LETTER OF OFFER

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

This Letter of Offer is sent to you as a shareholder of **H. K. Finechem Limited**. If you require any clarifications about the action to be taken, you may consult your stockbroker or investment consultant or the Manager / Registrar to the Offer. In case you have recently sold your equity shares in **H. K. Finechem Limited**, please hand over this Letter of Offer, the accompanying Form of Acceptance-cum-Acknowledgement, Form of Withdrawal and Transfer Deed to the member of the stock exchange through whom the said sale was effected.

Mr. Utkarsh Bhikhoobhai Shah

(10 Heritage Residency, Thaltej-Shilaj Road, Thaltej, Ahmedabad 380 054) and

Mr. Raj B Shah

(28 Heritage Homes, Thaltej-Shilaj Road, Thaltej, Ahmedabad 380 054) and

Mr. Sukoon V Shah

(202, Heritage Crescent, Opp Karnavati Club, Nr Mahmodham, Prahladnagar, Ahmedabad 380 052) and

Mr. Bimal Dashrathbhai Parikh and **Mrs. Mamta Bimal Parikh** and **Bimal D. Parikh HUF**

(9 Heritage Residency, Thaltej-Shilaj Road, Thaltej, Ahmedabad 380 059) and

Mr. Hemant Navinchandra Shah and **Mr. Rohan Hemant Shah**

(Navprakash, Opp Dharmyug Appt, Gulbai Tekra, Ahmedabad 380 006)

(Collectively referred as 'Acquirers')

Contact details of the Acquirers – Telephone number - +91-79-2754 5402, Fax number - +91-79-2754 5410

MAKE A CASH OFFER AT Rs. 25.20 (Rupees Twenty Five and Twenty Paise only) PER FULLY PAID-UP EQUITY SHARE OF FACE VALUE OF Rs. 10/- (Rupees Ten Each).

TO ACQUIRE 19,00,000 FULLY PAID-UP EQUITY SHARES

representing 20% of the Voting Capital **("OFFER")** of **H. K. Finechem Limited ("Target Company" or "HKFL")**

Registered Office: 201, Aniket, C. G. Road, Navrangapura, Ahmedabad – 380 009.

Tel: + 91- 79 – 2646 8752, **Fax:** +91 –79 – 2646 0910

Please Note:

1. This Offer is being made pursuant to Regulations 10 and 12 and in compliance with the provisions of the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 1997 and subsequent amendments thereto ("SEBI (SAST) Regulations")
3. If the aggregate of the valid response exceeds 19,00,000 equity shares, the Acquirers shall accept shares equal to 19,00,000 equity shares, on a proportionate basis, in consultation with the Manager to the Offer, in accordance with Regulation 21(6) of SEBI (SAST) Regulations.
3. **The Offer is not a conditional offer and is not subject to a minimum level of acceptance by the shareholders of the Target Company.**
4. The Offer is not subject to any statutory and regulatory approvals except those stated in paragraph 8.1.1.
5. The Acquirers are permitted to revise the Offer Price of Equity Shares upward any time up to seven working days prior to the date of closure of the Offer. If there is any upward revision in the Offer Price by the Acquirers till the last date of revision i.e. May 3, 2010 or withdrawal of the Offer in terms of the SEBI (SAST) Regulations, the same would be informed by way of a public announcement in the same newspapers mentioned in paragraph 3.2.1 of this Letter of Offer where the original Public Announcement had appeared. Such revised offer price would be payable by the Acquirers to all Equity Shareholders of H.K. Finechem Limited who tendered their Equity Shares at anytime during the Offer and accepted under the Offer.
6. The procedure for acceptance is set out in Para 9 of this Letter of Offer. A Form of Acceptance-cum-Acknowledgement and a Form of Withdrawal is enclosed with this Letter of Offer.
7. This Offer is not a competitive offer.
8. **The Public Announcement, Letter of Offer, Form of Acceptance-cum-Acknowledgement and Form of Withdrawal would also be available on the website of Securities and Exchange Board of India ('SEBI') http://www.sebi.gov.in**
9. **Shareholders who have accepted the Offer by tendering the requisite documents, in terms of the Public Announcement / Letter of Offer, can withdraw the same up to three (3) working days prior to the date of closure of the Offer. Requests for such withdrawals should reach the Registrar to the Offer before the close of business hours on May 7, 2010.**
10. **There has been no competitive bid or revision of Offer Price as on the date of this Letter of Offer.**

Manager to the Offer:	**Registrar to the Offer:**
Ernst & Young Merchant Banking Services Pvt. Ltd. Jalan Mill Compound,95, Ganpatrao Kadam Marg, Lower Parel,Mumbai – 400 013 Tel : + 91- 22- 6749 8055 / 4035 6300 Fax : + 91- 22- 4035 6400 Contact Person: Mr. Gigy Mathew / Ms Nishita John Email: gigy.mathew@in.ey.com	**Sharepro Services (India) Pvt. Ltd.** 13 AB, Samhita Warehousing Complex, 2nd Floor, Near Sakinaka Telephone Exchange, Andheri – Kurla Road, Sakinaka, Andheri (E), Mumbai – 400 072 Tel : + 91-22-67720300/400 Fax : + 91-22-28508927 Contact Person: Mr. Ganesh Rane Email: hkflopenoffer@shareproservices.com
Offer Opens : Friday, April 23, 2010	**Offer Closes :** Wednesday, May 12, 2010

SCHEDULE OF MAJOR ACTIVITIES

Activity	Original Schedule Date (Day)	Revised Schedule Date (Day)
Public Announcement	February 18, 2010 (Thursday)	February 18, 2010 (Thursday)
Specified Date*	March 19, 2010 (Friday)	March 19, 2010 (Friday)
Last date for Competitive Bid	March 11, 2010 (Thursday)	March 11, 2010 (Thursday)
Last date by which Letter of Offer will be posted to shareholders of HKFL	April 3, 2010 (Saturday)	April 17, 2010 (Saturday)
Date of Opening of the Offer	April 13, 2010(Tuesday)	April 23, 2010(Friday)
Last date for revising the Offer Price / Offer size	April 22, 2010 (Thursday)	May 3, 2010(Monday)
Last date of withdrawal of tendered applications	April 28, 2010(Wednesday)	May 7, 2010(Friday)
Date of Closure of the Offer	May 3, 2010 (Monday)	May 12, 2010 (Wednesday)
Last date of communicating acceptance / rejection under the Offer and payment of consideration for accepted applications	May 18, 2009 (Tuesday)	May 27, 2010 (Thursday)

* Specified Date is only for the purpose of determining the names of shareholders as on such date to whom the Letter of Offer would be sent. Owners (registered or unregistered) of the shares of HKFL (except the Acquirers, Continuing Shareholders and Sellers) are eligible to participate in the Offer any time before the closure of the Offer.

RISK FACTORS

Risks related to the Transaction, the Offer and in associating with the Acquirers:

Risks related to the Transaction, the Offer

i. The Offer is subject to the Acquirers obtaining all necessary approvals including the approval from Reserve Bank of India (RBI) under the Foreign Exchange Management Act, 1999 as amended from time to time and the rules and regulations made there under for the acquisition/transfer of Offer Shares tendered pursuant to this Offer, if required.

ii. In the event that either (a) a regulatory approval is not received in time; or (b) there is any litigation leading to a stay on the Offer; or (c) SEBI instructs the Acquirers not to proceed with the Offer, then the Offer process may be delayed beyond the schedule of activities as indicated in this Letter of Offer. Consequently, the payment of consideration to the shareholders of HKFL whose equity shares have been accepted in the Offer as well as the return of the shares not accepted by the Acquirers may be delayed. In case of delay, due to non-receipt of statutory approval(s), as per Regulation 22(12) of the SEBI Takeover Regulations, SEBI, may, if satisfied, that the non receipt of approvals was not due to any wilful default or negligence on the part of the Acquirers, grant an extension for the purpose of completion of the Offer subject to the Acquirers agreeing to pay interest to the eligible shareholders, as may be specified by SEBI. Further, shareholders should note that after the last date of withdrawal i.e. May 7, 2010, shareholders who have lodged their acceptances would not be able to withdraw their acceptances 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 the process of acceptance of tenders and the payment of consideration is completed. The shareholders will not be able to trade in such shares which are in the custody of the Registrar to the Offer.

iii. In case the Shares tendered in the Offer by the Shareholders, are more than the Shares to be acquired under the Offer, the acquisition of Shares from each Shareholder will be as per the provisions of Regulation 21 (6) of the SEBI (SAST) Regulations on a proportionate basis, in such a way that the acquisition from a Shareholder shall not be less than the minimum marketable lot. Market lot for the Target Company's share is 1 (one) share.

iv. The Shares tendered in the Offer will be held in trust by the Registrar to the Offer to the credit of a designated escrow account till the completion of the Offer formalities and the Shareholders will not be able to trade such Shares. During such period there may be fluctuations in the market price of the Shares. The Acquirers make no assurance with respect to the market price of the Shares both during the Offer period and after completion of the Offer and disclaims any responsibility with respect to any decision by the Shareholders on whether or not to participate in the Offer.

Risks involved in associating with the Acquirers:

i. The Acquirers make no assurance with respect to the market price of the shares of HKFL, which would prevail both during the Offer period and upon 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.

ii. The Acquirers have no prior experience in business areas of the Target Company.

iii. The Acquirers make no assurance with respect to the financial performance of HKFL. The Acquirers also make no assurances with respect to its investment/ divestment decisions relating to their proposed shareholding in the Target Company.

iv. Mr. Ashish Prafulbhai Patel, one of the sellers, is holding 150,000 shares which are attached by the Income Tax Department, as per the SPA, which shall be transferred to the Acquirers once the Income Tax Department lifts the attachment order. The Acquirers make no assurance about the period in which the shares will be transferred to the Acquirers.

The indicative risk factors set forth above pertain to the acquisition and the Offer and not in relation to the present or future business or operations of HKFL or of the Acquirers or any of their subsidiaries or any other related matters and are neither exhaustive nor intended to constitute a complete analysis of the risks involved in participation or otherwise by a shareholder in the Offer. Shareholders of HKFL are advised to consult their stockbroker or investment consultant, for further risks with respect to their participation in the Offer.

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1. DEFINITIONS

The following definitions apply through this document, unless the context requires otherwise:

Acquirers	Mr. Utkarsh Bhikhoobhai Shah Mr. Raj B Shah Mr. Sukoon V Shah Mr. Bimal Dashrathbhai Parikh Mrs. Mamta Bimal Parikh Bimal D. Parikh HUF Mr. Hemant Navinchandra Shah Mr. Rohan Hemant Shah
Affiliates and Relatives of Acquirers	Ashmak Investments Private Limited Dashrath Jagmohan Investments Private Limited Mr. Priyam B. Parikh M/s Super Enterprise
ASE	Ahmedabad Stock Exchange Limited
BSE	Bombay Stock Exchange Limited
CDSL	Central Depository Services (India) Limited
Continuing Shareholders	Harihar Manufacturing and Trading Private Limited PCD Investments Private Limited UKM Investments Private Limited Chadrika Family Trust and Mr. Nahoosh Jayvadan Jariwala, karta of Nahoosh Jayvadan Jariwala HUF
DP	Depository Participant
Depositories	Collectively NSDL and CDSL
Form of Acceptance/ FOA	Form of Acceptance-cum- Acknowledgement
FOW	Form of Withdrawal
FY	Financial Year
HKFL/Target Company	H. K. Finechem Limited
Letter of Offer/ LOF	This Letter of Offer
Manager/ Manager to the Offer/ EYMBS	Ernst & Young Merchant Banking Services Private Limited
NSDL	National Securities Depository Limited
Offer	Open Offer made by the Acquirers pursuant to Regulations 10 and 12 of the SEBI (SAST) Regulations, to the Shareholders of HKFL to acquire upto 19,00,000 fully paid up equity shares of face value of Rs. 10/- each of HKFL representing 20% of the paid up equity share capital of HKFL at a price of Rs. 25.20 (Rupees Twenty Five and Twenty Paise only) per fully paid up equity share payable in cash as set out in this Letter of Offer
Offer Price	Rs. 25.20 (Rupees Twenty Five and Twenty Paise only) per fully paid up equity share of Rs. 10/- each in terms of Regulation 20 of the SEBI (SAST) Regulations
Offer Size	19,00,000 Equity shares
Persons eligible to participate in the Offer	All Public Equity Shareholders of HKFL except the Acquirers, Continuing Shareholders and Sellers
Promoter Group of HKFL	Sellers and the Continuing Shareholders of HKFL
Public Announcement/ PA/ Original Public Announcement	Announcement of this Offer issued on February 18, 2010 in all editions of Financial Express (English and Gujarati editions), Jansatta (Hindi) and Navshakti (Marathi) by the Manager to the Offer for and on behalf of the Acquirers
RBI	Reserve Bank of India
RTGS	Real Time Gross Settlement
Registrar to the Offer/Registrar	Sharepro Services (India) Private Limited
SEBI	Securities and Exchange Board of India
SEBI Act	Securities and Exchange Board of India Act, 1992

SEBI Takeover Code or SEBI (SAST) Regulations	Securities and Exchange Board of India (Substantial Acquisition Of Shares And Takeovers) Regulations, 1997 & subsequent amendments thereto.
Sellers	Mr. Rajan Ramkrishna Harivallabhdas, Mr. Dharmesh Rajan Harivallabhdas, Shri Arya Investments Private Limited, Shri Aja Impex Private Limited, Shri Abhyudaya Chemicals Private Limited, Mr. Ashish Prafulbhai Patel, Mr. Ambrish Ramkrishna Harivallabhdas, Mrs. Bhadrasheela Rajan Harivallabhdas, and Mr. Rajan Ramkrishna Harivallabhdas, karta of Rajan R. Harivallabhdas HUF
Share(s)	Fully paid-up Equity Shares of face value of Rs 10 (Rupees Ten only) each of HKFL
Shareholders	Shareholders of the Target Company
SPA	The Share Purchase Agreement dated February 15, 2010 entered into by the Acquirers with the Sellers, for purchase of 39,59,223 Shares of the Target Company from the Sellers
Specified date	March 19, 2010
Voting Equity Share Capital	95,00,000 fully paid up equity shares of HKFL

Note: *All terms beginning with a capital letter used in this Letter of Offer, but not otherwise defined herein, shall have the meanings ascribed thereto in the SEBI (SAST) Regulations.*

2. DISCLAIMER CLAUSE

IT IS TO BE DISTINCTLY UNDERSTOOD THAT FILING OF THE 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 HKFL TO TAKE AN INFORMED DECISION WITH REGARD TO THE OFFER. SEBI DOES NOT TAKE ANY RESPONSIBILITY EITHER FOR THE FINANCIAL SOUNDNESS OF THE ACQUIRERS OR THE TARGET COMPANY WHOSE SHARES/ CONTROL IS PROPOSED TO BE ACQUIRED OR FOR THE CORRECTNESS OF THE STATEMENTS MADE OR OPINIONS EXPRESSED IN THE LETTER OF OFFER. IT SHOULD ALSO BE CLEARLY UNDERSTOOD THAT, WHILE THE ACQUIRERS ARE PRIMARILY RESPONSIBLE FOR THE CORRECTNESS, ADEQUACY, AND DISCLOSURE OF ALL RELEVANT INFORMATION IN THIS LETTER OF OFFER, THE MANAGER TO THE OFFER IS EXPECTED TO EXERCISE DUE DILIGENCE TO ENSURE THAT THE ACQUIRERS DULY DISCHARGE THEIR RESPONSIBILITY ADEQUATELY.

IN THIS BEHALF AND TOWARDS THIS PURPOSE, THE MANAGER TO THE OFFER, ERNST & YOUNG MERCHANT BANKING SERVICES PRIVATE LIMITED, HAS SUBMITTED A DUE DILIGENCE CERTIFICATE DATED MARCH 4, 2010 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 ACQUIRERS FROM THE REQUIREMENT OF OBTAINING SUCH STATUTORY CLEARANCES AS MAY BE REQUIRED FOR THE PURPOSE OF THE OFFER.

3. DETAILS OF THE OFFER

3.1 Background of the Offer

3.1.1 The Acquirers are making this offer to the shareholders of H. K. Finechem Limited (‘HKFL’ or ‘Target Company’) to acquire 19,00,000 fully paid-up equity shares of Rs. 10/- each, (‘Offer Shares’) representing 20% of the Voting Equity Share Capital of HKFL at a price of Rs. 25.20 per equity share (‘Offer Price’), payable in cash, in terms of Regulation 10 and Regulation 12 of the SEBI (SAST) Regulations subject to the terms and conditions mentioned hereinafter (the ‘Offer’ or ‘Open Offer’) for the purpose of substantial acquisition of Equity Shares and voting rights of HKFL accompanied with the change in control and management as the aggregate equity stake of the Acquirers in the paid up equity share capital of HKFL will be more than the stipulated threshold of 15% consequent to the acquisition.

3.1.2 On February 15, 2010 the Acquirers entered into a SPA with the Sellers, who are the existing promoters and Promoter Group entities of the Target Company (including individuals, HUFs and companies) more specifically set out in Clause 3.1.3 of this Letter of Offer, the Target Company and the Continuing Shareholders, to acquire 39,59,223 equity shares of Rs. 10/- each, representing 41.68% of the Voting Equity Share Capital of the Target Company (‘Sale Shares’).

3.1.3 Details of the shares acquired through the SPA:

Sl. No.	Name and address of the Sellers	Number of Equity Shares	Percentage (%) of equity shares acquired	Sale consideration received (in rupees)**
Seller No. 1	Mr. Rajan Ramkrishna Harivallabhdas, son of Mr. Ramkrishna Harivallabhdas, residing at Aradhana, Naranpura Cross Roads, Ahmedabad – 380 013	2	0.00%	35
Seller No. 2	Mr. Dharmesh Rajan Harivallabhdas, son of Mr. Rajan Ramkrishna Harivallabhdas, residing at Aradhana, Naranpura Cross Roads, Ahmedabad – 380 013	29,51,250	31.07%	7,37,86,470
Seller No. 3	Shri Arya Investments Private Limited, a company incorporated under the Companies Act, 1956 (the ‘Act’), with its registered office at 201, 2nd floor, Aniket, C.G. Road, Navarangpura, Ahmedabad – 380 009	4,32,268	4.55%	1,07,58,331
Seller No. 4	Shri Aja Impex Private Limited, a company incorporated under the Act, , with its registered office at 201, 2nd floor, Aniket, C.G. Road, Navarangpura, Ahmedabad – 380 009	1,91,401	2.01%	47,63,608
Seller No. 5	Shri Abhyudaya Chemicals Private Limited, a company incorporated under the Act, , with its registered office at 201, 2nd floor, Aniket, C.G. Road, Navarangpura, Ahmedabad – 380 009	1,31,801	1.39%	32,80,277

Sl. No.	Name and address of the Sellers	Number of Equity Shares	Percentage (%) of equity shares acquired	Sale consideration received (in rupees)**
Seller No. 6	Mr. Ashish Prafulbhai Patel, son of Mr. Prafulbhai Patel, residing at Vithalbhai Patel Colony, near Sardar Patel Colony, Stadium Road, Ahmedabad – 380 014	1,50,000*	1.58%	37,65,000
Seller No. 7	Mr. Ambrish Ramkrishna Harivallabhdas, son of Mr. Ramkrishna Harivallabhdas, residing at Suryaja Bunglow, near Sarthi Hotel, Ahmedabad – 380 054	2,000	0.02%	49,876
Seller No. 8	Mrs. Bhadrasheela Rajan Harivallabhdas, wife of Mr. Rajan Ramkrishna Harivallabhdas, residing at Aradhana, Naranpura Cross Roads, Ahmedabad – 380 013	501	0.01%	12,519
Seller No. 9	Mr. Rajan Ramkrishna Harivallabhdas, karta of Rajan R. Harivallabhdas HUF, Aradhana, Naranpura Cross Roads, Ahmedabad – 380 013	1,00,000	1.05%	24,88,810
Total		**3,959,223**	**41.68%**	**9,89,04,926**

* the shares will be transferred subsequently at an agreed consideration of Rs. 25.10/- per share, as per SPA. Further details on this transfer by Seller No 6 are provided at clause nos. 3.1.4.7, 3.1.4.8 and 3.1.4.9.

** Consideration received by Sellers net of stamp charges, service tax and other charges

3.1.3.1 The details of the shareholding of the Sellers and the Continuing Shareholders (the Promoter Group of the Target Company), as on the date of the SPA, are as follows:

Particulars	No. of Shares	% of Voting Equity Share Capital
Sellers	39,59,223	41.68%
Continuing Shareholders	16,78,287	17.67%
Total	**56,37,510**	**59.34%**

3.1.3.2 In terms of the SPA, Continuing Shareholders will continue to hold their shares in the Target Company. The Continuing Shareholders will continue to remain as promoters after the completion of the Open Offer.

3.1.4 The Acquirers have agreed to acquire the entire shareholding of the Sellers in terms of the SPA. The relevant terms of the SPA are as follows :

3.1.4.1 The SPA contains a provision that the parties to the SPA shall not act upon the sale and purchase of the Sale Shares in the event of non-compliance of the provisions of the SEBI (SAST) Regulations by the parties.

3.1.4.2 The Continuing Shareholders shall neither pledge, transfer, sale and/or create any third party rights, title, interest with respect to their shareholding in the Target Company till the completion of Open Offer formalities nor offer their shares in the Target Company in the Open Offer.

3.1.4.3 Mr. Nahoosh Jayvadan Jariwala shall continue as Executive Director on the Board of Directors of the Target Company till the completion of the Open Offer formalities.

3.1.4.4 The non-compete clause of the SPA prohibits, for a tenure of five years commencing from the date of the SPA, each of the Sellers, except Seller Nos. 6 and 7, including their respective relatives and affiliates, without the prior written approval of the Acquirers, from being engaged in, establish, own, manage, operate, join or participate, control, lend money or render financial or other assistance to or participate in or be connected with, as a partner, stockholder, co-venturer, consultant or otherwise directly or indirectly in any business or undertake any activity, which shall be in direct or indirect competition with or is same as any part of the processing of a) Sunflower, Soya and Cotton seed acid oil and its derivatives; b) Sun flower, Soya and Cotton Seed deodorized distillate and its derivatives; c) Dimer and monomer fatty acid; and production of cardanol for sale. However, the Acquirers have not paid and are not liable to pay any consideration to Sellers as non-compete fee over and above the consideration paid for acquiring the Sale Shares.

3.1.4.5 The existing directors, namely, Mr. Rajan R. Harivallabhdas, Mr. Chinubhai R. Shah, Mr. Praful Anubhai, Mr. Janak G. Nanavaty, Mr. Himanshu C. Patel, Mr. Naishadh I Parikh, Mr. Dharmesh R. Harivallabhdas shall resign from the Board of Directors of the Target Company, after expiry of 21 days from the date of PA, in terms of Regulation 22(7) of SEBI (SAST) Regulations.

3.1.4.6 In terms of Regulation 22(7) of SEBI (SAST) Regulations, the Acquirers have the right to nominate directors on the board of the Target Company after depositing in the escrow account hundred per cent of the consideration payable in cash.

3.1.4.7 The Sale Shares are free from all lien, claim, pledge, charge, mortgage and encumbrance, save and except the 1,50,000 shares held by Seller No. 6, which are attached by the Income Tax Department.

3.1.4.8 Out of the Sale Shares, 1,50,000 shares representing 1.58% of the Voting Equity Share Capital of the Target Company and held by Seller No. 6, are attached by the Income Tax Department. As per the SPA, the Seller No. 6 shall transfer the shares to the Acquirers once the Income Tax Department lifts the attachment order and upon transfer of the said shares, the Acquirers shall pay the consideration of Rs. 25.10 per equity share, aggregating Rs. 37,65,000/- (Rupees Thirty Seven Lakhs Sixty Five Thousand only), to the Seller No. 6 as agreed in the SPA.

3.1.4.9 The Seller No. 6 and Seller No. 1 jointly and each of them severally are responsible for ensuring the transfer of 1,50,000 shares by Seller No. 6 to the Acquirers.

3.1.5 The Acquirers acquired and the Sellers sold 28,88,483 equity shares of the Target Company at a price of Rs. 25.15 per equity share of Rs. 10/- each, constituting 30.41% of the Voting Equity Share Capital of the Target Company, for a consideration of Rs. 7,26,33,378/- (Rupees Seven Crore Twenty Six Lakhs Three Hundred and Seventy Eight only) by carrying out block deals on the BSE on February 15, 2010.

3.1.6 Further, the Acquirers acquired and the Sellers sold 9,20,740 equity shares of the Target Company at a price of Rs. 25.10 per equity share of Rs. 10/- each, constituting 9.69% of the Voting Equity Share Capital of the Target Company, for a consideration of Rs. 2,31,10,446/- (Rupees Two Crore Thirty One Lakhs Ten Thousand Four Hundred and Forty Six only) by carrying out bulk deals on the BSE on February 15, 2010.

3.1.7 The details of the shares acquired by the Acquirers through block deals and bulk deals on February 15, 2010 and the shares to be transferred from the Seller No. 6 upon the lifting of attachment by the Income Tax Department, are given below;

Acquirers	**Acquired through block deals**		**Acquired through bulk deals**		**To be transferred by Seller No. 6 @ Rs. 25.10 per share**	**Total**
	No. of shares	Price per share (Rs.)	No. of shares	Price per share (Rs.)	No. of shares	No. of shares
Mr. Utkarsh Bhikoobhai Shah	11,00,090	25.15	Nil	Nil	43,319	11,43,409
Mr. Raj B. Shah	5,51,009	25.15	Nil	Nil	21,698	5,72,707
Mr. Sukoon V. Shah	Nil	Nil	3,80,740	25.18	14,993	3,95,733
Mr. Bimal Dashrathbhai Parikh	5,48,692	25.15	Nil	Nil	21,606	5,70,298
Mrs. Mamta Bimal Parikh	Nil	Nil	1,50,000	25.05	5,907	1,55,907
Bimal D. Parikh HUF	Nil	Nil	1,90,000	25.05	7,482	1,97,482
Mr. Hemant Navinchandra Shah	6,88,692	25.15	Nil	Nil	27,119	7,15,811
Mr. Rohan Hemant Shah	Nil	Nil	2,00,000	25.05	7,876	2,07,876
Total	**28,88,483**	**25.15**	**9,20,740**	**25.10**	**1,50,000**	**39,59,223**

3.1.8 As a result of the above acquisition of shares, the Acquirers are making a mandatory Offer to the shareholders of the Target Company for acquiring up to 19,00,000 fully paid up equity shares of Rs. 10/- each constituting 20% of the Voting Equity Share Capital of the Target Company at Rs. 25.20 (Rupees twenty five and paise twenty only) per equity share aggregating to Rs. 4,78,80,000/- (Rupees Four Crore Seventy Eight Lakhs Eighty Thousand only) ('Offer Size') payable in cash subject to the terms and conditions mentioned in the PA and the terms and conditions that are set out in this Letter of Offer in relation to the Offer (the 'Letter of Offer').

3.1.9 The Acquirers shall acquire the title and interest of the Sellers in and unto the Sale Shares together with all benefits and rights and obligations attaching thereto only upon the completion of the Offer.

3.1.10 In terms of Regulation 22(7) of SEBI (SAST) Regulations, the Acquirers have the right to nominate directors on the board of the Target Company after depositing in the escrow account hundred per cent of the consideration payable in cash. Accordingly, pursuant to the deposit of 100% of the consideration payable in cash, three of the Acquirers, namely, Mr. Utkarsh Bhikhoobhai Shah, Mr. Bimal Dashrathbhai Parikh and Mr. Hemat Navinchandra Shah have been appointed as Additional Directors on the Board of the Target Company with effect from April 1, 2010.

3.1.11 As on the PA date, other than the Sale Shares, the Acquirers are holding directly and indirectly through their relatives and affiliates 1,09,563 equity shares of Rs. 10/- each representing 1.15% of the Voting Equity Share Capital of the Target Company, the details of such holding are as follows:

Name of the shareholder	Relationship	No of shares	% of voting capital
Bimal D. Parikh HUF	Acquirer	5,000	0.05%
Mrs. Mamta B. Parikh	Acquirer	10,000	0.11%
Ashmak Investments Private Limited	Affiliate of Mr. Bimal D. Parikh	2,000	0.02%
Dashrath Jagmohan Investments Private Limited	Affiliate of Mr. Bimal D. Parikh	5,000	0.05%
Bimal D. Parikh	Acquirer	13,028	0.14%
Priyam B. Parikh	Relative of Mr. Bimal D. Parikh	3,000	0.03%
Super Enterprise	Affiliate of Mr. Hemant N. Shah	71,535	0.75%
Total		**1,09,563**	**1.15%**

3.1.12 Details of transactions in the shares of the Target Company by the Acquirers during the 12 months prior to the date of the PA other than the Sale Shares are as follows:

Sr. No.	Name of Acquirer	Date of transaction	No. of Shares Transacted	Type of transaction	Rate per share (Rs.)
1	Hemant N. Shah	January 18, 2010	499	Purchase	13.75
2	Hemant N. Shah	January 21, 2010	407	Purchase	15.90
3	Hemant N. Shah	January 27, 2010	906	Sale	17.22
4	Bimal D. Parikh	January 31, 2010	27	Purchase	15.10

3.1.13 The Acquirers have not acquired any shares in the Target Company since the date of the PA and up to the date of this Letter of Offer through open market purchases or otherwise.

3.1.14 The Acquirers may purchase additional shares of HKFL from the Open Market or through negotiation or otherwise, after the date of the PA and this Letter of Offer in accordance with Regulation 20(7) of SEBI (SAST) Regulations and the details of such acquisition, if any, will be disclosed by the Acquirers within 24 hours of such acquisition to the BSE/ASE where the equity shares of HKFL are listed and to the Manager to the Offer in terms of Regulation 22(17) of the SEBI (SAST) Regulations.

3.1.15 There are no 'Persons Acting in Concert' ('PAC') within the meaning of Regulation 2(1)(e)(1) of the SEBI (SAST) Regulations in relation to this Offer.

3.1.16 Neither the Acquirers nor the Target Company nor the Sellers have been prohibited by SEBI from dealing in securities, in terms of direction under Section 11B of the SEBI Act or under any of the Regulations made under the SEBI Act.

3.2 Details of the Offer

3.2.1 The PA announcing the Offer in accordance with Regulation 15(1) of the SEBI (SAST) Regulations was made on February 18, 2010 in the following newspapers:

Newspaper	Language	Edition
Financial Express	English	All Editions
Financial Express	Gujarati	Ahmedabad
Jansatta	Hindi	All Editions
Navshakti	Marathi	Mumbai

(The Public Announcement is also available on the SEBI website www.sebi.gov.in)

3.2.2 As on the date of the PA, HKFL does not have any partly paid-up equity shares or any other instruments convertible into equity shares at a future date.

3.2.3 The Equity Shares acquired by the Acquirers, pursuant to the Offer, will be free from all liens, charges and encumbrances and together with all rights attached thereto, including the rights to all dividend bonus and rights declared after all the formalities relating to this Offer are completed.

3.2.4 The Offer is not conditional on any minimum level of acceptances. The Acquirers will be obliged to acquire all the Equity Shares that are validly tendered as per the terms of the Offer, up to a maximum of 19,00,000 Equity Shares at the Offer Price that are tendered in the valid form in terms of this Offer subject to the terms and conditions mentioned in the PA and Letter of Offer to be mailed to the Equity Shareholders of HKFL.

3.2.5 There has been no competitive bid. This Offer is not pursuant to any global acquisition resulting in an indirect acquisition of shares of HKFL.

3.2.6 Ernst & Young Merchant Banking Services Private Limited, Manager to the Offer, does not hold any shares of HKFL as on the date of the PA and this Letter of Offer. They declare and undertake that they shall not deal in the Equity Shares of HKFL during the period commencing from the date of appointment as Manager to the offer till the expiry of fifteen days from the date of closure of the Offer.

3.2.7 In case the number of Equity Shares tendered for sale by the Shareholders is more than the Equity Shares agreed to be acquired under the Offer, the Acquirers shall accept the offers received from the Shareholders on a proportionate basis as per Regulation 21(6) of the SEBI Takeover Regulations in consultation with the Manager to the Offer.

3.2.8 The Offer is made to all the shareholders of HKFL except the parties to SPA namely the Acquirers, the Sellers and the Continuing Shareholders.

3.3 Object of the Acquisition/ Offer

3.3.1 The Acquirers have entered into an SPA on February 15, 2010 to acquire 39,59,223 equity shares of Rs.10/- each of HKFL, representing 41.68% of the paid up Share capital of HKFL from the Sellers. This acquisition is thus a substantial acquisition of shares in HKFL, which will enable the Acquirers together with the continuing shareholder to gain control of the Target Company. As a result of this acquisition, provisions of Regulations 10 and 12 of the SEBI (SAST) Regulations have been attracted. The Acquirers are making this Offer to acquire 19,00,000 fully paid Equity Share of Rs. 10/- each being 20% of the Voting Equity Share Capital of HKFL in order to comply with the provisions of the SEBI (SAST) Regulations

3.3.2 The Offer to the Shareholders of HKFL is for acquiring 20.00% of the total paid up capital / voting rights. After the proposed Offer, the Acquirers will achieve substantial acquisition of shares and voting rights, accompanied with effective management control over the Target Company.

3.3.3 After conclusion of the Open Offer, assuming full acceptance in the Open Offer the shareholding of the Acquirers and Continuing Shareholders in the Target Company will be as follows:

		Pending transfer of shares by Seller No. 6		**Completion of transfer of shares by Seller No. 6**	
		Acquirers	**Continuing Shareholders**	**Acquirers***	**Continuing Shareholders***
A	Existing Shareholding	1,09,563	16,78,287	1,09,563	16,78,287
B	Acquisition through SPA	38,09,223	Nil	39,59,223	Nil
C	Open Offer	19,00,000	Nil	19,00,000	Nil
	Total Shareholding	**58,18,786**	**16,78,287**	**59,68,786**	**16,78,287**
	% of voting equity capital	**61.25%**	**17.67%**	**62.83%**	**17.67%**

* After conclusion of the Open Offer, assuming full acceptance in the Open Offer the Acquirers together with the Continuing Shareholders will hold 76,47,073 shares in the Target Company representing 80.50% of the Voting Share Capital.

3.3.4 The Acquirers propose to increase the present product capacities and portfolios by investing in technology and will also explore other avenues for achieving organic growth by infusing requisite funds for capital expenditure and long term working capital. However, the Acquirers have not formulated any specific plan towards this objective. The required resources for such expansion shall be mobilised with the approval of the Board of Directors and the Shareholders of the Target Company, as applicable.

3.3.5 The Acquirers do not have any plans to dispose off or otherwise encumber any assets of the Target Company in the next two years except in the ordinary course of business of the Target Company.

3.3.6 The Acquirers undertake that they shall not sell, dispose off or otherwise encumber any substantial assets of the Target Company except with the prior approval of the shareholders of the Target Company as required under applicable law. The Acquirers would take appropriate decisions in the aforesaid matters, as per the requirements of business and in line with opportunities or changes in the economic scenario, from time to time.

3.3.7 In terms of Regulation 22(7) of SEBI (SAST) Regulations, the Acquirers have the right to nominate directors on the board of the Target Company after depositing in the escrow account hundred per cent of the consideration payable in cash. Accordingly, pursuant to the deposit of 100% of the consideration in cash, three of the Acquirers, namely, Mr. Utkarsh Bhikhoobhai Shah, Mr. Bimal Dashrathbhai Parikh and Mr. Hemat Navinchandra Shah have been appointed as Additional Directors on the Board of the Target Company with effect from April 1, 2010.Further, the Acquirers shall reconstitute the board of directors of the Target Company upon completion of Open Offer formalities. The Acquirers or their authorized representatives, who will be in control of the management of the Target Company, will take decisions regarding the future course of the Target Company.

3.3.8 The Acquirers and the Target Company are operating in different lines of business of operations and hence, there will not be any change in the market positioning due to the Offer.

4. BACKGROUND OF THE ACQUIRERS

4.1 The Acquirers broadly can be classified into three groups. Group 1 comprises of Mr. Utkarsh Bhikoobhai Shah, Mr. Raj B. Shah and Mr. Sukoon V. Shah; Group 2 comprises of Mr. Bimal Dashrathbhai Parikh, Mrs. Mamta B. Parikh and Bimal D. Parikh HUF and Group 3 comprises of Mr. Hemant Navinchandra Shah and Mr. Rohan Hemant Shah.

Group 1	Mr. Utkarsh Bhikoobhai Shah, Mr. Raj B. Shah and Mr. Sukoon V. Shah
Group 2	Mr. Bimal Dashrathbhai Parikh, Mrs. Mamta B. Parikh and Bimal D. Parikh HUF

Group 3	Mr. Hemant Navinchandra Shah and Mr. Rohan Hemant Shah

4.2 Brief details on the members of Group 1 are as follows:

4.2.1 Mr. Utkarsh B. Shah, after his graduation (B.Sc.) in 1980, joined the family business coal/lignite transportation. He is currently engaged in the business of coal/ lignite transportation, coal trading and real estate development. He served as the President of the Gujarat Chamber of Commerce in 1998-99 and currently serves on the advisory committee of various State Government Corporations and Boards.

4.2.2 Mr. Raj B. Shah is the brother of Mr. Utkarsh B. Shah. After his graduation (B. Com) in 1977, he joined the family business coal/lignite transportation. Currently, he is involved in the business of coal/ lignite transportation, coal trading, and real estate development.

4.2.3 Mr. Sukoon V. Shah is a nephew of Mr. Utkarsh B. Shah. After his graduation (B. Com) in 2003, he joined the family business of coal/ lignite transportation, coal trading, and real estate development.

4.3 Brief details on the members of Group 2 are as follows:

4.3.1 Mr. Bimal D. Parikh, after completing his graduation (B.E. in Chemical Engineering) in 1982, he started the business of manufacture of dyes and chemicals. In 1998-99, he was the President of Gujarat Dyestuff Manufacturing Association. He has been an Executive Committee member of the Gujarat Chamber of Commerce since the last 10 years.

4.3.2 Mrs. Mamta B. Parikh is wife of Mr. Bimal D. Parikh. She looks after the day to day affairs of the family companies engaged in the business of manufacture of dye and chemicals and investments. She completed her graduation (B.A.) in 1984.

4.4 Brief details on the members of Group 3 are as follows:

4.4.1 Mr. Hemant N. Shah is a B. Com graduate and is engaged in the business of logistics, garments trading, trading of minerals and retailing since the last 25 years. He is a member of numerous trade organizations like Gujarat Chamber of Commerce, Confederation of India Institute, Ahmedabad Management Association etc. In addition, he is a trustee in Lalji Meharotra Lions School and a member of the Advisory Comittee of H.L. Center for Professional Education.

4.4.2 Mr. Rohan Shah is son of Mr. Hemant Shah. He completed his graduation (B.E. in Electronics & Electrical Engineering) from Luaghbour University, U.K in 2009. He is currently involved in hosiery business for the last 1 year.

4.5 The names, addresses and net worth of the Acquirers are as follows:

Sl. No	Name	Age (years), Qualification	Address	Net Worth (Rs. Lakhs)	Occupation / Experience (Yrs)
1	Mr. Utkarsh Bhikhoobhai Shah	49, B.Sc.	10 Heritage Residency, Thaltej-Shilaj Road, Thaltej, Ahmedabad 380 054	1,406.92*	Engaged in business of coal/ lignite transportation, coal trading, real estate since last 30 years
2	Mr. Raj B Shah.	53, B.Com	28, Heritage Homes, Thaltej-Shilaj Road, Thaltej, Ahmedabad 380 054	1,088.61*	Engaged in business of coal / lignite transportation, coal trading, real estate since last 30 years
3	Mr. Sukoon V Shah	27, B. Com.	202, Heritage Crescent, Opp Karnavati Club, Nr Mahmodham, Prahladnagar, Ahmedabad 380 052	583.56*	Engaged in business of coal / lignite transportation, coal trading, real estate since last 7 years
4	Mr. Bimal Dashrathbhai Parikh	49, B.E.	9 Heritage Residency, Thaltej-Shilaj Road, Thaltej, Ahmedabad 380 059	548.81*	Engaged in manufacture of dyes & chemicals since last 30 years .
5	Mrs. Mamta Bimal Parikh	46, B.A.	9 Heritage Residency, Thaltej-Shilaj Road, Thaltej, Ahmedabad 380 059	366.45*	Experience in manufacturing & investment activities
6	Bimal D Parikh HUF. (karta Mr. Bimal D. Parikh)	Not applicable	9 Heritage Residency, Thaltej-Shilaj Road, Thaltej, Ahmedabad 380 059	150.65*	Not applicable
7	Mr. Hemant N. Shah	48, B. Com	Navprakash, Opp Dharmyug Appt, Gulbai Tekra, Ahmedabad 380 006	368.20**	Involved in business of logistics, garments, trading of minerals, and retailing since 25 years
8	Mr. Rohan Hemant Shah	23, B.E.	Navprakash, Opp Dharmyug Appt, Gulbai Tekra, Ahmedabad 380 006	214.38**	Involved in business of hosiery for the last 1 year

*Networth as on December 31, 2009, as certified by Mr. Ronak Shah, (Membership No. 102249), Partner, Jhaveri Shah & Co., Chartered Accountants, having its office at 503, Aniket, C. G. Road, Navrangpura, Ahmedabad 380 009, Tel. No. 91–79-2642 2767, Fax. No. 91–79 -3002 2677

**Networth as on March 31, 2009, as certified by Mr. Rajendra M. Mulani, (Membership No. 40768), Partner, Mulani Kajarekar & Co., Chartered Accountants, having its office at 204, Simandhar Avenue, 8, Kailash Society, Near H.K. House, Ashram Road, Ahmedabad 380 009, Tel. No. 91–79-2658 2169, Fax. No. 91–79 -2658 2169

4.6 The Acquirers have complied with the applicable provisions of chapter II of SEBI (SAST) Regulations within the time specified.

4.7 The details of shareholding of the acquirers pre and post Open Offer are as follows:

Name	**Shares held prior to the SPA**	**No. of Sale Shares acquired**	**Percentage (%) of shares acquired**	**No. of shares to be acquired from the Open Offer**	**Total Shareholding Post Open Offer**	
					No. of shares	**% holding**
	(A)	(B)	(C)	(D)	(A+B+D)	(E)
Mr. Utkarsh Bhikoobhai Shah	0	11,43,409	12.04%	5,48,712	16,92,122	17.81%
Mr. Raj B. Shah	0	5,72,707	6.03%	2,74,838	8,47,545	8.92%
Mr. Sukoon V. Shah	0	3,95,733	4.17%	1,89,909	5,85,642	6.16%
Total for Group 1	**0**	**21,11,849**	**22.23%**	**10,13,460**	**31,25,309**	**32.90%**
Mr. Bimal Dashrathbhai Parikh	13,028	5,70,298	6%	2,73,682	8,57,008	9.02%
Mrs. Mamta B. Parikh	10,000	1,55,907	1.64%	74,818	2,40,725	2.53%
Bimal D. Parikh HUF	5,000	1,97,482	2.08%	94,770	2,97,252	3.13%
Total for Group 2	**28,028**	**9,23,687**	**9.72%**	**4,43,270**	**13,94,985**	**14.68%**
Mr. Hemant Navinchandra Shah	0	715,811	7.53%	3,43,512	10,59,323	11.15%
Mr. Rohan Hemant Shah	0	207,876	2.19%	99,758	3,07,634	3.24%
Total for Group 3	**0**	**923,687**	**9.72%**	**4,43,270**	**13,66,957**	**14.39%**
Total for the Acquirers	**28,028**	**39,59,223**	**41.68%**	**19,00,000**	**58,87,251**	**61.97%**

4.8 There are no relationships amongst the groups detailed above.

4.9 The Acquirers do not hold any positions on the Board of Directors of any listed company. In addition, the Acquirers do not have controlling stake, either individually or jointly, in any listed company

4.10 The details of the companies promoted by the Acquirers are as follows:

4.10.1 The following companies are promoted by members of Group 1, individually or jointly:

4.10.1.1

Name of Company	**Adicorp Enterprise Private Limited**
Having its registered office at:	Top Floor, Heritage Tower, Near Gujarat Vidyapith, Ashram Road, Ahmedabad 380014
Date of incorporation:	February 28, 1995
Nature of business:	Investments

Financials of Adicorp Enterprise Private Limited are as follows: **(Amt. in Rs.)**

Particulars	**FY2007**	**FY2008**	**FY2009**
Equity Capital and Reserves	64,68,252	48,74,820	46,53,587
Total Income	66,85,616	-16,00,604	-2,87,000
Profit After Tax	57,02,965	-15,93,432	-2,21,232
Earnings per share	562	-157	-22
Net Asset Value per share	637	480	458

Adicorp Enterprise Private Limited is not a sick industrial company

4.10.1.2

Name of Company	**Adiraaj Tradelinks Private Limited**
Having its registered office at:	Basement,Nagindas Chamber, Opposite AUDA, Ashram Road, Ahmedabad 380014
Date of incorporation:	July 29, 2009
Nature of business :	Trading and investments

The audited financial results for Adiraaj Tradelinks Private Limited are not available as it has been incorporated in the current Financial Year

Adiraaj Tradelinks Private Limited is not a sick industrial company

4.10.1.3

Name of Company	**Adishree Tradelinks Private Limited**
Having its registered office at:	Basement, Nagindas Chamber, Opposite AUDA, Ashram Road, Ahmedabad 380014
Date of incorporation:	November 28, 2008
Nature of business:	Trading and investments

Financials of Adishree Tradelinks Private Limited are as follows: **(Amt. in Rs.)**

Particulars	**FY2007**	**FY2008**	**FY2009**
Equity Capital and Reserves	NA	NA	87,13,00,000
Total Income	NA	NA	9,16,131
Profit After Tax	NA	NA	-4,51,226
Earnings per share	NA	NA	-45.12
Net Asset Value per share	NA	NA	87,130

Adishree Tradelinks Private Limited is not a sick industrial company

4.10.2 The following companies are promoted by members of Group 2, individually or jointly thereof –

Name of the Company	**Nature of Business**	**Revenues for FY2009 (Rs.)**
Dashrath Jagmohandas Investments Private Limited	Investments	11,05,787
Ashmak Investments Private Limited	Investments	3,35,597
Dashmal Investments Private Limited	Investments	6,011
Dashbina Investments Private Limited	Investments	32,449
Dashparikh Investments Private Limited	Investments	1,13,952
Dashjag Investments Private Limited	Investments	86,468
Dashmohan Investments Private Limited	Investments	50,253
Dashbim Investments Private Limited	Investments	5,515
Emparco Chemicals Private Limited	Manufacturing of chemicals	1,711
Deejay Chemical Industries Private Limited	Manufacturing of dyes and intermediates	1,55,21,769

4.10.2.1 Out of the above companies promoted by Group 2, details of four companies selected on the basis of revenues are provided below.

4.10.2.1.1

Name of the Company	**Deejay Chemical Industries Private Limited**
Having its registered office at:	ACI Premises, Opposite Vijay Mills, Naroda Road, Ahmedabad 380025
Date of incorporation	April 15, 1983
Nature of business	Manufacture of dyes and intermediates

Financials of Deejay Chemical Industries Private Limited are as follows: **(Amt. in Rs.)**

Particulars	**FY2007**	**FY2008**	**FY2009**
Equity Capital and Reserves	2,59,00,867	2,70,82,652	2,58,38,686
Total Income	2,14,08,914	1,88,48,705	1,55,21,769
Profit After Tax	7,65,453	13,22,835	-20,73,615
Earnings per share	127	219	0
Net Asset Value per share	4,297	4,493	4286

Deejay Chemical Industries Private Limited is not a sick industrial company

4.10.2.1.2

Name of the Company	**Dashparikh Investments Private Limited**
Having its registered office at:	ACI Premises, Opposite Vijay Mills, Naroda Road, Ahmedabad 380025
Date of incorporation:	September 17, 1983
Nature of business:	Investments

Financials of Dashparikh Investments Private Limited are as follows: **(Amt. in Rs.)**

Particulars	**FY2007**	**FY2008**	**FY2009**
Equity Capital and Reserves	10,02,185	10,79,850	11,51,606
Total Income	1,37,280	1,20,935	1,13,952
Profit After Tax	1,07,467	89,366	83,484
Earnings per share	11	9	8
Net Asset Value per share	100	108	115

Dashparikh Investments Private Limited is not a sick industrial company

4.10.2.1.3

Name of the Company	**Ashmak Investments Private Limited**
Having its registered office at:	ACI Premises, Opposite Vijay Mills, Naroda Road, Ahmedabad 380025
Date of incorporation:	December 9, 1983
Nature of business:	Investments

Financials of Ashmak Investments Private Limited are as follows: **(Amt. in Rs.)**

Particulars	**FY2007**	**FY2008**	**FY2009**
Equity Capital and Reserves	27,06,458	30,88,744	33,05,670
Total Income	3,61,000	4,85,597	3,35,597
Profit After Tax	2,81,430	4,07,826	2,54,256
Earnings per share	28	41	25
Net Asset Value per share	271	309	330

Ashmak Investments Private Limited is not a sick industrial company

4.10.2.1.4

Name of the Company	**Dashrath Jagmohandas Investments Private Limited**
Having its registered office at:	ACI Premises, Opposite Vijay Mills, Naroda Road, Ahmedabad 380025
Date of incorporation:	September 17, 1983
Nature of business:	Investments

Financials of Dashrath Jagmohandas Investments Private Limited are as follows: **(Amt. in Rs.)**

Particulars	**FY2007**	**FY2008**	**FY2009**
Equity Capital and Reserves	36,75,467	52,12,580	61,15,727
Total Income	10,20,898	16,88,025	11,05,787
Amount In Rs.	**FY2007**	**FY2008**	**FY2009**
Profit After Tax	5,43,675	15,91,606	9,58,579
Earnings per share	54	159	96
Net Asset Value per share	368	521	612

Dashrath Jagmohandas Investments Private Limited is not a sick industrial company

4.10.3 The following companies are promoted by members of Group 3, individually or jointly thereof:

Name of the Company	Nature of Business	Revenues for FY2009 (Rs.)
Super Handlers Private Limited	Investments	6,44,95,565
Newzen Computer Private Limited	Investments	2,43,506
Tulsishyam Investments Private Limited	Investments	1,77,775
Munindra Investments Private Limited	Investments	1,21,811
Navin Syntex Private Limited	Investments	1,11,639
Paramshakti Investments Private Limited	Investments	87,494
Goldmedal Holdings Private Limited	Investments	NIL
Goodyear Holdings Private Limited	Investments	NIL
Gopikrishna Holdings Private Limited	Investments	NIL
Hardika Holdings Private Limited	Investments	NIL
Hiral Holdings Private Limited	Investments	NIL
Iceburg Holding Private Limited	Investments	NIL
Janpath Holdings Private Limited	Investments	NIL
Jatin Holdings Private Limited	Investments	NIL
Javnika Holdings Private Limited	Investments	NIL
Jaysuktu Investment Private Limited	Investments	NIL
Kalaniketan Holdings Private Limited	Investments	NIL
Kautilya Investment Private Limited	Investments	NIL
Ketuman Holdings Private Limited	Investments	NIL
Lavangika Holdings Private Limited	Investments	NIL
Loadstar Investment Private Limited	Investments	NIL
Monalisa Holdings Private Limited	Investments	NIL
Naishad Investment Private Limited	Investments	NIL
Neeldhara Holdings Private Limited	Investments	NIL
Neer Dhawal Holdings Private Limited	Investments	NIL
Niketan Holdings Private Limited	Investments	NIL
Ramkaushal Investments Private Limited	Investments	NIL

4.10.3.1 Out of the above companies promoted by Group 3, details of five companies selected on the basis of revenues are provided below

4.10.3.1.1

Name of Company	Super Handlers Private Limited
Having its registered office at:	Opposite Dhramyug Flat, Gulbai Tekra, Ellisbridge, Ahmedabad -380009
Date of incorporation:	November 25, 1993
Nature of business:	Investments

Financials of Super Handlers Private Limited are as follows: (Amt. in Rs.)

Particulars	FY2007	FY2008	FY2009
Equity Capital and Reserves	2,78,28,052	2,92,05,519	2,42,95,944
Total Income	5,81,03,474	6,03,99,487	6,44,95,565
Profit After Tax	14,77,658	14,33,089	-51,31,656
Earnings per share	137	133	-475
Net Asset Value per share	2,577	2,704	2,250

Super Handlers Private Limited is not a sick industrial company

4.10.3.1.2

Name of Company	Newzen Computer Private Limited
Having its registered office at:	Navin House, Opposite Sardar Patel Seva Samaj Hall, Navrangpura, Ahmedabad -380006
Date of incorporation:	March 18, 1991
Nature of business:	Investments

Financials of Newzen Computer Private Limited are as follows: **(Amt. in Rs.)**

Particulars	FY2007	FY2008	FY2009
Equity Capital and Reserves	60,95,117	61,42,212	62,27,692
Total Income	1,80,150	97,834	2,43,506
Profit After Tax	28,374	90,665	85,480
Earnings per share	0.08	0.24	0.23
Net Asset Value per share	16	16	16

Newzen Computer Private Limited is not a sick industrial company

4.10.3.1.3

Name of Company	Tuslishyam Investment Private Limited
Having its registered office at:	Gujjar Bungalow, Near High Court Railway Crossing, Navrangpura, Ahmedabad - 380006
Date of incorporation:	January 1, 1997
Nature of business:	Investments

Financials of Tuslishyam Investment Private Limited are as follows: **(Amt. in Rs.)**

Particulars	FY2007	FY2008	FY2009
Equity Capital and Reserves	27,33,452	28,20,119	29,39,471
Total Income	58,904	1,13,173	1,77,775
Profit After Tax	54,233	86,666	1,19,353
Earnings per share	5	9	12
Net Asset Value per share	273	282	294

Tuslishyam Investment Private Limited is not a sick industrial company

4.10.3.1.4

Name of Company	Munindra Investment Private Limited
Having its registered office at:	Gujjar Bungalow, Near High Court Railway Crossing, Navrangpura, Ahmedabad - 380006
Date of incorporation:	March 22, 1982
Nature of business:	Investments

Financials of Munindra Investment Private Limited are as follows: **(Amt. in Rs.)**

Particulars	FY2007	FY2008	FY2009
Equity Capital and Reserves	41,07,633	41,64,932	42,28,271
Total Income	31,754	74,492	1,21,811
Profit After Tax	30,120	57,299	63,339
Earnings per share	0.16	0.30	0.33
Net Asset Value per share	22	22	22

Munindra Investment Private Limited is not a sick industrial company

4.10.3.1.5

Name of Company	Navin Syntex Private Limited
Having its registered office at:	Navin House, Opposite Sardar Patel Seva Samaj Hall, Navrangpura, Ahmedabad -380006
Date of incorporation:	January 23, 1985
Nature of business:	Investments

Financials of Navin Syntex Private Limited are as follows: **(Amt. in Rs.)**

Particulars	FY2007	FY2008	FY2009
Equity Capital and Reserves	22,38,350	22,78,592	21,14,327
Total Income	1,86,251	2,15,938	1,11,639
Profit After Tax	24,191	49,972	-1,64,265
Earnings per share	2.42	5.00	-16.44
Net Asset Value per share	224	228	212

Navin Syntex Private Limited is not a sick industrial company

4.11 Future plans with regard to the Target Company

The Acquirers propose to increase the present product capacities and portfolios of the Target Company by investing in technology and will also explore other avenues for achieving organic growth by infusing requisite funds for capital expenditure and long term working capital. However, the Acquirers have not formulated any specific plan towards this objective. The required resources for such expansion shall be mobilised with the approval of the Board of Directors and the Shareholders of the Target Company, as applicable.

The Acquirers do not propose to dispose off or otherwise encumber any assets of the Target Company in the succeeding two years, except such disposals or encumbrances are in the ordinary course of business of HKFL.

Except with the prior approval of HKFL's shareholders, the Acquirers undertake that they shall not sell, dispose of or otherwise encumber any substantial assets of HKFL.

5. OPTION IN TERMS OF REGULATION 21(2), IF APPLICABLE

As per the listing agreement with the BSE, the ASE and the Target Company and in terms of Clause 40A of the Listing Agreement, the Target Company is required to maintain a minimum threshold of 25% public shareholding for listing on a continuous basis.

Upon completion of the Offer, assuming full acceptances in the Offer and taking into account the Sale Shares and the existing shareholding of the Acquirers and their relatives and affiliates, the Acquirers along with their Affiliates and Relatives and Continuing Shareholders will hold 76,47,073 Equity Shares in the Target Company representing 80.50% of the total paid up equity share capital of the Target Company. The Acquirers undertake that in case the public shareholding falls below the limits specified in the Listing Agreement with the stock exchanges for listing on a continuous basis pursuant to the Offer and open market purchases made by the Acquirers during the Offer, if any, then the Acquirers shall take necessary steps to facilitate compliance by the Target Company with the relevant provisions of Clause 40A of the Listing Agreement, within the time period mentioned therein.

6. BACKGROUND OF THE TARGET COMPANY

6.1 General Information

6.1.1 H.K. Finechem Limited is a public limited company having its registered and corporate office at 201, Aniket, C. G. Road, Navrangpura, Ahmedabad – 380 009, Tel. No. 079-26468752, Fax No.: 079-26460910.

6.1.2 The Target Company was incorporated on May 25, 1985 as a limited company under the Act as H. K. Agro Oil Limited. On July 15, 1994, the name of the Company was changed to H. K. Agrochem Limited. Further, on December 15, 2000, the Company changed its name to H. K. Finechem Limited.

6.1.3 The Target Company is involved in the business of manufacturing and distribution of speciality chemicals like oleo chemicals, intermediate neutraceutical and health products and cardanol. Its manufacturing facility is located near Ahmedabad in the state of Gujarat.

6.1.4 The Company does not have any subsidiary.

6.1.5 Share capital structure of the Target Company is given below :

Paid up Equity Shares of the Target company	No. of Shares/ voting rights	% of shares/ voting rights
Fully paid up equity shares	95,00,000	100%
Partly paid up equity shares	-	-
Total paid up equity shares	95,00,000	100%
Total voting rights in Target company	95,00,000	100%

6.1.6 As on the date of the PA and this Letter of Offer, the authorized share capital of the Target Company is Rs. 15,00,00,000 (Rupees fifteen crore only) divided into 1,45,00,000 equity shares of Rs. 10/- each aggregating Rs.14,50,00,000 (Rupees fourteen crore fifty lakhs only) and 50,000 preference shares of Rs. 100/- each aggregating to Rs 50,00,000 (Rupees fifty lakhs only). The paid up share capital of the Target Company is Rs. 9,50,00,000/- (Rupees Nine Crore Fifty Lakhs only) divided into 95,00,000 equity shares of Rs.10/- each

6.1.7 As on the date of this PA, there are no outstanding partly paid up shares in the Target Company and there are no other instruments convertible into equity shares of the Target Company at a future date.

6.1.8 The entire 95,00,000 issued and paid up equity shares of the Target Company are listed on the BSE and ASE.

6.1.9 Build up of the share capital of HKFL since inception and the status of compliance with applicable provisions of SEBI (SAST) Regulations/ other applicable Regulations under the SEBI Act, 1992 and other statutory requirements as applicable are as follows:

Date of Allotment/ Period	No & shares allotted	% of Shares Issued	Cumulative Shares	Mode of Allotment	Identity of allottees (Promoters/ ex-promoters /others)	Status of Compliance
May 25, 1985	7	100.00%	7	Subscribers to the Memorandum	Promoters and Others	Prior to notification of SEBI (SAST) Regulations
August 27, 1994	31,500	99.98%	31,507	Bonus Issue	Promoters	Prior to notification of SEBI (SAST) Regulations
August 27, 1994	30,00,000	98.96%	30,31,507	Private Placement	Promoters and Others	Prior to notification of SEBI (SAST) Regulations
March 25, 1995	7,50,000	19.83%	37,81,507	Private Placement	Promoters	Prior to notification of SEBI (SAST) Regulations
April 19, 1995	26,18,493	40.91%	64,00,000	Public Issue	Promoters and Others	Prior to notification of SEBI (SAST) Regulations
September 23, 1995	4,00,000	5.88%	68,00,000	Preferential Issue	Promoters	Prior to notification of SEBI (SAST) Regulations
November 18, 1995	2,00,000	2.86%	70,00,000	Preferential Issue	Promoters	Prior to notification of SEBI (SAST) Regulations
August 20, 1996	12,50,000	15.15%	82,50,000	Preferential Issue	Promoters	Prior to notification of SEBI (SAST) Regulations
October 10, 1996	2,50,000	2.94%	85,00,000	Preferential Issue	Promoters	Prior to notification of SEBI (SAST) Regulations
March 2, 2002	10,00,000	10.53%	95,00,000	Preferential Issue	Promoters	Complied with

The Target Company has complied with applicable provisions of Chapter II of SEBI (SAST) Regulations except for a delay of 34 days in case of filing the Report under 8(3) of the SEBI (SAST) Regulations with respect to the declaration of dividend in the year 2005. SEBI may take appropriate action against the Target Company for this delay.

6.1.10 No penal / punitive action has been initiated by the Stock Exchanges against HKFL. The Target Company is in compliance with the listing agreement as on the date of this Letter of Offer except for the delays in obtaining the listing and trading permissions from BSE and ASE with respect to the equity shares issued by way of preferential allotments made by the Target Company after its Initial Public Offer.

6.1.11 There has been no suspension of trading in Shares of the Target Company.

6.1.12 As on the date of the PA, Mr. Rajan R. Harivallabhdas (Managing Director), Mr. Nahoosh J Jariwala (Executive Director), Mr. Chinubhai R. Shah (Director), Mr. Prafull Anubhai (Director), Mr. Naishadh I Parikh (Director), Dr. Himanshu C. Patel (Director), Mr. Janak G. Nanvaty (Director) and Mr. Dharmesh R. Harivallabhdas (Director) were directors on the Board of the Target Company.

6.1.13 After the PA, Mr. Rajan R. Harivallabhdas (Managing Director), Mr. Chinubhai R. Shah (Director), Mr. Prafull Anubhai (Director), Mr. Naishadh I Parikh (Director), Dr. Himanshu C. Patel (Director), Mr. Janak G. Nanvaty (Director) and Mr. Dharmesh R. Harivallabhdas (Director), resigned from the Board of Directors of the Target Company as directors w.e.f. April 1, 2010 and Mr. Jayesh K Shah, Mr. Kalpesh A Patel and Mr. Sharvil P. Patel have been appointed as independent directors of the Target Company w.e.f. April 1, 2010.

6.1.14 Three of the Acquirers, namely, Mr. Utkarsh Bhikhoobhai Shah, Mr. Bimal Dashrathbhai Parikh and Mr. Hemat Navinchandra Shah have been appointed as directors on the Board of the Target Company w.e.f April 1, 2010, pursuant to the deposit of 100% of the consideration in cash, after a period of twenty one days from the date of PA in terms of Regulation 22(7) of the SEBI (SAST) Regulation.

6.1.15 The Board of Directors of HKFL as on the date of the Letter of Offer is as under:

Sl. No.	**Name and Designation**	**Date of Appointment**	**Qualification**	**Experience**	**Residential Address**
1	Mr. Utkarsh Bhikhoobhai Shah Additional Director	April 1, 2010	B.Sc	Engaged in business of coal/ lignite transportation, coal trading, real estate since last 30 years	10 Heritage Residency, Thaltej-Shilaj Road, Thaltej, Ahmedabad 380 054
2	Nahoosh J. Jariwala, Executive Director	November 3, 1992	B.Com	Experience of more than 25 years in chemicals manufacturing and trading of various textile products	Jariwala Bunglow, Rangoli, Rajpath Club Road Bodakdev, Ahmedabad – 54
3	Mr. Bimal Dashrathbhai Parikh Additional Director	April 1, 2010	B.E.	Engaged in manufacture of dyes & chemicals since last 30 years.	9 Heritage Residency, Thaltej-Shilaj Road, Thaltej, Ahmedabad 380 059
4	Mr. Hemat Navinchandra Shah Additional Director	April 1, 2010	B.Com	Involved in business of logistics, garments, trading of minerals, and retailing since 25 years	Navprakash, Opp Dharmyug Appt, Gulbai Tekra, Ahmedabad 380 006
5	Mr. Jayesh K Shah Independent Director	April 1, 2010	B.Com & C.A.	He is a whole time director with the designation of Director & Chief Financial Officer of Arvind Limited (Formerly Known as Arvind Mills Limited) and he has been associated with Arvind Limited since 1st July, 1993. He has extensive financial, regulatory and managerial expertise with his vast experience in the field. He also holds directorship in other companies.	26, Amaltas Bunglows , Vastrapur Road, Ahmedabad - 380054

Sl. No.	Name and Designation	Date of Appointment	Qualification	Experience	Residential Address
6	Mr. Kalpesh A Patel Independent Director	April 1, 2010	B.E.(Chemical Enginnering) and M.B.A (Marketing) from U.S.A	At present he is an Executive director of Nirma Limited. He has wide experience in the production and operation related to soaps, detergent and allied chemicals. At present he is looking after healthcare division and lab facilities of Nirma Limited.	"Radheshyam", Spring Valley, S.G. Highway, Ahmedabad – 380 058
7	Mr. Sharvil P. Patel Independent Director	April 1, 2010	Specialisation in chemical and pharmaceutical sciences from the University of Sunderland, U.K. Doctarate in breast cancer research from John Hopkins Bayview Medical Centre and the National Institute for aeging.	He is director of Zydus Pharmaceuticals Ltd since 1997 and Deputy Managing Director since April, 2007. He is on board of various Limited and Private limited companies of Zydus group engaged in business manufacturing of pharmaceutical products.	16, Azad Society, Ambawadi, Ahmedabad – 380 015

6.1.16 As on the date of the Letter of Offer there are three directors of the Acquirers on the Board of the Target Company. Three of the Acquirers, namely, Mr. Utkarsh Bhikhoobhai Shah, Mr. Bimal Dashrathbhai Parikh and Mr. Hemat Navinchandra Shah have been appointed on the Board of the Target Company w.e.f April 1, 2010, pursuant to the deposit of 100% of the consideration payable in cash after a period of twenty one days from the date of PA in terms of Regulation 22(7) of the SEBI (SAST) Regulation.

6.1.17 There has been no merger/demerger/spin offs/acquisitions involving HKFL during the last 3 years.

6.1.18 The brief audited financials for the last 3 years and the 9 months unaudited financial data for period ended December 31, 2009, duly certified by the statutory auditors of HKFL are presented below :

Profit & Loss Statement **(Rs. In lakhs)**

Particulars	March 31, 2007	March 31, 2008	March 31, 2009	9 months ending December 31, 2009
Income from Operations	2,721	3,117	3,403	3,096
Other Income	7	17	6	12
Total Income	2,728	3,134	3,409	3,108
Total Expenditure	2,462	2,802	3,265	2,915
PBDIT	266	332	145	193
Depreciation	151	162	165	127
Interest	105	145	182	125
PBT	10	26	(203)	(59)
Provision for Tax	8	(56)	(58)	(21)
PAT	2	82	(145)	(39)

Balance Sheet Statement **(Rs. In lakhs)**

Particulars	March 31, 2007	March 31, 2008	March 31, 2009	9 months ending December 31, 2009
Sources of funds				
Paid up equity share capital	950	950	950	950
Reserves and Surplus (excluding revaluation reserves)	520	602	458	419
Networth	**1,470**	**1,552**	**1,408**	**1,369**
Secured loans	949	914	987	803
Unsecured loans	293	327	470	423
Deferred Tax Liability (Net)	295	275	212	191
Total	**3,007**	**3,069**	**3,077**	**2,786**
Use of funds				
Net fixed assets	2,277	2,119	2,075	1,960
Net current assets	730	950	1,002	826
Total	**3,007**	**3,069**	**3,077**	**2,786**

Other Financial Data

Particulars	March 31, 2007	March 31, 2008	March 31, 2009
Dividend (%)	NIL	NIL	NIL
Earnings per Share (Rs.)	0.0159	0.8651	(1.5259)
Return on Net Worth (%)	0.102%	5.294%	(10.299%)
Book Value per Share (Rs.)	15.48	16.34	14.82

- Return on Net worth has been calculated as Profit After Tax / Net Worth
- Book Value per share has been calculated as Net Worth/ No. of shares
- Earnings per share has been calculated as Profit after Tax/ No. of shares

6.1.19 The profit for the FY 2008 - 2009 has reduced in comparison with the profit for the FY 2007 - 2008 due to increase in raw material prices.

6.1.20 Pre and Post Offer Shareholding pattern (as on the date of this Letter of Offer) of HKFL is as follows:-

Shareholders' Category	Shares and voting rights prior to the Acquisition and the Offer		Shares and voting rights acquired / (sold) which triggered off SEBI (SAST) Regulations		Shares and voting rights to be acquired in open Offer (Assuming full acceptance)		Shareholding & voting rights after the Acquisition and the Offer	
	(A)		(B)		(C)		(A)+(B)+(C) = (D)	
	No.	%	No.	%	No.	%	No.	%
(1) Promoter Group.								
(a) Parties to agreement, if any	56,37,510	59.34%	(39,59,223)	(41.68%)	NIL	NIL	16,78,287	17.67%
(b) Promoters other than (a) above	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
Total (a+b)	**56,37,510**	**59.34%**	**(39,59,223)**	**(41.68%)**	**NIL**	**NIL**	**16,78,287**	**17.67%**
(2) Acquirers and Affiliates								
(a) Acquirers	28,028	0.30%	39,59,223	41.68%	19,00,000	20.00%	58,87,251	61.97%
(b) Affiliates and Relatives of Acquirers	81,535	0.86%	NIL	NIL	NIL	NIL	81,535	0.86%
Total	**1,09,563**	**1.16%**	**39,59,223**	**41.68%**	**19,00,000**	**20.00%**	**59,68,786**	**62.83%**

Shareholders' Category	Shares and voting rights prior to the Acquisition and the Offer		Shares and voting rights acquired / (sold) which triggered off SEBI (SAST) Regulations		Shares and voting rights to be acquired in open Offer (Assuming full acceptance)		Shareholding & voting rights after the Acquisition and the Offer	
(3) Parties to agreement other than(1) (a) & (2)	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
(4) Public (other than parties to agreement and acquirers)								
(a) FIs/MFs/FIIs/Banks, SFIs	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
(b) Others	37,52,927	39.50%	NIL	NIL	(19,00,000)	(20.00%)	18,52,927	19.50%
Total (4)(a+b)	**37,52,927**	**39.50%**	**NIL**	**NIL**	**(19,00,000)**	**(20.00%)**	**18,52,927**	**19.50%**
GRAND TOTAL (1+2+3+4)	95,00,000	100.00%	NIL	NIL	NIL	NIL	95,00,000	100.00%

Notes:

a. Please refer to the 'Option in terms of Regulation 21(2)' under Para 5 in this Letter of Offer

b. No equity shares of the Target Company have been purchased by the Acquirers after the Public Announcement till the date of this Letter of Offer

c. As on the date of Letter of Offer there are 2,698 shareholders of the Target Company.

d. The details of the shares acquired by each of the Acquirers is provided in 3.1.3 and 3.1.7.

e. Post Open Offer shareholding of the Affiliates and Relatives of the Acquirers is arrived assuming that they shall not participate in the Open Offer

f. The Continuing Shareholders will continue to remain as promoters after the completion of the Open Offer

6.1.21 Details of change in shareholding of the Promoter Group of HKFL since the SEBI (SAST) Regulations came into effect, are as provided below:

Period	Change		Promoter Group	
	No of shares	%	No. of shares	%
Apr 96 - Mar 97	N.A.	N.A.	6,224,007	73.22%
Apr 97 - Mar 98	Nil	Nil	6,224,007	73.22%
Apr 98 - Mar 99	Nil	Nil	6,224,007	73.22%
Apr 99 - Mar 00	(26,900)	-0.32%	6,197,107	72.91%
Apr 00 - Mar 01	(48,752)	-0.57%	6,148,355	72.33%
Apr 01 - Mar 02	1,063,400	11.19%*	7,211,755	75.91%
Apr 02 - Mar 03	(500,750)	-5.27%	6,711,005	70.64%
Apr 03 - Mar 04	(314,996)	-3.32%	6,396,009	67.33%
Apr 04 - Mar 05	(437,284)	-4.60%	5,958,725	62.72%
Apr 05 - Mar 06	(321,215)	-3.38%	5,637,510	59.34%
Apr 06 - Mar 07	Nil	Nil	5,637,510	59.34%
Apr 07 - Mar 08	Nil	Nil	5,637,510	59.34%
Apr 08 - Mar 09	Nil	Nil	5,637,510	59.34%
Mar 09 - Dec 09	Nil	Nil	5,637,510	59.34%

* This includes Preferential Allotment of 10,00,000 shares (10.53%) to the Promoter Group, for which the Promoter Group of HKFL has complied with the SEBI (SAST) Regulations.

The promoters of the Target Company have complied with applicable provisions of Chapter II of SEBI (SAST) Regulations except for a delay of 26 days in case of filing the Report under 6(1) and 6(3) of the SEBI (SAST) Regulations in the year 1997 by one of the promoters. SEBI may take appropriate action for this delay against the promoters.

6.1.22 The Target Company has a contingent liability of Rs. 73.25 lakhs as on Dececmber 31, 2009 which is on account of disputed demands raised by the Income Tax Department for the earlier years.

6.1.23 HKFL has litigations pending before the Income Tax Department amounting to Rs. 73,25,190/- (Rupess seventy three lakhs twenty five thousand one hundred and ninety).

6.1.24 Details of the Compliance Officer of HKFL is given below:
Mr. Akshaykumar P. Shah
General Manager (Finance) and Company Secretary
H. K. Finechem Limited,
201, Aniket,
C. G. Road,
Navrangapura,
Ahmedabad – 380 009.
Tel: + 91- 79 – 2646 8752,
Fax: +91 –79 – 2646 0910
Email: cs@hkfinechem.com

7 OFFER PRICE AND FINANCIAL ARRANGEMENTS

7.1 Justification of Offer Price

7.1.1 The equity shares of HKFL are currently listed on the BSE and the ASE

7.1.2 The Offer Price is Rs. 25.20 (Rupees twenty five and Paise twenty only) per fully paid up Share.

7.1.3 The Acquirers have issued a PA on January 18, 2010. The annualized trading turnover during the preceding six calendar months ended January 2010 (6 calendar months preceding the month in which the PA is made) in each of the Stock Exchange where the shares are listed is as follows:-.

Name of Stock Exchange	Total number of shares traded during Aug '09 to Jan '10	Total number of listed shares	Annualised trading turnover (% of total listed shares)
BSE	2,87,076	95,00,000	6.04%
ASE	Not Traded	95,00,000	-

As the annualized trading turnover (by number of Shares) on BSE is more than 5% of the total number of listed Shares of the Target Company, the equity shares of HKFL are frequently traded on BSE (Source: http://www.bseindia.com/) and are infrequently traded at ASE within the meaning of explanation (i) to Regulation 20(5) of SEBI (SAST) Regulations

7.1.4 The Offer Price of Rs.25.20 per equity share is justified in terms of Regulations 20(4) and 20(5) of the SEBI (SAST) Regulations:-

a)	Negotiated price as per the SPA (agreed consideration payable to Seller No.6)	Rs. 25.10
b)	Highest price paid by Acquirers for acquisition, if any, including by way of allotment in a public or rights issue or Preferential issue during the 26 weeks prior to the date of the PA	Rs. 25.18
c)	The average of the weekly high and low of the closing prices of the shares of HKFL on the BSE, during 26 weeks period ended on February 17, 2010 i.e. the date preceding the date of PA	Rs. 14.40
d)	The average of the daily high and low of the prices of the shares of HKFL on the BSE, during 2 weeks period ended on February 17, 2010 i.e. the date preceding the date of PA	Rs. 24.28
e)	Other parameters with reference to the Target Company	**For the Year ended March 31, 2009**
	Return on Net Worth (%)	(10.30)%
	Book Value (Rs. per share.)	14.05
	Earnings per Share (Rs. per share)	(1.53)
	Price Earnings Ratio based on Offer Price	N.A.
	Price Earnings Ratio – Industry Average (Chemicals) - Source: Capital Market Journal Vol. XXV/03 – April 5 to April 18, 2010.	13.60

Mr. Ronak Shah, (Membership No. 102249), Partner, Jhaveri Shah & Co., Chartered Accountants, having its office at 503, Aniket, C. G. Road, Navrangpura, Ahmedabad 380 009, Tel. No. 91–79-2642 2767, Fax. No. 91–79 -3002 2677 has vide his letter February 17, 2010, certified the value of the equity shares of HKFL as Rs. 12.44 based on the decision of the Hon'ble Supreme Court of India in case of Hindustan Lever Employees Union vs Hindustan Lever Limited, 1995, (83 Com case 30) ("HLL Case") using a combination of Book Value (Net Asset Value), Price Earning Capacity Value (PECV) and Market Price. On application of valuation technique as in the HLL case, the valuation of HKFL's share is determined as under:

Sr. No.	Method	Value per share (Rs.)	Weightage	Weighted average value per share (Rs.)
1	NAV	13.64	1	13.64
2	PECV	0	2	0
3	Market Value	24.28	2	48.56
	Total		**5**	**62.20**
	Fair Value per share			**12.44**

In view of the above, the Offer Price of Rs. 25.20 per equity share is justified as per the SEBI (SAST) Regulations.

7.1.5 The computation of average price in terms of Regulation 20(4)(c) of SEBI (SAST) Regulations is as below:

Table 1: The average price for the 26 weeks preceding the date of the PA ie. February 18, 2010 is shown in the table below:

Source: http://www.bseindia.com/

Week	Week ending	Closing Price at BSE		Average Price (Rs.)	Volume Shares
		High (Rs.)	Low (Rs.)		
1	February 17, 2010	26.5	24.5	25.50	4,014,768
2	February 10, 2010	24.7	22.9	23.78	37,365
3	February 3, 2010	21.9	18.1	19.97	42,094
4	January 27, 2010	17.2	15.6	16.42	13,158
5	January 20, 2010	15.2	13.8	14.45	47,620
6	January 13, 2010	14.0	13.4	13.70	6,581
7	January 6, 2010	14.0	13.6	13.80	1,160
8	December 30, 2009	14.2	13.1	13.68	12,354
9	December 23, 2009	13.4	12.5	12.95	8,942
10	December 16, 2009	12.9	12.2	12.52	7,020
11	December 9, 2009	13.3	11.5	12.38	26,912
12	December 2, 2009	12.7	12.0	12.35	3,940
13	November 23, 2009	13.2	12.6	12.90	11,697
14	November 18, 2009	13.6	11.9	12.75	4,469
15	November 11, 2009	11.8	11.1	11.48	3,102
16	November 4, 2009	12.0	11.1	11.53	648
17	October 27, 2009	12.9	12.3	12.61	2,512
18	October 20, 2009	12.8	12.0	12.38	7,891
19	October 14, 2009	13.5	12.5	12.98	7,298
20	October 7, 2009	13.2	12.6	12.90	15,676
21	September 30, 2009	13.4	12.8	13.12	11,607
22	September 23, 2009	13.6	12.8	13.18	2,356
23	September 16, 2009	14.5	13.2	13.87	5,308
24	September 9, 2009	14.9	13.3	14.07	17,146
25	September 2, 2009	14.4	13.0	13.66	4,836
26	August 26, 2009	15.9	15.0	15.47	2,010
			Average	**14.40**	

Table 2 : The average of the daily high and low of the price of equity shares of HKFL during the 2 weeks preceding the date of the PA ie. February 18, 2010 is shown in the table below:

Source: http://www.bseindia.com/

Day	Date	Daily Prices at BSE		Average Price (Rs.)	Volume Shares
		High (Rs.)	Low (Rs.)		
1	February 17, 2010	25.75	24.50	25.13	16,070
2	February 16, 2010	27.80	25.50	26.65	71,076
3	February 15, 2010	26.50	25.00	25.75	3,909,876
4	February 11, 2010	25.35	23.75	24.55	17,746
5	February 10, 2010	24.15	22.00	23.08	18,089
6	February 9, 2010	23.10	23.00	23.05	400
7	February 8, 2010	25.85	23.45	24.65	2,016
8	February 6, 2010	24.80	24.50	24.65	2,150
9	February 5, 2010	23.80	21.80	22.80	5,598
10	February 4, 2010	22.90	22.00	22.45	9,112
			Average	**24.28**	

7.1.6 There is no non-compete fee agreement between the Acquirers and any other entity as envisaged under Regulation 20(8) of the SEBI (SAST) Regulations. No additional payment by way of non-compete fees are being made by the Acquirers. However, the non-compete clause of the SPA prohibits, for a tenure of five years commencing from the date of the SPA, each of the Sellers, except Seller Nos. 6 and 7, including their respective relatives and affiliates, without the prior written approval of the Acquirers, from being engaged in, establish, own, manage, operate, join or participate, control, lend money or render financial or other assistance to or participate in or be connected with, as a partner, stockholder, co-venturer, consultant or otherwise directly or indirectly in any business or undertake any activity, which shall be in direct or indirect competition with or is same as any part of the processing of a) Sunflower, Soya and Cotton seed acid oil and its derivatives; b) Sun flower, Soya and Cotton Seed deodorized distillate and its derivatives; c) Dimer and monomer fatty acid; and d) production of cardanol for sale business.

7.1.7 The Offer Price of Rs. 25.20 per share offered by the Acquirers to the shareholders of HKFL under this Open Offer is justified in terms of Regulations 20(4) and 20(5) of the SEBI (SAST) Regulations. In the opinion of the Manager to the Offer and the Acquirers, the Offer Price is justified.

7.1.8 The Acquirers are permitted to revise this Offer upwards upto seven working days prior to the date of closure of the Offer. In the event of such revision, an announcement will be made in the same newspapers in which the PA has appeared and the revised offer price will be paid for all the equity shares tendered at any time during the Offer. If the Acquirers acquire equity shares of HKFL after the date of Public Announcement up to seven working days prior to 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 valid acceptances received under the Open Offer.

7.1.9 To the extent of the Offer Size, all equity shares of the Target Company that are validly tendered pursuant to this Offer are proposed to be acquired by the Acquirers. The equity shares acquired by the Acquirers shall be free from all liens, charges and encumbrances and together with all rights attached thereto, including the right to all dividends, bonus and rights offer declared hereafter.

7.2 Financial Arrangements for the Offer

7.2.1 The total fund requirement or the maximum consideration of the Offer, assuming full acceptance of the Offer, will be Rs. 4,78,80,000/- (Rupees four crores seventy eight lakhs eighty thousand only) i.e. consideration payable for acquisition of 19,00,000 fully paid-up equity shares of HKFL at an Offer Price of Rs 25.20 per share.

7.2.2 The Acquirers have made firm financial arrangements to meet their obligations in full under the Offer. For this purpose the Acquirers intend to utilize their own resources.

7.2.3 In accordance with Regulation 28 of the SEBI (SAST) Regulations the Acquirers have opened an Escrow Account and deposited a sum of Rs. 1,19,70,000/- (Rupees One Crore nineteen lakhs seventy thousand only), being 25% of the consideration payable under the Offer with HDFC Bank, Fort Branch, Mumbai at Mankji Wadia Building, Nanek Motwane Marg, Fort, Mumbai 400 023 (“Escrow Banker”). In addition to the deposit of 25% of the total consideration made by the Acquirers with the Escrow Banker, the Acquirers have deposited a sum of Rs. 3,59,10,000/- (Rupees Three Crores Fifty Nine Lakhs and Ten Thousand Only) in the Escrow Account being remaining 75% of the total consideration payable in cash. Therefore the Acquirers have deposited a total sum of Rs. 4,78,80,000/- (Rupees Four Crores Seventy Eight Lakhs And Eighty Thousand Only), in the Escrow Account being 100% of the total consideration payable in cash. The Manager to the Offer is duly authorised by the Acquirers to realize the value of the aforesaid escrow account in terms of the SEBI (SAST) Regulations.

7.2.4 Mr. Ronak Shah, (Membership No. 102249), Partner, Jhaveri Shah & Co., Chartered Accountants, having its office at 503, Aniket, C. G. Road, Navrangpura, Ahmedabad 380 009 has certified vide letter dated February 17, 2010 the adequacy of financial resources of the Acquirers for fulfilling the obligations under the Offer

7.2.5 Based on the above and based on the confirmations received from the Escrow Banker and the Chartered Accountant, the Manager to the Offer has satisfied that the Acquirers have the ability to implement the Offer in accordance with the SEBI (SAST) Regulations as firm arrangements for funds for payment through verifiable means are in place to fulfill the Offer obligations under the SEBI (SAST) Regulations.

8 TERMS AND CONDITIONS OF THE OFFER

8.1.1 The Offer is subject to the Acquirers obtaining all necessary approvals including the approval from Reserve Bank of India (RBI) under the Foreign Exchange Management Act, 1999 as amended from time to time and the rules and regulations made there under for the acquisition/transfer of Offer Shares tendered pursuant to this Offer, if required.

8.1.2 To the best of the knowledge and belief of the Acquirers, as on the date of the PA, there are no statutory approvals or approvals from financial institutions or banks required to acquire the equity shares tendered pursuant to this Offer. However, the Offer would be subject to all statutory approvals that as may be required and/or may subsequently become necessary, to acquire equity shares at a later date, before completion of the Offer.

8.1.3 In case of delay in receipt of any statutory approval, SEBI has the power to grant an extension of the time required for payment of consideration to the shareholders under the Offer subject to the Acquirers agreeing to pay interest for the delayed period in accordance with Regulation 22(12) of the SEBI (SAST) Regulations. If the delay occurs due to the willful default or neglect or inaction or non-action on the part of the Acquirers in obtaining the requisite approvals, Regulation 22(13) of the SEBI (SAST) Regulations will also be applicable. The Acquirers will not proceed with the Offer in terms of Regulations 27 of the SEBI (SAST) Regulation in the event any statutory approvals indicated herein, is not obtained.

8.2 Other Terms

8.2.1 The Letter of Offer, specifying the detailed terms and conditions, together with the Form of Acceptance cum Acknowledgement ("Form of Acceptance"), Form of Withdrawal and Transfer Deed (for shareholders holding equity shares in the physical form) will be mailed to the equity shareholders of HKFL whose names appear on the register of members of HKFL and to the Beneficial Owners of the equity shares of HKFL whose names appear as beneficiaries on the records of respective depositories, at the close of the business hours on March 19, 2010 (the **"Specified Date"**).

8.2.2 All owners of shares, registered or unregistered (except the (a) Acquirers (b) Continuing Shareholders and (c) Sellers), are eligible to participate in the Offer, at any time before the closure of the Offer, as per the procedure set out in Part 9 below. Eligible persons can participate in the Offer by offering their shareholding in whole or in part. The acceptance must be unconditional and should be absolute and unqualified. No indemnity is required from the unregistered owners. No Letter of Offer together with a Form of Acceptance-cum-Acknowledgement will be mailed to the Acquirers, the Continuing Shareholders and the Sellers.

8.2.3 Accidental omission to dispatch Letter of Offer to any member entitled to this Open Offer or non-receipt of the Letter of Offer by any member entitled to this Open Offer shall not invalidate the Open Offer in any manner whatsoever. A copy of the Letter of Offer (including Form of Acceptance) is expected to be available on SEBI's website (http://www.sebi.gov.in) during the period the Offer is open and may also be downloaded from the site.

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

8.2.5 Any Shares of HKFL that are the subject matter of litigation or are held in abeyance due to the restriction from Court/ Forum/ ITO attachment etc. wherein the shareholder(s) may be precluded from transferring the equity shares during the pendency of the said litigation are liable to be rejected in case directions/orders of the court/ forum/ITO etc permitting transfer of these shares are not received together with the equity shares tendered under the Offer.

8.2.6 The acceptance of the Offer made by the Acquirers is entirely at the discretion of the shareholders of the Target Company. The Acquirers will not be responsible in any manner for any loss of equity share certificate(s) and offer acceptance documents during transit and the shareholders of the Target Company are advised to adequately safeguard their interest in this regard.

8.2.7 The acceptance must be unconditional and should be sent with the attached form duly filled in and signed by the applicant shareholder(s). Incomplete applications, including non-submission of necessary enclosures, if any, are liable to be rejected.

8.2.8 Equity shares tendered in the Offer by the shareholders of HKFL shall be free from lien, charges and encumbrances of any kind whatsoever.

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

8.3 Tax Deducted at Source

8.3.1 Summary of various provisions related to Tax Deduction at Source (withholding tax) under the Income Tax Act:

8.3.1.1 All the shareholders should be classified as resident and non-resident. The status as resident / non-resident is to be determined on the basis of criteria laid down in Section 6 of the Income Tax Act, 1961.

8.3.1.2 No tax is required to be deducted on payment of consideration to resident shareholders.

8.3.1.3 The rate of deduction of tax in the case of non-resident is dependent on few other factors. Since the Acquirer do not have in-house information in respect of various shareholders, all the shareholders have to specify their category in the form of acceptance.

8.3.1.4 As per the provisions of the Section 2(37A) (iii) of the Income Tax Act, 1961, for the purposes of deduction of tax under Section 195, the rate or rates of income-tax specified in this behalf in the Finance Act of the relevant financial year or the rates or rates of income tax specified in an agreement entered into by the Central Government under Section 90 or an agreement notified by the Central Government under Section 90A, whichever is applicable by virtue of the provisions of Section 90, or Section 90A, as the case may be, i.e. whichever beneficial, would be the applicable rate of TDS

8.3.1.5 In the event the aforementioned categories of shareholders require the Acquirers not to deduct tax or to deduct tax at a lower rate or on a lower amount, they would need to obtain a certificate from the income tax authorities either under Section 195(3) or under Section 197 of the Income Tax Act, and submit the same to Acquirers while submitting the Form of Acceptance. In the absence of any such certificate from the income tax authorities, the Acquirers will deduct tax as aforesaid, and a certificate in the prescribed form shall be issued to that effect.

8.3.1.6 As per the provisions of Section 196D(2) of the Income-tax Act, 1961, and as amended ("Income-tax Act"), no deduction of tax at source shall be made from any income by way of capital gains arising from the transfer of securities referred to in Section 115AD payable to a Foreign Institutional Investor ("FII") as defined in Section 115 AD of the Income-tax Act. However the Acquirers will not deduct tax at source only if the Shares are held by the FII on investment/capital account.

8.3.1.7 NRIs, OCBs and other non resident Shareholders are required to submit a No Objection Certificate ("NOC") /Tax Clearance Certificate ("TCC") indicating the amount of tax to be deducted by the Acquirers and before remitting the consideration, from Income Tax authorities under the Income Tax Act. In case the aforesaid NOC / TCC is not submitted, the Acquirers will arrange to deduct tax at the maximum marginal rate as may be applicable to the category of shareholders, on the entire consideration amount payable to such shareholders. Further, FIIs will also have to enclose their SEBI registration letter. The Acquirers and also reserve the right to reject such tenders from non-resident shareholders, where the aforesaid NOC / TCC is not submitted.

9 PROCEDURE FOR ACCEPTANCE AND SETTLEMENT

9.1 Shareholders who hold equity shares of HKFL in physical form and wish to tender their equity shares pursuant to the Offer will be required to submit the Form of Acceptance, the original Share Certificate(s) held by them and Transfer Deed(s) duly signed to the Registrar to the Offer - Sharepro Services (India) Private Ltd., 13 AB, Samhita Warehousing Complex, 2nd Floor, Near Sakinaka Telephone Exchange, Andheri – Kurla Road, Sakinaka, Andheri (E), Mumbai – 400 072. Telephone Nos: 022-67720300 / 400, Fax No: 022-2850 8927, Email: hkflopenoffer@shareproservices.com, so as to reach on or before the closure of the Offer i.e. May 12, 2010 in accordance with the instructions provided in this Letter of Offer and the Form of Acceptance. In case of non-receipt of the Letter of Offer, shareholder(s) may download the same from the SEBI website or obtain a copy of the same from the Manager to the Offer or Registrar to the Offer on providing suitable documentary evidence of acquisition of the said shares.

Name and Address of the Collection Centers of the Registrar to the Offer

Collection Center	Contact Person	Mode of Delivery	Tel . No.	Fax No.
Mumbai Sharepro Services (India) Pvt Ltd, 13 AB, Samhita Warehousing Complex, 2nd Floor, Near Sakinaka Telephone Exchange, Andheri – Kurla Road, Sakinaka, Andheri (E), Mumbai – 400 072	Mr. Ganesh Rane	Post/Hand Delivery	022-67720300	022-28508927
Ahmedabad Sharepro Services (India) Pvt Ltd, c/o Skystock Financials, 305, Rajkamal Plaza B, Opposite Sakar 111, Near Samruddi Income Tax, Ahmedabad – 380 014	Mr. Vijay Iyer	Hand Delivery	09327000949	079-66052469

All registered owners can send Form of Acceptance duly completed and signed in accordance with the instructions contained therein to the Registrars to the Offer, Sharepro Services (India) Private Limited, at the collection centre mentioned above, on or before the closure of the Offer i.e. May 12, 2010. The collection centers of the Registrar to the Offer mentioned herein above will be open from Monday to Friday 10.00 a.m. to 4.30 p.m and on Saturdays 10.00 a.m. to 1.30 p.m. The centers will be closed on Sundays and other Public Holidays.

9.2 Shareholders who wish to tender their shares under this Offer should enclose **the following documents duly completed:**

F**or Equity 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 name appear on the share certificates.

- Original share certificates
- Valid transfer deed/ form(s) duly signed as transferors by all registered shareholders (in case of joint holding) in the same order and as per specimen signature with HKFL and duly witnessed at the appropriate place.

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 deed(s) as received from the market. The details of the buyer should be left blank failing which the same will be invalid under the Offer. Unregistered shareholders should not sign the transfer deed. The transfer deed should be valid for transfer. No indemnity is required from unregistered shareholders.
- All other requirements for valid transfers will be pre-condition for acceptance.

For Equity 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, by all the beneficial owners whose names appear in the beneficiary account, as per the records of the respective depository.
- Photocopy of the delivery instruction in “Off-market” mode or counterfoil of the delivery instruction in “Offmarket” mode, duly acknowledged by DP in favour of the special depository account.

The Registrar to the Offer, Sharepro Services (India) Private Limited has opened a special depository account. The Beneficial Owners holding equity shares of HKFL in the dematerialized form, will be required to send their Form of Acceptance to the Registrars to the Offer at the collection centre mentioned above in paragraph 9.1 on or before the closure of the Offer, along with a photocopy or counterfoil of the delivery instructions in “Off-market” mode, duly acknowledged by the Depository Participant (‘DP’) and filled with the details given below:

DP Name	Axis Bank Ltd
DP ID Number	IN300484
Client ID Number	13793139
Account Name	Escrow Account - HKFCL Open Offer
Depository	National Securities Depository Limited

The Form of Acceptance-cum-Acknowledgement for which corresponding Shares have not been credited to the special depository account as on the date of closure of the Offer will be rejected. Beneficial owners are therefore requested to tender their delivery instructions at least two days prior to the closing of the Offer. Shareholders having their beneficiary account in CDSL have to use inter-depository delivery instruction slip for the purpose of crediting their equity shares in favour of the special depository account with NSDL.

9.3 Shareholders should also provide all relevant documents, which are necessary to ensure transferability of shares in respect of which application is being sent failing which the tender would be considered invalid and would be liable to be rejected. Such documents may include (but not limited to)

- Duly attested death certificate and succession certificate (for single shareholder) in case the original shareholder has expired.
- Duly attested power of attorney if any person apart from the shareholder has signed acceptance form or transfer deed(s).
- No objection certificate from any lender, if the Shares in respect of which the acceptance is sent, were under any charge, lien or encumbrance.
- In case of companies, the necessary certified corporate authorizations (including board and/or general meeting resolutions).

9.4 The share certificate(s), share transfer form, Form of Acceptance-cum-Acknowledgement and other documents, if any should be sent only to the Registrar to the Offer. They should not be sent to the Manager to the Offer or to the Acquirers to the Target Company. The above-mentioned documents can be sent by hand delivery on all days except Sundays and public holidays.

9.5 The minimum marketable lot for the purposes of acceptance, for both physical and demat shares, would be one share.

9.6 In case of unregistered owners or shareholders who have not received the Letter of Offer, may send their consent, to the Registrar to the Offer, on a plain paper stating the name, address, number of shares held, number of shares offered, along with the documents as mentioned above, so as to reach the Registrar to the Offer on or before the closure of the Offer. In the case of beneficial owners, they may send the application in writing to the Registrar to the Offer, on a plain paper stating the name, address, number of shares held, 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 the “Off-market” mode, duly acknowledged by the DP, in favour of the aforesaid special depository account, so as to reach the Registrar to the Offer, on or before the closure of the Offer. No Indemnity is required from the unregistered owners.

The application should be signed by all the shareholders as per the registration details available with HKFL and should be sent to the Registrar to the Offer in an envelope clearly marked 'H.K. Finechem Limited Open Offer'.

Shareholders of HKFL who have sent their physical equity shares for transfer should submit, Form of Acceptance duly completed and signed, copy of the letter sent to HKFL (for transfer of said shares) and acknowledgement received thereon and valid share transfer form. Shareholders who have sent their physical shares for dematerialisation should submit their Form of Acceptance as applicable along with the copy of the demat request form (DRF) duly acknowledged by their DP. However, they have to ensure that the corresponding credit of the dematerialized shares is received in the escrow depository account on or before closure of the Offer.

In case of non-receipt of the Letter of Offer / Form of Acceptance-cum-Acknowledgement / Form of Withdrawal, the eligible shareholders may obtain a copy of the same from the collection centre of Registrar to the Offer mentioned above on providing suitable documentary evidence of acquisition of shares of HKFL. The Letter of Offer and Form of Acceptance-cum- Acknowledgment will be available on SEBI's website: http://www.sebi.gov.in from the Offer opening date. The eligible shareholders, desirous of participating in the Offer, can download these documents from the SEBI's website and apply on the same.

9.7 Besides the documents specified in the Letter of Offer and Form of Acceptance while tendering the Shares under the Offer NRIs / OCBs / foreign shareholders will be required to submit to the Registrar to the Offer, previous RBI Approvals (specific or general) that they would have obtained for acquiring the Equity shares of the Target Company and the FIIs are requested to enclose the SEBI registration letter. In case the previous RBI approvals are not submitted, the Acquirers reserve the right to reject such Equity shares tendered.

9.8 In case of delay in receipt of statutory approvals, SEBI has the power to grant extension of time to Acquirers for payment of consideration to shareholders, subject to the Acquirers agreeing to pay interest for the delayed period, as directed by SEBI in terms of Regulation 22(12) of the SEBI (SAST) Regulations.

9.9 In accordance with the regulation 22(5A) of SEBI (SAST) Regulations, shareholders who have tendered the requisite documents in terms of the Public Announcement and Letter of Offer shall have the option to withdraw acceptances tendered up to three working days prior to the Offer Closing Date. The withdrawal option can be exercised by submitting the documents as per the instructions below so as to reach the Registrar to the Offer on or before May 7, 2010.

Kindly follow the detailed instructions given below with respect to withdrawal:

a) The withdrawal option can be exercised by submitting the Form of Withdrawal, enclosed with the Letter of Offer, duly signed by all the registered holders as per their specimen signature recorded with HKFL for shareholders in case of physical holdings/ with the Depository in case of electronic holdings so as to reach the Registrar to the Offer at the collection centre mentioned above on or before May 7, 2010. The signature of the beneficial owners on the Form of Withdrawal should by attested by the Depository Participants.

b) The withdrawal option can be exercised by submitting the Form of Withdrawal attached to this Letter of Offer, duly completed together with Acknowledgement slip in original / copy of the submitted Form of Acceptance-cum-Acknowledgement in case delivered by Registered A.D.

c) In case of non-receipt of the Form of Withdrawal, the withdrawal option can be exercised by making an application on plain paper along with the following details:

   i. In case of physical shares: Name, address, distinctive numbers, folio number and number of shares tendered / withdrawn.

   ii. In case of dematerialised shares: Name, address, number of shares tendered / withdrawn, DP name, DP ID, Beneficiary Account no., and a photocopy of delivery instructions in "Off market" mode or counterfoil of the delivery instruction in "Off market" mode, duly acknowledged by the DP in favour of the special depository account.

d) Shareholders who have tendered shares in physical form and wish to partially withdraw their tenders, should also enclose valid share transfer form(s) for the remaining equity 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 HKFL and duly witnessed at the appropriate place.

   e) The withdrawal of shares will be available only for the share certificates/ shares that have been received by the Registrar to the Offer/ credited to the special depository account.

   f) The intimation of returned shares to the shareholders will be at the address as per the records of HKFL or the Depositories as the case may be.

   g) 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 HKFL.

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

   i) Shareholders holding shares in dematerialized form are requested to issue the necessary standing instruction for receipt of the credit in their DP accounts.

9.10 In case the number of shares tendered for sale by the shareholders are more than the shares agreed to be acquired under the Offer, the Acquirers shall accept the offers received from the shareholders on a proportionate basis as per regulation 21(6) of SEBI (SAST) Regulations in consultation with the Manager to the Offer. The shares are compulsorily traded in dematerialized form, hence minimum acceptance will be one share.

Unaccepted share certificates, transfer forms and other documents, if any, will be returned by registered post at the shareholders'/ unregistered owners' sole risk to the sole/first shareholder. Shares held in demat form, to the extent not accepted, will be credited back to the beneficial owners' depository account with the respective depository participant as per the details furnished by the beneficial owner in the Form of Acceptance-cum-Acknowledgement.

It will be the responsibility of the equity shareholders to ensure that the unaccepted equity shares are accepted by their respective Depository Participants when transferred by the Registrar to the Offer. Shareholders holding Shares in dematerialised form are requested to issue the necessary standing instruction for receipt of the credit, if any, in their DP accounts. Shareholders should ensure that their depository accounts are maintained till the offer formalities are completed.

9.11 The consideration to those shareholders whose Shares or share certificates and/or other documents are found complete, valid and in order will be paid by crossed account payee cheques/demand drafts/ Electronic Clearance Service (ECS) where applicable. Such considerations in excess of Rs. 1500/- or unaccepted Share Certificate(s), transfer deed(s) and other documents, if any, will be returned by registered post/speed post at the shareholders'/unregistered owners' sole risk to the sole/first shareholder/unregistered owner. Equity shares held in dematerialised form, to the extent not accepted, will be credited back to the beneficial owners' depository account with the respective depository participant as per the details furnished by the beneficial owner in the Form of Acceptance or otherwise. The Acquirers are required to deduct tax at source, as may be applicable. All dispatches involving payment of a value upto Rs.1,500/- will be made under certificate of posting at the shareholders sole risk.

It is advised that shareholders provide bank details in the Form of Acceptance-cum- Acknowledgment so that same can be incorporated in the cheque / demand draft/pay order.

9.12 The Registrars to the Offer will hold in trust the equity shares and share certificate(s), equity shares lying in credit of the special depository account, Form of Acceptance, and the transfer deed(s) on behalf of the shareholders of HKFL who have accepted the Offer, until the cheques/drafts for the consideration and/or the unaccepted equity shares / share certificates are dispatched/ returned.

9.13 The Acquirers are permitted to revise the Offer Price of shares / No. of equity shares upwards. Such upward revision will be made in accordance with regulation 26 of SEBI (SAST) Regulations, not later than May 3, 2010, which is not less than 7 (seven) working days prior to the date of closure of the Offer. If the Offer Price is revised upward, such revised price will be payable to all shareholders who have accepted the Offer and submitted their equity shares at any time during the offer period to the extent that their shares have been verified and accepted by the Acquirers. The same would be informed by way of an announcement in the same newspapers where the Public Announcement appeared.

9.14 The Acquirers and the Target Company have not been prohibited by SEBI from dealing in securities, in terms of directions issued under Section 11B of the SEBI Act, 1992, as amended or any other regulation made thereunder.

Payment of consideration:

9.15 Shareholders must note that on the basis of name of the Shareholders, Depository Participant's name, DP ID, Beneficiary Account number provided by them in the Form of Acceptance-cum-Acknowledgement, the Registrar to the Issue will obtain, from the Depositories, the Shareholders' demographic details including address, bank account details, the nine digit Magnetic Ink Character Recognition ("MICR") code as appearing on a cheque leaf and occupation. These bank account details will be used to make payment to the Shareholders. Hence Shareholders are advised to immediately update their bank account details as appearing on the records of the Depository Participant. Please note that failure to do so could result in delays in despatch of payment or electronic transfer of funds, as applicable, and any such delay shall be at the Shareholders' sole risk and neither the Acquirers, the Manager to the Offer, Registrar to the Offer nor the Escrow Bank shall be liable to compensate the Shareholders for any losses caused to the Shareholder due to any such delay nor be liable to pay any interest for such delay.

9.16 The payment to the Shareholders would be done through various modes in the following order of preference:

- **Electronic Clearing System ('ECS') -** Payment would be done through ECS for Shareholders having an account at any of the following 15 centers: Ahmedabad, Bangalore, Bhubaneshwar, Kolkata, Chandigarh, Chennai, Guwahati, Hyderabad, Jaipur, Kanpur, Mumbai, Nagpur, New Delhi, Patna, Thiruvananthapuram (managed by RBI). This mode of payment would be subject to availability of complete bank account details including the MICR code as appearing on a cheque leaf, from the Depositories. The payment through ECS is mandatory for Shareholders having a bank account at any of the abovementioned 15 centers, except where the Shareholder, being eligible, opts to receive payment through direct credit or RTGS.
- **Direct Credit -** Shareholders having bank accounts with the Escrow Banker, as mentioned in the Acceptance cum Acknowledgement Form, shall be eligible to receive payments through direct credit. Charges, if any, levied by the Escrow Bank for the same would be borne by the Acquirers.
- **Real Time Gross Settlement ('RTGS') -** Shareholders having a bank account at any of the abovementioned 15 centres and whose amount exceeds Rs. 1 million, have the option to receive the payment through RTGS. Such eligible Shareholders who indicate their preference to receive payment through RTGS are required to provide the IFSC code in the Acceptance-cum-acknowledgement form. In the event the same is not provided, payment shall be made through ECS. Charges, if any, levied by the Escrow Bank for the same would be borne by the Acquirers. Charges, if any, levied by the Shareholder's bank receiving the credit would be borne by the Shareholder.
- **National Electronic Fund Transfer ('NEFT') -** Payment shall be undertaken through NEFT wherever the Shareholder's bank has been assigned the Indian Financial System Code ('IFSC'), which can be linked to a MICR, if any, available to that particular bank branch. IFSC Code will be obtained from the website of RBI as on a date immediately prior to the date of payment, duly mapped with MICR numbers. Wherever the Shareholders have registered their nine digit MICR number and their bank account number while opening and operating the demat account, the same will be duly

mapped with the IFSC Code of that particular bank branch and the payment will be made to the Shareholder through this method. The process flow in respect of payments by way of NEFT is at an evolving stage and hence use of NEFT is subject to operational feasibility, cost and process efficiency. In the event that NEFT is not operationally feasible, the payment would be made through any one of the other modes as discussed above. For all other Shareholders, including physical Shareholders and those who have not updated their bank particulars with the MICR code, the payments will be despatched under certificate of posting for value upto Rs. 1,500 and through Speed Post/ Registered Post for payments above Rs. 1,500. Such payments will be made by cheques, pay orders or demand drafts drawn on the Escrow Bank and payable at par at places where acceptance forms are received. Bank charges, if any, for cashing such cheques, pay orders or demand drafts at other centres will be payable by the Shareholders.

10 DOCUMENTS FOR INSPECTION

The following material documents are available for inspection by shareholders of H.K. Finechem Limited at the office of the Manager to the Offer, Ernst & Young Merchant Banking Services Private Limited, Jalan Mill Compound, 95 Ganpatrao Kadam Marg, Lower Parel, Mumbai – 400 013 from 10.30 a.m. to 1.00 p.m. on any day except Saturdays, Sundays and public holidays from the date of opening of the Offer until the Offer closes.

a. Copy of Public Announcement as published in the newspapers on February 18, 2010.

b. A copy the Share Purchase Agreement dated February 15, 2010 between the Acquirers, the Continuing Shareholders, the Target Company and the Sellers.

c. Copies of Contract Notes dated February 15, 2010 from Monarch Research and Brokerage Private Limited for the purchase of 38,09,223 equity shares of HKFL by the Acquirers from the Sellers.

d. Certificate of Incorporation and Memorandum and Articles of Association of HKFL.

e. Annual Reports of HKFL for the financial years ended on March 31 2007, 2008 and 2009.

f. Certificate dated February 15, 2010 issued by Mr. Ronak Shah, (Membership No. 102249), Partner, Jhaveri Shah & Co., Chartered Accountants commenting on the adequacy of financial resources of the Acquirers for fulfilling the obligations under the Offer.

g. Copy of the engagement letter between Ernst & Young Merchant Banking Services Private Limited, the Manager to the Offer and the Acquirers.

h. Copy of the Letter between Sharepro Services (India) Private Limited, Registrar to the Offer and the Acquirers.

i. Copy of confirmation regarding opening of Special Depository Account in the name and Style of ‘Escrow Account - HKFCL Open Offer’.

j. Copy of letters from HDFC Bank, dated February 17, 2010 and March 29, 2010 confirming the amount kept in the escrow account

k. Certificate dated February 17, 2010 issued by Mr. Ronak Shah, (Membership No. 102249), Partner, Jhaveri Shah & Co., Chartered Accountants certifying the fair value of equity shares of HKFL.

l. Letter No. CFD/DCR/TO/SKM/791/10 dated April 9, 2010 received from Securities and Exchange Board of India in terms of provisions of Regulation 18(2) of SEBI (SAST) Regulations.

11 DECLARATION BY ACQUIRERS

The Acquirers accept responsibility for the information contained in this Letter of Offer and for their obligations under the SEBI (SAST) Regulations and subsequent amendments made thereto. The Acquirers are severally and jointly responsible for fulfillment of their obligations in terms of SEBI Takeover Code.

Sd/-
Mr. Utkarsh Bhikhoobhai Shah

Sd/-
Mr. Raj B Shah

Sd/-
Mr. Sukoon V Shah

Sd/-
Mr. Bimal Dashrathbhai Parikh

Sd/-
Mrs. Mamta Bimal Parikh

Sd/-
Mr. Hemant Navinchandra Shah

Sd/-
Mr. Rohan Hemant Shah

Sd/-
Mr. Bimal Dashrathbhai Parikh
(for and on behalf of Bimal D. Parikh HUF)

Place: Ahmedabad

Date: April 16, 2010

Encl: Form of Acceptance cum Acknowledgment

Form of Withdrawal

Transfer Deed(s) (for shareholders holding shares in Physical mode)

FORM FOR ACCEPTANCE CUM ACKNOWLEDGEMENT

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

(Please send this Form with enclosures to **Sharepro Services (India) Private Limited** at the Collection Centres mentioned in the Letter of Offer)

OFFER OPENS ON	:	**Friday,**	**April**	**23,**	**2010**
LAST DATE OF WITHDRAWAL	:	**Friday,**	**May**	**7,**	**2010**
OFFER CLOSES ON	:	**Wednesday,**	**May**	**12,**	**2010**

From:

Name:-

Address:-

Status: Resident/Non Resident

Tel: __________ **Fax:** __________ **Email:** __________

To

The Acquirers

C/o Sharepro Services (India) Private Limited
13 AB, Samhita Warehousing Complex, 2nd Floor, Near Sakinaka Telephone Exchange,
Andheri – Kurla Road, Sakinaka, Andheri (E), Mumbai – 400 072.

Dear Sir,

Sub: Cash Offer to acquire 19,00,000 fully paid up equity shares of Rs.10/- each, representing 20% of the Voting Equity Share Capital (as defined in the Letter of Offer), of H. K. Finechem Limited ('HKFL'/ 'Target company') at a price of Rs. 25.20 per fully paid up equity share ("Offer Price").

I/We refer to the Letter of Offer dated April 16, 2010 constituting an offer for acquiring the equity shares held by me/us in HKFL. I/We, the undersigned, have read the Letter of Offer and understood its contents and unconditionally accept the terms and conditions mentioned therein.

SHARES IN DEMATERIALISED FORM

I/We, holding shares in the dematerialized form, accept the Offer and enclose the photocopy of the Delivery Instruction in "Off-market" mode, duly acknowledged by the Depository Participant ("DP") in respect of my/ our shares as detailed below:

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

I/We have executed an off-market transaction for crediting the shares to the special depository account with **Sharepro Services (India) Private Limited** styled **"Escrow Account - HKFCL Open Offer"** with the following particulars:

Depository Participant Name	DP ID	Client ID
AXIS BANK LIMITED	**IN300484**	**13793139**

Shareholders having their beneficiary account with CDSL will have to use inter-depository slip for the purpose of crediting their shares in favour of the special depository account with NSDL.

I/We note and understand that the shares would lie in the special depository account until the time the Acquirers dispatches the purchase consideration as mentioned in the Letter of Offer. I/We also note and understand that the Acquirers will pay the purchase consideration only after verification of the documents and signatures.

SHARES IN PHYSICAL FORM

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

Sr. No.	Folio No(s).	Certificate Nos.	Distinctive No(s)		No. of Shares
1			From	To	
2					
3					
4					
5					
(In case the space provided is inadequate, please attach a separate sheet with details)				**Total Number of Shares**	

– – – – – – – – – – Tear Here – – – – – – – – – –

ACKNOWLEDGEMENT SLIP

HKFL - OPEN OFFER

Folio No: __________ Sr No: __________

Received fromMr./Ms __________

Address __________

__________ Form of Acceptance cum Acknowledgement for __________ Shares along with a copy of:

☐ Copy of Depository Instruction Slip form DP ID __________ Client ID __________

☐ __________ Shares certificate(s) __________ Transfer deed(s) under folio number (s) __________

For accepting the Offer made by the Acquirers.

Stamp of Registrar		Signature of Official		Date of Receipt	

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

For NRIs / OCBs / FIIs / Foreign Shareholders:

I/ We have enclosed the following documents:

☐ No objection Certificate/ Tax Clearance Certificate from Income Tax Authorities

☐ RBI Approvals for acquiring shares of HKFL hereby tendered in Offer

I/We confirm that the equity shares of HKFL which are being tendered herewith by me/us under this Offer are free from liens, charges and encumbrances of any kind whatsoever.

I/We authorize the Acquirers 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 further authorize the Acquirers to return to me/us, share certificate(s)/ share(s) in respect of which the Offer is not found valid/ not accepted without specifying the reasons thereof.

I/We authorize the Acquirers, the Registrar to the Offer and the Manager to the Offer to send by Registered Post/ UPC as may be applicable, at my/our risk, the draft/ cheque in full and final settlement of the amount due to me/us and or/other documents or papers or correspondence to the sole/ first holder at the address mentioned below:

Yours faithfully

Signed and Delivered

Signed and delivered by	**FULL NAME OF THE SHAREHOLDERS**	**SIGNATURE (S)**
First/Sole Shareholder		
Jointholder 1		
Jointholder 2		
Jointholder 3		

Address of the Sole / First Shareholder : ____

____

Place : ______________________________ Date : ____________________

The Permanent Account No. (PAN/GIR NO.) allotted under the Income Tax Act 1961 is as under:

Particulars	**First/Sole Shareholder**	**Jointholder 1**	**Jointholder 2**
PAN/GIR No.			

Bank Details : So as to avoid fraudulent encashment in transit, the shareholder(s) holding shares in physical form should 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 No:	Savings/Current/Others (Please specify)

For shares that are tendered in demat form, the Bank account as obtained from the beneficiary position (download to be provided by the depositories) will be considered and the draft/cheque will be issued with the said Bank particulars.

PLEASE NOTE THAT NO SHARES / FORMS SHOULD BE SENT DIRECTLY TO THE ACQUIRERS OR TO THE MANAGER TO THE OFFER

General Instructions:

1. In case of shares held in joint names, names of shareholders 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 in HKFL, 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.
2. 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.
3. Non-resident shareholders should enclose copy (ies) of permission received from Reserve Bank of India to acquire shares held by them in HKFL.
4. In case of bodies corporate, certified copies of appropriate authorization (including Board/shareholder resolutions, as applicable) for the sale of shares along with specimen signatures duly attested by a bank must be annexed.
5. 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):
   i. Duly attested death certificate and succession certificate (in case of single shareholder) in case the original shareholder has expired
   ii. Duly attested power of attorney if any person apart from the shareholder has signed acceptance form of the transfer deed
   iii. No Objection Certificate from any lender, if the shares in respect of which the acceptance is sent, were under any charge, lien or encumbrances

PLEASE REFER TO THE DETAILED INSTRUCTIONS UNDER PARA 9 TITLED “PROCEDURE FOR ACCEPTANCE AND SETTLEMENT” ON PAGE 28 OF THIS LETTER OF OFFER.

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All queries in this regard to be addressed to the Registrar to the Offer at the following address quoting your reference Folio No/DP ID/Client ID:

Sharepro Services (India) Private Limited

(Unit: H. K. Finechem Limited Open Offer)

Address: 13 AB, Samhita Warehousing Complex, 2nd Floor,
Near Sakinaka Telephone Exchange, Andheri – Kurla Road, Sakinaka,
Andheri (E), Mumbai – 400 072.

Tel: (022) 6772 0300 / 400; **Fax :** (022) 2850 8927

Email: hkflopenoffer@shareproservices.com

Contact Person: Ganesh Rane

FORM OF WITHDRAWAL CUM ACKNOWLEDGEMENT

(Please send this Form with enclosures to **Sharepro Services (India) Private Limited** at the collection centers as mentioned in the Letter of Offer)

OFFER OPENS ON	:	**Friday,**	**April**	**23,**	**2010**
LAST DATE OF WITHDRAWAL	:	**Friday,**	**May**	**7,**	**2010**
OFFER CLOSES ON	:	**Wednesday,**	**May**	**12,**	**2010**

From:
Name :
Address :

Folio No./DP ID : ____________________________ **Client No. :** ______________________________ **No.of Shares Held** ______________________________ _____

To

The Acquirers
C/o Sharepro Services (India) Private Limited
13 AB, Samhita Warehousing Complex,
2nd Floor, Near Sakinaka Telephone Exchange,
Andheri – Kurla Road, Sakinaka, Andheri (E), Mumbai – 400 072

Dear Sir,

Sub: Cash Offer to acquire 19,00,000 fully paid up equity shares of Rs.10/- each, representing 20% of the Voting Equity Share Capital (as defined in the Letter of Offer), of H. K. Finechem Limited ('HKFL'/ 'Target company') at a price of Rs. 25.20 per fully paid up equity share ("Offer Price").

I/ We refer to the Letter of Offer dated April 16, 2010 for acquiring the equity shares held by me/us in HKFL. I/We the undersigned have read the Letter of Offer and understood its contents and unconditionally accept the terms and conditions as mentioned therein

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

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

I/We note that this Form of Withdrawal should reach the Registrar to the Offer on or before the last date of withdrawal i.e. May 7, 2010 (Friday).

I/We note that the Acquirers / Manager to the Offer/ Registrar to the Offer shall not be liable for any postal delay/ loss in transit of the shares held in physical form and also for the non-receipt of shares held in the dematerialized form in the DP account due to inaccurate/ incomplete particulars/ instructions

I / We also note and understand that the Acquirers will return the original share certificate(s), share transfer deed(s) / shares in dematerialized form only on completion of verification of the documents, signatures and beneficiary position as available with the depositories from time to time.

The particulars of tendered original share certificate(s) which I/we wish to withdraw are detailed below:

Sr. No.	Ledger Folio No(s).	Certificate No(s).	Distinctive No(s).		No. of shares
Shares Tendered			**From**	**To**	
1.					
2.					
3.					
				Total Number of Shares tendered	
Shares Withdrawn					
1.					
2.					
3.					
				Total no. of equity shares withdrawn	

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

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ACKNOWLEDGEMENT SLIP

HKFL - OPEN OFFER

Folio No: ______________________ Sr No: ______________________

Received from Mr./Ms. ____

residing at ____

____ Form of Withdrawal for ______________ Shares along with a copy of

☐ Depository Instruction Slip form DP ID ______________ Client ID ______________

☐ Acknowledgement Slip issued when depositing dematerialized share; ☐ Acknowledgement Slip issued when depositing Physical Shares

For withdrawing from the Offer made by the Acquirers

Stamp of Registrar		**Signature of Official**		**Date of Receipt**	

I / We hold the following shares in dematerialized form and had executed an off-market transaction for crediting the shares to the **'Escrow Account - HKFCL Open Offer** which I/We wish to withdraw. Please find enclosed a photocopy of the depository delivery instruction(s) duly acknowledged by DP. The particulars of the account from which my / our shares have been tendered are as follows:

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

I / We note that the shares will be credited back only to that depository account, from which the shares have been tendered and necessary standing instructions have been issued in this regard.

I / We confirm that the particulars given above are true and correct.

In case of dematerialized 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 by	FULL NAME OF THE SHAREHOLDERS	SIGNATURE (S)	VERIFIED AND ATTESTED BY THE DP (IN CASE OF DEMAT SHARES) BANK (IN CASE OF PHYSICAL SHARES)
First/Sole Shareholder			
Joint Holder 1			
Joint Holder 2			
Joint Holder 3			

Address of the Sole/First Shareholder : ____

____

Place : ____________________________ Date : ____________________

PLEASE NOTE THAT THE FORM OF WITHDRAWAL SHOULD NOT BE SENT DIRECTLY TO THE ACQUIRERS OR TO THE MANAGER TO THE OFFER

General Instructions

1. In case of shares held in joint names, names of shareholders 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 in HKFL, 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 Counter Offer.
2. 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.
3. In case of bodies corporate, certified copies of appropriate authorization (including Board/shareholder resolutions, as applicable) for the sale of shares along with specimen signatures duly attested by a bank must be annexed.
4. All the shareholders should provide all relevant documents which are necessary to ensure transferability of the shares in respect of which the withdrawal 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 withdrawal form or transfer deed(s).

PLEASE REFER TO THE DETAILED INSTRUCTIONS UNDER PARA 9 TITLED "PROCEDURE FOR ACCEPTANCE AND SETTLEMENT" ON PAGE 28 OF THIS LETTER OF OFFER.

– Tear Here –

All queries in this regard to be addressed to the Registrar to the Offer at the following address quoting your reference Folio No/DP ID/Client ID:

Sharepro Services (India) Private Limited

(Unit: H. K. Finechem Limited Open Offer)

Address: 13 AB, Samhita Warehousing Complex, 2nd Floor,
Near Sakinaka Telephone Exchange, Andheri – Kurla Road, Sakinaka,
Andheri (E), Mumbai – 400 072.

Tel: (022) 6772 0300 / 400; **Fax :** (022) 2850 8927

Email: hkflopenoffer@shareproservices.com

Contact Person: Ganesh Rane

SAP Print Solutions Pvt. Ltd., Ph. : 4074 1000