

## THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

This Letter of Offer is being sent to you as a shareholder(s) of Swaraj Automotives Limited. If you require any clarifications about the action to be taken, you may consult your stock broker or your investment consultant or the Manager to the Offer or the Registrar to the Offer. In case you have recently sold your shares in the Target Company, please hand over this Letter of Offer and 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.

### Mahindra and Mahindra Limited

a company incorporated under the Indian Companies Act, 1913  
(Registered Office: Gateway Building, Apollo Bunder Mumbai - 400001  
Tel: +91 22 2202 1031 Fax: +91 22 2287 5485)

AND

### Mahindra Holdings & Finance Limited

a company incorporated under the Companies Act, 1956  
(Registered Office: Mahindra Towers, P. K. Kurne Chowk, Worli, Mumbai - 400018  
Tel: +91 22 2493 1441 Fax: +91 22 2497 5081)

MAKE A CASH OFFER AT Rs. 244/- PER FULLY PAID UP EQUITY SHARE TO ACQUIRE 479,543 fully paid up equity shares of Rs. 10 each representing 20% of the voting equity capital of

### Swaraj Automotives Limited

a company incorporated under the Companies Act, 1956  
(Registered Office: Phase IV, Industrial Area, Sahibzada Ajit Singh Nagar, Mohali, Punjab-160055  
Tel: +91 172 2271620-27. Fax:- +91 172 2272731)

#### Note:-

- This Offer is being made pursuant to and in accordance with Regulations 10 and 12 of the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 1997, and subsequent amendments thereof.
- This Offer is not subject to a minimum level of acceptance by shareholders of Swaraj Automotives Limited.
- The Offer is subject to the statutory and regulatory approvals and clearances from Central Government of India and RBI required to acquire Shares tendered pursuant to this Offer (described in Section VI).
- If there is any upward revision of the Offer Price by the Acquirers till the last permitted date for revision viz. June 7, 2007 or withdrawal of the Offer, the same would be informed by way of a public announcement in the same newspapers in which the original Public Announcement had appeared. Such revised Offer Price would be payable for all the Shares tendered anytime during the Offer and accepted under the Offer.
- 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 working days prior to the closure of the Offer viz. June 13, 2007.
- **If there is a competitive bid: (i) the public offers under all the subsisting bids shall close on the same date; (ii) As the Offer Price cannot be revised during seven working days prior to the closing date of the offers / bids, it would therefore, be in the interest of the shareholders to wait till the commencement of that period to know the final offer price of each bid and tender their acceptance accordingly.**
- **There has been no competitive bid.**
- A copy of the Public Announcement and this Letter of Offer (including the Form of Acceptance cum Acknowledgement and the Form of Withdrawal) is expected to be available on SEBI's website ([www.sebi.gov.in](http://www.sebi.gov.in)).

MANAGER TO THE OFFER	REGISTRAR TO THE OFFER
 <p><b>Kotak Mahindra Capital Company Limited</b> Bakhtawar, 3rd floor, 229, Nariman Point, Mumbai 400 021 Tel: +91 22 6634 1110 Fax: +91 22 2284 0492 Contact Person: Chandrakant Bhole Email: <a href="mailto:sal.offer@kotak.com">sal.offer@kotak.com</a> For investor complaints: <a href="mailto:kmccredressal@kotak.com">kmccredressal@kotak.com</a></p>	 <p><b>Sharepro Services (India) Private Limited</b> Satam Estate, 3rd Floor, Above Bank of Baroda, Cardinal Gracious Road, Chakala, Andheri (E), Mumbai 400 099 Tel: +91 22 2821 5168 Fax: +91 22 2837 5646 Contact Person: V. Kumaresan Email: <a href="mailto:saloffer@shareproservices.com">saloffer@shareproservices.com</a></p>

Activity	Original Schedule		Revised Schedule	
	Date	Day	Date	Day
Issue of Public Announcement	12-Mar-07	Monday	12-Mar-07	Monday
Specified Date	12-Mar-07	Monday	12-Mar-07	Monday
Last date for a competitive bid, if any	2-Apr-07	Monday	2-Apr-07	Monday
Last date by which Letter of Offer will be dispatched to the Shareholders	23-Apr-07	Monday	24-May-07	Thursday
Offer Opening Date	3-May-07	Thursday	28-May-07	Monday
Last date for revising the Offer Price/ Offer Size	11-May-07	Friday	07-Jun-07	Thursday
Last date for withdrawing acceptance of the Offer	17-May-07	Thursday	13-Jun-07	Wednesday
Offer Closing Date	22-May-07	Tuesday	16-Jun-07	Saturday
Date by which the acceptance / rejection would be intimated and the corresponding payment for the acquired Shares and / or the share certificate(s) / demat delivery instruction for the rejected Shares will be dispatched / issued	5-Jun-07	Tuesday	30-Jun-07	Saturday

## **RISK FACTORS:**

### ● **Risks related to the Offer :**

- The Offer along with any obligation to make payment for, or purchase the shares tendered and accepted is subject to the statutory and regulatory approvals and clearances from Central Government and RBI required to acquire Shares tendered pursuant to this Offer. In the event that either the Central Government or the RBI does not grant approval, the Offer would stand withdrawn in terms of the Regulations (as defined herein). For further details see para 86 of this Letter of Offer.
- In the event that either (a) a regulatory approval is not received in a timely manner (b) there is a litigation leading to 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 indicated in this Letter of Offer. Consequently, the payment of consideration to the public shareholders of the Target Company whose Shares have been accepted in the Offer as well as the return of Shares not accepted by the Acquirers may be delayed.
- The Shares tendered in the Offer will lie to the credit of a designated escrow account, till the completion of the Offer formalities. The Acquirers make no assurance with respect to the market price of the Shares both during the Offer period and upon completion of the Offer, and disclaim any responsibility with respect to any decision by shareholders on whether or not to participate in this Offer.

### ● **Risks related to association with the Acquirers**

- The Acquirers make no assurances with respect to the financial performance of the Target Company.

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## KEY DEFINITIONS

Acquirers	M&M and MHFL as defined herein below
Agreement	On March 8, 2007, the Acquirers entered into a Share Purchase Agreement (“SPA”) with (a) South Asia Regional Fund, CDC-PTL Holdings Ltd., CDC Financial Services (Mauritius) Ltd. (“Actis Group”) and (b) Vic Enterprises Pvt. Ltd., Acee Enterprises, Puran Associates Pvt. Ltd. and Mohit Burman (“Burman Family”) (Actis Group together with Burman Family the “Sellers”) to acquire 26,325,370 fully paid up equity shares representing 43.3% of total issued and fully paid up equity capital of Punjab Tractors Limited (“PTL”) at a price of Rs. 360/- (Rupees Three Hundred and Sixty only) (“Negotiated Price”) per fully paid up equity share (the “Agreement”).
DSE	Delhi Stock Exchange Association Limited, Delhi
FEMA	Foreign Exchange Management Act 1999
Form	Form of Acceptance-cum-Acknowledgement attached to this Letter of Offer
Letter of Offer	This Letter of Offer dated May 21, 2007
M&M	Mahindra and Mahindra Limited, a company incorporated under the Indian Companies Act, 1913 (Registered Office: Gateway Building, Apollo Bunder, Mumbai - 400001 Tel: +91 22 2202 1031 Fax: +91 22 2287 5485)
Manager to the Offer	Kotak Mahindra Capital Company Limited, the merchant bankers appointed by the Acquirers pursuant to regulation 13 of the Regulations, having its registered office at Bakhtawar, 3rd Floor, 229 Nariman Point, Mumbai – 400021
MHFL	Mahindra Holdings & Finance Limited, a company incorporated under the Companies Act, 1956 (Registered Office: Mahindra Towers, P.K.Kurane Chowk, Worli, Mumbai – 400018 Tel: +91 22 2493 1441 Fax: +91 22 2497 5081)
Offer	Offer being made by the Acquirers for 479,543 Shares to the public shareholders of the Target Company at the Offer Price payable in cash
Offer Price	Price of Rs. 244/- (Rupees Two Hundred and Forty Four only) per Share
Offer Size	479,543 Shares representing 20% of the voting equity capital of the Target Company

Persons eligible to participate in the Offer	All shareholders/bona-fide beneficial owners (registered or otherwise) of Shares of the Target Company, except the Acquirers, the parties to the Agreement and PTL
SAL / Target Company	Swaraj Automotives Limited, a company incorporated under the Companies Act, 1956 (Registered Office: Phase IV, Industrial Area, Sahibzada Ajit Singh Nagar, Mohali, Punjab-160055 Tel: +91-172-2271620-27 Fax: +91-172-2272731 )
Public Announcement/ PA	Announcement of this Offer made on behalf of the Acquirers to the shareholders of the Target Company published on March 12, 2007 which appeared in all the editions of Financial Express, Jansatta, Navshakti and Jalandhar edition of Ajit.
RBI	The Reserve Bank of India
Registrar to the Offer	Sharepro Services (India) Private Limited, the registrar appointed by the Acquirers having their registered office at Satam Estate, 3rd Floor, Above Bank of Baroda, Cardinal Gracious Road, Chakala, Andheri (E), Mumbai 400 099
Regulations	Securities & Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 1997 and subsequent amendments thereto
SEBI	Securities and Exchange Board of India
Share	Fully paid up equity share of Target Company having a face value of Rs. 10 each
Shareholders	Shareholders of the Target Company
SPA	Share Purchase Agreement between the Acquirers and the Sellers for the Agreement
Specified Date	March 12, 2007 being the date for the purpose of determining the names of the Shareholders to whom the Letter of Offer will be sent
Stock Exchange	DSE
Voting Capital	Equity share capital comprising 2,397,713 Shares of the Target Company as on date of PA (i.e. March 12, 2007)

**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 Regulations.

## I. DISCLAIMER CLAUSE

IT IS TO BE DISTINCTLY UNDERSTOOD THAT FILING OF DRAFT LETTER OF OFFER WITH SEBI SHOULD NOT IN ANY WAY BE DEEMED OR CONSTRUED THAT THE SAME HAS BEEN CLEARED, VETTED OR APPROVED BY SEBI. THE DRAFT LETTER OF OFFER HAS BEEN SUBMITTED TO SEBI FOR A LIMITED PURPOSE OF OVERSEEING WHETHER THE DISCLOSURES CONTAINED THEREIN ARE GENERALLY ADEQUATE AND ARE IN CONFORMITY WITH THE REGULATIONS. THIS REQUIREMENT IS TO FACILITATE THE SHAREHOLDERS OF SWARAJ AUTOMOTIVES LIMITED TO TAKE AN INFORMED DECISION WITH REGARD TO THE OFFER. SEBI DOES NOT TAKE ANY RESPONSIBILITY EITHER FOR FINANCIAL SOUNDNESS OF THE ACQUIRER (S), PACs OR THE COMPANY WHOSE SHARES/CONTROL IS PROPOSED TO BE ACQUIRED OR FOR THE CORRECTNESS OF THE STATEMENTS MADE OR OPINIONS EXPRESSED IN THE LETTER OF OFFER. IT SHOULD ALSO BE CLEARLY UNDERSTOOD THAT WHILE THE ACQUIRER (S) IS (ARE) PRIMARILY RESPONSIBLE FOR THE CORRECTNESS, ADEQUACY AND DISCLOSURE OF ALL RELEVANT INFORMATION IN THIS LETTER OF OFFER, THE MERCHANT BANKER IS EXPECTED TO EXERCISE DUE DILIGENCE TO ENSURE THAT ACQUIRER (S) DULY DISCHARGES ITS (THEIR) RESPONSIBILITY ADEQUATELY. IN THIS BEHALF, AND TOWARDS THIS PURPOSE, THE MANAGER TO THE OFFER, KOTAK MAHINDRA CAPITAL COMPANY LIMITED, HAS SUBMITTED A DUE DILIGENCE CERTIFICATE DATED MARCH 22, 2007 TO SEBI IN ACCORDANCE WITH THE SEBI (SUBSTANTIAL ACQUISITION OF SHARES AND TAKEOVER) REGULATIONS, 1997 AND SUBSEQUENT AMENDMENT (S) THEREOF. THE FILING OF THE LETTER OF OFFER DOES NOT, HOWEVER, ABSOLVE THE ACQUIRER (S) FROM THE REQUIREMENT OF OBTAINING SUCH STATUTORY CLEARANCES AS MAYBE REQUIRED FOR THE PURPOSE OF THE OFFER.

## II. DETAILS OF THE OFFER

### Background of the Offer

1. This open offer ("Offer") is being made by the Acquirers in compliance with regulations 10 and 12 of the Regulations. This Offer is subject to the receipt of certain approvals as more fully set forth in the section entitled "Statutory Approvals".
2. On March 8, 2007, the Acquirers entered into a Share Purchase Agreement ("SPA") with (a) South Asia Regional Fund (Address: 4<sup>th</sup> Floor, Les Cascades, Edith Cavell Street, Port Louis Mauritius, Phone: +230 212 9800, Fax: +230 212 9833), CDC-PTL Holdings Ltd. (Address: 4<sup>th</sup> Floor, Les Cascades, Edith Cavell Street, Port Louis Mauritius, Phone: +230 212 9800, Fax: +230 212 9833), CDC Financial Services (Mauritius) Ltd. (Address: 4<sup>th</sup> Floor, Les Cascades, Edith Cavell Street, Port Louis Mauritius, Phone: +230 212 9800, Fax: +230 212 9833) ("Actis Group") and (b) Vic Enterprises Pvt. Ltd., (Address: 4<sup>th</sup> Floor, Punjabi Bhavan, 10 Rouse Avenue, New Delhi -110002, Phone: +91 11 42786000, Fax: +91 11 23222051), Acee Enterprises (Address: 4<sup>th</sup> Floor, Punjabi Bhavan, 10 Rouse Avenue, New Delhi -110002, Phone: +91 11 42786000, Fax: +91 11 23222051), Puran Associates Pvt. Ltd (Address: 4<sup>th</sup> Floor Punjabi Bhavan 10 Rouse Avenue, New Delhi -110002, Phone: +91 11 42786000, Fax: +91 11 23222051) and Mohit Burman (Address: 4<sup>th</sup> Floor Punjabi Bhavan, 10 Rouse Avenue, New Delhi -110002, Phone: +91 11 42786000, Fax: +91 11 23222051) ("Burman Family") (Actis Group together with Burman Family the "Sellers") to acquire 26,325,370 fully paid up equity shares representing 43.3% of total issued and fully paid up equity capital of Punjab Tractors Limited ("PTL") at a price of Rs. 360/- (Rupees Three Hundred and Sixty only) ("Negotiated Price") per fully paid up equity share (the "Agreement").

The Sellers to the SPA do not belong to the promoter category of PTL.

The total consideration payable to the Sellers under SPA and duly executed forms ("Instruction Slips") for the purpose of the transfer of shares under SPA to the Acquirers shall lie in an escrow account subject to receipt of all necessary governmental and/ or regulatory authorizations, approvals, orders, consents or filings in India including obtaining the approvals set out in paragraph 91 of this Letter of Offer and completion of the Acquirers' obligations under the Regulations. The SPA is not to be acted upon by the Acquirers or the Sellers unless all provisions of the Regulations are complied with by the Acquirers.

PTL holds 24.2% of the voting capital of Swaraj Automotives Limited ("SAL") ("Target Company") and is a promoter of the Target Company. The consideration paid by the Acquirers pursuant to the Agreement was a composite consideration and no specific consideration was allocated for 24.2% interest in the Target Company during the Agreement. As the Agreement and the subsequent open offer to be made to the shareholders of PTL by the Acquirers would result in the Acquirers indirectly acquiring 24.2% of the voting equity capital of the Target Company, this Offer is being made pursuant to Regulations.

3. The Acquirers have not effected any change in the Board of Directors of the Target Company post the Agreement. Pursuant to SPA and the Offer, the Acquirers propose to induct its directors on the Board of the Target Company reflecting the Acquirers shareholding in compliance with applicable laws.
4. To the best of their knowledge, the Acquirers, and the Target Company have not been prohibited by SEBI from dealing in securities, in terms of direction issued under Section 11B or any other regulations made under the SEBI Act, 1992. Since the date of the Public Announcement to the date of this Letter of Offer, the Acquirers have not acquired any Shares. No action under any regulations made under the SEBI Act, 1992 has been taken against the Acquirers, Target Company, its promoters/ directors.

5. The Acquirers have neither acquired nor have been allotted any share of the Target Company in the 12 months period prior to date of the PA.
6. As on date of the PA, Acquirers do not hold any Shares in the Target Company.

#### **Details of the proposed Offer**

7. In accordance with regulation 14(4) of the Regulations, the Acquirers have made a Public Announcement on March 12, 2007, being within four working days from the date of signing of the SPA of the Agreement viz. March 8, 2007, corrigendum to PA on May 3, 2007 and corrigendum to PA on May 21, 2007 which appeared in all editions of Financial Express, Jansatta, Navshakti and Jalandhar edition of Ajit. A copy of the Public Announcement and copies of the corrigendum to PA and this Letter of Offer (including the Form of Acceptance cum Acknowledgement and the Form of Withdrawal) is expected to be available on SEBI's website (www.sebi.gov.in).
8. Pursuant to this Offer, the Acquirers propose to acquire upto 479,543 Shares of the Target Company representing 20% of the Voting Capital of the Target Company at a price of Rs. 244/- (Rupees Two Hundred and Forty Four only) for each Share to be paid in cash in accordance with the Regulations. This Offer is not conditional upon any minimum level of acceptance or any differential pricing.
9. To the extent of the Offer Size, all the Shares of the Target Company that are validly tendered pursuant to this Offer are proposed to be acquired by the Acquirers.
10. The Shares to be acquired under this Letter of Offer are to be free from all liens, charges and encumbrances and will be acquired together with all rights attached thereto, including the right to all dividends, bonus and rights offer declared hereafter.
11. The Letter of Offer is being sent to those Shareholders of the Target Company whose name(s) appeared in the Register of Members of the Target Company at the close of business hours on March 12, 2007, being the Specified Date, as required under the Regulations.
12. This Offer is made to all Shareholders of the Target Company except the Acquirers and the Parties to the SPA.
13. There are no outstanding convertible instruments in the Target Company. The Target Company does not have any partly paid-up shares.
14. PTL is not a Person Acting in Concert ("PAC") with the Acquirers in the instant offer.
15. PTL will not be eligible to participate in the Offer.

#### **Object of the acquisition / Offer**

16. As stated in Paragraph 2 above, the Agreement would result in the Acquirers indirectly acquiring a 24.2% stake in the Target Company. No shares of the Target Company were directly purchased in the Agreement. Hence this offer is a result of Agreement resulting in indirect acquisition, in compliance with regulation 10 and 12 of Regulations.
17. M&M is into manufacture and marketing of tractors, utility vehicles and light commercial vehicles while MHFL is engaged in business of investing in and lending to companies including group companies, providing fund support and earning dividend and/or interest. The Target Company manufactures high technology seats for tractors, commercial vehicles, passenger cars and railways.

### **III. BACKGROUND OF THE ACQUIRERS (INCLUDING DISCLOSURE UNDER REGULATION 21(3))**

18. As described in paragraph 2 above, on March 8, 2007, the Acquirers entered into a Share Purchase Agreement ("SPA") with Actis Group and Burman Family to acquire 26,325,370 fully paid up equity shares representing 43.3% of total issued and fully paid up equity capital of Punjab Tractors Limited ("PTL") at a price of Rs. 360/- (Rupees Three Hundred and Sixty only), this would result in the Acquirers indirectly acquiring a 24.2% stake in the Target Company.

#### **DETAILS OF M&M**

19. The details of M&M are provided in the table below

Name	Mahindra and Mahindra Limited
Address of the registered office	Gateway Building, Apollo Bunder, Mumbai – 400 001 (Tel: +91 22 2202 1031 ; Fax: +91 22 2287 5485)
Address of the corporate office	Mahindra Towers, P.K.Kurane Chowk, Worli, Mumbai – 400 018 (Tel: +91 22 2493 1441; Fax: +91 22 2497 5081)

Listing status	The equity shares of the company are currently listed on the BSE, NSE and the Calcutta Stock Exchange Association Limited. Application has been made to delist the equity shares from the Calcutta Stock Exchange Association Limited. The Global Depository Receipts of the company are listed on the Luxembourg Stock Exchange and the Foreign Currency Convertible Bonds are listed on the Singapore Exchange Securities Trading Limited
Promoters	Mr. Keshub Mahindra and Mr. Anand Mahindra are the promoters of M&M
Group	M&M is part of Mahindra Group
Relationship with MHFL	MHFL is a wholly owned subsidiary of M&M
Primary business	M&M is into manufacture and marketing of tractors, utility vehicles and light commercial vehicles
Experience	M&M was incorporated on October 2, 1945 as a private limited company under the Indian Companies Act, 1913 with the name Mahindra and Mohammed Limited. The name of the company was changed to Mahindra and Mahindra Limited on January 13, 1948. It was converted into a public limited company on June 15, 1955.

### History and Major Areas of Operation:

20. M&M's main business is the manufacture and sale of tractors, utility vehicles, light commercial vehicles and three-wheelers. In the year ended March 31, 2006, M&M sold 147,591 vehicles and 85,029 tractors through its extensive dealer network in India and through exports. M&M has two main operating divisions:

- The Automotive Division, which designs, manufactures and sells UVs, LCVs and three-wheelers and their spare parts and accessories.
- The Tractor Division, which makes agricultural tractors and implements that are used in conjunction with tractors. The Tractor Division also sells tractor spare parts through its dealer and spare parts stockist network. This division has also ventured into the industrial engines business in order to leverage its design and manufacturing expertise.

M&M has eight state-of-the-art manufacturing facilities in India.

In November 2003, in recognition of its global competitiveness in terms of cost and quality, M&M received the Deming Prize awarded by the Japanese Union of Scientists & Engineers. M&M is the first tractor manufacturer in the world to receive this prize.

M&M is expanding its reach globally. It has set up a 100% subsidiary in USA to assemble tractors and has a joint venture with French auto giant Renault to manufacture Logan, their new sedan in India. M&M also has a tie-up with USA based International Truck & Engine Corporation to manufacture trucks in India. Besides the USA, M&M exports its products to several countries in Africa, Asia, Europe and Latin America.

21. The details of the Board of Directors of M&M are given below:

Name	Date of Appointment	Designation	Residential Address
Mr. Keshub Mahindra	23rd February, 1948	Chairman (Promoter)	9-10 St. Helen's Court, Dr. Gopalrao Deshmukh Marg, Mumbai 400026
Mr. Anand Mahindra	23rd November, 1989	Vice Chairman and Managing Director (Promoter)	Goolistan, 1st Floor, 65, Napean Sea Road, Mumbai – 400 006.
Mr. Deepak S. Parekh	29th August, 1990	Independent Director Carmichael Road,	9, Darbhanga Mansion, 12, Mumbai – 400026
Mr. Nadir B. Godrej	28th August, 1992	Independent Director	40D, B. G. Kher Marg, Malabar Hill, Mumbai – 400 026
Mr. M. M. Murugappan	28th August, 1992	Independent Director	"Coromandal House", 14, Boat Club Road, R. A. Puram, Chennai - 600 028
Mr. Bharat N. Doshi	28th August, 1992	Executive Director	8, St. Helen's Court, Dr. Gopalrao Deshmukh Marg, Mumbai – 400 026

Name	Date of Appointment	Designation	Residential Address
Mr. A. K. Nanda	28th August, 1992	Executive Director	3, St. Helen's Court, Dr. Gopalrao Deshmukh Marg, Mumbai - 400 026
Mr. Narayanan Vaghul	31st October, 1996	Independent Director	Flat No.3, Sudharsan Apartments, New No.63, 1 Main Road, R. A. Puram, Chennai - 600 028
Dr. A. S. Ganguly	21st August, 1997	Independent Director	N6 PEMINO, Altamount Road, Mumbai - 400 026
Mr. R. K. Kulkarni	21st August, 1997	Independent Director	"SAMRUDDHI", Flat No.2, 1st Floor, TPS VI, Plot No.19, Relief Road, Santacruz (West), Mumbai - 400 054
Mr. Anupam Puri	30th January, 2001	Independent Director	17 East 16 Street (Apartment II), New York, N.Y. 10003-3147, U.S.A.
Mr. Thomas Mathew T.	29th May, 2006	Nominee of LIC	A-1, Jeevan Jyot, Setalvad Lane, Napean Sea Road, Mumbai - 400 026

*None of these Directors is on the Board of Directors of the Target Company.*

22. The details of experience and qualifications of the Board of Directors of M&M are given below:

**Mr. Keshub Mahindra, Chairman**

Mr. Keshub Mahindra has been the Chairman of the Board since 1963. A B.Sc. graduate from Wharton, University of Pennsylvania, he joined the Company as a Director in 1948. Mr. Mahindra is Chairman of the Board of Governors of Mahindra United World College of India, Vice-Chairman of Housing Development Finance Corporation Limited and Director of United World Colleges International (UK) Limited amongst other companies. Mr. Mahindra is associated with several committees. He is a member of the Prime Minister's Council on Trade & Industry, New Delhi, member of the Apex Advisory Council of ASSOCHAM, a Member of the Governing Board of Bombay First and President of the Governing Council of the University of Pennsylvania Institute for the Advanced Study of India, among others.

Mr. Mahindra was the President of the Bombay Chamber of Commerce and Industry, ASSOCHAM, the Indo-American Society and the Employers' Federation of India. He was also the Chairman of Indian Institute of Management, Ahmedabad, and was appointed by the Government to serve on a number of high level Committees including the Sachar Commission on Company Law & MRTP and the Central Advisory Council of Industries. Mr. Mahindra has received several national and international awards for his contribution to public life and industry, including the Chevalier De La Legion D'honneur, the Businessman of the Year 1989 of Business India Award, The Sir Jehangir Ghandy Medal for Industrial Peace 1994 of XLRI, Jamshedpur, the IMC Diamond Jubilee Endowment Trust Award in 1998, Dadabhai Naoroji International Award for Excellence & Lifetime Achievement, All India Management Association Lifetime Achievement Award for Management in 2003 and the "Lakshya Business Visionary Award 2006" instituted by NITIE and Indian Business School (IBS) Kolkata Lifetime Achievement Award presented by the Institute of Chartered Financial Analysts of India (ICFAI) in 2007.

**Mr. Anand Mahindra, Vice Chairman and Managing Director**

Mr. Anand Mahindra is Vice Chairman and Managing Director of Mahindra & Mahindra Ltd. After graduating from Harvard College and earning an MBA degree from the Harvard Business School, he returned to India and joined Mahindra Ugine Steel Company Ltd (MUSCO), the country's foremost producer of specialty steel, as Executive Assistant to the Finance Director. He rose to become President and Deputy Managing Director of MUSCO in 1989. During his stint at MUSCO, he initiated the Mahindra Group's diversification into the new business areas of real estate development and hospitality management. In 1991, he was appointed Deputy Managing Director of Mahindra & Mahindra Ltd., the flagship company of the Mahindra Group, and the country's dominant producer of off-road vehicles and agricultural tractors. In April 1997, he was appointed Managing Director of Mahindra & Mahindra Ltd and in January 2001 given the additional responsibility of Vice Chairman. His focus in Mahindra and Mahindra has been to drive a comprehensive change programme that has transformed the company and the Group into an efficient and aggressive competitor in the new liberalised economic environment in India.

Mr. Anand Mahindra is a Past President of the Confederation of Indian Industry, and of the Automotive Research Association of India (ARAI). He is also on the Board of the National Stock Exchange of India Limited. Mr. Anand Mahindra is the Co-Chairman of the International Council of the Asia Society, New York, and a member of the 2nd India Advisory Panel of International Enterprise Singapore. He is a member of the Board of Dean's Advisors of Harvard Business School, and also serves on the Advisory Committee of the Harvard University Asia Centre. Mr. Mahindra takes a keen interest in education in India and is on the Governing Board of several educational initiatives.

Mr. Anand Mahindra is the recipient of numerous national and international awards, including the 'Knight of the Order of Merit' by the President of the French Republic, the Rajiv Gandhi Award for outstanding contribution in the business field, the 2005 Leadership Award from the American India Foundation, Person of the Year 2005 by Auto Monitor, CEO of the Year from India Brand Summit 2006, and CNBC Asia Business Leader Award and India Business Leader Award for the year 2006.

**Mr. Bharat N. Doshi, Executive Director**

Mr. Bharat N. Doshi joined the Company in 1973 as an Executive. He is a fellow member of both the Institute of Chartered Accountants of India and the Institute of Company Secretaries of India and has a Master's Degree in Law from the University of Bombay. He has participated in the Program for Management Development at the Harvard Business School.

In August 1992, he joined the Board as an Executive Director in charge of Finance and Accounts, Corporate Affairs and Information Technology. He has been the President of the Trade and Financial Services Sector since December 1994. Mr. Doshi serves on the Boards of several subsidiaries and associate companies in the Mahindra group and also as an Independent Director in companies outside the Mahindra group. Mr. Bharat N. Doshi is on the Board of Governors of the Mahindra United World College of India and Indian Institute of Management, Kozhikode. Mr. Doshi is a Member of the Managing Committee of Bombay Chamber of Commerce and Industry, the Advisory Board and Think Tank of the BCCI Trust for Economic Management Studies and is a founding member and member of the Governing Council of Indian Association of Corporate CFOs and Treasurers (InAct).

Mr. Doshi was a member of the High Powered Expert Committee constituted by the Ministry of Finance, Government of India, on Making Mumbai an International Financial Centre and is a member of the SEBI (Securities and Exchange Board of India) Committee on Disclosures and Accounting Standards (SCODA).

Mr. Doshi is a Fellow of the Salzburg Seminar on "Asian Economies: Regional and Global Relationships", held in December 2000. Mr. Bharat N. Doshi was adjudged "India's Best CFO" by the leading business fortnightly 'Business Today' in April 2005. He was also conferred the "CFO of the Year" Award, honouring financial excellence, instituted by IMA India, an associate of The Economist Group, in December 2005.

**Mr. A. K. Nanda, Executive Director**

Mr. A. K. Nanda holds a Degree in Law from the University of Calcutta, is a fellow member of the Institute of Chartered Accountants of India (FCA) and a fellow member of the Institute of Company Secretaries of India (FCS). He has also participated in a Senior Executive Programme at the London Business School. He joined the Group in 1973. He has held several important positions within the Group and was also the Company Secretary of the Company from 1987 to 2006. He joined the Board in August 1992 and is currently the Executive Director and President, Infrastructure Development Sector which includes areas such as property development, construction, leisure and lifetime holidays, infrastructure privatization projects and engineering consultancy. He has played a pioneering role in building Mahindra World Cities. Mr. Nanda is on the Boards of several subsidiaries and associate companies in the Mahindra Group. He is also on the Board of ABN AMRO Asset Management (India) Limited and is a Member of the Advisory Board for Asia Pacific in Barco Company Limited.

Mr. Nanda is a member of various committees of the Bombay Chamber of Commerce and Industry and Confederation of Indian Industry. He is the President of the Indo-French Chamber of Commerce and a member of the Council of EU Chambers of Commerce in India and a member of the Governing Board of Bombay First. He is the Chairman of "CII National Committee on Water" for 2006-07. He has chaired and spoken at various international conferences organised by the World Bank and UN sponsored agencies.

**Mr. Deepak S. Parekh**

Mr. Deepak Parekh is a Fellow member of the Institute of Chartered Accountants (England & Wales). He has been a Director of the Company since August 1990. He is the Chairman of the Audit Committee of the Company. He is also the Executive Chairman of the Housing Development Finance Corporation Limited.

Mr. Parekh is renowned in the fields of finance and infrastructure and has been the recipient of several awards, including, the Qimpro Platinum Award for Quality (for his contribution to the services sector), the Businessman of the Year 1996 Award, from Business India, the JRD Tata Corporate Leadership Award, from the All India Management Association, and the Economic Times Lifetime Achievement Award 2003 and most recently i.e. in 2006, been awarded the Padmabhusan by the Government.

### **Mr. Nadir B. Godrej**

Mr. N. B. Godrej joined the Board in 1992. He holds a Master of Science degree in chemical engineering from Stanford University and an MBA from Harvard Business School. He has been a Director of several Godrej companies since 1977 and has developed the animal feed, agricultural inputs and chemicals businesses of Godrej Industries and other associated companies, and has been very active in research. Besides his professional assignments, Mr Godrej was the former President of Oil Technologists' Association of India, Indo-French Technical Association and the Compound Livestock Feed Manufacturers Association of India. He is currently the President of the Alliance Francaise de Bombay. Mr Godrej is the Chairman of Godrej Agrovet Limited and the Managing Director of Godrej Industries Limited. He is spearheading the Business Process Outsourcing initiative of the Godrej Group.

### **Mr. R K Kulkarni**

Mr. R.K. Kulkarni has been a Director of the Company since 1997. He received a Master of Laws from the University of Bombay. He has been a practicing Advocate and Solicitor, and is currently all India Partner in Khaitan & Co., Advocates & Solicitors. Mr. Kulkarni has been in legal practice for over 35 years and prior to joining Khaitan & Co. was a partner of another leading firm for 26 years. Mr. Kulkarni has vast and hands-on experience in the legal field, with particular emphasis on Corporate and Commercial Law. He has considerable experience in the fields of mergers and acquisitions, joint ventures, capital markets and project finance for infrastructure projects. Mr. Kulkarni has participated in National & International conferences and seminars at which he has read papers on foreign direct investment in India, Infrastructure privatisation and reforms.

### **Mr. Narayanan Vaghul**

Mr. Narayanan Vaghul was appointed to the Board of the Company in 1996. He is currently Chairman of the Board of ICICI Bank Limited. He has been associated with ICICI for several years as its Chairman and CEO, and has also served on the boards of directors of both the Central Bank of India and the Bank of India.

As the Chairman and a member of several committees and task forces, constituted by the Government and the RBI, Mr. Vaghul has been closely associated with policy formulation at a national level. He has worked on several assignments for the Asian Development Bank, the IFC and the World Bank. For a brief period he was the Chairman of the Government's Foreign Investment Advisory Board.

### **Mr. Anupam Puri**

Mr. Anupam Puri was appointed to the Board of the Company in 2001. From 1970 to 2000, he was with McKinsey & Company ("McKinsey"). He worked globally with corporate clients in several industries on strategy and organisational issues, and served several governments and multilateral institutions on public policy. Mr. Puri spearheaded the development of McKinsey's India practice, oversaw the Asian and Latin American offices, and was an elected member of the Board. He is currently a Special Adviser for General Atlantic Partners. Mr. Puri holds an M. Phil in Economics, Nuffield College, Oxford University in 1969, a MA in Economics from Balliol College, Oxford University in 1967 and a BA in Economics from Delhi University, India in 1965.

### **Dr. A. S. Ganguly**

Dr. A. S. Ganguly was appointed to the Board of the Company in 1997. Dr. Ganguly is currently the Chairman of Firstsource Solutions Limited and a Director on the Central Board of the Reserve Bank of India, since November 2000. Dr. Ganguly's principal professional career spanned 35 years with Unilever Plc/N.V. Dr. Ganguly graduated with distinction from the Bombay University and has obtained the M.S. and Ph.D. degrees from the University of Illinois, USA. Over the years, Dr. Ganguly has been a member of several government committees, including the Science Advisory Committee to the Prime Minister of India. He is presently a member of the Prime Minister's Council on Trade and Industry as well as the Investment Commission. More recently, he has been appointed a member of the National Knowledge Commission to the Prime Minister. Dr Ganguly is also the recipient of the International Alumni Award for Exceptional Achievement for the academic year 2003-04, from the University of Illinois. In 2006, Dr Ganguly was awarded the CBE (Hon) by the United Kingdom.

### **Mr. M. M. Murugappan**

Mr. Murugappan has been a Director of the Company since August 1992. He holds a Bachelor of Technology degree in Chemical Engineering from the University of Madras and has a Master of Science in Chemical Engineering from the University of Michigan. He is a member of the Supervisory Board of the Murugappa Group of companies. He is the Chairman of Carborundum Universal Ltd. and Tube Investments of India Ltd. Apart from his many interests in business, Mr. Murugappan takes a keen interest in the development of various citizenship initiatives, particularly in education and health care. He serves on the Board of Governors of IIT Madras.

### **Mr. Thomas Mathew T., Nominee of LIC**

Mr. Thomas Mathew T., Managing Director, LIC of India, is a Post-Graduate in Economics, Graduate in Law, Post-

Graduate Diploma in Management (Marketing) and also an Associate of the Insurance Institute of India. He joined Life Insurance Corporation of India (LIC) in December 1977 as a Direct Recruit Officer. He took over charge as Managing Director of LIC on 24th March, 2006. Mr. Thomas Mathew has held various important assignments in LIC. He was the Zonal Manager of Western Zone of LIC, Chief (Marketing and International Operations) and Sr. Divisional Manager-in-Charge of 3 major Divisions. Mr. Mathew has attended various seminars and training sessions related to Insurance in India and abroad.

23. The total paid up capital of M&M is Rs. 24,537 Lakh, the face value of the shares is Rs. 10 per share and the market price of the share is Rs. 738.25 as of closing prices of date of PA (March 12, 2007)

24. The standalone financial details of M&M are as follows

Financials for the years ending March 31, FY04, FY05 and FY06 are based on audited standalone financials of M&M and standalone financials for nine-months ended December 31, 2006 have been certified by the auditors in accordance with Clause 41 of the Listing Agreement.

### Profit & Loss Statement

(All figures in Rs. lakh, rounded off, except per share data)

	<b>FY04</b>	<b>FY05</b>	<b>FY06</b>	<b>Nine months ending December 31, 2006</b>
Net Sales	488,546	653,074	798,877	700,434
Income from Operations and Other Income	17,198	23,831	33,777	45,807
Net Income	505,745	676,905	832,654	746,241
Total Expenditure	(442,853)	(588,962)	(725,466)	(635,337)
Profit before Depreciation, Interest, Amortization, Exceptional Items, Contingencies and Tax	62,892	87,944	107,188	110,904
Depreciation / Amortisation	(16,520)	(18,405)	(20,001)	(14,864)
Interest, Commitment and Finance Charges (Net)	(5,159)	558	1,840	4,695
Profit before Tax, Contingencies and Exceptional Items	41,213	70,096	89,028	100,735
Provision for Contingencies	(342)	(34)	(78)	-
Exceptional Items	2,948	1,355	21,001	11,384
Provision for Tax	(8,965)	(20,150)	(24,240)	(28,885)
Profit After Tax	34,854	51,267	85,710	83,234
Profit After Tax excluding Exceptional Items	31,906	49,912	64,709	71,850

### Details of Exceptional Items

(All figures in Rs. lakh, rounded off, except per share data)

	<b>FY04</b>	<b>FY05</b>	<b>FY06</b>
Profit on sale of long-term investments	2,674	582	16,758
Profit on transfer of rights to carry on LCV business			4,840
Amortisation of retirement benefits under Voluntary Retirement Schemes	(239)	(526)	(597)
Benefit on early repayment of sales tax loan	2,558	2,125	
Provision for diminution in the value of certain assets substantially retired from active use	(1,307)	(826)	
Premium received on early redemption of certain long term investments	460		
Charge on account of opening balance of product launch expenses recognised as an expense	(1,200)		
<b>Total</b>	<b>2,948</b>	<b>1,355</b>	<b>21,001</b>

## Balance Sheet

(All figures in Rs. lakh, rounded off, except per share data)

	FY04	FY05	FY06
<b>Sources of Funds</b>			
Paid up share capital	11,601	11,165	23,340
Employee Stock Options Outstanding	-	211	159
Reserves and Surplus (excluding revaluation reserves)	164,415	185,846	266,055
<b>Networth</b>	176,016	197,221	289,554
Secured Loan	48,523	33,682	21,668
Unsecured Loan	24,458	71,580	66,671
Deferred Tax Liability (Net)	20,325	18,975	14,675
<b>Total</b>	<b>269,321</b>	<b>321,458</b>	<b>392,567</b>
<b>Uses of Funds</b>			
Net Fixed Assets (including Capital WIP)	137,672	146,057	154,111
Investments	111,115	118,979	166,909
Net Current Assets	19,569	53,985	69,741
Total Misc. Expenditure not written off	964	2,438	1,805
<b>Total</b>	<b>269,321</b>	<b>321,458</b>	<b>392,567</b>

## Other Financial Information

	FY04	FY05	FY06	Nine months ending December 31, 2006
Dividend (%)	90	130	100	-
Earning Per Share (Basic) (Rs.)	15.0	23.0	38.1	35.2
Earning Per Share (Diluted) (Rs.)	15.0	20.7	34.9	32.2
Return on Networth <sup>[1]</sup> (%)	19.8	26.0	29.6	-
Book Value Per Share <sup>[2]</sup> (Rs.)	150.9	174.5	123.3	-

<sup>[1]</sup> Return on Networth calculated as: Profit After Tax / Closing Networth

<sup>[2]</sup> Book Value per Share calculated as: Closing Networth after reducing Miscellaneous Expenditure / Total No. of shares outstanding

25. An analysis of the financial performance of M&M for the last three years is given below:

### FY 2005-06

#### Reasons for improvement in sales:

- A more than 8% GDP growth during the year
- Good monsoons
- The continued good showing of Scorpio and the introduction of the New Scorpio with 43 additional customer centric features
- Continued thrust on Vehicle exports with the export of vehicles across the globe in Europe, South America, South-East Asia, Middle-East and Africa
- The further consolidation and growth of Engine business by 120%

#### Reasons for improvement in profits:

- Improvement in contribution margins arising out of increase in volumes
- Increase in Spare Parts and Overseas operations
- Reduction in interest costs
- The successful IPO of Mahindra & Mahindra Financial Services Ltd – a company subsidiary

## FY 2004-05

### Reasons for improvement in sales:

- a. Low interest rates and easy access to financing continued to boost both Vehicle & Tractor volumes
- b. Good performance of the Indian economy with a healthy GDP growth of around 8%
- c. Good monsoons
- d. The continued good performance of Scorpio, Bolero and Maxx variants
- e. A 90% growth in the export of vehicles with the company commencing its international operations in South Africa, Uruguay, Malaysia and Middle-East
- f. The nascent Engine business of the company's Farm Equipment sector grew by 268%

### Reasons for improvement in profits:

- a. The increase in sales and the resulting economies of scale
- b. Reduction in interest costs
- c. Increased dividend from subsidiaries, profit from sale of certain properties and benefits arising from early repayment of certain sales tax loans

## FY 2003-04

### Reasons for improvement in sales:

- a. Reduction in interest rates and the consequent improvement in vehicle/ tractor financing
- b. The monsoon during the year was not only normal but also better distributed
- c. The success of Scorpio and the launch of Maxx pick-up, DI Engine and Soft-top versions of Bolero and improved version of Commander 650

### Reasons for improvement in profits:

- a. Increased volumes and the consequent improvement in contribution
  - b. Steep decrease in interest costs due to buy-back and prepayment of certain long-term high cost debt
  - c. Benefits arising out of early repayment of certain sales tax loans
  - d. Profit on sale of certain long-term investments
26. Earlier acquisitions in Target Company made by M&M
- M&M has neither acquired nor have been allotted any share of the Target Company in the 12 months period prior to date of the PA. As on date of the PA, M&M does not hold any Shares in the Target Company.
27. Significant accounting policies of M&M
- (A) Fixed Assets :
- (a) All Fixed Assets are carried at cost less depreciation except Land & Buildings which were revalued as at 31<sup>st</sup> October 1984.
  - (b) (i) Leasehold land is amortised over the period of the lease.
  - (ii) Depreciation on assets is calculated on Straight Line Method at the rates and in the manner prescribed in Schedule XIV to the Companies Act, 1956, except for some assets for which a higher depreciation based on their useful lives is charged.
  - (iii) Depreciation charge for each year is after deducting the Depreciation on the amount of revaluation of Land & Buildings.
- (B) Intangible Assets :
- All Intangible Assets are initially measured at cost and amortised so as to reflect the pattern in which the asset's economic benefits are consumed.
- (C) Investments :
- All long term investments are carried at cost less provision, if any, for decline other than temporary, in value of such investments. Current investments are valued at the lower of cost and fair value, determined by category of investment.

(D) Inventories :

Inventories are stated at cost or net realisable value, whichever is lower. Cost is arrived at on a weighted average method and includes, where appropriate, manufacturing overheads and excise duty. Long term contracts in progress are valued at cost.

(E) Miscellaneous Expenditure (to the extent not written off or adjusted)

Miscellaneous Expenditure (to the extent not written off or adjusted) include Finance Charges which are amortised over the period of borrowing and Separation Costs which are amortised over 5 years.

(F) Foreign Exchange Transactions :

All foreign currency monetary items are translated at the relevant rates of exchange prevailing at the year end with a contra charge to P&L account except where they are for acquisition of Fixed Assets from abroad in which case they are capitalised.

(G) Revenue Recognition :

Sales of products and services are recognised when the products are shipped or services rendered. Dividend from investments are recognised when the right to receive payment is established.

(H) Property Development Activity :

The Company accounts for income on the percentage to completion basis.

(I) Government Grants :

In view of the uncertainty in respect to the collection of these grants, such grants are accounted for as and when the disbursements are received.

(J) Retirement Benefits :

Retirement Benefits in respect of gratuity and leave encashable at retirement/cessation are provided for based on valuations, as at the Balance Sheet date, made by independent actuaries.

(K) Redemption Premium

Premium payable on redemption of Bonds / Debentures is fully provided and charged to Securities Premium Account in the year of issue.

(L) Product Warranty :

In respect of warranties given by the Company on sale of certain products, the estimated costs of these warranties are accrued at the time of sale. The estimates for accounting of warranties are reviewed and revisions are made as required.

(M) Taxes on Income :

Current tax is determined as the amount of tax payable in respect of taxable income for the year. Deferred tax is recognised, subject to consideration of prudence, on timing differences.

28. Status of Corporate Governance

M&M is in compliance with the Clause 49 of the Listing Agreement.

29. Compliance with Chapter II of Regulations

Chapter II of the Regulations are not applicable to M&M with respect to the Target Company.

30. Pending litigation matters if any

**Cases filed against M&M**

1. Civil Cases (other than described in the subsequent paras)

a. M&M has 56 civil cases instituted against it. The aggregate amount claimed, in these cases is approximately Rs. 1,424.1 lakhs. These cases are filed by dealers alleging breach of dealer contract and claiming damages and compensation; wrongful termination of the dealership and restraining M&M from invoking the bank guarantees given by them as the case may be.

b. Further there are 48 miscellaneous cases pending against M&M, whereunder an approximate amount of Rs. 866.9 lakhs has been claimed on the ground inter alia of non delivery of vehicles and compensation, replacement of defective vehicle; termination of dealership contract, money claims.

## 2. Employee Related Cases

- a. M&M has 355 cases filed by its suspended employees, ex-employees, contract workmen workmen and officers against M&M before labour courts and civil courts alleging ground such as illegal termination, suspension and claiming permanency and/ or for payment of back wages; insufficient or non-payment of voluntary retirement scheme compensation. The total claim in these cases aggregates to Rs 1,754.2 lakhs.
- b. Ten cases where Unions of employees at M&M's factory has filed cases against it claiming wages during the strike period and in another case claiming wrongful termination of its member employee, seeking permanency, stay on disciplinary actions, termination of services, transfer of employees, violating long terms settlements, committing unfair labour practices and restraining the shifting of manufacturing activity. The total claim involved in these cases aggregates to Rs. 675 lakhs.
- c. In another case M&M subcontractor's employees union has filed a case before Industrial Court claiming for a declaration for the employment in M&M and its business associates and claiming further for duty hours, payment of statutory dues viz. bonus, ESIC, PF etc.
- d. There is also another case where employees of another company have made M&M a formal party in a civil case, where no monetary claim has been made against M&M.
- e. Employees State Insurance Authority has claimed Rs 13.2 lakhs together with interest thereon from M&M for non payment of contributions toward persons who are alleged to be employees of M&M. M&M has challenged the claim and the Petition is pending hearing before the high court at Kolkata.

## 3. Property Related Cases

M&M has eight property related cases pending against it. The sum involved in these legal actions is about Rs. 151 lakhs; the nature of cases inter alia involve eviction and seeking return of possession of certain premises occupied by M&M; illegal erection of structures in property and encroachment in forest land and inadequate payment of stamp duty on the sale deed.

## 4. Consumer Cases

M&M has 965 cases filed by its customers against M&M, before various consumer courts such as District Forum, State Forum and National Forum, alleging deficiency in service, defects in the vehicle/tractor, delay in delivery etc., and claiming replacement of the tractors and vehicles and/or compensation. The total claim involved in these cases amounts to Rs. 1,314.9 lakhs.

## 5. Insurance Related cases/ Workmen's compensation cases

M&M is involved in 419 cases, where various claims have been made against M&M before the motor accidents claims tribunal (MACT) and or the commissioner of workmen's' compensation, along with the insurance companies or M&M. All insurance claims are by survivors or their heirs, third party claims, personal injury, fatal accidents occurring during the transit of the vehicles. Out of the above cases 374 cases are where M&M has been joined only as a necessary party.

## 6. Tax related litigation

### a. Income Tax Cases

M&M has 55 unresolved income tax related cases before various authorities The amount claimed under the appeals aggregates to Rs. 16,286.4 lakhs.

### b. Sales Tax

M&M has 44 sales tax related matter pending against it. The aggregate amount involved in the matters is approximately Rs. 1,020 lakhs.

### c. Excise related Claims

M&M has 38 excise related matters pending against it, the aggregate amount involved in the matters is Rs. 38,579.8 lakhs.

Amongst the aforesaid cases, there is a dispute raised by the excise dept. for Rs. 30,411 lakhs in connection with the classification of M&M's Commander range of vehicles. M&M has contested this demand before the Appellate Tribunal and filed a Stay Application. On initial hearing of the stay application, the Tribunal directed M&M to pay Rs. 5,400 lakhs and to execute a bank guarantee of like amount. Since, a co-ordinate bench of the Tribunal had held in another proceeding that M&M had appropriately classified the vehicles, M&M approached the Mumbai High Court, seeking to review the order of the Tribunal. The High Court has accepted M&M's plea and has remanded back the matter to the Appellate Tribunal for deciding it afresh and the same is now pending before the Appellate Tribunal. M&M, based on the legal advice, believes that the excise department's claim, is unsustainable in law, especially in the light of the favourable order received by M&M in respect of the same vehicle.

## 7. Criminal cases

There are 20 criminal cases pending against M&M before various courts and authorities in India filed by its dealers, customers and those under the Factories Act, 1948; IPC, Central Excise Act 1944, the Standing Orders Act, National Holiday Act and Contract Labour Act.

The aggregate of all the quantifiable amounts in relation to all the abovementioned claims is approximately Rs. 61,410 lakhs. There is no likely adverse impact on the Offer if any of the above matters are adversely held against M&M.

### **Cases filed by M&M**

M&M has filed 47 cases before several authorities and courts involving inter alia civil matter relating to bouncing of cheques; recovery of money claim under various contractual arrangements; immovable property, specific performance and trademarks involving an aggregate sum of Rs. 3,718.8 lakhs.

#### 31. Relevant details of any merger/ demerger / spin offs in last three years

M&M had entered into a Joint Venture (JV) with International Truck and Engine Corporation (ITEC) for manufacture of commercial vehicles in India.

Pursuant to the approval of the shareholders of M&M in July 2005, the Light Commercial Vehicle business was transferred by M&M to Mahindra International Private Limited (now named Mahindra International Limited). In the future, this company will enter the Medium and Heavy Commercial Vehicles segment and participate to a larger extent in the Indian commercial vehicles market.

#### 32. Compliance Officer

Narayan Shankar, Company Secretary, Mahindra Towers, P.K.Kurane Chowk, Worli, Mumbai – 400018, Phone: +91 22 2490 5624, Fax: +91 22 2490 0833, email id: narayan.shankar@mahindra.com

#### 33. The Shareholding pattern of M&M as of date of Public Announcement is as follows:

<b>SI No.</b>	<b>Shareholder's Category</b>	<b>No. and Percentage of Shares Held</b>
1	Promoter and Promoter Group*	56,181,152 (22.90%)
2	Mutual Funds	13,951,570 (5.69%)
3	Banks, Financial Institutions, Insurance Companies	38,439,012 (15.67%)
4	Foreign Institutional Investors (FIIs)*	80,320,947 (32.73%)
5	Private Corporate Bodies	12,148,555 (4.95%)
6	Indian Public	25,007,292 (10.19%)
7	NRIs/ OCBs	2,186,593 (0.89%)
8	Bank of New York – Depository	17,136,144 (6.98%)
	<b>Total</b>	<b>245,371,265** (100.00%)</b>

*\*Foreign Institutional Investors does not include shareholding aggregating 117.50 lacs shares representing 4.79% of the paid-up share capital of the Company held by Aranda Investment (Mauritius) Pte Limited as the same is included under the category of Promoter and Promoter Group*

*\*\* This refers to the total number of shares outstanding as of the date of the Public Announcement. This includes shares issued to the ESOP Trust. After 31/03/2006, the paid-up share capital has also increased due to allotment of shares on conversion of Foreign Currency Convertible Bonds.*

## **DETAILS OF MHFL**

34. The details of MHFL are provided in the table below

Name	Mahindra Holdings & Finance Limited
Address of the registered/ corporate office	Mahindra Towers, P. K. Kurne Chowk, Worli, Mumbai – 400018 (Tel: +91 22 2493 1441; Fax: +91 22 2497 5081)
Listing Status	Unlisted
Group	MHFL is a part of Mahindra Group
Relationship with M&M	MHFL is a wholly owned subsidiary of M&M
Primary Business	It is registered as Non Banking Financial Company under Reserve Bank of India Act, 1934 and is engaged in business of investing in and lending to companies including group companies, providing fund support and earning dividend and/or interest
Experience	Mahindra Holdings and Finance Limited was incorporated as Eiger Investment & Leasing Pvt. Limited on April 27, 1985 which subsequently became Eiger Investment & Leasing Limited. This name was changed to Mahindra Holdings & Finance Limited on March 1, 1995
Compliance with the applicable provisions of the Regulations/other applicable regulations under the SEBI Act, 1992	Not applicable to MHFL, being an unlisted company

35. Brief History & Major areas of operations

Mahindra Holdings & Finance Ltd., was incorporated as Eiger Investment & Leasing Private Limited on 27th April, 1985 having its Registered Office at Indian Mercantile Insurance Building, 31, Forbes St., Fort, Bombay - 400 023. Eiger Investment & Leasing Private Limited's name was changed to Mahindra Holdings & Finance Ltd., effective 1st March, 1995. Its Registered Office was shifted to Gateway Building, Apollo Bunder, Mumbai - 400 001 effective from 3rd March, 1995 which was again shifted to Mahindra Towers, P. K. Kurne Chowk, Worli, Mumbai - 400 018 effective 28th April, 2006.

Mahindra Holdings & Finance Limited is a Non-Banking Finance Company under the Reserve Bank of India Act, 1934 and is engaged in business of investing in and lending to companies including group companies, providing fund support and earning dividend and/or interest.

36. The residential addresses of the Board of Directors of MHFL are given below:

<b>Name</b>	<b>Date of Appointment</b>	<b>Residential Address</b>
Mr. Keshub Mahindra	3rd March, 1995	9-10 St. Helen's Court, Dr. Gopalrao Deshmukh Marg, Mumbai 400026
Mr. Anand Mahindra	3rd March, 1995	Goolistan, 1st Floor, 65, Napean Sea Road, Mumbai – 400 006.
Mr. Bharat N. Doshi	3rd March, 1995	8, St. Helen's Court, Dr. Gopalrao Deshmukh Marg, Mumbai – 400 026
Mr. A. K. Nanda	3rd March, 1995	3, St. Helen's Court, Dr. Gopalrao Deshmukh Marg, Mumbai - 400 026
Mr. U. Y. Phadke	24 <sup>th</sup> March, 1999	Flat No.13, Neel Tarang, Veer Savarkar Marg, Mahim, Mumbai – 400 016
Mr. M. A. Nazareth	26 <sup>th</sup> August, 2005	5/1, Colaba Mills Flats, Sohrab Bharucha Road, Mumbai – 400 005.

*None of these Directors is on the Board of Directors of the Target Company.*

37. The details of experience and qualifications of the Board of Directors of MHFL are given below (Details of Mr. Keshub Mahindra, Mr. Anand Mahindra, Mr. Bharat N. Doshi and Mr. A. K. Nanda are given in details of Board of Directors of M&M):

**Mr. U. Y. Phadke**

Mr. Uday Phadke joined the Mahindra group in 1973. He is the President – Finance & Legal Affairs of Mahindra & Mahindra Limited and a Member of the Mahindra Group Management Board.

He is a Member of the Institute of Chartered Accountants of India and Institute of Company Secretaries of India besides having a Bachelor's Degree in Commerce & Law.

Mr. Phadke is on the Board of various Mahindra Group companies such as Mahindra & Mahindra Financial Services Limited, Mahindra Gesco Developers Limited, Mahindra Renault Private Limited and Mahindra Holidays & Resorts India Limited. He is also on the Audit Committee of these companies.

Mr. Phadke has been Chairman of the Direct Taxes Committee of the Bombay Chamber of Commerce & Industry. Currently, he is on the Accounting Standards Board of the Institute of Chartered Accountants of India and is also a Member on the 'National Committee on Professional Services' and Committee on Taxation & Company Law of CII.

**Mr. Mario A. Nazareth**

Mr. Mario A. Nazareth is a Graduate in Commerce, a Fellow Member of the Institute of Chartered Accountants of India and Associate Member of the Institute of Company Secretaries of India. He joined Mahindra & Mahindra Limited in December 1979 and has since been associated within M&M and the Group in the areas of Accounts, Finance, Tax and Secretarial. He is currently Senior Vice President – Corporate Management Services of Mahindra & Mahindra Limited and, in this capacity, is responsible for the Internal Audit function for all Mahindra companies.

Mr. Nazareth has participated in an Eisenhower Fellowship Program in the year 2000, during which he had an opportunity to pursue a study of Corporate Governance practices in the U.S. He has been a Director of Mahindra Holdings since 26th August, 2005 and is on the Boards of several companies.

38. The financial details of MHFL are as follows

Financials for the years ending March 31, FY04, FY05 and FY06 are based on audited standalone financials of MHFL and standalone financials for nine-months ended December 31, 2006 have been certified by the auditors in accordance with Clause 41 of the Listing Agreement.

**Profit & Loss Statement**

(All figures in Rs. lakh, rounded off, except per share data)

	<b>FY04</b>	<b>FY05</b>	<b>FY06</b>	<b>Nine months ending December 31, 2006</b>
Total Income	595	7,382	10,012	3,057
Total Expenditure	(27)	(1,029)	(33)	(100)
Profit before Depreciation, Interest	568	6,353	9,979	2,957
Depreciation	(5)	(5)	(5)	(4)
Interest	(125)	(90)	(67)	(59)
Profit before Tax	438	6,259	9,908	2,895
Provision for Tax	(58)	(53)	(85)	(262)
Profit After Tax	380	6,205	9,822	2,633

## Balance Sheet

(All figures in Rs. lakh, rounded off, except per share data)

	FY04	FY05	FY06
<b>Sources of Funds</b>			
Paid up share capital	12,160	12,160	12,160
Reserves and Surplus (excluding revaluation reserves)	3,988	7,649	17,472
Networth	16,148	19,810	29,632
Secured Loan	-	-	-
Unsecured Loan	3,601	2,710	2,500
<b>Total</b>	<b>19,748</b>	<b>22,520</b>	<b>32,132</b>
<b>Uses of Funds</b>			
Net fixed assets	439	435	430
Investments	18,435	19,316	21,097
Net current assets	857	2,766	10,605
Total misc. expenditure not written off	17	2	-
<b>Total</b>	<b>19,748</b>	<b>22,520</b>	<b>32,132</b>

## Other Financial Information

	FY04	FY05	FY06	Nine months ending December 31, 2006
Dividend (%)	-	18.5	-	-
Earning Per Share (Rs.)	0.3	5.1	8.1	2.2
Return on Networth (%) <sup>[1]</sup>	2.4	31.3	33.2	-
Book Value Per Share <sup>[2]</sup> (Rs.)	13.2	16.3	24.4	-

<sup>[1]</sup> Return on Networth calculated as: Profit After Tax / Closing Networth

<sup>[2]</sup> Book Value per Share calculated as: Closing Networth / Total No. of shares outstanding

39. MHFL is engaged in the business of investing in and lending to companies including group companies, providing fund support. As a result, its revenues and net profit consist of dividend and/ or interest on investments and profit on sale of investments. An analysis of the financial performance of MHFL for the last three years is given below:

### FY 2005-06

In FY 2005-06, the revenues and net profit have increased because of profit on sale of shares of Tube Investments and increase in dividend received from Mahindra UGINE Steel Company Limited.

### FY 2004-05

In this year, the increase in revenue and profit has been on account of profit due to divestment of part of MHFL's holding in Mahindra GESCO Developers Limited and due to an increase in income from management fees.

### FY 2003-04

MHFL reported a normal profit in FY 2003-04 arising from interest and dividend income as compared to a loss in the previous year. The loss in FY 2002-03 was on account of loss on sale of long term investments.

40. Earlier acquisitions in Target Company made by MHFL

MHFL has neither acquired nor have been allotted any share of the Target Company in the 12 months period prior to date of the PA. As on date of the PA, MHFL does not hold any Shares in the Target Company.

41. Significant accounting policies of MHFL
- a. Fixed Assets
    - i. Fixed assets are valued at cost less depreciation.
    - ii. Depreciation on assets is calculated on straight line method at the rates and in the manner specified in Schedule XIV to the Companies Act, 1956
  - b. Investments
    - i. All Long term investments are valued at cost or lower, if written down in case of permanent diminution in value
    - ii. Current investments are valued at lower of cost and fair value, determined by category of investments
  - c. Revenue Recognition
    - i. Dividend from investments are recognized in the Profit and Loss Account when the right to receive payment is established
    - ii. Interest income is accounted on accrual basis
    - iii. Income from services rendered are recognized when the services are rendered
    - iv. Income on assets considered to be non-performing assets are recognized when the amounts are realized
  - d. Miscellaneous Expenditure (to the extent not written off or adjusted)
    - i. Registration fee and stamp duty for increase in authorized capital and issue of shares are amortized equally over a period of three financial years, commencing from the year in which the expenditure is incurred
  - e. Income Taxes
    - i. Current tax is determined as the amount of tax payable to the taxation authorities in respect of taxable income for the year
    - ii. Deferred tax is recognized, subject to the consideration of prudence, on timing differences between taxable income and accounting income, that originate in one period and are capable of reversal in one or more subsequent periods
42. Compliance with Chapter II of Regulations  
Chapter II of the Regulations are not applicable to MHFL with respect to the Target Company
43. Shareholding pattern as of date of Public Announcement

SI No.	Shareholder's Category	No and Percentage of Share Held
1	Promoters	
	M&M	121,600,593 (100.0%)
	Mahindra Intertrade Limited	100 (0.0%)
		<b>121,600,693 (100.0%)</b>

#### **DETAILS OF MAHINDRA GROUP**

The Mahindra Group is among the top industrial houses in India and was ranked amongst the Top 200 by Forbes. It is a leading manufacturer of tractors and multi-utility vehicles with significant presence in key sectors like infrastructure, information technology, automotive components and financial services. With over 60 years of manufacturing experience, the Mahindra Group has built a strong base in technology, engineering, marketing and distribution which are a key in its evolution as a customer centric organization. The Mahindra group has always been committed to corporate social responsibility. The following are the key sector of the group:

**Farm Equipment Sector:** M&M's Farm Equipment Sector is the largest manufacturer of tractors in India and has presence across six continents. It is among the top four tractor brands in the world, with manufacturing presence in India and China and assembly plants in USA and Australia. The main business of this sector rests within Mahindra & Mahindra Ltd. The other companies within the sector include Mahindra Gujarat Tractors Ltd., Mahindra USA, Inc. and Mahindra (China) Tractor Company Limited.

**Automotive Sector:** This sector is one of the largest manufacturers of Multi Utility Vehicles (MUVs) (including Sport Utility Vehicles (SUVs)). It also manufactures Light Commercial Vehicles (LCVs) and three wheelers. This sector has comprehensive manufacturing facilities with high level of vertical integration. This sector has expanded its operation in Europe and South Africa. It also has two major joint ventures with French auto major Renault and International Truck & Engine Corporation; namely Mahindra Renault Private Limited and Mahindra International Limited respectively.

**Infrastructure Development Sector:** This sector of Mahindra Group has a host of companies operating in real estate, special economic zones, the hospitality industry, infrastructure development, project engineering consultancy and design. The key companies of the sector include Mahindra Gesco Developers Limited, Mahindra Holidays & Resorts India Limited, Mahindra World City Developers Limited, Mahindra Infrastructure Developers Limited and Mahindra Consulting Engineers Limited.

**Telecom & Software Sector:** This sector constitutes one of the thrust areas of Mahindra Group with companies catering to entire IT services space from software engineering to product based solutions. Apart from India it has presence in several countries like US, Singapore, UK and Germany. Tech Mahindra Limited along with Bristlecone India Limited are the two key companies of this sector.

**Trade and Financial Services Sector:** Mahindra & Mahindra Financial Services Limited, which is one of the largest NBFCs in India forms part of this sector. This sector also includes other companies engaged in the trading of Steel, Metals, Ferro-Alloys, Application Engineering products, Consumer products and Engineering goods.

**Systems & Technologies (Sys-Tech) Sector:** This sector has been recently formed in order to strengthen its presence in the automotive component space. Being engaged in the business of automotive engineering & designing to manufacture auto components, the intent of this Sector is to become a "Design to Delivery" supplier. This sector has recently acquired companies in India and overseas, namely Stokes Group Limited in UK; Jeco Holding AG & Schoeneweiss & Co. GmbH in Germany and DGP Hinoday Industries Limited in India.

The Mahindra Group has promoted over 60 companies, of which five companies are listed. The consolidated audited financials of M&M which included financials for the last three three years for all its subsidiaries are given below.

#### Consolidated Profit & Loss Statement

(All figures in Rs. lakh, rounded off, except per share data)

	FY04	FY05	FY06
Net Sales	562,650	763,666	980,734
Income from Operations and Other Income	140,900	192,886	284,107
Net Income	703,549	956,552	1,264,841
Total Expenditure	(612,630)	(821,086)	(1,060,218)
Profit before Depreciation, Interest, Amortization, Exceptional Items, Contingencies and Tax	90,919	135,466	204,623
Depreciation / Amortisation	(20,937)	(23,910)	(28,331)
Interest, Commitment and Finance Charges (Net)	(16,433)	(13,606)	(21,937)
Profit before Tax, Contingencies and Exceptional Items	53,550	97,950	154,354
Provision for Contingencies	(342)	(34)	(444)
Exceptional Items	3,070	1,503	26,340
Provision for Tax	(14,546)	(30,273)	(40,294)
Profit After Tax	41,733	69,146	139,957
Profit After Tax excluding Exceptional Items	38,663	67,643	113,617
Prior year adjustments	616	(160)	(23)
Share of Profit of Associates for the year	2,764	3,422	467
Balance of profit before Minority Interests	45,112	72,408	140,401

### Details of Exceptional Items

(All figures in Rs. lakh, rounded off, except per share data)

	FY04	FY05	FY06
Profit on divestiture of long-term investments	3,257	930	27,579
Amortisation of retirement benefits under Voluntary Retirement Schemes	(239)	(726)	(834)
Benefit on early repayment of sales tax loan	2,558	2,125	
Provision for diminution in the value of certain assets	(1,308)	(826)	
Premium on redemption of preference shares			(405)
Charge on account of opening balance of product launch expenses recognised as an expense	(1,200)		
<b>Total</b>	<b>3,070</b>	<b>1,503</b>	<b>26,340</b>

### Consolidated Balance Sheet

(All figures in Rs. lakh, rounded off, except per share data)

	FY04	FY05	FY06
<b>Sources of Funds</b>			
Paid up share capital	11,601	11,165	23,340
Employee Stock Options Outstanding	-	211	214
Reserves and Surplus (excluding revaluation reserves)	188,233	225,690	347,275
Networth	199,834	237,066	370,829
Minority Interest	24,853	36,342	85,251
Secured Loan	192,541	275,989	404,221
Unsecured Loan	57,002	103,463	122,914
Deferred Tax Liability (Net)	14,848	13,534	11,566
Deferred Income	12,111	16,031	22,210
<b>Total</b>	<b>501,188</b>	<b>682,425</b>	<b>1,016,990</b>
<b>Uses of Funds</b>			
Net fixed assets (including Capital WIP)	182,129	200,793	259,221
Investments	50,392	59,531	118,033
Net current assets	266,464	418,770	637,292
Total misc. expenditure not written off	2,203	3,331	2,444
<b>Total</b>	<b>501,188</b>	<b>682,425</b>	<b>1,016,990</b>

44. Details of listed companies promoted by M&M:

The details of the listed companies are given below:

Name: Mahindra Forgings Limited

Date of Incorporation: 13-08-1999

Nature of Business: Manufacturing of Automotive Components – Forgings

Mention whether sick industrial company: No

(All figures in Rs. lakh, rounded off, except per share data)

	Y04	FY05	FY06*
Equity Capital	1	1	822
Reserves (excluding revaluation reserves)	(21)	(21)	7,179
Total Income	-	-	20,426
Profit After Tax	-	-	(1,195)
Earning Per Share	-	-	(19.4)
Net Asset Value per share (NAV)	-	-	77

\*Mahindra Forgings Limited commenced commercial operations in FY06. As a result, the company reported 'Nil' Total Income and Profit After Tax in FY04 and FY05.

Name: Mahindra & Mahindra Financial Services Limited

Date of Incorporation: 01-01-1991

Nature of Business: Non-Banking Finance Company

Mention whether sick industrial company: No

(All figures in Rs. lakh, rounded off, except per share data)

	<b>FY04</b>	<b>FY05</b>	<b>FY06</b>
Equity Capital	6,062	7,016	8,331
Reserves (excluding revaluation reserves)	19,111	28,542	59,868
Total Income	30,167	40,476	59,641
Profit After Tax	6,762	8,228	10,827
Earning Per Share (Basic)*	10.7	13.2	14.6
Net Asset Value per share (NAV)*	41.5	50.7	81.9

\*Calculated for FY 06 on the basis of 8,60,00,525 equity shares of Rs. 10 each fully paid up less 26,86,550 equity shares issued to ESOP trust but not allotted to the employees.

Name: Mahindra Gesco Developers Limited

Date of Incorporation: 16-03-1999

Nature of Business: Real estate & Infrastructure development

Mention whether sick industrial company: No

(All figures in Rs. lakh, rounded off, except per share data)

	<b>FY04</b>	<b>FY05</b>	<b>FY06</b>
Equity Capital	3,103	3,103	3,103
Reserves (excluding revaluation reserves)	10,792	9,871	9,676
Total Income	10,067	9,495	12,413
Profit After Tax	636	785	1,100
Earning Per Share	1.8	2.5	0.5
Net Asset Value per share (NAV)	45	42	41

Name: Mahindra UGINE Steel Company Limited:

Date of Incorporation: 19-12-1962

Nature of Business: Manufacture of Alloy Steel

Mention whether sick industrial company: No

(All figures in Rs. lakh, rounded off, except per share data)

	<b>FY04</b>	<b>FY05</b>	<b>FY06</b>
Equity Capital	3,093	3,093	3,248
Reserves (excluding revaluation reserves)	878	4,392	11,077
Total Income	3,576	52,983	64,969
Profit After Tax	610	4,816	6,506
Earning Per Share	1.8	15.0	19.7
Net Asset Value per share (NAV)	16.6	32.1	50.0

Name: Tech Mahindra Limited

Date of Incorporation: 24-10-1986

Nature of Business: IT Services & Solutions

Mention whether sick industrial company: No

(All figures in Rs. lakh, rounded off, except per share data)

	<b>FY04</b>	<b>FY05</b>	<b>FY06</b>
Equity Capital	2,027	2,035	2,080
Reserves (excluding revaluation reserves)	41,507	46,248	57,706
Total Income	72,504	92,959	122,845
Profit After Tax	9,413	7,109	22,012
Earning Per Share	9.7	7.0	21.2
Net Asset Value per share (NAV)	429.5	474.6	531.7

#### **Disclosure in terms of regulation 16(ix)**

45. As of date of this Letter of Offer, the Acquirers do not have any plans to dispose of 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, and except to the extent required for the purpose of restructuring and/or rationalization of operations, assets, investments, liabilities or otherwise of the Target Company. Notwithstanding the immediately preceding sentence, the Board of Directors of the Target Company will take appropriate decisions in these matters as per the requirements of business and in line with the opportunities from time to time.
46. Other than in the ordinary course of business, the Acquirers undertake that they shall not sell, dispose of or otherwise encumber any substantial asset of the Target Company except with the prior approval of the shareholders of the Target Company.

#### **Option in Terms of regulation 21(2)**

As a consequence of this Offer, the public shareholding of the Target Company will not reduce to a level below the limit specified in the listing agreement with the Stock Exchanges for the purpose of listing of the Target Company on continuous basis.

If consequent to this Offer, the public shareholding falls to a level below the limit specified in the listing agreement with the stock exchange for the purpose of listing on continuous basis, the Acquirers undertake to raise the level of public shareholding, in terms of the provisions of regulation 21(3), to the levels specified for continuous listing specified in the listing agreement with the stock exchange, within a period of twelve months from the date of closure of this Offer.

#### **IV. BACKGROUND OF THE TARGET COMPANY**

47. The Target Company was incorporated in India in 1974 under the Companies Act, 1956. It was incorporated as Punjab Scooters Ltd. and was promoted by the Government of Punjab in technical collaboration with M/s. Scooters India Ltd. The registered office and the corporate office of the Target Company is located at Phase IV, Industrial Area, Sahibzada Ajit Singh Nagar, Mohali, Punjab-160055. Tel +91-172-2271620-27 Fax No.:- +91-172-2272731 (Source: Annual Reports of the Target Company )
48. The Target Company was initially set up by the Government of Punjab to commercialise production of scooters. In 1979, scooter manufacturing business was discontinued. Punjab Tractors Ltd. acquired a 24.2% equity stake in the Target Company in 1980 and diversified into manufacturing of enamel cookware. Later, as a major diversification in 1995, SAL started manufacturing of high technology seats for tractors, commercial vehicles, passenger cars and railways. (Source: Annual Reports of the Target Company)
49. As of March 12, 2007, the total paid up share capital of the Target Company was Rs. 240 lakhs consisting of 23,97,713 fully paid up shares. (Source: Information provided by the Target Company, Annual Report of the Target Company for FY06). The share capital structure of the Target Company is as follows:

<b>Paid up equity shares of the Target Company</b>	<b>Number of shares / voting rights</b>	<b>% of equity shares / voting rights</b>
Fully paid up equity shares	23,97,713	100%
Partly paid up equity shares	NIL	NIL
Total paid up equity shares	23,97,713	100%
Total voting rights in the Target Company	23,97,713	100%

50. Build-up of the current capital structure of the Target Company since inception is as under:

<b>Date of Allotment</b>	<b>No. and % of shares issued</b>	<b>Cumulative paid-up share capital</b>	<b>Mode of allotment</b>	<b>Identity of allottees</b>	<b>Status of Compliance</b>
21.10.1974	70	70	Subscriber to Memorandum	Subscriber to Memorandum	Fully complied
26.08.1975	249,930 (10.43%)	250,000	Initial allotment	Promoter	Fully complied
01.03.1976	350,000 (14.60%)	600,000	Initial Allotment	Promoter	Fully complied
06.09.1976	12,000 (0.50%)	612,000	Initial Allotment	Promoter	Fully complied
07.04.1977	588,000 (24.52%)	1,200,000	Initial Public Issue	Public	Fully complied
21.09.1985	(43,350) (-1.81%)	1,156,650	Shares Forfeited	Public	Fully complied
16.09.1989	43,350 (1.81%)	1,200,000	Forfeited shares to employees	Employees	Fully complied
05.02.1990	221,000 (9.22%)	1,421,000	Under Rehabilitation Programme	Promoter	Fully complied
28.03.1994	814,550 (33.97%)	2,235,550	Under Rehabilitation Programme	Financial Institutions	Fully complied
21.12.1994	162,150 (6.76%)	2,397,700	Under Rehabilitation Programme	Financial Institutions	Fully complied
15.07.1995	13	2,397,713	Under Rehabilitation Programme	Financial Institution	Fully complied

51. There are no equity-linked instruments, which are outstanding in the Target Company as of date of PA. No person, directly or indirectly, is entitled to subscribe to or be allotted any equity share in the Target Company, by virtue of any agreement / option / right.
52. The Shares of the Target Company are listed on the Delhi Stock Exchange (DSE). The Target Company has complied with the listing requirements and trading of the company's stock has never been suspended from the exchange. Further, no penal / punitive actions have been taken by the Stock Exchanges.
53. The Target Company has complied with provisions of Chapter II of the Regulations.
54. The Target Company has confirmed that it has not been prohibited by SEBI from dealing in securities in terms of section 11B of the Securities and Exchange Board of India Act, 1992, as amended.
55. The Board of Directors of the Target Company, as of the date of the Public Announcement, is as under:

<b>Sl.No.</b>	<b>Name of Directors</b>	<b>Designation</b>	<b>Residence</b>	<b>Date of Appointment on Target Company's BOD</b>
1.	Mr. P. Sivaram	Chairman	G-503, Ivory Tower, Sector 70, SAS Nagar, Mohali, Punjab	19.12.1992
2.	Mr. Himmat Singh	Director	B-138, Anand Vihar, New Delhi – 110 092	22.03.1988
3.	Mr. V. Sekar	Director	S-169, Greater Kailash - 1, New Delhi – 110 048	28.06.2001
4.	Mr. A.K.Mahajan	Director	809, Sector 38A, Chandigarh	19.05.1995
5.	Mr. A.M.Sawhney	Director	996, Sector 9, Panchkula – 134 109 (Haryana)	28.06.2006
6.	Mr. G.S.Tripathy	Director	4091, C-4, Vasant Kunj, New Delhi – 110 070	31.07.2006
7.	Mr. G. Rathinam	Director	U-26, A6, DLF City, Phase III, Gurgaon	31.07.2006

*None of these Directors is a representative of the Acquirers*

56. The Target Company's Board comprises seven Directors of which Mr. P. Sivaram is the Chairman. The Board of Directors meet at regular intervals and all major business decisions are taken after due deliberations and with unanimity of opinion.

A brief profile about each of the Board of Directors is given below:

**Mr. P. Sivaram, Chairman**

Mr. P. Sivaram is a Chartered Accountant and also holds a Bachelors Degree in Commerce. He is on the Board of the company since 1992 but his association with Swaraj began way back in 1978 when he joined Punjab Tractors. He has a wide and varied experience in Corporate affairs, Finance and related functions. He was also responsible for the Marketing function in Swaraj Mazda Ltd. during April 1999 to May 2006. He has made significant contributions in cost control, management & judicious allocation of financial resources plus setting groupwise ethical standards and transparent approach.

In addition to Swaraj Automotives Ltd., Mr. Sivaram is Chief Operating Officer of Punjab Tractors Ltd. and a Director of Swaraj Engines Ltd.

**Mr. Himmat Singh**

Mr. Himmat Singh is Director of the company since 1988. He is a Graduate Engineer and retired as Member – Indian Railway's Mechanical Board and has 43 years of wide and varied experience.

In addition to Swaraj Automotives Ltd., he is Director of Karam Chand Thappar & Brothers, Calcutta.

**Mr. V. Sekar**

Mr. V.Sekar is a Chartered Accountant and holds a Bachelors Degree in Science. He is a nominee Director of GIC since 2001. Mr. V.Sekar is based in Delhi and presently a Financial Advisor in Oriental Insurance Company.

**Mr. A. K. Mahajan**

Mr. A. K. Mahajan is a nominee Director of PSIDC since 1995. Mr. A. K. Mahajan is presently General Manager in PSIDC. In addition to Swaraj Automotives Ltd., Mr. A. K. Mahajan is Director in Alpha Drugs, Piccadily Sugar and Rama Industries.

**Mr. A. M. Sawhney**

Mr. A. M. Sawhney holds a Bachelors Degree with Honours in Mechanical Engineering. He is a nominee Director of Punjab Tractors Ltd.. He joined Punjab Tractors in 1972 and is responsible for both domestic and overseas marketing in PTL. He has been instrumental, from the very beginning, in establishing the unknown SWARAJ name into a leading brand in the intensely competitive Indian tractor market. He has been appointed as Whole-time Director of the PTL designated as Director – Marketing in April 2004.

In addition to Swaraj Automotives Ltd. and Punjab Tractors Ltd., Mr. Sawhney is also a Director in Swaraj Engines Ltd.

**Mr. G. S. Tripathy**

Mr. G. S Tripathy is a Chartered Accountant and an MBA. He is a Director of the Company since July 2006. Mr. G. S. Tripathy is a member of the CDC/ Actis team, based in New Delhi. He has wide and varied experience.

In addition to Swaraj Automotives Ltd., Mr. Tripathy is also a Director in Tema India Ltd., CICO Technologies Ltd., Infozech Software Ltd. and Alumuns Software Ltd.

**Mr. G. Rathinam**

Mr. G. Rathinam is a Law Graduate and a Company Secretary. He is Director of the Company since July 2006. Mr. G. Rathinam is a member of the CDC/ Actis team, based in New Delhi. He has wide and varied experience.

In addition to Swaraj Automotives Ltd., Mr. Rathinam is also a Director in Nitrex Chemicals Ltd., GVFL Ltd and Infozech Software Ltd.

57. There were no mergers, demergers and / or spin-offs involving the Target Company during the last three years.
58. The financials of the Target Company are as follows:

Data for the years FY06, FY05 and FY04 are based on audited financials of the Target Company and data for nine months ended December 31, 2006 are based on financials certified by the auditors

## Profit & Loss Statement

(All figures in Rs. lakh, rounded off, except per share data)

	9 months ended December 31, 2006	FY06	FY05	FY04
Income from operations (Net)	3,902	4,070	3,069	2,325
Other Income	-	60	55	33
Total Income	3,902	4,130	3,124	2,358
Total Expenditure	(3,499)	(3,793)	(2,921)	(2,196)
Profit Before Depreciation Interest and Tax	403	337	203	162
Depreciation	(57)	(75)	(63)	(62)
Interest	(29)	(59)	(49)	(32)
Profit Before Tax	317	203	91	68
Provision for Tax	(109)	(64)	(35)	(22)
Profit After Tax	208	139*	56	46*

\* Profit After Tax computed after deducting shortfall in provision for tax for the previous years

## Balance Sheet Statement

(All figures in Rs. lakh, rounded off)

	FY06	FY05	FY04
<b>Sources of funds</b>			
Paid up share capital	240	240	240
Reserves and Surplus (excluding revaluation reserves)	464	380	357
Networth	704	620	597
Secured loans	188	205	171
Unsecured loans	-	-	-
Grants – in – Aid	45	48	52
Deferred Tax Liabilities	150	178	181
<b>Total</b>	<b>1,087</b>	<b>1,051</b>	<b>1,001</b>
<b>Uses of funds</b>			
Net fixed assets	816	863	867
Investments	-	-	-
Net current assets	271	188	134
Total miscellaneous expenditure not written off	-	-	-
<b>Total</b>	<b>1,087</b>	<b>1,051</b>	<b>1,001</b>

Other Financial Data	9 months ended December 31, 2006	FY06	FY05	FY04
Dividend (%)		20	12	12
Earning Per Share (Rs.)	8.67	5.79	2.33	1.92
Return on Networth <sup>[1]</sup> (%)		19.7	9.0	7.7
Book Value Per Share <sup>[2]</sup> (Rs.)		29.37	25.86	24.91

<sup>[1]</sup> Return on Networth calculated as: Profit after Tax/ Closing Networth

<sup>[2]</sup> Book Value per Share calculated as: Networth/ Total number of shares

59. An analysis of financial performance for the last 3 years is given below:

### FY 2005-06

With a sharp rise in sales of seat components, net revenue for the year moved to Rs. 4,130 lakhs against last year's Rs. 3,124 lakhs. A better spread of fixed expenses on increased production helped Profit Before Tax to reach Rs. 203 lakhs in comparison to the previous year's level of Rs. 91 lakhs.

FY 2004-05

On the strength of increased sales of recliners, the company's net revenue for the year was Rs. 3,124 lakhs (last year – Rs. 2,358 lakhs). Despite increase in material cost and interest, the Profit Before Tax for the year stood at Rs. 91 lakhs against Rs. 68 lakhs for the previous year.

FY 2003-04

The fall in sales of seats was offset by an increased supply of recliners during the year. Net revenue and Profit Before Tax for the year at Rs. 2,358 lakhs and 68 lakhs respectively remained almost the same as the level for the previous year.

60. Pre and post Offer share holding pattern of the Target Company is as follows:

Shareholders' category	Shareholding & voting rights prior to the agreement/ acquisition and offer		Shares /voting rights agreed to be acquired which triggered off the Regulations		Shares/voting rights to be acquired in open offer (Assuming full acceptances)		Share holding / voting rights after the acquisition and offer. i.e.	
	(A)		(B)		(C)		=(A)+(B)+(C)	
	No.	%	No.	%	No.	%	No.	%
(1) Acquirers*					**		**	
(a) M&M					479,543	20.00	479,543	20.00
(b) MHFL			NIL	NIL				
Total 1 (a+b)			479,543	20.00	479,543	20.00		
(2) Promoter Group								
(a) Parties to agreement, if any								
(b) Promoters other than (a) above Punjab Tractors Ltd.	580,000	24.19					580,000	24.19
Punjab State Industrial Development Corp. Ltd.	143,471	5.98					This will depend on response from and within each category of 2(b), (3) and (4)	1,338,170 55.81
<b>Total 2 (a+b)</b>	<b>723,471</b>	<b>30.17</b>						
(3) Institutions								
(a) Financial Institutions/ Banks	1,015,339	42.35						
(b) Mutual Funds/ UTI	-	-						
(c) FIIs	-	-						
<b>Total 3 (a+b+c)</b>	<b>1,015,339</b>	<b>42.35</b>						
(4) Public (other than 1 to 3)								
NRIs/ OCBs	-	-						
Any Other	658,903	27.48						
Total (4)	658,903	27.48						
<b>GRAND TOTAL (1+2+3+4)</b>	<b>2,397,713</b>	<b>100.00</b>	<b>NIL</b>	<b>NIL</b>	<b>479,543</b>	<b>20.00</b>	<b>2,397,713</b>	<b>100.00</b>

\* The Agreement would result in the Acquirers indirectly acquiring a 24.2% stake in the Target Company. No shares of the Target Company were directly purchased in the Agreement.

\*\* The actual quantum of shares to be acquired by M&M and MHFL shall be determined on receipt of necessary statutory approvals

61. CDC-PTL Holdings Limited and CDC Financial Services (Mauritius) Limited are not part of the promoter group
62. There are 692 public shareholders holding 16,74,242 shares of the Target Company.
63. Corporate Governance: The Target Company has confirmed vide their letter dated 15<sup>th</sup> March, 2007 that Clause 49 of the Listing Agreement with respect to Corporate Governance is not applicable to the Company as its paid up Share Capital is less than Rs. 3 Crores and Net Worth is below Rs. 25 Crores.
64. Pending Litigations: The following is the list of material litigation by and against the Company as on 12.03.2007, treated as contingent liabilities against which no provisions have been made:

**Labour Cases**

In all, 42 cases have been filed against the Company in various courts for matters relating to reinstatement and continuity of service. The cases are pending at various stages. Estimated liability – Rs. 40 lakhs.

### **Tax Claims**

- a. The company has filed a petition in the Punjab & Haryana High Court at Chandigarh against the excess amount of exemption (approx. Rs. 162 lakhs) adjusted by the Sales Tax authority at the time of finalizing the VAT refund.
- b. Service tax matter in dispute / under appeal – Rs. 1 lakh.

### **Others**

Telephone and telex matter in dispute / under appeal – Rs. 1 lakh

65. Compliance Officer: Mr. A. M. Sawhney, Director; # 996, Sector 9 Panchkula, Tel No.:- 0172-2271620-27, Email:- [ams@swarajenterprise.com](mailto:ams@swarajenterprise.com), Fax No.:- 0172-2274640
66. The change in shareholding since 01.01.1997 of the two promoters of the Target Company is shown in the table below:

#### **Promoter:- Punjab State Industrial Development Corporation Ltd.**

<b>Date of transaction</b>	<b>Initial number of shares</b>	<b>Number of shares transacted</b>	<b>Balance number of shares</b>	<b>Details of transaction</b>
Balance as at 01.01.1997	221,590	0	221,590	Opening Balance
29.01.2004	221,590	78,119	143,471	Sale of shares to CDC
<b>Balance as on the date of the PA</b>			<b>143,471</b>	<b>Closing Balance</b>

#### **Promoter:- Punjab Tractors Ltd.**

<b>Date of transaction</b>	<b>Initial number of shares</b>	<b>Number of shares transacted</b>	<b>Balance number of shares</b>	<b>Details of transaction</b>
Balance as at 01.01.1997	580,000	0	580,000	Opening Balance
<b>Balance as on the date of the PA</b>			<b>580,000</b>	<b>Closing Balance</b>

In this regard, the company has complied with the applicable provisions of the SEBI (SAST) Regulations.

## **V. OFFER PRICE AND FINANCIAL ARRANGEMENTS**

### **Justification of Offer Price**

67. The Shares of the Target Company are listed on the DSE. The Shares of the company are infrequently traded on DSE in terms of the Regulations. In order to determine the frequency of shares of the Target Company traded on DSE, the period of six months from 01/09/2006 to 28/02/2007 has been considered. During this period, no shares of the Target Company have been traded on the DSE.
68. As the annualized trading turnover (by number of Shares) on DSE is less than 5% of the total number of listed Shares of the Target Company, the Shares of the Target Company are deemed to be infrequently traded on DSE. In terms of regulation 20(5) of the Regulations, the factors required in determining the Offer Price are presented below:

A) Negotiated Price	The consideration paid by the Acquirers pursuant to the Agreement was a composite consideration and no specific consideration was allocated for 24.2% interest in the Target Company during the Agreement
B) The highest price paid by the Acquirers or persons acting in concert with him for acquisition, if any, including by way of allotment in a public or rights or preferential issue during the 26 weeks before the date of the Public Announcement	Not Applicable
C) Other Parameters	Book value of the shares of the Target Company based on audited financials for the period ended March 31, 2006 was Rs. 29.4 per share. Based on the earning per share for the nine month period ending December 31, 2006, annualizing it and applying the price earning multiple vis-a-vis the industry average, the price works out to (Rs. 242.90/ share)

<b>Parameter</b>	<b>Based on unaudited results for the 9 months ended December 2006</b>	<b>Based on audited results for the 12 months ended March 2006</b>
Return on Net Worth	-	19.7%
Book Value (Rs. Lakhs)	-	704
Book Value per share (Rs.)	-	29.4
Earnings per Share* (Rs.)	11.6	5.8
PE based on Offer Price*	21.1	42.1
Industry PE	21.0 <sup>#</sup>	

\*EPS and PE figures represent annualized figures based on 9 months results (Source: Capitaline)

<sup>#</sup>Source: Capital Market Volume XXII 26, February 26 – March 11, 2007

69. There was no non-compete fee paid by the Acquirers in the Agreement.
70. Based on the above and in the opinion of the Managers to the Offer and the Acquirers, the Offer Price is justified as per the Regulations.
71. As per the Regulations, the Acquirers can revise the Offer Price upwards up to seven working days prior to the closure of this Offer and the revision, if any, in the Offer Price would be announced in the same newspapers where the Public Announcement has appeared and the revised price will be paid for all Shares acquired pursuant to this Offer.
72. If the Acquirers acquire Shares after the date of Public Announcement up to seven working days prior to the close of the Offer at a price higher than the Offer Price, then the highest price paid for such acquisition shall be payable for all the valid acceptances received under the Offer, provided no such acquisition shall be made by the Acquirers during the last seven working days prior to the closure of the Offer. Further the shares or voting rights so acquired taken together with the acquisition under the public offer and shares or voting rights, if any, held the Acquirers, will not result in public shareholding in the target company being reduced to a level below the limit specified in the Listing Agreement with the stock exchange for the purpose of listing on continuous basis.

#### **Financial Arrangements**

73. The total financial resources required for this Offer, assuming full acceptance will be Rs 11,70,08,492 (Rupees Eleven Crore Seventy Lakh Eight Thousand Four Hundred and Ninety-Two Only) ("Maximum Consideration"). The financial obligations arising out of the offer to the shareholders of Swaraj Engines Limited amounts to Rs 37,50,78,564 (Rupees Thirty Seven Crore Fifty Lakh Seventy Eight Thousand Five Hundred and Sixty Four Only) and the financial obligations arising out of the offer to the shareholders of Punjab Tractors Limited amounts to Rs 437,44,10,400 (Rupees Four Hundred Thirty Seven Crore Forty Four Lakh Ten Thousand and Four Hundred only). The total financial obligations of the Acquirers resulting from the Offer and the other two offers mentioned above amount to Rs. 486,64,97,456 (Rupees Four Hundred Eighty Six Crore Sixty Four Lakh Ninety Seven Thousand and Four Hundred Fifty Six only) ("Total Consideration"). The Acquirers have made firm financial arrangements for the Offer by means of internally generated funds and release of owned funds currently employed in working capital by substitution of unutilized working capital lines from banks. Mr. P.Y. Joglekar, Membership no. 10031053 of Joglekar & Gokhale Chartered Accountants, 9/13, The Worli Shivshahi CHS Ltd., Shivaji Nagar, Dr. Annie Besant Road, Worli, Mumbai 400 030 ("Accountants"), have confirmed vide their letters dated March 9, 2007 that the Acquirers have adequate financial resources available for meeting their obligations under the Regulations for a value up to the Total Consideration.
74. By way of security for performance of their obligations under the Regulations, the Acquirers have made an escrow arrangement for the Offer comprising a bank guarantee, valid till January 7, 2008, issued by State Bank of India, CAG Branch, Voltas House, Ballard Pier, Mumbai 400 001 (the "Guarantor Bank") in favour of the Manager to the Offer for Rs. 3,00,00,000 (Rupees Three Crore only), which exceeds the escrow amount stipulated under regulation 28(2), in accordance with the Regulations. In addition, the Acquirers have deposited in an account with Kotak Mahindra Bank Limited, 36-38A, Nariman Bhavan, 227 Nariman Point, Mumbai – 400 021 ("Deposit Bank"), an amount of Rs. 15,00,000 (Rupees Fifteen Lakh only) in cash (the "Cash Deposit"). The Cash Deposit represents more than 1% of the Maximum Consideration in accordance with the Regulations. The Manager to the Offer is empowered to instruct the Guarantor Bank and Deposit Bank to issue bankers cheques or demand drafts for amounts as provided in the Regulations.
75. On the basis of the aforesaid financial arrangements & based on the confirmations received from the Bank, the Deposit Bank and the certificate received from the Accountants, the Manager to the Offer confirms that adequate funds are available with the Acquirers through verifiable means to implement this Offer in full.

The Manager to the Offer have examined various relevant documents and confirm that they have exercised due diligence in respect of information given by various sources wherever mentioned in this Letter of Offer.

## **VI. TERMS AND CONDITIONS OF THE OFFER**

76. This Offer is being made to all Persons eligible to participate in the Offer. The Letter of Offer together with the Form of Acceptance-cum-Acknowledgement and Form of Withdrawal will be mailed to the Shareholders of the Target Company whose names appear on the Register of Members of the Target Company and the beneficial owners of the Shares of the Target Company, whose names appear as beneficiaries on the records of the respective depositories, on March 12, 2007 except to the Acquirers and to parties to the Agreement. Accidental omission to dispatch this Letter of Offer to any person to whom this Offer is made or the non-receipt or delayed receipt of this Letter of Offer by any such person will not invalidate this Offer in any way.
77. The Acquirers will acquire the Shares, free from all liens, charges and encumbrances and together with all rights attached thereto, including the right to all dividends, bonus and rights declared hereafter.
78. To the extent of the Offer Size, all the Shares of the Target Company that are validly tendered pursuant to this Offer are proposed to be acquired by the Acquirers.
79. The Regulations provide for an upward revision of the Offer Price and the number of Shares to be acquired, at any time up to seven working days prior to the closure of the Offer viz. up to June 7, 2007 and allows withdrawal of the Offer under certain circumstances. Any such revision / withdrawal would be informed by way of an announcement in the same newspapers where the original Public Announcement appeared. In case of revision, the revised price will be payable by the Acquirers for all the Shares that are validly tendered pursuant to the Offer.
80. Each shareholder of the Target Company to whom this Offer is being made is free to offer his shareholding in the Target Company in whole or in part while accepting this Offer. The acceptance must be unconditional and should be absolute and unqualified.
81. Shareholders who hold Shares in physical form and who wish to tender their Shares will be required to send the form of Acceptance-cum-Acknowledgement, duly signed and completed in the manner specified therein together with all the necessary documents, as specified in the section of this Letter of Offer entitled "Procedure for Acceptance and Settlement", to the Registrar to the Offer at any of its collection centers, mentioned under paragraph 99 of this Letter of Offer, either by hand delivery during Business Hours or by registered post so that the same are received on or before the closing date i.e. June 16, 2007.
82. In respect of dematerialised Shares the credit for the Shares tendered must be received in the special account (as specified in paragraph 91) on or before 3:00 p.m. Indian Standard Time on June 16, 2007. If the Shareholders hold their Shares through CDSL, their Depository Participant Instruction will have to take the form of an inter-depository delivery instruction to CDSL for the purpose of crediting their Shares in favour of the Special Depository Account with NSDL as mentioned in paragraph 91 below.
83. The Acquirers will not be responsible in any manner for any loss of share certificate(s) and/or Offer acceptance documents during transit and the Shareholders of the Target Company are advised to adequately safeguard their interest in this regard. In case of any lacunae and/or defect or modifications in the documents/forms submitted, the acceptance is liable to be rejected.
84. In case of non-receipt of the Letter of Offer, the eligible Shareholder may send his consent, to the Registrar to the Offer, on a plain paper stating the name, address, number of Shares held, distinctive numbers, folio number, number of Shares offered, along with the necessary documents (as mentioned in paragraph 91) so as to reach the Registrar to the Offer on or before the closure of the Offer.
85. The instructions, authorizations and provisions contained in the Form of Acceptance cum Acknowledgement constitute part of the terms of this Letter of Offer.

### **Statutory Approvals**

86. The Offer is subject to the Acquirers' obtaining the following approvals:-
  - a. approval of the Reserve Bank of India exempting MHFL from the provisions of Regulation 18 of the Non-Banking Financial (Non- Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2007.
  - b. approval of the Reserve Bank of India for the payment of the Purchase Price to such of the Sellers that are non resident
  - c. approval of the Central Government of India pursuant to Section 108A of the (Indian) Companies Act, 1956.

The up-to-date status of the above approvals is as follows:-

- a. MHFL had made an application to RBI for the same and RBI vide its letter dated May 4, 2007 has granted exemption.
  - b. The approval of the Reserve Bank of India for the payment of the Purchase Price to such of the Sellers that are non resident has been obtained.
  - c. The approval of the Central Government of India pursuant to Section 108A of the (Indian) Companies Act, 1956 has been obtained.
87. The Offer is subject to the receipt of approval from RBI under FEMA for the acquisition of Shares by the Acquirers from non-resident persons under the Offer. The Acquirers shall make the necessary application to RBI upon closure of the Offer in respect of the validly tendered Shares, as applicable.
  88. Approvals required from financial institutions or banks for the Offer wherever applicable have been obtained.
  89. It may be noted that in case of non-receipt of statutory approvals within time, SEBI has a power to grant an extension of time to the Acquirers for payment of consideration to shareholders subject to the Acquirers agreeing to pay interest for the delay, as directed by SEBI under regulation 22(12) of the Regulations. Further if the delay occurs due to willful default of the Acquirers in obtaining the requisite approvals, regulation 22(13) of the Regulations will become applicable.

## VII. PROCEDURE FOR ACCEPTANCE AND SETTLEMENT

90. The Shareholders of the Target Company, who wish to avail of and accept this Offer should deliver the documents mentioned below as soon as possible by Registered Post with acknowledgement due or in person or by courier, so as to reach the Registrar to the Offer or the Registrar's Collection Centers at the addresses mentioned in paragraph 99 before 3:00 pm Indian Standard Time on June 16, 2007 or such other extended date in case there is any competitive bid. Shareholders are advised to ensure that the Form of Acceptance-cum-Acknowledgement and other documents are complete in all respect otherwise the same is liable to be rejected. In the case of dematerialized Shares, the shareholders are advised to ensure that their Shares are credited in favour of the special depository account, before the close of the offer. The Form of Acceptance-cum-Acknowledgment of such dematerialised Shares not credited in favour of the special depository account before the close of the Offer is liable to be rejected.
91. Documents to be delivered by all shareholders
  - (a) For Shares held in the DEMATERIALIZED FORM
    - (i) Form of Acceptance-cum-Acknowledgement duly completed and signed in accordance with the instructions contained therein by all the beneficial holders of the Shares, as per the records of the Depository Participant ("DP").
    - (ii) Photocopy of the Delivery Instruction in "Off-market" mode or counterfoil of the delivery instruction slip in "Off-market" mode, duly acknowledged by the DP. The details of the special depository account are as follows:

<b>Depository Name</b>	<b>National Securities Depository Limited</b>
DP Name	Kotak Mahindra Bank Limited
DP ID Number	IN303173
Account name	SHAREPRO SERVICES – ESCROW A/C – SWARAJ AUTOMOTIVES OPEN OFFER
Beneficiary Account Number	20000143
ISIN	INE724G01014
Market	Off-Market
Date of Credit	On or before June 16, 2007

\* Shareholders should ensure that the Shares are credited in the aforementioned account not later than 3:00 p.m. on June 16, 2007

Please note the following:

- (i) For each delivery instruction, the beneficial owner should submit a separate Acceptance Form.
- (ii) The Registrar to the Offer is not bound to accept those acceptances, for which corresponding Shares have not been credited to the above special account or for shares that are credited in the above special account but the corresponding Form of Acceptance has not been received as on the date of closure of the Offer.

- (b) In case of Shares held in the PHYSICAL MODE by REGISTERED SHAREHOLDERS:
- (i) Form of Acceptance-cum-Acknowledgement duly completed and signed in accordance with the instructions contained therein, by all shareholders. In case of Shares held in joint names, names should be filled up in the same order in which they hold Shares in the Company. This order cannot be changed or altered nor can any new name be added for the purpose of accepting the Offer;
  - (ii) Original equity share certificate(s); and
  - (iii) Valid equity share transfer form(s) duly signed by transferor (by all the equity shareholders in case the Shares are in joint names) as per the specimen signatures lodged with the Target Company and duly witnessed at the appropriate place(s).

**PLEASE DO NOT FILL IN ANY OTHER DETAILS IN THE TRANSFER DEED.**

- (c) In case of Shares held in the PHYSICAL MODE by PERSONS NOT REGISTERED AS SHAREHOLDERS:
- (i) Form of Acceptance-cum-Acknowledgement duly completed and signed in accordance with the instructions contained therein;
  - (ii) Original equity share certificate(s) accompanied by valid share transfer forms as received from the market, wherein the name of the transferee has not been filled in; and
  - (iii) Original broker contract note of a registered broker of a recognized stock exchange in relation to the purchase of the Shares being tendered in this case.
  - (iv) In case the share certificate(s) and the transfer deed(s) are lodged with the Target Company / its transfer agents for transfer, then the acceptance shall be accompanied by the acknowledgment of lodgment with, or receipt by, the Company/ its transfer agents, of the share certificate(s) and the transfer deed(s).
  - (v) No indemnity is required from persons not registered as Shareholders.
92. No documents should be sent to the parties to the Agreement.
93. Non-resident Shareholders should, in addition to above, enclose copy(ies) of permission(s) received from Reserve Bank of India to acquire Shares held by them in the Target Company.
94. Shareholders who have sent their physical Shares for dematerialization may participate in the Offer by submitting the Form of Acceptance-cum-Acknowledgement along with a copy of the dematerialization request form duly acknowledged by the Depository Participant. Shareholders who have sent their physical Shares for dematerialization need to ensure that the process of getting their Shares dematerialized is completed well in time so that the credit in the special depository account duly instructed by the shareholder should be received on or before the close of the Offer i.e. June 16, 2007, else the application will be rejected.
95. In case of non-receipt of the Letter of Offer, the eligible shareholders may obtain a copy of the Letter of Offer from the SEBI website [www.sebi.gov.in](http://www.sebi.gov.in), 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 Shares. Alternatively those desirous of tendering their Shares to the Acquirers may participate in the Offer as follows:
- (a) In case Shares are held in the dematerialized form by sending their consent in writing on a plain paper to the Registrar to the Offer, such that it is received by the Registrar to the Offer before 3:00 p.m. Indian Standard Time on June 16, 2007, stating the name, address, no. of Shares held, no. of Shares offered, DP name, DP ID, beneficiary account number along with a photocopy of the Delivery Instruction in "Off-market" mode, duly acknowledged by the DP, in favour of "SHAREPRO SERVICES – ESCROW A/C – SWARAJ AUTOMOTIVES OPEN OFFER" filled as specified in paragraph 91 above. No indemnity would be required from unregistered Shareholders
  - (b) In case of Shares held in the physical mode by sending their consent in writing to the Registrar to the Offer, on a plain paper stating the name, address, no. of Shares held, no. of Shares offered, distinctive nos., folio no., the original contract note issued by a registered share broker of a recognized stock exchange through whom such Shares were acquired, along with the original share certificate(s) and transfer deed(s) duly signed (as specified in paragraph 91, as applicable, above), either by hand delivery or by Registered Post or courier, such that these are received by the Registrar to the Offer before 3:00 p.m. Indian Standard Time on June 16, 2007.
96. 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):
- Duly attested death certificate and succession certificate (in case of 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 authorisations (including board and/or general meeting resolutions).
97. While tendering Shares under the Offer, non resident shareholders will be required to submit the previous approvals from the RBI( specific or general) that they would have obtained for acquiring the Shares. In case the previous approvals from the RBI are not submitted, the Acquirers reserve the right to reject such Shares tendered.
98. While tendering the Shares under the Offer, non resident shareholders will be required to submit a Tax Clearance certificate from the Income Tax authorities, indicating the amount of tax to be deducted by the Acquirers under the IT Act before remitting the consideration. In case the aforesaid Tax Clearance Certificate is not submitted, the Acquirers will arrange to deduct tax at the rate as may be applicable to the category of the shareholder under the IT Act, on the entire consideration amount payable to such non resident shareholders.
99. The Form of Acceptance-cum-Acknowledgement along with all the relevant documents should be submitted at any of the collection centers below.

No.	Collection Centre	Address of Collection Centre	Contact Person	Email Address	Phone No.	Fax	Mode of delivery
1.	Ahmedabad	Sharepro Services (India) Private Limited C/o. S S EnterprisesAbove Avoji Showroom Opp. Tailor PointZaveri Varna Naka Relief Road Ahmedabad – 380001	Mr. Hitesh Mehta	ss_enter2004@yahoo.com	079-65134328/ 9825465963	079- 25601636	Hand Delivery
2.	Chandigarh	Sharepro Services (India) Private Limited C/o Saloni Investments S C O 39, Sector 20 C 2nd Floor, Chandigarh - 160020	Mr. Promod Bindal	pbindal@yahoo.com	0172-2709134/ 9417014357	0172- 5000183	Hand Delivery
3.	Chennai	Sharepro Services (India) Private Limited C/o Skystock Financial No 66A, Red Hills Road Vijayalaxmipuram Ambattoo Chennai – 600053	Mr. B Srinivas	skystockchennai@gmail.com	044-25507845		Hand Delivery
4.	Kolkata	Sharepro Services (India) Private Limited C/o.Dynamic Financial Consultant, 196 A G Arabinda Sarani, Gouribari Kolkata – 700004	Mr. Bhaskar Biswas	dynamicprojects@rediffmail.com	033-25333706/ 9830050737	033- 28250087	Hand Delivery
5.	Mumbai	Sharepro Services (India) Private LimitedSatam Estate, 3rd FloorAbove Bank of BarodaCardinal Gracious RoadChakala, Andheri (E), Mumbai – 400 099	Mr.V Kumaresan	saloffer@shareproservices.com	022-28215168	022- 28375646	Hand Delivery / Post
6.	New Delhi	Sharepro Services (India) Private Limited C/o.Sterling ServicesF-75, 1st Floor, Bhagat Singh Market, Near Gol Market, New Delhi – 110001	Mr. Sridhar	sterlingservices20022002@yahoo.com	011-65058126/ 9313796360	011- 23341292	Hand Delivery

*Working Hours: Monday to Friday 11.00 am to 3:00 pm and 11:00 am to 1:00 pm on Saturday (not being a bank holiday)*

**NO SHARES OR DOCUMENTS SHOULD BE SENT DIRECTLY TO THE ACQUIRERS / TARGET COMPANY / MANAGER TO THE OFFER / PARTIES TO THE AGREEMENT**

100. Applicants who cannot hand deliver their documents at the collection centers referred to above, may send the same by registered post, at their own risk and cost, to the Registrar to the Offer at its address Sharepro Services (India) Private Limited, Satam Estate, 3rd Floor, Above Bank of Baroda, Cardinal Gracious Road, Chakala, Andheri (E), Mumbai 400 099.
101. The Registrar to the Offer will hold in trust the share certificates, credit of dematerialized Shares, form of acceptance duly filled in and the transfer deed(s) on behalf of the Shareholders of the Target Company who have accepted the Offer, till such time as the Acquirers complete the obligations under the Offer.
102. In case the number of Shares validly tendered in the Offer by the Shareholders of the Target Company 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 Regulations, on a proportional basis in such a way that the acquisition from any shareholder shall not be less than the minimum marketable lot, or the entire holding if it is less than the marketable lot. As the Shares trade in the compulsory dematerialized settlement segment of BSE and NSE, the minimum marketable lot for the Shares is 1 (one).
103. The payment of consideration for accepted applications will be made by the Acquirers in cash through account payee cheques, drafts, warrants, etc. sent by Registered Post for amounts exceeding Rs. 1,500 and otherwise by UPC in accordance with the Regulations, and the same will be drawn in the name of the first named person in case of joint shareholders. It is desirable that shareholders provide bank details in the Form of Acceptance-cum-Acknowledgement, so that the same can be incorporated in the cheque / demand draft / pay order.
104. The unaccepted share certificates, transfer forms and other documents, if any, would be returned by registered post at the Shareholders' sole risk. Shares, to the extent unaccepted, held in dematerialized form will be credited back to the beneficial owners' depository account with the respective depository participant as per details furnished in the Form of Acceptance.
105. The physical Shares withdrawn by the Shareholders would be returned by registered post.
106. Subject to the Statutory Approvals as stated in Paragraph 86 above, the Acquirers intend to complete all formalities, including the payment of consideration within a period of 15 days from the closure of the Offer, i.e. June 30, 2007 and for the purpose open a special account as provided under regulation 29, provided that where the Acquirers are unable to make the payment to the shareholders who have accepted the Offer before the said period of 15 days due to non-receipt of requisite statutory approvals, SEBI may, if satisfied that non-receipt of requisite statutory approvals was not due to any wilful default or neglect of the Acquirers or failure of the Acquirers to diligently pursue the applications for such approvals, grant extension of time for the purpose, subject to the Acquirers agreeing to pay interest to the shareholders for delay beyond 20 days, as may be specified by SEBI from time to time.
107. A copy of this Letter of Offer (including the Form of Acceptance cum Acknowledgement) is expected to be available on SEBI's web-site ([www.sebi.gov.in](http://www.sebi.gov.in)) during the period the Offer is open. Eligible Shareholders can make an application in the Offer in the form downloaded from SEBI's website as one of the alternatives for applying in the Offer.
108. In terms of the Regulations, shareholders desirous of withdrawing their acceptances tendered in the offer can do so up to three working days prior to the close of the Offer i.e. up to June 13, 2007. The withdrawal option can only be exercised by submitting the Form of Withdrawal as per the instructions below so as to reach the Registrar to the Offer at its address Sharepro Services (India) Private Limited, Satam Estate, 3rd Floor, Above Bank of Baroda, Cardinal Gracious Road, Chakala, Andheri (E), Mumbai 400 099 either by hand delivery or by registered post
109. 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 details as mentioned in paragraph 90 above.

**VIII. DOCUMENTS FOR INSPECTION**

Copies of the following documents will be available for inspection at the office of the Manager to the Offer at 3<sup>rd</sup> floor, Bakhtawar, 229 Nariman Point, Mumbai 400 021 on any working day (i.e. Monday to Friday and not being a bank holiday in Mumbai) between 10:30 am to 1:00 pm from the date of opening of the Offer up to the closure of this Offer.

- Certified true copy of Certificate of Incorporation and Articles of Association of the Acquirers.
- Audited Annual reports of the Acquirers for the last three years, as applicable.
- Certificate from Mr. P.Y. Joglekar, Membership no. 10031053 of Joglekar & Gokhale Chartered Accountants, dated March 9, 2007 stating that the Acquirers has cash available for meeting their obligations under the Regulations

- Bank Guarantee, issued by State Bank of India, CAG Branch, Voltas House, Ballard Pier, Mumbai 400 001, which exceeds the escrow amount stipulated under Regulation 28(2), valid till January 7, 2008, in accordance with the Regulations
- Letter from Kotak Mahindra Bank Limited, 36-38A, Nariman Bhavan, 227 Nariman Point, Mumbai – 400 021, confirming the Cash Deposit for an amount representing more than 1% of the Maximum Consideration in accordance with the Regulations
- Copy of share purchase agreement with regard to the Agreement.
- Copy of the Press Release
- Published copy of the Public Announcement dated March 12, 2007 corrigendum to Public Announcement dated May 3, 2007, corrigendum to Public Announcement dated May 18, 2007 and corrigendum to Public Announcement dated May 21, 2007
- SEBI observation letter dated April 17, 2007
- Agreement regarding the special depository account with the depository participant.
- Audited annual reports of the Target Company for the last three years.

<b>IX. DECLARATION BY THE ACQUIRERS</b>
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The Boards of Directors of the Acquirers accept full responsibility for the information (except for the information relating to the Target Company, which has been compiled from publicly available sources or received from the Target Company) contained in this Letter of Offer as evidenced by the signature of their authorized representative for this purpose. The Acquirers would be responsible for ensuring compliance with the Regulations.

Signed by

Sd-

**For Mahindra and Mahindra Limited**

Name :

Designation :

Date :

Place :

Sd-

**For Mahindra Holdings & Finance Limited**

Name :

Designation :

Date :

Place :

**FORM OF ACCEPTANCE-CUM-ACKNOWLEDGEMENT**

**M&M and MHFL- SAL Open Offer**

From:  
Folio No./DP ID No./Client ID No.:

OFFER	
OFFER OPENS ON	28-May-07 (Monday)
OFFER CLOSES ON	16-Jun-07 (Saturday)

To,  
**The Acquirers: M&M and MHFL- SAL Open Offer**  
C/ o Sharepro Services (India) Private Limited,  
Satam Estate, 3<sup>rd</sup> Floor, Above Bank of Baroda,  
Cardinal Gracious Road, Chakala, Andheri (East), Mumbai - 400 099 Tel:- +91 22 2821 5168

Dear Sir,

**Sub: Open Offer for purchase of up to 479,543 Shares, representing up to 20% of the equity share capital of Swaraj Automotives Limited, at the Offer Price by Mahindra and Mahindra Limited ("M&M") and Mahindra Holdings & Finance Limited ("MHFL"), (M&M collectively with MHFL, the "Acquirers") in accordance with the Public Announcement dated March 12, 2007 amended by the corrigendum public announcement dated May 3, 2007 and the corrigendum public announcement dated May 21, 2007 ("PA") and the Letter of Offer ("Offer")**

I/We refer to the public announcement dated March 12, 2007 as amended by the corrigendum public announcement dated May 3, 2007 and the corrigendum public announcement dated May 21, 2007 ("PA") and the Letter of Offer for acquiring the equity shares held by me/ us in Swaraj Automotives Limited. I/We, the undersigned have read the PA and Letter of Offer and understood their contents including the terms and conditions as mentioned therein.

**SHARES IN DEMATERIALIZED 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 Shares as detailed below:

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

I/We have executed an off-market transaction for crediting the Shares to the special depository account as per the details below

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

Depository Name	National Securities Depository Limited (NSDL)
DP Name	Kotak Mahindra Bank Limited
DP ID Number	IN303173
Beneficiary Account Name	Sharepro Services – Escrow A/c – Swaraj Automotives Open Offer
Beneficiary Account Number	20000143
ISIN	INE724G01014
Market	Off market
Execution Date	On or before Jun 16, 2007

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

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

**Acknowledgement Slip : M&M and MHFL – SAL Open Offer**

Sr. No. \_\_\_\_\_

Received from Mr./Ms. \_\_\_\_\_ residing at \_\_\_\_\_

a Form of Acceptance cum Acknowledgement for \_\_\_\_\_ Shares along with:

- copy of depository instruction slip from DP ID \_\_\_\_\_ Client ID \_\_\_\_\_  
 \_\_\_\_\_ Share certificate(s) \_\_\_\_\_ transfer deed(s) under folio number(s) \_\_\_\_\_

for accepting the Offer made by the Acquirer.

Stamp of Collection Centre:	Signature of Official:	Date of Receipt:
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TEAR HERE

**SHARES IN PHYSICAL FORM**

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

Sr. No.	Ledger Folio No(s)	Certificate No(s).	Distinctive No(s)		No. of Shares
			From	To	
1					
2					
3					
4					
5					
(In case the space provided is inadequate, please attach a separate sheet with details.)				<b>Total No. of Equity Shares</b>	

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 Acquirer dispatches the purchase consideration as mentioned in the Letter of Offer. I/We also note and understand that the Acquirer will pay the purchase consideration only after verification of the documents and signatures.

**For 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 Swaraj Automotives Limited hereby tendered in the Offer.

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

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

I/We authorize the Acquirer and 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/warrant, in full and final settlement of the amount due to me/us and/or other documents or papers or correspondence to the sole/first holder at the address mentioned below. In case I have tendered my Shares in dematerialized form, I authorize Acquirer and the Registrar to the Offer and the Manager to the Offer to use my details regarding my address and bank account details as obtained from my depository participant for the purpose of mailing the aforementioned instruments.

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

Yours faithfully,

Signed and Delivered

	Full Name(s) of the shareholders	Signature
<b>First/Sole Holder</b>		
<b>Joint Holder 1</b>		
<b>Joint Holder 2</b>		
<b>Joint Holder 3</b>		

Address of First/Sole Shareholder \_\_\_\_\_

Place:

Date:

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

**Acknowledgement Receipt – M&M and MHFL– SEL Open Offer**

Sharepro Services (India) Private Limited,  
 Satam Estate, 3rd Floor, Above Bank of Baroda,  
 Cardinal Gracious Road,  
 Chakala, Andheri (East),  
 Mumbai - 400 099  
 Tel:- +91 22 2821 5168

**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. 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 warrants will be issued with the said Bank particulars, and not any details provided herein.

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

No.	Collection Centre	Address of Collection	Contact Person	Email Address	Phone No.	Fax	Mode of delivery
1.	Ahmedabad	Sharepro Services (India) Private Limited C/o. S S Enterprises, Above Avoji ShowroomOpp. Tailor Point, Zaveri Varna Naka Relief Road Ahmedabad – 380001	Mr. Hitesh Mehta	<a href="mailto:ss_enter2004@yahoo.com">ss_enter2004@yahoo.com</a>	079-65134328/ 9825465963	079-25601636	Hand Delivery
2.	Chandigarh	Sharepro Services (India) Private Limited C/o Saloni InvestmentsS C O 39, Sector 20 C 2nd Floor, Chandigarh - 160020	Mr. Promod Bindal	<a href="mailto:pbindal@yahoo.com">pbindal@yahoo.com</a>	0172-2709134/ 9417014357	0172-5000183	Hand Delivery
3.	Chennai	Sharepro Services (India) Private Limited C/o Skystock Financial No 66A, Red Hills Road Vijayalaxmipuram Ambattoor, Chennai – 600053	Mr. B Srinivas	<a href="mailto:skystockchennai@gmail.com">skystockchennai@gmail.com</a>	044-25507845		Hand Delivery
4.	Kolkata	Sharepro Services (India) Private Limited C/o.Dynamic Financial Consultant196 A G Arabinda Sarani, Gouribari Kolkata – 700004	Mr. Bhaskar Biswas	<a href="mailto:dynamicprojects@rediffmail.com">dynamicprojects@rediffmail.com</a>	033-25333706/ 9830050737	033-28250087	Hand Delivery
5.	Mumbai	Sharepro Services (India) Private Limited Satam Estate, 3rd Floor Above Bank of Baroda Cardinal Gracious Road Chakala, Andheri (E) Mumbai – 400 099	Mr.V Kumaresan	<a href="mailto:saloffer@shareproservices.com">saloffer@shareproservices.com</a>	022-28215168	022-28375646	Hand Delivery Post
6.	New Delhi	Sharepro Services (India) Private Limited C/o.Sterling ServicesF-75, 1st Floor, Bhagat Singh Market, Near Gol Market, New Delhi – 110001	Mr. Sridhar	<a href="mailto:sterlingservices20022002@yahoo.com">sterlingservices20022002@yahoo.com</a>	011-65058126/ 9313796360	011-23341292	Hand Delivery

Working Hours: Monday to Friday 11.00 am to 3:00 pm and 11:00 am to 1:00 pm on Saturday (not being a bank holiday)

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

- (1) All queries** pertaining to this Offer may be directed to the Registrar to the Offer.
- (2) Shareholders holding registered physical Shares** should submit the Form duly completed and signed in accordance, by the holders of the Shares, along with the original equity share certificate(s) and valid equity share transfer form(s) duly signed as per the specimen signatures lodged with the Target Company and duly witnessed at the appropriate place. Please do not fill in any other details in the transfer deed.
- (3) Shareholders holding Shares in dematerialised form** should submit the Form duly completed and signed in accordance with the instructions contained therein by all the beneficial holders of the Shares, as per the records of the Depository Participant ("DP").
- (4) In case of shares held in joint names**, names should be filled up in the same order in the Form and in the transfer deed(s) as the order in which they hold Shares in the Target Company, 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.
- (5) 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.
- (6) Persons who own physical Shares (as on the Specified Date or otherwise) but are not the registered holders** of such Shares and who desire to accept the Offer, will have to communicate their acceptance in writing to the Registrar to the Offer together with the original contract note issued by the broker, the share certificate(s), the transfer deed(s) with the buyers details not filled in and other relevant documents. In case the share certificate(s) and transfer deed(s) are lodged with the Target Company/its transfer agents for transfer, then the Form shall be accompanied by the acknowledgment of lodgment with, or receipt by, the Target Company/its transfer agents, of the share certificate(s) and transfer deed(s). Persons under this clause should submit their acceptance and necessary documents by registered post or courier or in person to the Registrar at their offices as mentioned above.  
  
The sole/first holder may also mention particulars relating to savings/current account number and the name of the bank and branch with whom such account is held in the respective spaces allotted in the Form, to enable the Registrar to print the said details in the cheques after the name of the payee.
- (7) Non-resident Shareholders** should enclose copy(ies) of permission received from Reserve Bank of India to acquire Shares held by them in the Target Company.
- (8) Non-resident Shareholders** are advised to refer to the clause on taxation in Section VII of the Letter of Offer regarding important disclosures regarding the taxation of the consideration to be received by them.
- (9) In case of bodies corporate**, certified copies of appropriate authorization (including Board/shareholder resolutions, as applicable) authorizing the sale of Shares along with specimen signatures duly attested by a bank must be annexed. The common seal should also be affixed.
- (10) All the Shareholders** should provide all relevant documents which are necessary to ensure transferability of the Shares in respect of which the acceptance is being sent. Such documents may include (but not be limited to):
  - (a) Duly attested death certificate and succession certificate (in case of single shareholder) in case the original shareholder has expired.
  - (b) Duly attested power of attorney if any person apart from the shareholder has signed acceptance form or transfer deed(s).
  - (c) No objection certificate from any lender, if the Shares in respect of which the acceptance is sent, were under any charge, lien or encumbrance.

**FORM OF WITHDRAWAL**  
**M&M and MHFL – SAL Open Offer**

**From**  
**Folio No./DP ID No./Client ID No.:**

OFFER	
<b>OFFER OPENS ON</b>	<b>28-May-07 (Monday)</b>
<b>LAST DATE OF WITHDRAWAL</b>	<b>13-Jun-07 (Wednesday)</b>
<b>OFFER CLOSES ON</b>	<b>16-Jun-07 (Saturday)</b>

To,

**The Acquirers: M&M and MHFL – SAL Open Offer**

C/o Sharepro Services (India) Private Limited,  
Satam Estate, 3<sup>rd</sup> Floor, Above Bank of Baroda, Cardinal Gracious Road,  
Chakala, Andheri (East), Mumbai - 400 099 Tel:- +91 22 2821 5168

Dear Sir,

**Sub: Open Offer for purchase of up to 479,543 Shares, representing up to 20% of the equity share capital of Swaraj Automotives Limited, at the Offer Price by Mahindra and Mahindra Limited ("M&M") and Mahindra Holdings & Finance Limited ("MHFL"), (M&M collectively with MHFL, the "Acquirers") in accordance with the Public Announcement dated March 12, 2007 as amended by the corrigendum public announcement dated May 3, 2007 and the corrigendum public announcement dated May 21, 2007 ("PA") and the Letter of Offer ("Offer")**

I/We refer to the public announcement dated March 12, 2007 as amended by the corrigendum public announcement dated May 3, 2007 and the corrigendum public announcement dated May 21, 2007 ("PA") and the Letter of Offer for acquiring the equity shares held by me/us in Swaraj Automotives Limited. I / We, the undersigned have read the aforementioned Public Announcement and the Letter of Offer and understood their contents including 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 Acquirer to return to me / us, the tendered Share Certificate(s) / Share(s) at my / our sole risk.

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

I / We note that this Form of Withdrawal should reach the Registrar to the Offer on or before the last date of withdrawal i.e. June 13, 2007.

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

I / We also note and understand that the Acquirer 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) and duly signed transfer deed(s) are detailed below:

Sr. No.	Ledger Folio No(s)	Certificate No(s).	Distinctive No(s)		No. of Shares
			From	To	
1					
2					
3					
4					
5					
<b>Total No. of Equity Shares</b>					

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

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

**Acknowledgement Slip : M&M and MHFL – SAL Open Offer**

Sr. No. \_\_\_\_\_

Received from Mr./Ms. \_\_\_\_\_ residing at \_\_\_\_\_

a Form of Withdrawal for \_\_\_\_\_ Shares along with:

copy of depository instruction slip from DP ID \_\_\_\_\_ Client ID \_\_\_\_\_

copy of acknowledgement slip issued when depositing dematerialized Shares

copy of acknowledgement slip issued when depositing physical Shares for withdrawing from the Offer made by the Acquirer.

Stamp of Collection Centre:		Signature of Official:		Date of Receipt:	
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TEAR HERE

I / We hold the following Shares in dematerialized form and had executed an off-market transaction for crediting the Shares to the "Sharepro Services – Escrow A/c – Swaraj Automotives Open Offer". 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	Beneficiary Name	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

	Full Name(s) of the shareholders	Signature
First/Sole Holder		
Joint Holder 1		
Joint Holder 2		
Joint Holder 3		

Address of First/Sole Shareholder \_\_\_\_\_

Place:

Date:

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

**Acknowledgement Receipt – M&M and MHFL – SAL Open Offer**

Sharepro Services (India) Private Limited,  
Satam Estate, 3rd Floor, Above Bank of Baroda,  
Cardinal Gracious Road,  
Chakala, Andheri (East),  
Mumbai - 400 099  
Tel:- +91 22 2821 5168

No.	Collection Centre	Address of Collection	Contact Person	Email Address	Phone No.	Fax	Mode of delivery
1.	Ahmedabad	Sharepro Services (India) Private Limited C/o. S S Enterprises, Above Avoji ShowroomOpp. Tailor Point, Zaveri Varna Naka Relief Road Ahmedabad – 380001	Mr. Hitesh Mehta	<a href="mailto:ss_enter2004@yahoo.com">ss_enter2004@yahoo.com</a>	079-65134328/ 9825465963	079-25601636	Hand Delivery
2.	Chandigarh	Sharepro Services (India) Private Limited C/o Saloni Investments C O 39, Sector 20 C 2nd Floor, Chandigarh - 160020	Mr. Promod Bindal	<a href="mailto:pbindal@yahoo.com">pbindal@yahoo.com</a>	0172-2709134/ 9417014357	0172-5000183	Hand Delivery
3.	Chennai	Sharepro Services (India) Private Limited C/o Skystock Financial No 66A, Red Hills Road Vijayalaxmipuram Ambattur, Chennai – 600053	Mr. B Srinivas	<a href="mailto:skystockchennai@gmail.com">skystockchennai@gmail.com</a>	044-25507845		Hand Delivery
4.	Kolkata	Sharepro Services (India) Private Limited C/o.Dynamic Financial Consultant196 A G Arabinda Sarani, Gouribari Kolkata – 700004	Mr. Bhaskar Biswas	<a href="mailto:dynamicprojects@rediffmail.com">dynamicprojects@rediffmail.com</a>	033-25333706/ 9830050737	033-28250087	Hand Delivery
5.	Mumbai	Sharepro Services (India) Private Limited Satam Estate, 3rd Floor Above Bank of Baroda Cardinal Gracious Road Chakala, Andheri (E) Mumbai – 400 099	Mr.V Kumaresan	<a href="mailto:saloffer@shareproservices.com">saloffer@shareproservices.com</a>	022-28215168	022-28375646	Hand Delivery Post
6.	New Delhi	Sharepro Services (India) Private Limited C/o.Sterling ServicesF-75, 1st Floor, Bhagat Singh Market, Near Gol Market, New Delhi – 110001	Mr. Sridhar	<a href="mailto:sterlingservices20022002@yahoo.com">sterlingservices20022002@yahoo.com</a>	011-65058126/ 9313796360	011-23341292	Hand Delivery

*Working Hours: Monday to Friday 11.00 am to 3:00 pm and 11:00 am to 1:00 pm on Saturday (not being a bank holiday)*

- (1) **All queries** pertaining to this Offer may be directed to the Registrar to the Offer.
- (2) **In case of Shares held in joint names**, names should be filled up in the same order in the Form and in the transfer deed(s) as the order in which they hold Shares in the Target Company, 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.
- (3) **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.
- (4) **In case of bodies corporate**, certified copies of appropriate authorization (including Board/shareholder resolutions, as applicable) authorizing the sale of Shares along with specimen signatures duly attested by a bank must be annexed. The common seal should also be affixed.
- (5) **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).

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