EPS) | 0.17 | 7.64 |
| Return on Networth (RONW) (%) | 17.02% | 17.02% |
| Book Value Per Share (in USD) (Face Value of USD 1/share) | 1.027 | 46.17 |

The directors have recommended and paid a total dividend of USD 1,373,000.

Note: 1 USD = Rupees 44.96

- h) There are no outstanding instruments in the nature of warrants / fully convertible debentures / partly convertible debentures etc. which are convertible into equity at any later date. There are no shares under lock-in period.
- i) The Acquirer has complied with applicable provisions of Chapter II of SEBI (SAST) Regulations 1997.

CONTINGENT LIABILITIES :

According to the financials of DBZM for the period ended 31/12/2005, there are no contingent liabilities as on that date.

ACCOUNTING POLICIES

Basis of preparation

The preparation of these financial statements in conformity with International Financial Reporting Standards requires the use of estimates and assumptions that effect the reported accounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts revenues and expenses during the reporting period. Although these estimates are based on management's best knowledge of current events and actions, actual results ultimately may differ from those estimates.

Basis of accounting

The financial statements are prepared under the historical cost convention.

Foreign currencies Translation

a. Functional and Presentation currency

The financial statements are presented in United States dollars. DBZM holds a Category 1 Global Business License under Financial Services Development Act 2001, which requires that DBZM's business or other activity is carried on in a currency other than the Mauritian Rupee. The Directors have determined that the United States dollar is the DBZM's functional and presentation currency as DBZM's funding is in USD.

b. Transaction and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Gains and losses resulting from the settlement of such transactions and from the translation at period - end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the income statement.

Deferred taxation

Deferred tax is provided in full, using the liability method, for all temporary differences arising between the tax bases of assets and liabilities and their carrying amount in the financial statement. Currently enacted tax rates are used to determine deferred income tax.

Deferred tax assets are recognized to the extent that it is probable that future taxable profit will be available against which the unused tax losses can be utilised.

Cash and cash equivalents

Cash comprises cash at bank. Cash equivalents are short term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value.

Revenue recognition

- Interest income is recognised on the accruals basis unless collectibility is in doubt.
- Dividend income is recorded when the right to receive the dividend is established.

Expense recognition

Expenses are accounted for in the income statement on the accruals basis.

Related parties

Related parties are individuals and companies where the individual or company has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions.

Financial instruments

Financial instruments carried on the balance sheet include loans receivable, receivables, cash and cash equivalents and other payables. The particular recognition methods adopted are disclosed in the individual policy statements associated with each item.

Provisions

Provisions are recognised when DBZM has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligations, and a reliable estimate of the amount can be made.

Loans receivable

Loans receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the balance sheet date. Loans and receivables are classified as 'trade and other receivables' in the balance sheet.

Trade receivables are recognized initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

PENDING LITIGATIONS

There are no pending litigations, disputes, defaults in respect of statutory dues or proceedings initiated for economic offences against DBZM in India, or towards tax liabilities or civil/criminal prosecution launched for any offences or enactment as mentioned in Schedule XIII of the Indian Companies Act, 1956.

j) Disclosure in terms of Regulation 16 (ix):

- DBZM is making an investment in the Target Company in order to participate in the promising financial services sector in India.
- The Acquirer does not have any plan to dispose off or otherwise encumber any of the assets of DFL in the succeeding two years from the date of closure of the Offer except in the ordinary course of business of DFL. The Acquirer will not dispose off, sell or otherwise encumber any substantial assets of DFL except with the prior approval of the shareholders.

k) Future plans/strategies of DBZM with regard to DFL

- DBZM proposes to manage the affairs of DFL by assisting DFL in growing its business and infuse additional capital as may be considered to be desirable by it to further the prospects of DFL. DFL is expected to continue its present business of hire purchase, leasing, bill discounting and other financial services.

- The Sellers under the SPA have agreed with the Acquirer, not to compete with the business of the Target Company and not to solicit personnel/business from the Target Company for a period of five years, without the express permission from the Acquirer.

D.B Zwirn Special Opportunities Fund, L.P.

D.B Zwirn Special Opportunities Fund, L.P. ("Holding Entity"), a Delaware limited partnership, established on April 10, 2002 and having its registered office at Corporation Trust Center, 1209 Orange Street, Wilmington, New Castle, DE 19801, holds the entire share capital of the Acquirer. The Holding Entity is a private investment fund focusing on investing through both public securities and privately negotiated transactions across many industries with an emphasis on small and middle market companies. The subscribers to the Holding Entity are principally U.S. individuals and institutions who are qualified purchasers and accredited investors.

The Holding Entity is managed by D.B. Zwirn & Co., L.P. a global alternative investment manager and merchant capital provider founded in October 2001. As of May 01, 2006 D.B. Zwirn & Co. managed approximately \$4.5 billion and along with its affiliates has or is establishing offices in New York City, Houston, Stamford, Beverly Hills, London, Frankfurt, Milan, Tel Aviv, Hong Kong, Beijing, Melbourne, Singapore, Seoul, Taipei and Tokyo. D.B. Zwirn & Co. is owned by Zwirn Holdings, LLC, DBZ GP, LLC and Dubin & Sweica Asset Management, LLC and certain individuals. D.B. Zwirn Partners, LLC is the General Partner of the Holding Company. The funds (excluding managed accounts) managed by D.B. Zwirn & Co. as of May 01, 2006 are described below:

| Fund | Jurisdiction of Incorporation | Registered Address | Assets Under Management (USD) | Assets Under Management (Rs. in crores) |
|--|--------------------------------------|--|--------------------------------------|--|
| D.B. Zwirn Special Opportunities Fund, L.P. | State of Delaware, USA | Corporation Trust Center, 1209 Orange Street, Wilmington, New Castle, DE 19801 | \$1.1 Billion | 4,946 |
| D.B. Zwirn Special Opportunities Fund (TE), L.P. | State of Delaware, USA | Corporation Trust Center, 1209 Orange Street, Wilmington, New Castle, DE 19801 | \$270 Million | 1,214 |
| D.B. Zwirn Special Opportunities Fund, Ltd. | Cayman Islands | M&C Corporate Services Limited, P.O. Box 309GT, Uglad House, South Church Street, Georgetown, Grand Cayman, Cayman Islands | \$1.7 Billion | 7,643.20 |
| D.B. Zwirn Special Opportunities Fund II, Ltd. | Cayman Islands | M&C Corporate Services Limited, P.O. Box 309GT, Uglad House, South Church Street, Georgetown, Grand Cayman, Cayman Islands | \$250 Million | 1,124 |

The Holding Entity is not a listed company and is not required under the applicable laws to publicly disclose its financial results. Hence detailed audited financials are not included in this document. The partners capital as of 31/12/2005 of the Holding Entity stood at US\$ 899,016,917 (Rs.3997.02 crores). The holding entity has made investments around the world. As of the date hereof, neither the Holding Entity nor any of the other funds or managed accounts advised by D.B. Zwirn & Co. has any privately negotiated investments in India.

- l) The Holding Entity has not held any equity shares in the paid up equity share capital of the Target Company at any time in the past. Presently none of the directors representing the Acquirer and/or the Holding Entity is on the Board of DFL.

5. DELISTING OPTION TO DFL

Pursuant to the said Offer (assuming full acceptance in the offer), the public shareholding will not fall below the limit specified for the purpose of the listing on the continuous basis in terms of listing agreement with the stock exchanges. Hence, the provisions of Regulation 21(3) of the SEBI (SAST) Regulations 1997, are not attracted.

6. BACKGROUND OF TARGET COMPANY

Dhandapani Finance Limited/DFL

- a) Dhandapani Finance Ltd. (DFL) was incorporated on 30/10/1986 under Companies Act, 1956 in the name and style of Dhandapani Finance & Investments Ltd and obtained its Certificate of Incorporation. DFL was originally a Private Limited company and became a Public Limited Company on 04/05/1988. The name of the Company was changed to Dhandapani Finance Ltd. on 09/10/1996. The Registered Office of DFL is situated at 141, Linghi Chetty Street, Chennai - 600 001, Tamil Nadu (India). DFL is a Non Banking Finance Company (NBFC) classified as a Hire Purchase and Leasing Company and has Registration from the Reserve Bank of India (RBI), Department of Financial Companies, Chennai as a NBFC. The Registration number of the Company as granted by RBI vide their Certificate of registration dated 11/09/1998 is 07.00310. DFL is engaged in the business of Hire Purchase Leasing, Bill discounting and other financial services. The operations of DFL include financing a product mix of automobiles, heavy earth moving equipments, and machinery etc. DFL has been promoted by Mr. T.N. Desikan, Mr. T.N. Kishore and Mr. T.N. Soundararajan. DFL belongs to the Dhandapani Group of Chennai.

- b) A public notice in compliance with the guidelines RBI/2005-06/285 DNBS (PD) CC No. 63/02.02/2005-06 dated 24/01/2006 and DNBS (PD) CC No. 12/02.01/99-00 dated 13/01/2000 was published in the newspapers on 19/05/2006 by Target Company & Acquirer. The notice states that, Upon the completion of the transactions contemplated under the Share Purchase Agreement, there would be a transfer of control of the Company in favour of the Acquirer.
- c) DFL came out with a public issue of Rs. 215.00 lacs comprising of 21,50,000 equity shares Rs. 10/- each at Par through prospectus dated 15/04/1993. As on date the issued & paid up equity share capital of DFL is Rs. 595.43 lacs comprising of 59,54,320 equity shares of Rs. 10/- each. There are no partly paid up equity shares in DFL. The equity shares of DFL are listed on Bombay Stock Exchange Ltd. (BSE). The equity shares are frequently traded on BSE in terms of Explanation (i) to Regulation 20(5). Presently the equity shares of DFL are included in "B2" category by BSE. There have been no penal actions taken against DFL by the stock exchange where the equity shares of DFL are listed.
- d) The details of the share capital structure of the company is as follows:

| Paid-up Equity Shares | No. of shares/voting rights | % of paid up capital |
|---|-----------------------------|----------------------|
| Fully paid up equity shares | 59,54,320 | 100.00 |
| Partly paid up equity shares | — | — |
| Total paid up equity shares | 59,54,320 | 100.00 |
| Total voting rights in the company | 59,54,320 | 100.00 |

- e) (i) Details of the share capital history of the company is as follows:

| Date of Allotment/ forfeiture | No. of shares issued | % of shares issued | Cumulative Paid up Equity share Capital (No. of shares) | Mode of Allotment | Identification of the Allottees | Status of compliance |
|-------------------------------|----------------------|--------------------|---|----------------------------|---------------------------------|----------------------|
| 30/10/1986 | 300 | 0.01 | 300 | Subscription to Memorandum | Promoter | Complied |
| 25/06/1987 | 14,210 | 0.24 | 14,510 | Private Offer | Promoter | Complied |
| 31/08/1987 | 25,490 | 0.43 | 40,000 | Private Offer | Promoter | Complied |
| 18/09/1987 | 5,590 | 0.09 | 45,590 | Private Offer | Promoter | Complied |
| 04/05/1988 | 54,410 | 0.91 | 1,00,000 | Private Offer | Promoter | Complied |
| 31/03/1989 | 50,000 | 0.84 | 1,50,000 | Private Offer | Promoter | Complied |
| 30/10/1989 | 1,300 | 0.02 | 1,51,300 | Private Offer | Public | Complied |
| 15/12/1989 | 2,500 | 0.04 | 1,53,800 | Private Offer | Public | Complied |
| 25/12/1989 | 3,800 | 0.06 | 1,57,600 | Private Offer | Public | Complied |
| 31/01/1990 | 3,400 | 0.06 | 1,61,000 | Private Offer | Public | Complied |
| 28/02/1990 | 1,600 | 0.03 | 1,62,600 | Private Offer | Public | Complied |
| 31/03/1990 | 46,100 | 0.77 | 2,08,700 | Private Offer | Public & Promoter | Complied |
| 30/04/1990 | 1,600 | 0.03 | 2,10,300 | Private Offer | Public | Complied |
| 08/06/1990 | 51,400 | 0.86 | 2,61,700 | Private Offer | Public & Promoter | Complied |
| 31/07/1990 | 2,050 | 0.03 | 2,63,750 | Private Offer | Public | Complied |
| 29/08/1990 | 2,400 | 0.04 | 2,66,150 | Private Offer | Public | Complied |
| 31/08/1990 | 700 | 0.01 | 2,66,850 | Private Offer | Public | Complied |
| 31/10/1990 | 4,250 | 0.07 | 2,71,100 | Private Offer | Public | Complied |
| 19/11/1990 | 900 | 0.02 | 2,72,000 | Private Offer | Public | Complied |
| 31/12/1990 | 800 | 0.01 | 2,72,800 | Private Offer | Public | Complied |
| 15/01/1991 | 600 | 0.01 | 2,73,400 | Private Offer | Public | Complied |
| 31/01/1991 | 400 | 0.01 | 2,73,800 | Private Offer | Public | Complied |
| 13/02/1991 | 1,400 | 0.02 | 2,75,200 | Private Offer | Public | Complied |
| 01/03/1991 | 30,700 | 0.52 | 3,05,900 | Private Offer | Public & Promoter | Complied |

| Date of Allotment/ forfeiture | No. of shares issued | % of shares issued | Cumulative Paid up Equity share Capital (No. of shares) | Mode of Allotment | Identification of the Allottees | Status of compliance |
|-------------------------------|----------------------|--------------------|---|-----------------------|---------------------------------|----------------------|
| 21/03/1991 | 1,500 | 0.03 | 3,07,400 | Private Offer | Public | Complied |
| 23/03/1991 | 10,000 | 0.17 | 3,17,400 | Private Offer | Promoter | Complied |
| 30/03/1991 | 1,100 | 0.02 | 3,18,500 | Private Offer | Public | Complied |
| 15/04/1991 | 800 | 0.01 | 3,19,300 | Private Offer | Public | Complied |
| 01/06/1991 | 600 | 0.01 | 3,19,900 | Private Offer | Public | Complied |
| 29/06/1991 | 900 | 0.02 | 3,20,800 | Private Offer | Public | Complied |
| 15/07/1991 | 500 | 0.01 | 3,21,300 | Private Offer | Public | Complied |
| 30/07/1991 | 900 | 0.02 | 3,22,200 | Private Offer | Public | Complied |
| 14/08/1991 | 650 | 0.01 | 3,22,850 | Private Offer | Public | Complied |
| 04/09/1991 | 200 | 0.00 | 3,23,050 | Private Offer | Public | Complied |
| 31/10/1991 | 800 | 0.01 | 3,23,850 | Private Offer | Public & Promoter | Complied |
| 25/11/1991 | 1,000 | 0.02 | 3,24,850 | Private Offer | Public | Complied |
| 29/01/1992 | 150 | 0.00 | 3,25,000 | Private Offer | Public & Promoter | Complied |
| 20/02/1992 | 59,525 | 1.00 | 3,84,525 | Private Offer | Promoter | Complied |
| 20/02/1992 | 3,40,475 | 5.72 | 7,25,000 | Private Offer | Promoter | Complied |
| 31/03/1992 | 28,500 | 0.48 | 7,53,500 | Private Offer | Public | Complied |
| 06/06/1992 | 8,28,250 | 13.91 | 15,81,750 | Private Offer | Public | Complied |
| 04/09/1993 | 3,50,000 | 5.88 | 19,31,750 | Firm Allotment at IPO | Promoter | Complied |
| 04/09/1993 | 21,50,000 | 36.11 | 40,81,750 | Public issue | Public & Promoter | Complied |
| 26/12/1996 | 18,72,570 | 31.45 | 59,54,320 | Rights issue | Public & Promoter | Complied |
| Total | 59,54,320 | 100.00 | | | | |

(ii) Buildup of the shareholding of promoters are as follows:

| Date of Allotment/ forfeiture/ Sale | No. of shares issued/ Forfeited (Sold) | % of shares issued/ Forfeited (Sold) | Cumulative Paid up Equity share Capital (No. of shares) | % of shares Acquired/ (Sold) | Mode of Allotment | Status of compliance |
|-------------------------------------|--|--------------------------------------|---|------------------------------|----------------------------|----------------------|
| 30/10/1986 | 300 | 0.01 | 300 | — | Subscription to Memorandum | Complied |
| 25/06/1987 | 14,210 | 0.24 | 14,510 | — | Private Offer | Complied |
| 31/08/1987 | 25,490 | 0.43 | 40,000 | — | Private Offer | Complied |
| 18/09/1987 | 5,590 | 0.09 | 45,590 | — | Private Offer | Complied |
| 04/05/1988 | 54,410 | 0.91 | 1,00,000 | — | Private Offer | Complied |
| 31/03/1989 | 50,000 | 0.84 | 1,50,000 | — | Private Offer | Complied |
| 31/03/1990 | 45,000 | 0.76 | 1,95,000 | — | Private Offer | Complied |
| 08/06/1990 | 51,300 | 0.86 | 2,46,300 | — | Private Offer | Complied |
| 01/03/1991 | 30,000 | 0.5 | 2,76,300 | — | Private Offer | Complied |
| 23/03/1991 | 10,000 | 0.17 | 2,86,300 | — | Private Offer | Complied |
| 31/10/1991 | 100 | 0.00 | 2,86,400 | — | Private Offer | Complied |
| 29/01/1992 | 50 | 0.00 | 2,86,450 | — | Private Offer | Complied |
| 20/02/1992 | 59,525 | 1.00 | 3,45,975 | — | Private Offer | Complied |
| 20/02/1992 | 3,40,475 | 5.72 | 6,86,450 | — | Private Offer | Complied |
| 04/09/1993 | 3,50,000 | 5.88 | 10,36,450 | — | Firm Allotment at IPO | Complied |

| Date of Allotment/ forfeiture/ Sale | No. of shares issued/ Forfeited (Sold) | % of shares issued/ Forfeited (Sold) | Cumulative Paid up Equity share Capital (No. of shares) | % of shares Acquired/ (Sold) | Mode of Allotment | Status of compliance |
|-------------------------------------|--|--------------------------------------|---|------------------------------|------------------------------|----------------------|
| 04/09/1993 | 3,16,500 | 5.32 | 13,52,950 | — | Public issue | Complied |
| 02/01/1995 | 19,600 | 0.33 | 13,72,550 | 0.33 | Market Purchase | Complied |
| 08/07/1995 | 8,000 | 0.13 | 13,80,550 | 0.13 | Market Purchase | Complied |
| 22/07/1995 | 10,800 | 0.18 | 13,91,350 | 0.18 | Market Purchase | Complied |
| 23/09/1995 | 2,21,800 | 3.73 | 16,13,150 | 3.73 | Market Purchase | Complied |
| 02/12/1995 | 11,000 | 0.18 | 16,24,150 | 0.18 | Market Purchase | Complied |
| 25/01/1996 | 5,200 | 0.09 | 16,29,350 | 0.09 | Market Purchase | Complied |
| 30/03/1996 | 650 | 0.01 | 16,30,000 | 0.01 | Market Purchase | Complied |
| 20/07/1996 | 1,600 | 0.03 | 16,31,600 | 0.03 | Market Purchase | Complied |
| 29/08/1996 | 1,81,340 | 3.05 | 18,12,940 | 3.05 | Market Purchase | Complied |
| 26/12/1996 | 10,74,770 | 18.05 | 28,87,710 | — | Rights issue | Complied |
| 02/01/1998 | 23,800 | 0.40 | 29,11,510 | 0.40 | Market Purchase | Complied |
| 02/04/1998 | 40,200 | 0.68 | 29,51,710 | 0.68 | Market Purchase | Complied |
| 24/04/1998 | 15,000 | 0.25 | 29,66,710 | 0.25 | Market Purchase | Complied |
| 16/07/1998' | 67,300 | 1.13 | 30,34,010 | 1.13 | Market Purchase | Complied |
| 12/11/1998 | (8,200) | (0.14) | 30,25,810 | (0.14) | Market Sale | Complied |
| 20/03/1999 | (25,300) | (0.42) | 30,00,510 | (0.42) | Market Sale | Complied |
| 27/07/1999 | 10,000 | 0.17 | 30,10,510 | 0.17 | Market Purchase | Complied |
| 31/05/2000 | (20,900) | (0.35) | 29,89,610 | (0.35) | Market Sale | Complied |
| 13/07/2001 | (22,078) | (0.37) | 29,67,532 | (0.37) | Market Sale | Complied |
| 13/07/2001 | 2,26,465 | 3.80 | 31,93,997 | — | Re-issue of forfeited shares | Complied |
| 30/10/2001 | 13,830 | 0.23 | 32,07,827 | 0.23 | Market Purchase | Complied |
| 20/06/2002 | 400 | 0.01 | 32,08,227 | 0.01 | Market Purchase | Complied |
| 18/07/2002 | 73,000 | 1.23 | 32,81,227 | 1.23 | Market Purchase | Complied |
| 29/08/2002 | (8,800) | (0.15) | 32,72,427 | (0.15) | Market Sale | Complied |
| 26/12/2002 | 2,700 | 0.05 | 32,75,127 | 0.05 | Market Purchase | Complied |
| 30/01/2003 | 5,250 | 0.09 | 32,80,377 | 0.09 | Market Purchase | Complied |
| 20/04/2004 | 4,100 | 0.07 | 32,84,477 | 0.07 | Market Purchase | Complied |
| 15/10/2004 | 3,000 | 0.05 | 32,87,477 | 0.05 | Market Purchase | Complied |
| 31/01/2005 | 300 | 0.01 | 32,88,477 | 0.01 | Market Purchase | Complied |
| 29/04/2005 | 6,100 | 0.10 | 32,94,577 | 0.10 | Market Purchase | Complied |
| 27/10/2005 | 100 | 0.00 | 32,94,677 | 0.00 | Market Purchase | Complied |
| 05/12/2005 | 100 | 0.00 | 32,94,777 | 0.00 | Market Purchase | Complied |
| 31/03/2006 | (23,900) | (0.04) | 32,70,877 | (0.40) | Market Sale | Complied |
| Total | 32,70,877 | 54.93 | | 10.35 | | |

- f) As per the audited financial results for the year ended 31/03/2006 DFL has reported a profit of Rs. 516.73 lacs on a total income of Rs. 2887.98 lacs.. The networth of DFL is Rs. 4290.76 lacs and Book Value is Rs. 72.06 as on 31/03/2006.
- g) There are no outstanding instruments in the nature of warrants / fully convertible debentures / partly convertible debentures etc. which are convertible into equity at any later date. There are no shares under lock-in period. There has been no merger / de-merger or spin off in DFL during the past three years.
- h) DFL has been complying with the provisions of the listing agreement entered into with the BSE. DFL, Promoters and other major Shareholders of DFL have been complying with provisions of Chapter II of the Regulations except that there has been a delay 67 days and 10 days in complying with Regulation 8(3) by DFL for the period ended 30/04/2000 and 30/04/2002 respectively. For the non-compliance / delayed compliance with Regulation 8 for the years 2000 and 2002, suitable action may be initiated by SEBI at a later stage.

i) The details of the Board of Directors of DFL are as follows:

| Name, Designation, & Address | Experience (years) | Area of Experience | Qualification | Date of Appointment |
|---|--------------------|---|---|---------------------|
| Mr. T N Desikan Chairman - Non Executive New No.2, River Side Road, Kotturpuram, Chennai - 600 086 | 40 | Production, Planning, Marketing and Administration | Diploma in Electrical Engineering | 30/10/1986 |
| Mr. T N Soundararajan Managing Director New No.12, Sarathy Street, T Nagar, Chennai - 600 017 | 25 | Finance, Planning and Administration | Bachelors in Commerce, FCA | 30/10/1986 |
| Mr. T N Kishore Director - Non Executive No.9, Cathedral Garden Road, Nungambakkam, Chennai - 600 034 | 30 | Marketing, Material Management and Administration | Matriculate | 30/10/1986 |
| Mr. R Nagarajan Director - Independent Flat No A-2 , Keshav Dugar Apartments, 21 East Avenue, K.Puram,Chennai-28. | 40 | Banking | Bachelors in Commerce (Hons), Certified Associate of the Indian Institute of Bankers (C.A.I.I.B) | 07/06/2001 |

j) Brief audited financial details of DFL for the last 3 financial years are as follows:

(Rs. in lacs)

| PROFIT & LOSS STATEMENT | 31/03/2004 | 31/03/2005 | 31/03/2006 |
|---|---------------|---------------|---------------|
| Income from financing operations | 2,564.49 | 2,725.23 | 2,811.23 |
| Other Income | 23.36 | 35.80 | 76.75 |
| Total Income | 2,587.85 | 2,761.03 | 2,887.98 |
| Total Expenditure | 472.73 | 487.33 | 515.91 |
| Profit/(Loss) Before Depreciation, Interest and Tax | 2,115.12 | 2,273.70 | 2,372.07 |
| Depreciation | 146.29 | 76.93 | 92.79 |
| Interest & Finance Charges | 1,214.52 | 1,427.71 | 1,464.39 |
| Profit/(Loss) Before Tax | 754.31 | 769.06 | 814.89 |
| Provision for Tax - Current Tax | (270.65) | (274.16) | (298.16) |
| - Deferred Tax | 17.45 | 39.82 | |
| Profit After Tax | 501.11 | 534.72 | 516.73 |

(Rs. in lacs)

| BALANCE SHEET STATEMENT | | 31/03/2004 | 31/03/2005 | 31/03/2006 |
|---|--|------------------|------------------|------------------|
| Sources of funds | | | | |
| Paid up share capital | | 595.43 | 595.43 | 595.43 |
| Reserves and Surplus | | 2,914.26 | 3,314.34 | 3,649.46 |
| Miscellaneous Expenditure (Debit balance of Profit & Loss A/C) | | — | — | — |
| Networth | | 3,509.69 | 3,909.77 | 4,290.76 |
| Deferred Tax Credit | | 150.87 | 111.05 | 98.91 |
| Secured Loans | | 11,746.77 | 13,258.98 | 14,467.41 |
| Unsecured Loans | | 1,648.42 | 2077.07 | 2,574.97 |
| Total | | 17,055.75 | 19,356.87 | 21,431.35 |
| Uses of funds | | | | |
| Net fixed assets | | 819.93 | 767.66 | 793.39 |
| Investments | | 140.27 | 136.27 | 98.64 |
| Net Current Assets | | 16,095.55 | 18,452.94 | 20,539.32 |
| Total | | 17,055.75 | 19,356.87 | 21,431.35 |
| Other Financial Data | | | | |
| Dividend (%) | | 20.00 | 20.00 | 20.00 |
| Earning Per Share | | 8.42 | 8.98 | 8.67 |
| Return on Networth % | | 14.28 | 13.68 | 12.04 |
| Book Value Per Share (Face Value of Rs. 10/-) | | 58.94 | 65.66 | 72.06 |

k) Reasons for fall/rise in PAT of DFL:

The increase in income, is in relation to higher volume of business disbursement in the respective years over the previous years. The rise in profit after tax of 2004-05 over 2003-04 is due to the higher business volume, whereas the fall in profit after tax for 2005-06 over 2004-05 is on account of higher provisioning of tax and lower realization of interest rate on the business.

l) Pre and Post- Offer equity shareholding pattern of the Target Company assuming full acceptance will be as follows:

| Shareholder's category | Shareholding & voting rights prior to the offer | | Shares/voting rights agreed to be acquired which triggered off the Regulations | | Shares/voting rights to be acquired in open offer (Assuming full acceptances) | | Share holding/ voting rights after the acquisition and offer | |
|--|---|---------------|--|--------------|---|--------------|--|---------------|
| | (A) | | (B) | | (C) | | (D) | |
| | No. | % | No. | % | No. | % | No. | % |
| 1. Promoter Group | | | | | | | | |
| (a) Parties to agreement: (Sellers) | 29,00,352 | 48.71 | — | — | — | — | — | — |
| (b) Promoters other than (a) above | 3,70,525 | 6.22 | — | — | — | — | — | — |
| Sub Total 1 (a+b) | 32,70,877 | 54.93 | — | — | — | — | — | — |
| 2. a) Acquirer DBZM | — | — | 20,84,012 | 35.00 | 11,90,864 | 20.00 | 32,74,876 | 55.00 |
| Sub Total 2 | — | — | 20,84,012 | 35.00 | 11,90,864 | 20.00 | 32,74,876 | 55.00 |
| 3. Parties to agreement other than (1) (a) & (2) | — | — | — | — | — | — | — | — |
| 4. Public (other than Acquirer, Parties to the Agreement and persons in promoter group) | — | — | — | — | — | — | — | — |
| a) FIs/MFs/FIIs/Banks, SFIs | 1,800 | 0.03 | — | — | — | — | 26,79,444 | 45.00* |
| b) Others (no. of shareholders – 8,443) | 26,81,643 | 45.04 | — | — | — | — | | |
| Sub-total 4 (a + b) | 26,83,443 | 45.07 | — | — | — | — | 26,79,444 | 45.00 |
| Total (1+2+3+4) | 59,54,320 | 100.00 | 20,84,012 | 35.00 | 11,90,864 | 20.00 | 59,54,320 | 100.00 |

* The shareholding of erstwhile promoters aggregating to 11,86,865 equity shares (19.93%) has been included in the public category pursuant to proposed open offer assuming full acceptance.

The total promoter holding of DFL presently is 54.93%. DBZM has entered into a Share Purchase Agreement (SPA) with the promoter group of DFL who are presently holding 48.71% of the paid up capital of DFL. As per the SPA, DBZM would be acquiring 35.00% of the holding of the promoter group. DBZM also has an option under the SPA to acquire further shares from the promoter group so as to achieve, together with the shares acquired under the offer, upto 51% of the paid up capital of DFL.

In case of partial response to the Open Offer, DBZM has the option of acquiring further shares from the parties to the SPA holding a balance of 13.71% of equity shares of DFL. Presuming no response to the offer and DBZM acquiring balance shares their post offer holding would increase to 48.71%.

m) The Company has designated Ms. S Nagalakshmi as the Compliance Officer, the details of which are given below:

Ms. S Nagalakshmi

Company Secretary

Dhandapani Finance Limited

141, Linghi Chetty Street,

Chennai - 600 001,

Tamil Nadu (India)

Tel: (044) 2814 1778

Email: dhanfin@vsnl.com

7. OFFER PRICE

Justification of Offer Price:

The equity shares of the DFL are listed on the Bombay Stock Exchange Limited (BSE).

| Name of stock exchange | Total Shares traded during the 6 calendar months prior to the month in which the public announcement was made | Total no. of listed Shares | Annualized Trading turnover (in terms of % to total listed shares) |
|------------------------|---|----------------------------|--|
| BSE | 5,49,495 | 59,54,320 | 18.46 |

Offer Price in terms of Regulation 20(4) for frequently traded shares:

The equity shares of DFL are frequently traded on the Bombay Stock Exchange Ltd. (BSE) in terms of explanation (i) to Regulation 20(5) of the SEBI (SAST) Regulations, 1997 for the past six months. The Offer Price of Rs. 58.00 per equity share, has been determined as per Regulation 20(4) of the Regulations taking inter-alia into account the following factors:

| | | |
|---|---|--------------------------|
| The negotiated price under the SPA | : | Rs.58/- per equity share |
| Highest price paid by the Acquirer for acquisitions including by way of allotment in a public or rights issue or preferential issue, if any, during the twenty-six weeks period prior to the date of Public Announcement (P.A). | : | Not Applicable |
| Average of the weekly high and low of the closing prices of the equity shares of DFL as quoted on the BSE during the 26 weeks preceding the date of P.A. | : | Rs.36.17 |
| Average of the weekly high and low of prices of the equity shares of DFL as quoted on the BSE during the 2 weeks preceding the date of P.A. | : | Rs.43.93 |

The Offer Price of Rs. 58.00 per share being highest of all the above parameters, is justified in terms of Regulation 20(4) applicable in respect of frequently traded shares.

The Average of the weekly high and low of the closing prices of the shares of DFL as quoted on BSE during the 26 weeks preceding the date of P.A. is Rs.58.00 arrived as follows:

| Week No. | Week Period | High (Rs.) | Low (Rs.) | Average (Rs.) | Volume (No. of Shares) |
|----------------|-------------------------|------------|-----------|---------------|------------------------|
| 1 | 08/11/2005 - 14/11/2005 | 37.00 | 35.70 | 36.35 | 4,002 |
| 2 | 15/11/2005 - 21/11/2005 | 36.45 | 35.25 | 35.85 | 5,912 |
| 3 | 22/11/2005 - 28/11/2005 | 36.00 | 34.95 | 35.48 | 12,797 |
| 4 | 29/11/2005 - 05/12/2005 | 36.20 | 35.10 | 35.65 | 9,932 |
| 5 | 06/12/2005 - 12/12/2005 | 36.00 | 34.95 | 35.48 | 11,797 |
| 6 | 13/12/2005 - 19/12/2005 | 36.25 | 35.00 | 35.63 | 19,488 |
| 7 | 20/12/2005 - 16/12/2005 | 35.80 | 33.30 | 34.55 | 10,868 |
| 8 | 27/12/2005 - 02/01/2006 | 35.25 | 33.55 | 34.40 | 8,148 |
| 9 | 03/01/2006 - 09/01/2006 | 36.75 | 36.00 | 36.38 | 15,292 |
| 10 | 10/01/2006 - 16/01/2006 | 36.75 | 36.45 | 36.60 | 9,865 |
| 11 | 17/01/2006 - 23/01/2006 | 39.80 | 35.70 | 37.75 | 15,245 |
| 12 | 24/01/2006 - 30/01/2006 | 40.75 | 34.95 | 37.85 | 17,059 |
| 13 | 31/01/2006 - 06/02/2006 | 35.35 | 33.75 | 34.55 | 16,995 |
| 14 | 07/02/2006 - 13/02/2006 | 35.95 | 34.25 | 35.10 | 6,918 |
| 15 | 14/02/2006 - 20/02/2006 | 35.00 | 33.30 | 34.15 | 21,204 |
| 16 | 21/02/2006 - 27/02/2006 | 33.90 | 33.00 | 33.45 | 8,504 |
| 17 | 28/02/2006 - 06/03/2006 | 34.50 | 32.55 | 33.53 | 9,942 |
| 18 | 07/03/2006 - 13/03/2006 | 36.65 | 33.60 | 35.13 | 22,494 |
| 19 | 14/03/2006 - 20/03/2006 | 35.45 | 34.00 | 34.73 | 25,743 |
| 20 | 21/03/2006 - 27/03/2006 | 35.80 | 33.60 | 34.70 | 17,758 |
| 21 | 28/03/2006 - 03/04/2006 | 33.45 | 32.95 | 33.20 | 13,457 |
| 22 | 04/04/2006 - 10/04/2006 | 36.90 | 34.10 | 35.50 | 23,555 |
| 23 | 11/04/2006 - 17/04/2006 | 35.25 | 33.55 | 34.40 | 8,695 |
| 24 | 18/04/2006 - 24/04/2006 | 44.50 | 36.50 | 40.50 | 57,166 |
| 25 | 25/04/2006 - 01/05/2006 | 42.00 | 40.15 | 41.08 | 17,363 |
| 26 | 02/05/2006 - 08/05/2006 | 56.40 | 40.40 | 48.40 | 1,60,576 |
| Average | | | | 36.17 | |

Average of the daily high and low of the price of equity shares of DFL as quoted on the BSE during the 2 weeks preceding the date of P.A. is Rs. 43.93 arrived as follows:

| Day | Date | High (Rs.) | Low (Rs.) | Average (Rs.) | Volume (No. of Shares) |
|----------------------|------------|------------|-----------|---------------|------------------------|
| Week 1 | | | | | |
| 1. | 25/04/2006 | 43.00 | 39.25 | 41.13 | 6,852 |
| 2. | 26/04/2006 | 41.90 | 40.00 | 40.95 | 2,096 |
| 3. | 27/04/2006 | 44.00 | 40.10 | 42.05 | 6,213 |
| 4. | 28/04/2006 | 41.50 | 38.00 | 39.75 | 1,441 |
| 5. | 29/04/2006 | 40.90 | 38.05 | 39.48 | 761 |
| 6. | 30/04/2006 | — | — | — | — |
| 7. | 01/05/2006 | — | — | — | — |
| Week 2 | | | | | |
| 8. | 02/05/2006 | 41.95 | 39.60 | 40.78 | 2,157 |
| 9. | 03/05/2006 | 47.90 | 40.95 | 44.43 | 16,146 |
| 10. | 04/05/2006 | 48.10 | 45.00 | 46.55 | 20,200 |
| 11. | 05/05/2006 | 54.35 | 44.00 | 49.18 | 45,092 |
| 12. | 06/05/2006 | — | — | — | — |
| 13. | 07/05/2006 | — | — | — | — |
| 14. | 08/05/2006 | 58.90 | 51.05 | 54.98 | 76,981 |
| Average Price | | | | 43.93 | |

The Offer Price of Rs. 58.00 per share being highest of all the above parameters, is justified in terms of Regulation 20(4) applicable in respect of frequently traded shares. The Offer Price of Rs.58.00 per share is equivalent to the price at which the Acquirer has agreed to acquire 35% of the equity capital of DFL vide Share Purchase Agreement dated 04/05/2006.

Based on the above the Offer price of Rs.58.00 per share is justified. The Offer Price shall not be less than the highest price paid by the Acquirer for any acquisition of shares of DFL from the date of Public Announcement upto 7 working days prior to the closure of the offer.

8. FINANCIAL ARRANGEMENT

- a) Assuming full acceptance, the total monetary value of the Offer would be Rs. 690.70 lacs. The Acquirer has opened an Escrow Account with Hongkong and Shanghai Banking Corporation Ltd. (HSBC) R.k. Salai Branch, Mylapore, Chennai in favour of the Manager to the Offer and deposited an amount of Rs. 690.70 Lacs in cash which is 100% of the total monetary value of the Offer. The source of fund is through foreign funds remitted by DBZM from Mauritius. Acquirer has empowered the Manager to the Offer to realize the value of the aforesaid Escrow Account in terms of the Regulation 28(5). Thus the Acquirer has adequate and firm financial resources to fulfill the obligations under the Offer. The net worth of DBZM as on 31/12/2005 is USD 9,553,111 as per the certificate dated 02/08/2006 issued by PricewaterhouseCoopers, - the statutory auditors of DBZM, having their office at Champ de Mars, Port Louis, Mauritius; Tel: (230) 207 5100; Facsimile: (230) 212 9405.
- b) In view of this, the Manager to the Offer is satisfied about the ability of the Acquirer to implement the offer as firm financial arrangement through verifiable means are in place to fulfill the offer obligation.

9. TERMS AND CONDITIONS OF THE OFFER

- a) There are no equity shares of DFL under lock-in.
- b) **Eligibility for accepting the Offer:** The Letter of Offer specifying the detailed terms and conditions of this Offer together with Form of Acceptance cum Acknowledgement and Form of Withdrawal will be mailed to the equity shareholders of DFL whose names appear on the Register of Members of DFL, at the close of business hours on 02/06/2006 (referred to as "the Specified Date"). The Offer is made to all the remaining shareholders, except the Acquirers including PAC's, the parties to the SPA whose names appeared in the register of shareholders on the Specified Date and also to those persons who own the shares any time prior to the closure of the offer, but are not the registered shareholder(s).
- c) **Statutory Approvals:** Approval of RBI would be required to transfer the shares to be acquired by DBZM through SPA and pursuant to the Open Offer. Permission of RBI would also be required for transfer of shares received from NRI shareholders, if any. Consummation of transfer of shares acquired by DBZM through SPA shall also be subject to various conditions precedent, listed in the SPA, including receipt of the approvals of certain banks and lending institutions who are lenders to the Target Company. DBZM has opened an Escrow Account with HSBC, remitted funds through a normal banking channel and has obtained Foreign Inward Remittance Certificate (FICR) with respect of the same. DBZM has made an application to RBI for obtaining their permission for transfer of shares and money for the purposes of said acquisition. There are no other approvals, statutory or otherwise, required under the Companies Act 1956, Monopolies and Restrictive Trade Practices Act, 1969, the Foreign Exchange Management Act, 1999 and /or any other applicable laws.
- d) Subject to the conditions governing this Offer as mentioned herein, the acceptance of this offer by the equity shareholders of DFL must be absolute and unqualified. Any acceptance to this offer which is conditional and incomplete in any respect will be rejected without assigning any reason whatsoever.

10. PROCEDURE FOR ACCEPTANCE AND SETTLEMENT.

10.1 Procedure for accepting the offer by eligible persons

The equity shareholders of DFL who qualify and who wish to avail of this Offer (hereinafter referred to as "Acceptor") will have to deliver the relevant documents as mentioned at point (a), (b) and (c) below as applicable to the Registrar to the Offer i.e; Bigshare Services Pvt. Ltd. at the address mentioned below:

| Details of the Registrar | Timings | Mode of Delivery |
|---|---|--|
| BIGSHARE SERVICES PVT. LTD. E/2, Ansa Industrial Estate, Saki Vihar Road, Sakinaka, Andheri(E), Mumbai - 400 072. Tel.: (22) 2847 3474/0652 Fax: (022) 2852 5207 e-mail : ipo@bigshareonline.com | All working days i.e; other than Sundays and public holidays. between 10.30 am to 4.30 pm | Hand delivery or through Registered Post |

a) For equity shares held in dematerialized form:

For the purpose of the offer a Escrow Depository Account has been opened by Registrar to the Offer i.e; Bigshare Services Pvt. Ltd., in the name and style of "Bigshare Services Pvt. Ltd. - Escrow A/c for Dhandapani Finance Ltd." with Keynote Capitals Limited as the depository participant in Central Depository Services (India) Limited ("CDSL"). Equity Shareholders holding the shares in dematerialized form will have to deliver the following documents:

- i. Form of acceptance cum acknowledgement duly completed and signed in accordance with the instructions contained therein, as per the records of the Depository.
- ii. Photocopy of the delivery instruction slip in "off-market" mode or counterfoil of the delivery instruction slip in "off-market" mode, duly acknowledged by the relevant Depository Participant (DP).

- iii. For each delivery instruction the beneficial owner should submit separate Form of Acceptance.
- iv. The details of the Escrow depository account opened for this purpose are as under:

| | |
|-------------------------|--|
| Name of Depository | Central Depository Services Limited (CDSL) |
| DP Name | Keynote Capitals Ltd. |
| DP ID Number | 12024300 |
| Beneficiary ID | 00006634 |
| Name & Style of Account | Bigshare Services Pvt. Ltd. - Escrow A/c for Dhandapani Finance Ltd. |

- v. Equity shareholders having their beneficiary account in National Security Depository (India) Limited ("NSDL") will have to use inter depository delivery instructions slip for the purpose of crediting their equity shares in favour of the said Escrow depository account. The ISIN number allotted to equity shares of DFL is INE 071C01019.
- vi. Shareholders who have sent their physical equity shares for dematerialisation need to ensure that the process of getting equity shares dematerialised is completed well in time so that the credit in the Escrow Depository Account is received on or before closure of offer.

b) For equity shares held in physical form

Registered equity shareholders should enclose:

- i. Form of Acceptance cum acknowledgement duly completed and signed in accordance with the instructions contained therein, by all equity shareholders whose name appears on the share certificates.
- ii. Original share certificate(s)
- iii. Valid share transfer form(s) duly signed as transferors by all registered equity shareholders (in case of joint holdings), in the same order and as per the specimen signatures registered with and duly witnessed at the appropriate place.

c) Unregistered owners of equity shares should enclose:

- i. Form of acceptance cum acknowledgement duly completed and signed in accordance with the instructions contained therein.
- ii. Original share certificate(s)
- iii. Original broker contract note of a registered broker of a recognized stock exchange.
- iv. Valid share transfer form(s) as received from the market. The details of the buyer should be left blank. If the details of the buyer are filled in, the tender will not be valid under the offer. Acquirer's name will be subsequently filled in upon verifying the validity of the share transfer form.
- v. No indemnity is needed from unregistered equity shareholders.

NO DOCUMENT SHOULD BE SENT TO THE MANAGER TO THE OFFER, ACQUIRER OR TO THE TARGET COMPANY

10.2 OFFER PERIOD

- a) Offer period is the period between the date of Public announcement and the date of completion of Offer formalities relating to the Offer.
- b) This Offer will remain open on all working days (i.e. excluding Sunday and Public Holidays) between 14/08/2006 to 02/09/2006 (both days inclusive). The equity shareholders of DFL who wish to avail of this Offer shall be required to send their acceptance in the manner stated above so as to reach the Registrar to the Offer on or before 02/09/2006.

10.3 WITHDRAWAL OPTION

- a) The equity shareholders, who are desirous of withdrawing their acceptances tendered in the Offer, can do so upto three working days prior to the date of the closure of the Offer i.e. on or before 29/08/2006. The withdrawal option can be exercised by submitting the 'Form of Withdrawal' (separately enclosed with Letter of Offer) to the Registrar to the Offer, Bigshare Services Pvt. Ltd., so as to reach them on or before 29/08/2006 along with the following:

In case of physical shares: Name, Address, distinctive numbers, folio nos., number of shares tendered/withdrawn, and In case of dematerialised shares: Name, Address, number of shares tendered/withdrawn, 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 favour of the Escrow Depository Account.

- b) The form of Withdrawal can also be downloaded from SEBI's website www.sebi.gov.in or obtained from the Manager/ Registrar to the Offer.

10.4 Procedure for acceptance of the offer by the equity shareholders who do not receive the Letter of Offer and procedure for settlement

In case of non-receipt of the offer document/unregistered equity shareholders who wish to accept the offer should communicate their acceptance in writing on a plain paper stating the name, address, no. of shares held, distinctive numbers, folio number, no. of shares offered to the Registrar to the Offer together with relevant share certificate(s), the transfer deed(s) in case of physical mode / delivery instruction slip in case of dematerialized mode and the original contract note issued by share broker of a recognized stock exchange through whom they acquired the equity shares before the close of the Offer, i.e. 02/09/2006. Such equity shareholders may also download a copy of the form of acceptance cum acknowledgement from SEBI's website at www.sebi.gov.in and use the same.

10.5 GENERAL

- a) Acquirer can revise the price upwards upto seven working days prior to closure of the Offer and revision if any in the Offer Price would appear in the same newspapers where the Public Announcement has appeared. The same price would be paid to all shareholders who tender their shares in the Offer.
- b) **Shareholders may note that if there is a competitive bid, the public offers under all the subsisting bids shall close on the same date. As the Offer Price can not be revised during 7 working days prior to the closing date of the offers / bids, it would, therefore, be in the interest of shareholders to wait till the commencement of that period to know the final Offer Price of each bid and tender their acceptance accordingly.**
- c) The form of acceptance along with the Share Certificate(s) and other documents delivered shall become acceptance on the part of the shareholder, but will become a fully valid and binding contract between shareholders and Acquirer only upon the fulfillment of all conditions mentioned herein.
- d) On fulfillment of the conditions herein mentioned, the Acquirer will pay the Offer Price by crossed Account Payee Pay Orders/ Demand Drafts which will be sent by Registered Post to the equity shareholders of DFL, whose acceptance to the Offer are accepted by the Acquirer, at the address registered with the Company. The Pay Orders/ Demand Drafts will be drawn in the name of first named shareholder in case of joint shareholding. In case of unregistered owners of the shares, payment will be made as per mandate given by such owner. The unregistered owner may give a mandate for drawing the pay order / demand draft in the name of the person whose bank details may be furnished by him in the Form of Acceptance for incorporating in the Pay Order / Demand Draft.
- e) In case the aggregate of the valid responses to the offer exceeds offer size, then the Acquirer shall accept the valid applications received on a proportionate basis in accordance with Regulation 21 (6) of the Regulations.
- f) The share certificates will be held in trust by the Registrar to the Offer till the Acquirer completes the offer obligations in terms of the Regulations.
- g) Acquirer shall acquire the equity shares from the shareholders of the Company who have validly tendered the equity shares under the Offer (i.e. equity shares and other documents are in order in accordance with the terms of the Offer) and remit the consideration in respect thereof on or before 16/09/2006 in cash by Account Payee Pay Order / Demand Draft. Any delay will attract interest in terms of Regulation 22(12) of SEBI (SAST) Regulations 1997. The information as to whether the equity shares tendered by them have been accepted (in full or in part) or rejected and consideration payable would be sent by Registered Post.
- h) The unaccepted shares/documents will be returned to the shareholders by Registered Post
- i) For any queries regarding the Offer the shareholders / applicants may contact the Registrar to the Offer at the address mentioned in this Letter of Offer.
- j) Pursuant to the Regulation 13, the Acquirer has appointed Keynote Corporate Services Ltd. as the Manager to the Offer.
- k) Keynote Corporate Services Limited, the Manager to the Offer, does not hold any equity shares of DFL. Further, they have undertaken not to deal in the equity shares of DFL upto a period of fifteen days after closure of the Offer.
- l) The Board of Directors of Acquirer accepts responsibility for the information (except those relating to the Target Company, which has been compiled from publicly available sources) contained in the Public Announcement and also for the obligations of Acquirer laid down in the Regulations, 1997 and subsequent amendments made thereof.

11. DOCUMENTS FOR INSPECTION

The following documents are regarded as material documents and are available for inspection at the office of the Manager to the Offer; Keynote Corporate Services Limited at 307, Regent Chambers, Nariman Point, Mumbai-400 021 from 11.00 a.m. to 3.00 p.m. on any working day until the Offer closes.

1. Copy of Agreement (SPA) dated 04/05/2006 between Acquirer and the Sellers in respect of the proposed acquisition.
2. Copy of Memorandum of Understanding dated 04/05/2006 between Keynote Corporate Services Ltd., Manager to the Offer and Acquirer.
3. Copy of consent dated 06/05/2006 from Bigshare Services Pvt. Ltd., to act as the Registrar to the Offer.
4. Memorandum and Articles of Association of DFL.
5. Copies of Annual Report of DFL for the financial years 2003-04 & 2004-05 and Audited financials for the year 2005-06.
6. Copy of shareholding pattern of DFL.
7. Certificate of Incorporation dated 10/11/2004 of DBZM issued by the Registrar of Companies, Republic of Mauritius.
8. Copy of the Financial Statements of DBZM for the period from 10/11/2004 to 31/12/2005, audited by PricewaterhouseCoopers.
9. Copy of Networth Certificate dated 02/08/2006 of DBZM issued by PricewaterhouseCoopers, the statutory auditors of DBZM.
10. Copy of Foreign Inward Remittance Certificate (FIRC) dated 09/05/2006 received from HSBC, R.K. Salai Branch, Mylapore, Chennai.
11. Copy of RBI application dated 02/08/2006 made by DBZM.
12. Global Business License Category 1 dated 12/01/2006 of DBZM issued by the Financial Services Commission, Republic of Mauritius.

13. Escrow Agreement dated 08/05/2006 between HongKong & Shanghai Banking Corporation (HSBC), Manager to the offer and DBZM.
14. Copy of letter dated 08/05/2006 from HSBC, Chennai, confirming deposit of Rs.690.70 lacs in the Escrow Account opened with them.
15. Copies of undertaking from Acquirer & Target Company.
16. Copy of Public Announcement as published in the newspaper on 09/05/2006.
17. Copy of public notice as per the RBI guidelines, published in the newspaper on 19/05/2006.
18. Copy of letter No. CFD/DCR/TO/AG/72232/06 dated 21/07/2006 received from Securities and Exchange Board of India in terms of provisions of Regulation 18(2) of the Regulations.

12. DECLARATION BY THE ACQUIRER

The Board of Directors of the Acquirer accepts responsibility for the information contained in the Public Announcement and Letter of Offer (except those relating to the Target Company, which has been compiled from publicly available sources) and will be responsible for ensuring compliance with the obligations of Acquirer as laid down in SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 1997 and subsequent amendments thereto.

For and on behalf of D. B. Zwirn Mauritius

Sd/-
David Proshan
Director

Place: Mauritius
Date: 03/08/2006

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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 |
| OPENS ON : MONDAY, AUGUST 14, 2006 |
| CLOSES ON : SATURDAY, SEPTEMBER 02, 2006 |

From:

Tel No. Fax No.: E-mail:

To,
Bigshare Services Pvt. Ltd.
 E/2, Ansa Industrial Estate,
 Saki Vihar Road, Sakinaka,
 Andheri(E), Mumbai – 400 072.

Sub : Open offer to acquire upto 11,90,864 equity shares of Rs.10/- each representing 20% of the paid up capital of Dhandapani Finance Limited by D.B. Zwiirn Mauritius ('Acquirer') in terms of SEBI (Substantial Acquisition of Shares & Takeovers) Regulations, 1997.

Dear Sir,

I/We refer to the Letter of Offer dated 03/08/2006 for acquiring the equity shares held by me/us in Dhandapani Finance Limited.
 I/We, the undersigned, have read the Letter of Offer and understood its contents including the terms and conditions as mentioned therein.

For Shares held in Physical Form:

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

| Sr. No. | Certificate No. | Distinctive No(s) | | No. of Shares |
|--------------------------------------|-----------------|-------------------|----|---------------|
| | | From | To | |
| | | | | |
| | | | | |
| | | | | |
| | | | | |
| Total number of equity shares | | | | |

(In case the space provided is inadequate, please attach a separate sheet with the details)

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

For shares held in Demat Form:

I/We hold shares in demat form and accept the Offer and enclose photocopy of the Delivery Instruction Slip duly acknowledgement by DP in respect of my / our equity shares as detailed below:

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

I/We have done an off market transaction for crediting the shares to the Escrow Account named "**Bigshare Services Pvt. Ltd. – Escrow A/c for Dhandapani Finance Ltd.**" with the following particulars:

Depository Participant Name: Keynote Capitals Limited, Beneficiary ID No.: 00006634 DP ID No.: 12024300

Shareholders whose shares are held in a beneficiary account with "NSDL" should use an "Inter Depository Delivery Instruction" to transfer their shares to the Special Depository Account with CSDL

I/We note and understand that the shares would lie in the Special Depository Account until the time the Acquirer make payment of purchase consideration as mentioned in the Letter of Offer.

I/We authorise the Acquirer to accept the shares so offered which it may decide to accept in consultation with the Manager to the Offer and in terms of the Letter of Offer and I/We authorise the Acquirer or the Manager 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 below :

Address of First/Sole Shareholder _____

Note: In case of joint holdings, all holders must sign. A corporation must affix its common seal. So as to avoid fraudulent encashment in transit, the shareholder(s) may provide details of bank account of the first/sole shareholder and the consideration cheque or demand draft will be drawn accordingly.

Name of the Bank _____ Branch _____
 Account Number _____ Savings/Current/Others (please specify) _____

Yours faithfully,

| | FULL NAME(S) | SIGNATURE(S) |
|-------------------------------|--------------|--------------|
| First/Sole Shareholder | | |
| Second Shareholder | | |
| Third Shareholder | | |

Signed and Delivered:

Place:

----- **TEAR HERE** -----

Folio No.: Sr. No.: **Bigshare Services Pvt. Ltd.** (Acknowledgement Slip)
Unit: Dhandapani Finance Limited
 E/2, Ansa Industrial Estate, Saki Vihar Road, Sakinaka, Andheri(E), Mumbai – 400 072.

Received from Mr./Ms. _____
 Address _____

| | |
|---|----------------------------|
| Signature of Official and Date of Receipt | Stamp of collection centre |
| | |

Form of acceptance cum acknowledgement, # _____ Number of Share Certificates for _____ shares/# Copy of Delivery Instruction Slip to (DP) for _____ shares

Delete whichever is not applicable

PLEASE USE THIS FORM ONLY IF YOU HAVE TENDERED THE SHARES AND WISH TO WITHDRAW YOUR APPLICATION

FORM OF WITHDRAWAL

You have an 'OPTION TO WITHDRAW' the acceptance tendered in response to the offer any time upto three working days prior to the date of closure of offer i.e. on or before 29/08/2006. In case you wish to withdraw your acceptance please use this form.

| |
|--|
| OFFER |
| OPENS ON : MONDAY, AUGUST 14, 2006 |
| CLOSES ON : SATURDAY, SEPTEMBER 02, 2006 |
| LAST DATE OF WITHDRAWAL : TUESDAY, AUGUST 29, 2006 |

From:

Tel. No.

Fax No.:

E-mail:

To,
Bigshare Services Pvt. Ltd.
 E/2, Ansa Industrial Estate,
 Saki Vihar Road, Sakinaka,
 Andheri(E), Mumbai – 400 072.

Sub : Open offer to acquire upto 11,90,864 equity shares of Rs.10/- each representing 20% of the paid up capital of Dhandapani Finance Limited by D.B. Zwirn Mauritius ('Acquirer') in terms of SEBI (Substantial Acquisition of Shares & Takeovers) Regulations, 1997.

Dear Sir,

I/We refer to the Letter of Offer dated 03/08/2006 for acquiring the equity shares held by me/us in Dhandapani Finance 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 wish to withdraw our acceptance tendered in response to the said offer. We had deposited/sent our 'Form of Acceptance' to you on _____ along with original share certificate(s) and duly signed transfer deed(s) in respect of my/our shares as detailed below: **(Please enclose the Xerox copy of Acknowledgement received for 'Form of Acceptance')**

| Sr. No. | Certificate No. | Distinctive No(s) | | No. of Shares |
|--------------------------------------|-----------------|-------------------|----|---------------|
| | | From | To | |
| | | | | |
| | | | | |
| | | | | |
| | | | | |
| Total number of equity shares | | | | |

(In case the space provided is inadequate, please attach a separate sheet with the details)

I/We note and understand the terms of withdrawal of acceptance and request you to return the original share certificate(s) and valid share transfer deed and **authorize you not to remit** the consideration as mentioned in the Letter of Offer.

I/We authorise the Acquirer to reject the shares so offered which it may decide in consultation with Manager to the Offer and in terms of the Letter of Offer and,

I/We authorise the Acquirer or the Registrar to the Offer to send by registered post the original share certificate(s), transfer deed(s) and other documents tendered by me/us to the sole/first holder at the address mentioned below or credit the shares in demat form to my/our DP Account as mentioned below :

| | FULL NAME(S) | SIGNATURE(S) |
|------------------------|--------------|--------------|
| First/Sole Shareholder | | |
| Second Shareholder | | |
| Third Shareholder | | |

Address of First/Sole Shareholder _____

For Shares In Demat Form

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

Yours faithfully,

Signed

Place:

Note: In case of joint holdings, all holders must sign. A corporation must affix its common seal.

Date:

----- **TEAR HERE** -----

Folio No.:

Sr. No.:

Bigshare Services Pvt. Ltd.
Unit : Dhandapani Finance Limited

(Acknowledgement Slip)

E/2, Ansa Industrial Estate, Saki Vihar Road, Sakinaka, Andheri(E), Mumbai – 400 072.

Received from Mr./Ms. _____

Address _____

Form of withdrawal in respect of _____ Number of Share Certificates representing _____ number of shares shares

| | |
|---|---------------------------------|
| Signature of Official and Date of Receipt | Stamp of Registrar to the Offer |
| | |