

LETTER OF OFFER

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.

This Letter of Offer is sent to you as a shareholder (s) of **Shaily Engineering Plastics Limited**. If you require any clarifications about the action to be taken, you should consult your stock broker or Investment Consultant, or the Merchant Banker to the Offer. In case you have recently sold your shares in Shaily Engineering Plastics Limited, please hand over this Letter of Offer and the accompanying Form of Acceptance-cum-Acknowledgement, Form of Withdrawal and Transfer Deeds to the member of the Stock Exchange through whom the sale was affected.

CASH OFFER

BY

Motika Limited ("Acquirer")

having its registered office at: 89, Kennedy Avenue, 2nd Floor, Office 201, 1640, Nicosia, Cyprus

Tel. No+357-22-379210; Fax No: +357-22-379212; Email: consult@cosmoserve.com

TO ACQUIRE

Upto 14,63,686 (fourteen lakhs sixty three thousand, six hundred and eighty six) equity shares of face value of Rs 10/- each, (representing 20% of the equity capital of the Target Company) ("**Offer**")

OF

Shaily Engineering Plastics Limited (the "Target Company")

having its registered office at: 51, Dariyasthan Street, Vadgadi, Mumbai – 400 003; **Tel No.:** +91-22-23424724

Correspondence Office: 8, J.P.Nagar, Old Padra Road, Baroda, Gujarat – 390 015, INDIA,

Tel: +91-265-2332706, Fax No: +91-265-2332723 **Email :** investors@shaily.com

At Rs. 56/- (Rupees Fifty Six Only) per fully paid up equity share of face value of Rs 10/- (Rupees Ten Only)

The Offer is being made pursuant to and in compliance with the provisions of Regulation 10 and 12 of the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 1997 and subsequent amendments thereto ("**SEBI (SAST) Regulations**")

1. The Offer is not a conditional offer.
2. The Offer is subject to the statutory and regulatory approvals and clearances from the Reserve Bank of India ("RBI") to acquire shares tendered pursuant to this Offer (refer para no. 9.1 of this document). Besides the above, no other approvals are required to acquire the shares tendered pursuant to this Offer. However, the Offer will be subject to all statutory provisions as may be applicable.
3. In case of delay in the receipt of any statutory approval(s), Securities and Exchange Board of India ("SEBI") has the power to grant extension of time to the Acquirer for payment of consideration to Shareholders who have validly tendered their shares subject to the Acquirer agreeing to pay interest for the delayed period as directed by SEBI in terms of Regulation 22 (12) of the SEBI (SAST) Regulations. Further, if the delay occurs on account of willful default by the Acquirer in obtaining the requisite approvals, Regulation 22(13) of the SEBI (SAST) Regulations will also become applicable.
4. If there is any upward revision in the Offer Price in terms of Regulation 26 of the SEBI (SAST) Regulations, the same would be informed by way of a public announcement in the same newspapers in which the original Public Announcement had appeared as mentioned in para no. 2.2.1 of this Letter of Offer. Such revised Offer Price would be payable by the Acquirer to all the Shareholders who have accepted this Offer and tendered their shares at any time during the term of the Offer to the extent to which their acceptance and tenders have been found valid and accepted by the Acquirer.
5. The Acquirer may withdraw the Offer in accordance with the conditions specified in Regulation 27 of the SEBI (SAST) Regulations. In the event of such withdrawal, the same would be notified by way of a public announcement in the same newspapers in which the original Public Announcement had appeared as mentioned in para no. 2.2.1 of this Letter of Offer.
6. The procedure for acceptance of this Offer is set out in para no. 11 of this Letter of Offer. A form of Acceptance cum Acknowledgement and transfer deed (where applicable) along with Form of Withdrawal are enclosed with Letter of Offer.
7. Shareholders who have accepted the Offer by tendering the requisite documents in terms of the Public Announcement / Letter of Offer can withdraw the same upto 3 (three) working days prior (i.e. upto Wednesday, 26th August, 2009) to the date of the closure of the Offer.
8. **This is not a competitive bid. :**

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

THE PROCEDURE FOR ACCEPTANCE IS SET OUT IN PARAGRAPH 11. A FORM OF ACCEPTANCE CUM ACKNOWLEDGEMENT, FORM OF WITHDRAWAL AND TRANSFER DEED(S) ARE ENCLOSED WITH THIS LETTER OF OFFER. A COPY OF PUBLIC ANNOUNCEMENT AND THIS LETTER OF OFFER (INCLUDING FORM OF ACCEPTANCE CUM ACKNOWLEDGEMENT AND FORM OF WITHDRAWAL) WILL ALSO BE AVAILABLE ON SEBI'S WEB SITE www.sebi.gov.in

All future correspondence, if any, should be addressed to the Manager to the Offer at the following address:

MANAGER TO THE OFFER

V.B.DESAI FINANCIAL SERVICES LIMITED

Cama Building, 1st Floor, 24/26, Dalal Street, Fort, Mumbai - 400 001, India.

Tel: +91-22- 400770777 Fax: +91-22- 40770700 Website: www.vbdesai.com E-mail: info@vbdesai.com

Contact Person: Mr. K. K. Antoo

OFFER OPENS: Monday, 10th August, 2009

OFFER CLOSES ON: Saturday, 29th August, 2009

SCHEDULE OF ACTIVITIES OF THE OFFER

Activity	Original Schedule	Revised Schedule
Date of Public Announcement	Thursday, 01 st January, 2009	Unchanged
Specified Date*	Friday, 30 th January, 2009	Unchanged
Last date for announcement of competitive bid, if any	Wednesday, 21 st January, 2009	Unchanged
Date of Corrigendum to the Public Announcement	Not Applicable	Thursday, 6 th August, 2009
Date of dispatch of letter of offer	Saturday, 14 th February, 2009	Wednesday, 5 th August, 2009
Date of opening of the Offer	Tuesday, 24 th February, 2009	Monday, 10 th August, 2009
Last date for Revising the Offer Price / Number of Shares	Monday, 09 th March, 2009	Thursday, 20 th August, 2009
Last date for withdrawing acceptances tendered by Shareholders	Friday, 13 th March, 2009	Wednesday, 26 th August, 2009
Date of closing of the Offer	Monday, 16 th March, 2009	Saturday, 29 th August, 2009
Date of communicating acceptance/ rejection and payment of consideration for accepted shares / dispatch of the share certificate in case of rejection.	Tuesday, 31 st March, 2009	Saturday, 12 th September, 2009

*** Specified Date is only for the purpose of determining the names of the shareholders as on such date to whom the Letter of Offer will be sent and all owners (registered or unregistered) of the shares of the Target Company (except the current promoters & promoter group of the Target Company) are eligible to participate in the Offer anytime before the closure of the Offer.**

Note: Duly Signed Application and Transfer Deed(s) together with share certificate(s) should be dispatched by registered post / courier or hand delivered to the Manager to the Offer at above address to reach not later than 5.00 p.m. on Saturday, 29th August, 2009.

RISK FACTORS

- The Offer is subject to the regulatory approvals and clearances including approval by the RBI, required to acquire the shares tendered pursuant to this Offer.
- In the event that either (a) the regulatory approvals are not received in a timely manner, (b) there is any litigation relating to the Offer, or (c) SEBI instructs the Acquirer not to proceed with the Offer, (d) or for any other reason, the completion of the Offer is delayed or the Offer cannot be completed, then the Offer process may be delayed beyond the schedule of activities indicated in this Letter of Offer or the Offer may be withdrawn. Consequently, in case of delay of the Offer process, the payment of consideration to the public Shareholders whose shares have been accepted in the Offer as well as the return of shares not accepted by the Acquirer 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. Accordingly, the Acquirer gives no assurance with respect to the market price of the shares at any time, including both during the Offer period and upon the completion of the Offer, and disclaim any responsibility with respect to any decision by the Shareholders on whether or not to participate in the Offer.
- The Acquirer gives no assurance with respect to the financial performance of the Target Company. The Acquirer gives no assurance with respect to its investment / divestment decisions relating to its proposed shareholding in the Target Company. Further the promoters and major Shareholders of the Target Company had not complied with Regulation 3(4) of the SEBI (SAST) Regulations with regard to inter-se transfers executed on 04.11.2006 and 27.09.2007. SEBI may take suitable action against the Promoter(s) in respect of this non-compliance.
- The promoters and major Shareholders of the Target Company have acquired 7000 equity shares (as provided on page no.12) constituting 0.095% of the enhanced paid up share capital of the Target Company, thereby triggering the provisions of SEBI (SAST) Regulations which have not been complied with.
- In case the shares tendered in the Offer by the Shareholders are more than the shares to be acquired under the Offer, the acquisition of shares from each shareholder will be as per the provisions of Regulation 21 (6) of the SEBI (SAST) Regulations on a proportionate basis and hence there is no certainty that all the shares tendered by the shareholders in the Offer will be accepted.
- The transaction is subject to all other risks as would be applicable to similar transactions.

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Attached: Form of Acceptance-cum-Acknowledgement, Form of Withdrawal and Transfer Deed(s) (for Shareholders holding shares in physical form).

ATTENTION:

If, due to non-receipt of requisite statutory approvals, the Acquirer is unable to make the payment to the Shareholders who have accepted the Offer within 15 days of the date of closure of the Offer, then SEBI may, if satisfied that the non-receipt of requisite statutory approvals was not due to any willful default or neglect of the Acquirer or the failure of the Acquirer to diligently pursue the applications for such approvals, grant extension of time for the purpose, subject to the Acquirer agreeing to pay interest to the Shareholders for delay beyond 15 days, as may be specified by SEBI from time to time. Further, Shareholders should note that after the date of withdrawal i.e. 26th August 2009, the Shareholders who have lodged the Shares would not be able to withdraw them even if the acceptance of Shares under the offer and dispatch of consideration gets delayed. The tendered Shares and documents would be held by the Managers to the Offer, till such time as the process of acceptance of tendered Shares and payment of consideration is completed.

DEFINITIONS

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

Term	Definition
“Acquirer” or “MOTIKA”	Motika Limited, a company incorporated in the Republic of Cyprus.
Act	The Companies Act, 1956
Articles of Association	AoA
Board	Board of Directors of the Target Company
Business Hours	Monday to Friday - 11.00 am to 5.00 pm, Saturday 11.00 am to 1.00 pm (Closed on Sundays and public holidays)
BUSI	Busi India Holdings Ltd., a company incorporated under the laws of Mauritius.
CDSL	Central Depository Services Limited
DP	Depository Participant
BSE	Bombay Stock Exchange Limited
EGM	Extraordinary General Meeting
EPS	Earnings Per Share
Equity Shares or Shares	Fully paid-up equity shares of Rs. 10/-(Rupees ten only) each of the Target Company.
Eligible person for the Offer	All owners of Shares registered or unregistered of the Target Company (who own Shares at any time prior to the Closure of the Offer) except Parties to the Agreement
FEMA	Foreign Exchange Management Act, 1999
FOA	Form of Acceptance
Form of Acceptance	Form of Acceptance-cum-Acknowledgement
LoO or Letter of offer of Offer Document	Offer Document dated 31 st July, 2009
Manager or Manager to the Offer	V.B.Desai Financial Services Limited
MOA	Memorandum of Association
NRIs	Non- Resident Indians
NSDL	National Securities Depository Limited
Offer/Public Offer/Open Offer	Offer for acquisition of up to 14,63,686 fully paid-up equity shares of face value of Rs 10 each of Target Company representing 20% of the equity share capital at a price of Rs 56 per share, payable in cash
PCCPS	7% Participatory Cumulative Convertible Preference Shares of the Target Company
Promoters	Promoters of the Target Company
Offer Price	Rs. 56/- (Rupees Fifty Six Only) per fully paid up equity share of Target Company
Public Announcement or PA	Announcement of the Offer on 01 st January, 2009 published in Business Standard, all editions of English and Hindi and Navshakti, Mumbai, Marathi edition.
RBI	The Reserve Bank of India
SEBI (SAST) Regulations	Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 1997 and subsequent amendments thereto up to the date of Public Announcement
SEBI	Securities & Exchange Board of India
Shareholders	Shareholders of the Target Company as at the date of the closure of the Offer
SHA	Shareholders’ Agreement dated 24 th April, 2007 entered into by and amongst the Target Company, the Acquirer and the Promoters
SSA	Share Subscription Agreement dated 24 th April, 2007 entered into by and amongst the Target Company, the Acquirer and the Promoters
Specified Date	Date for the purpose of determining the names of Shareholders, as appearing in the Register of Members of SEPL, to whom the Letter of Offer should be sent, in this case being 30 th January, 2009
Stock Exchanges	BSE
Target Company	Shaily Engineering Plastics Limited

1. DISCLAIMER CLAUSE

“IT IS TO BE DISTINCTLY UNDERSTOOD THAT FILING OF THE DRAFT LETTER OF OFFER WITH SEBI SHOULD NOT IN ANY WAY BE DEEMED OR CONSTRUED AS THE SAME HAVING 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 SEBI (SAST) REGULATIONS. THIS REQUIREMENT IS TO FACILITATE THE SHAREHOLDERS OF SHAILY ENGINEERING PLASTICS LIMITED TO TAKE AN INFORMED DECISION WITH REGARD TO THE OFFER. SEBI DOES NOT TAKE ANY RESPONSIBILITY EITHER FOR FINANCIAL SOUNDNESS OF THE ACQUIRER OR THE TARGET COMPANY, WHOSE SHARES/CONTROL IS PROPOSED TO BE ACQUIRED OR FOR THE CORRECTNESS OF THE STATEMENTS MADE OR OPINIONS EXPRESSED IN THE DRAFT LETTER OF OFFER. IT SHOULD ALSO BE CLEARLY UNDERSTOOD THAT WHILE ACQUIRER IS PRIMARILY RESPONSIBLE FOR THE CORRECTNESS, ADEQUACY AND DISCLOSURE OF ALL RELEVANT INFORMATION IN THIS LETTER OF OFFER, THE MANAGER IS EXPECTED TO EXERCISE DUE DILIGENCE TO ENSURE THAT ACQUIRER DULY DISCHARGES ITS RESPONSIBILITY ADEQUATELY. IN THIS BEHALF, AND TOWARDS THIS PURPOSE, THE MANAGER – V.B.DESAI FINANCIAL SERVICES LIMITED HAS SUBMITTED A DUE DILIGENCE CERTIFICATE DATED 14TH JANUARY, 2009 TO SEBI IN ACCORDANCE WITH THE SEBI (SAST) REGULATIONS. THE FILING OF THE DRAFT LETTER OF OFFER DOES NOT, HOWEVER, ABSOLVE THE ACQUIRER FROM THE REQUIREMENT OF OBTAINING SUCH STATUTORY CLEARANCES, AS MAY BE REQUIRED FOR THE PURPOSE OF THE OFFER.”

2. DETAILS OF THE OFFER

2.1 Background of the Offer

2.1.1 The Offer is being made by the Acquirer to the equity Shareholders, pursuant to and in compliance with, the provisions of Regulation 10 and in compliance of observation letter dated 27th July 2009, issued by SEBI under Regulation 12 of SEBI (SAST) Regulations and subsequent amendments thereto. The Acquirer's stake in the Target Company is in the nature of an investment and not with the intent to control the management.

2.1.2 The special resolution under Section 81 (1A) of the Act and other applicable provisions, passed by the Shareholders at the adjourned EGM held on 02nd June, 2007 authorized the Board of Directors of the Target Company to issue and allot upto 14,99,820 (Fourteen Lakhs Ninety Nine Thousand Eight Hundred and Twenty) 7% (Seven percent) Participatory Cumulative Convertible Preference Shares (“PCCPS”) of Rs.56/- (Rupees Fifty Six only) each, convertible into equity shares at the option of the Acquirer within 18 (Eighteen) months of its allotment to the Acquirer, aggregating to Rs. 8,39,89,920 (Rupees Eight Crore Thirty Nine Lakhs Eighty Nine Thousand Nine Hundred Tweonly) on preferential allotment basis in accordance with the provisions of the **AoA** of the Target Company, the Listing Agreement between the Target Company and the Stock Exchanges, the Act, the guidelines issued by the RBI, SEBI etc. The said PCCPS are convertible into equity shares of Rs. 10/- (Rupees Ten only) each at a premium of Rs. 46/- (Rupees Forty Six only) per Equity Share, i.e. at a price of Rs. 56/-(Rupees Fifty Six only) per Equity Share within 18 (Eighteen) months from the date of allotment. The PCCPS carried a preferential dividend of 7% from the date of allotment to the date of conversion or redemption as the case may be.

2.1.3 On 24th April, 2007, the Acquirer entered into Share Subscription Agreement (“SSA”) and Shareholders Agreement (“SHA”) with the Target Company and the **Promoters** for subscribing to the PCCPS of the Target Company. Accordingly, the Board in their meeting held on 06th July, 2007 allotted such PCCPS to the Acquirer in terms of the special resolution passed by the shareholders on 02nd June, 2007. As per the SSA and SHA dated 24th April, 2007 entered between the Acquirer, the Target Company and the Promoters. In terms of the special resolution passed by the Shareholders on 02nd June 2007, the PCCPS allotted on 06th July 2007 were due for conversion into equity shares at the option of the Acquirer on or before 05th January 2009. The Acquirer exercised the option to convert the PCCPS into equity shares on 05th January 2009 and, the Board at their meeting held on 05th January 2009 allotted 14,99,820 (Fourteen Lakhs Ninety Nine Thousand Eight Hundred and Twenty) Equity Shares of Rs. 10/- (Rupees Ten only) each at a premium of Rs. 46/- Rupees Forty Six only) per share against conversion of 14,99,820 (Fourteen Lakhs Ninety Nine Thousand Eight Hundred and Twenty) PCCPS to the Acquirer. The Acquirer was not entitled any voting rights on the 14,99,820 PCCPS allotted on 06th July 2007 till the conversion. Upon conversion of the said PCCPS into equity shares on 05th January 2009, the Acquirer is entitled to vote on the said 14,99,820 equity shares. As mentioned earlier, and as mentioned in Clause 2.1.7 below, it is the conversion that triggered the offer under Regulation 10 of the SEBI (SAST) Regulations. Further, while in terms of the SSA and SHA the Acquirer has no rights relating to the management of the Target Company and the Acquirer has certain rights to veto certain actions by the management of the Target Company as enumerated in paragraph 3.1.11 below. Hence, although the Acquirer is neither in management or control over the Target Company nor desirous of acquiring management or control over the Target Company, as has been indicated to SEBI, the Offer, in compliance of observation letter dated July 27, 2009 issued by SEBI, may also be considered to have been made under Regulation 12 of the SEBI (SAST) Regulations by way of abundant caution. The Acquirer presently holds 14,99,820 equity shares of the Target Company.

- 2.1.4 The strength of the Board of the Target Company is 11 Directors comprising 3 Executive Directors, 3 Non-Executive Directors and 5 Non-Executive Independent Directors. The Chairman of the Board is Non-Executive and Independent. In accordance with the terms of the SSA and SHA, overall management and control of the Target Company will remain with the Promoters while the Acquirer will be a significant financial investor with certain minority protection rights designed to enable it to preserve the value of its investment in the Target Company. Such rights include the right of the Acquirer to appoint a maximum of two non-executive Directors to the Board, consent rights on certain matters which may affect the value of the Acquirer's investment in the Target Company, and tag-along rights in the event that any of the Promoters sells its shares which are mentioned in detail in para 3.1.11. The Acquirer has appointed only one non-executive Director on the Board of the Target Company.
- 2.1.5 The offer is being made at a price of Rs. 56/- (Rupees Fifty Six only) for each Share, to be paid in cash, in accordance with the provisions of the SEBI (SAST) Regulations and subject to the terms and conditions mentioned in this Letter of Offer.
- 2.1.6 The shares of the Target Company are at present listed on Bombay Stock Exchange Limited ("BSE"). The shares of the Target Company are infrequently traded on BSE within the meaning of explanation (i) to Regulation 20(5) of the SEBI (SAST) Regulations. The last traded price of the Target Company's shares was Rs. 34/- on 16.08.1996. (source www.bseindia.com)
- 2.1.7 The aggregate equity stake of Acquirer in the post-preferential allotment as stated in para 2.1.2 and 2.1.3 in paid-up equity share capital of Target Company is 20.49%. Since this stake exceeds the threshold limit of 15% stipulated in the SEBI (SAST) Regulations, the Acquirer is making an offer to the remaining Shareholders, in compliance with Regulation 10 and in compliance of observation letter dated July 27, 2009 issued by SEBI, also made under Regulation 12 of the SEBI (SAST) Regulations, to acquire 14,63,686 (Fourteen Lakh Sixty Three Thousand Six Hundred and Eighty Six) Equity Shares, representing 20% of the estimated voting paid-up equity share capital as at a price of Rs. 56/- (Rupees Fifty Six Only) per fully paid up Equity Share payable in cash subject to the terms and conditions mentioned hereinafter, to those Shareholders whose names appear on the register of members on Specified Date i.e. 30th January, 2009, and those Shareholders who own Shares as at the date of the closure of the Offer.
- 2.1.8 The Acquirer or the Target Company has not been prohibited by SEBI from dealing in securities in terms of direction issued u/s. 11B of SEBI Act or under any other regulation.
- 2.1.9 The Offer is subject to the regulatory approval and clearance by RBI, which is required to transfer the shares in favor of the Acquirer, tendered pursuant to this Offer. The Acquirer has filed an application with the RBI for its approval for acquisition and transfer of the Equity Shares of the Target Company that are tendered in the Offer.

2.2. Details of the proposed Offer

- 2.2.1 The Public Announcement of the Offer was published in the following newspapers in terms of Regulation 15(1) of the SEBI (SAST) Regulations on 01st January, 2009, the details of the same are as follows:

Language	Name of the Newspapers	Editions
English	Business Standard	All Editions
Hindi	Business Standard	All Editions
Marathi	Navshakti	Mumbai Edition

A copy of the PA is also available on SEBI's website at www.sebi.gov.in.

- 2.2.2 This Offer to the Shareholders is to acquire 14,63,686 (Fourteen Lakh Sixty Three Thousand Six Hundred and Eighty Six) fully paid up Equity Shares of Rs. 10/- (Rupees Ten only) each of the Target Company representing 20% (Twenty percent) of the paid up equity share capital of the Target Company at the Offer Price of Rs. 56/- (Rupees Fifty Six only) per Share to all Shareholders who tender their Shares and whose Shares are acquired by the Acquirer. The Offer Price will be payable in cash, subject to the terms and conditions mentioned in the PA and this Letter of Offer. In case of any upward revision in the Offer Price by the Acquirer at any time upto 7 working days prior (i.e. upto 20th August, 2009) to the date of closure of the Offer, the same would be announced in the above mentioned newspapers and the same price would be payable by the Acquirer for all the Shares tendered at anytime during the Offer and accepted under the Offer.
- 2.2.4 There are no partly paid up Shares as on the date of PA.
- 2.2.5 The Acquirer has not acquired any Shares of Target Company during the 12 (Twelve) months period prior to the date of the PA except the Shares acquired by way of allotment against conversion of PCCPS held by it as per the details given in para no. 2.1.3 above.
- 2.2.6 The Shares will be acquired by the Acquirer free from all liens, charges and encumbrances and together with all rights attached thereto, including the right to all dividends, bonus and rights offer declared hereafter.
- 2.2.7 The Offer is not conditional on any minimum level of acceptances, i.e., the Acquirer will acquire all the Shares that are tendered in terms of the Offer upto 14,63,686 equity shares, subject to the conditions specified in the PA read together with the Letter of Offer and Form of Acceptance.

- 2.2.8 There has been no competitive bid as on date.
- 2.2.9 The Offer is in compliance with SEBI (SAST) Regulations and subsequent amendments thereof.
- 2.2.10 No person is acting in concert with the Acquirer for the purpose of the Offer.
- 2.2.11 The Acquirer has not entered into separate non-compete agreement as on date.
- 2.2.12 The consideration shall be paid in cash.
- 2.2.13 The Offer is made to all the Shareholders except the parties to the SSA and SHA.
- 2.2.14 V.B.Desai Financial Services Limited does not hold any shares of Target Company as on the date of the PA.

2.3 Reasons for the Acquisition, Rationale for the Offer and Future Plans

- 2.3.1 Substantial acquisition of shares and voting rights without change in control and management is the reason and rationale for this Offer for the acquisition of 20% (Twenty percent) equity stake in the paid-up equity share capital of Target Company by the Acquirer in accordance with Regulation 10 and 12 of the SEBI (SAST) Regulations.
- 2.3.2 On January 5, 2009 the Acquirer converted the 14,99,820 (Fourteen Lakhs Ninety Nine Thousand Eight Hundred and Twenty) PCCPS into 14,99,820 (Fourteen Lakhs Ninety Nine Thousand Eight Hundred and Twenty) Equity Shares of Rs. 10/- (Rupees Ten only) each at a premium of Rs. 46/- (Rupees Forty Six only), representing 20.49% (twenty and forty nine hundredth percent) of the paid up equity share capital of the Target Company. Under Regulation 10 of the SEBI (SAST) Regulations, an acquirer acquiring shares or voting rights which entitle such acquirer to exercise 15% (fifteen percent) or more of the voting rights in a company, is required to make a public offer to acquire shares from the shareholders of the company. As mentioned above, as a result of the conversion of the PCCPS, the resultant shareholding of the Acquirer is 20.49% (twenty and forty nine hundredth percent) of the paid up voting equity share capital of the Target Company, and the Acquirer is therefore required to make the Offer to the Shareholders of the Target Company to acquire an additional 20% (twenty percent) of the estimated voting paid-up voting equity share capital of the Target Company, i.e. 14,63,686 (Fourteen Lakh Sixty Three Thousand Six Hundred and Eighty Six) Equity Shares of a face value of Rs.10/-(Rupees ten only) each. In the event of full acceptance of the Offer, the effective shareholding of the Acquirer will be 40.49% (forty and forty nine hundredth percent) of the paid up voting equity share capital of the Target. However, while the Acquirer has some protective rights under the SHA, the Acquirer is, and even if the Offer gets accepted in full, will be, only a financial investor in the Target Company and will not acquire control over the Target Company. The management and control of the Target Company will continue to remain with the Promoters.
- 2.3.3 Since the investment by the Acquirer in the paid up equity share capital of the Target Company is in the nature of financial investment in the ordinary course of business, the Acquirer does not have any plans to dispose of or otherwise encumber any assets of the Target Company in the next two years other than in the ordinary course of business. Further, since there will not be any change in control and management of the Target Company consequent to above mentioned acquisition, the Acquirer presently do not have any future plans for the Target Company. Acquirer shall not sell, dispose of or otherwise encumber any substantial assets of the Target Company, other than in the ordinary course of business of the Target Company, except with the prior approval of the Shareholders and in accordance with and subject to the applicable laws, permissions and consents, if any.

3. BACKGROUND OF THE ACQUIRER

- 3.1.1 The Acquirer is Motika Limited having its registered office at: 89, Kennedy Avenue, 2nd Floor, Office 201, P.C.1640, Nicosia, Cyprus. Tel No. +357-22379210: Fax: +357-22379212. The Acquirer does not have a separate corporate office.
- 3.1.2 History and Major Areas of Operation of the Acquirer

MOTIKA was incorporated on 13th March, 2007 under the Cyprus Companies Law and is a wholly owned subsidiary of BUSI India Holdings, Limited ("BUSI"), a private limited liability company, incorporated on 24th March, 2008 in the Republic of Mauritius under the (Mauritius) Companies Act, 2001 and having its registered office at Les Cascades, Edith Cavell Street, Port Louis, Republic of Mauritius. Tel: +230 212 9800; Fax +230 212 9833. BUSI owns 1000 (One thousand) shares of nominal value of Euro 1 (one) each representing 100% of the issued and outstanding shares of the Acquirer. The main object of the Acquirer is to hold long term investments in Indian Companies operating in various fields of commerce and industry either in the name of the company or in that of any nominee and to use sell, assign, transfer, mortgage, pledge or otherwise deal with or dispose of shares, stocks, bonds, debentures, notes, obligations and securities issued or guaranteed by any person or company, and to acquire and hold property of any other kind.

The Acquirer is an India-focused investment company that primarily provides growth capital to mid-market companies in India and is in the process of making financial investments in various companies.

3.1.3 The details of Board of Directors of the Acquirer are as follows:

Name of the Director	Qualification and Experience	Date of Appointment	Residential Address
Yiannakis Violaris	M.Sc. Mechanical Engineering 15 Years experience in Technical Workshop Management, Banking and Administration of International Business	13.03.2007	Olympias 29, Flat 103, P.C.1071 Nicosia, Cyprus
Katia Petri	B.A. (Hons) Economics and M.Sc. International Finance. Total 15 years experience in Accounting, Administration, Development of International Business and Marketing	13.03.2007	Grigori Afxentiou 138, Agios Dometios. P.C.2364, Nicosia Cyprus

None of the aforementioned directors, are directors on the Board of the Target Company, nor are they an “insider” within the meaning of SEBI (Insider Trading) Regulations, 1992 in respect of the Target Company. Mr. William Sean Sovak, nominated by the Acquirer as per the SSA and the SHA, is one of the directors of the Target Company since 06.07.2007.

None of the directors and nominees of the Acquirer have acquired any Equity Shares of the Target Company during the 12 (Twelve) months preceding the date of the PA.

3.1.4 Brief audited financial details of the Acquirer for the last three years / from the date of incorporation in compliance with the SEBI (SAST) Regulations are as under:

Profit & Loss Statement*	Limited Review certified Financials for the period January 1, 2008 to September 30, 2008 (Unaudited)		Year ending December 31, 2007 (Audited)	
	US \$ mn	Rs. lacs	US \$ mn	Rs. lacs
Dividend Income	0.250	116.33	0	0
Other Income	2.671	1241.28	0	0
Total Income	2.921	1357.61	0	0
Administrative Expenses	0.025	11.54	0.067	26.34
Interest	0.138	63.96	0.274	107.87
Profit before Tax	2.759	1282.10	(0.341)	(134.21)
Provision for Tax	0	0	0	0
Profit after Tax	2.759	1282.10	(0.341)	(134.21)

Balance Sheet Statement*	Limited Review certified Financials for the period January 1, 2008 to September 30, 2008 (Unaudited)		Year ending December 31, 2007 (Audited)	
	US \$ mn	Rs. lacs	US \$ mn	Rs. lacs
Sources of Funds				
Paid up Share Capital	0.002	1.06	0.002	0.89
Reserves & Surplus (Excluding Revaluation Reserve)	2.280	1059.70	0	0
Secured Loan	0	0	0	0
Unsecured Loan	0	0	2.260	888.18
Current liabilities	0.031	14.24	0.281	110.69
Total	2.313	1075.00	2.543	999.76
Uses of Funds				
Net Fixed Assets	0	0	0	0
Investments	2.063	958.68	2.063	810.76
Current Assets	0.250	116.32	0.139	54.80
Accumulated loss	0	0	0.341	134.20
Miscellaneous Expenses not written off	0	0	0	0
Total	2.313	1075.00	2.543	999.76

Other Financial Data*	Limited Review certified Financials for the period January 1, 2008 to September 30, 2008 (Unaudited)		Year ending December 31, 2007 (Audited)	
	US \$	Rs.	US \$	Rs.
Net Worth (US\$ in million and Rs. In Lakhs)	2.282	1060.76	(0.339)	(133.32)
Dividend (%)	137.09%	137.09%	0	0
Earning Per Share	2759.00	128210.35	(341.50)	(13420.00)
Return on Net worth (%)	120.90%	120.90%	--	--
Book Value Per Equity Share	2282.68	106075.95	(339.23)	(13331.78)

*Source: Annual Reports for the years ended December 31, 2007 and Limited Review certified Financials for the period from January 1, 2008 to September 30, 2008.

Conversion Rates applied: 1US\$=Rs.39.30 {December 31, 2007} and 1US\$=Rs.46.47 {September 30, 2008}

- 3.1.5 The Acquirer has no contingent liabilities.
- 3.1.6 The Acquirer has been in existence since 13th March, 2007 and has earned no income since its incorporation and till the end of the first accounting year i.e. upto 31st December, 2007. During the first year of its operation, the Acquirer incurred license fees, directors' fees, secretarial fees, audit fees, administrative expenses and similar other expenses. As per limited review certified financials for the period from 01st January, 2008 to 30th September, 2008 the Acquirer has earned dividend income of US \$ 0.250 mn and gain on waiver of loan of US \$ 2.67 mn. In view of the waiver of loan of US \$ 2.67 mn during the period from 01st January 2008 to 30th September 2008, the reserves and surplus of the Company has increased substantially. The issued capital of the Acquirer is 1,000 ordinary shares of Cyprus £ 1 each.
- 3.1.7 The applicable provisions of chapter II of SEBI Takeover Regulations has been complied with by Acquirer within the time specified in the Regulations. The disclosure by the Acquirer in terms of Regulation 7(1) under Chapter II of the SEBI (SAST) Regulations has been filed with the Bombay Stock Exchange and the Target Company on 6th January 2009.
- 3.1.8 Other than 14,99,820 equity shares of Rs. 10/- each as mentioned in para no.2.1.5 above, the Acquirer has not held any equity shares in the paid-up equity share capital of the Target Company any time in the past.
- 3.1.9 Significant Accounting Policies followed by the Acquirer are as follows:
- (a) Basis of preparation:
- The financial statements have been prepared in accordance with International Financial reporting Standards ("IFRS") as adopted by European Union ("EU") and the requirements of the Cyprus Companies Law, Cap. 113. The financial statements have been prepared under the historical cost convention. A summary of the more important accounting policies, which have been applied consistently, is set out below. The preparation of financial statements in accordance with IFRS requires the directors to make estimates and assumptions that affect amounts and disclosures in the financial statements. Actual results could differ from those estimates.
- (b) Foreign currency transactions:
- Foreign currency transactions are accounted for at the exchange rates prevailing at the dates of the transactions. Gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement. Translation differences on available-for-sale financial assets are included in the fair value reserve in equity.
- (c) Financial instruments:
- Financial assets and financial liabilities are recognised on the Acquirer's balance sheet when the Acquirer becomes a party to the contractual provisions of the instrument.
- (d) Financial risk management:
- The Acquirer is exposed to market price risk, liquidity risk, currency risk and capital risk management arising from the financial instruments it holds.
- 3.1.10 The Acquirer is a private limited liability company and is not listed on any stock exchange.
- 3.1.11 Some of the important clauses in the SSA and SHA are:
- a) Overall management and control of the Target Company will remain with the Promoters
- b) The Acquirer shall have the right to nominate up to 2 (two) Directors on the Board as non-retiring, non-rotational

directors as long as the Acquirer holds at least 50% (Fifty percent) of the subscription shares. The presence of one Acquirer nominee Director shall be mandatory to constitute a quorum for a board meeting, unless explicitly waived in writing by both Acquirer nominee Directors for that specific board meeting.

- c) The Acquirer shall have the right to nominate one member each to the Audit Committee and the Remuneration Committee of the Board and any other special committees that the Board may set up.
- d) Subject to applicable Law, the Company shall give to the Acquirer a pre-emptive right of subscription in the event that it proposes to undertake any future equity financing during the pendency of the Agreement by an offer for sale of existing equity shares or by making a preferential allotment of equity or instruments convertible into shares to third parties.
- e) If the Promoters sell their shares in the Target Company in excess of 2.5% (Two and Half percent) of the paid-up share capital of the Company in the aggregate per year, the promoter shareholders shall each provide the Acquirer a tag along right in respect of their pro rata shareholding on a fully diluted basis.
- f) If the promoters propose to sell / transfer any or all of their shareholding in the Target Company, the Acquirer shall have the right to sell / transfer its entire shareholding in the Target Company to the buyer exercisable at its sole discretion.
- g) Anytime prior to the fifth anniversary of the closing i.e. 06.07.2007 or in the event of a material breach of any term of the SHA by the Company and / or the promoters, the Acquirer shall have the right to sell all but not less than all of the Acquirer Shares to the Company ("Put Option") and for which purpose the Acquirer shall issue a written notice to the Board of the Company, notifying its intent to exercise the Put Option.
- h) The Target Company shall retain an accounting firm that is satisfactory to the Acquirer as the Company's statutory auditor.
- i) Anytime after the third anniversary of the closing, i.e. 06.07.2007 but to prior to the sixth anniversary, the Acquirer shall be entitled to require the Company to take steps to file for the completion of a follow-on public offer, on the National Stock Exchange, the Stock Exchange, Mumbai or such other recognized stock exchange in the United States, the United Kingdom or Singapore.
- j) The Investor is a mere financial investor and shall not be considered as a "promoter" or "promoter group" of the Company.
- k) As long as the Acquirer holds at least 50% (Fifty percent) of the subscription shares, the Company shall not approve or take any of the following actions or matters without consent from the Acquirer:
 - i) any alteration of the rights of Acquirer shares
 - ii) any FPO, offer for sale, change in control of the Company or liquidation event or disposition or licensing of all or a material portion of the Company's assets
 - iii) approval and adoption of employee stock option plan and redemption or repurchase of stock option
 - iv) any amendment, modification or waiver of any provisions of the Articles or Memorandum of the Company
 - v) any transaction involving substantial acquisition of assets, voting power or controlling interest in any other company, business, partnership firm by the Company
 - vi) any transaction involving the merger of the Company with another company
 - vii) any material change in the scope of business, entry into any new business, suspension or cessation of business or transfer of material portion of business of the Company
 - viii) any declaration, distribution or payment of dividend
 - ix) filing for "bankruptcy", "sick company" or similar protection from creditors
 - x) any material investments in any company or other entities
 - xi) adoption or amendment of the Company's annual business operations plan

The rights and obligations of the Acquirer under the SSA and SHA shall terminate upon the completion of the exercise of the Put Option and receipt of the monies from the Target Company / promoters of the Target Company.

3.3 Disclosure in terms of Regulation 16(ix)

The Acquirer undertakes not to sell, dispose of or otherwise encumber any substantial assets of the Target Company in the next two years, except with prior approval of the Shareholders and in the ordinary course of the business. The investment by Acquirer in the paid up equity share capital of the Target Company is in the nature of financial investment in the

ordinary course of business. Further, since there will not be any change in control and management of the Target Company consequent to above mentioned acquisition, the Acquirer presently does not have any future plans for the Target Company as mentioned in para no. 2.3.3 above.

4 **DISCLOSURE IN TERMS OF REGULATION 21 (2) OF THE SEBI (SAST) REGULATIONS:**

Assuming full acceptance, the offer would not reduce the public shareholding below the minimum limit specified in the clause 40A of the Listing Agreement with the Stock Exchange for the purpose of listing on a continuous basis. As per amended clause 40A of the Listing Agreement, the Target Company is required to maintain at least 25% public shareholding for listing on a continuous basis

The Acquirer and the Promoter do not have the intentions to delist the Company.

Consequent to the conversion of PCCPS and this public offer, the Promoter and the Acquirer shall take the required steps as per the provisions of SEBI (SAST) Regulations for maintaining the public holding as per the listing agreement, within the prescribed time limits therein.

5. **BACKGROUND OF SHAILY ENGINEERING PLASTICS LIMITED (“TARGET COMPANY”)**

5.1 The Target Company i.e. Shaily Engineering Plastics Limited, was incorporated on 18th April, 1980 with the Registrar of Companies, Maharashtra, Mumbai under the Act under the name Anmol Trading Company Limited (“ATCL”) (Company Registration No. 22531) and obtained certificate of commencement of business on 24.04.1980. The Target Company obtained fresh certificate of incorporation on change of name to Shaily Engineering Plastics Limited on 15th January, 2003 pursuant to the scheme of amalgamation.

In the year 1995, Shaily Group Holdings Pvt. Ltd. (“SGHPL”), Enplas Management Consultants Pvt. Ltd. (“EMCPL”), Mr. Mahendra Sanghvi, Mr. Laxman Sanghvi and Mrs. Tilottama Sanghvi acquired 30,000 (Thirty Thousand only) equity shares of ATCL at a negotiated price of Rs. 19.50 (Rupees Nineteen Fifty Paise only) per share through Memorandum of Understanding dated 9th March, 1995 entered into with Paragon Group comprising of various companies, firms and individuals holding controlling stake of ATCL, thereby acquiring 60% of the total paid-up capital.

In compliance with SEBI Regulations on Substantial Acquisition of Shares and Takeovers, 1994, EMCPL (on behalf of Acquirers) made an open offer for purchase of 10,000 (Ten Thousand only) equity shares representing 20% (Twenty percent) of the voting capital of ATCL at a price of Rs. 39/- (Rupees Thirty Nine only) per share to the equity shareholders of ATCL in the year 1997. The Offer opened on 27th January 1997 and closed on 24th February, 1997. EMCPL did not receive any offers from the shareholders, thus receiving nil shares in the open offer. The Target Company operates in the industrial and precision segment of the engineering plastic industry. It caters to a wide range of industries like switchgear components, auto components, medical equipment, electronics and domestic appliances, power tools and packaging of high-end consumer durables.

5.2 **Main objects of Target Company as mentioned in MOA are**

The main objects of the Target Company as stated in the MoA are:

- a) To establish, maintain and carry on in India and abroad all or any one or more of the business of manufacturing, buying, selling, importing, exporting, assembling, altering, improving, moulding, remoulding, developing, refining, fabricating, converting, exchanging, repairing, hiring, supplying, distributing and otherwise dealing in all kinds of plastics, fibers, polyesters, polymers of every kinds, all kinds of metals & alloys and to make therefrom, all kinds of articles, goods products, components, subcomponents and substance in any form and shape for use in any consumer, intermediary and industrial industries.
- b) To carry on the business as merchants, traders, distributors, commission agents, buying agents, selling agents, brokers, adiatas, buyers, sellers, importers, dealers in, collectors, and to import, export, buy, sell, barter, exchange, advance upon or otherwise trade and deal in dyes, chemicals, textile auxiliary materials, machinery, equipments, components, spare parts, goods, produce, articles and merchandise of all kinds and allied products as wholesalers, retailers or on commission basis or for brokerage.
- c) To carry on the trades or business of preparing, combing, spinning, doubling, twisting, false-twisting, texturising, imparting, crimp, fancy yarn making, sizing, weaving, knitting, bleaching, processing, dyeing, printing, finishing, raising, working or manufacturing, in any way whatever cotton, wool, silk, flax, hemp, jute, artificial silk, rayon, nylon and other fibrous or textile substances, whether animal vegetable, or mineral, whether natural or synthetic or man-made, in any state and whether similar to the forgoing substances or not, and to treat, utilize and deal in any waste arising from any such operations and to manufacture felted, knitted, looped and embroidered fabrics lace and other types of manufactured, processed, or decorated fabrics, and to manufacture coated or laminated fabrics.

5.3 The registered office of the Target Company is situated at 51, Dariyasthan, Vadgadi, Mumbai – 400 003 and Correspondence Office at: 8, J.P.Nagar, Old Padra Road, Baroda, Gujarat – 390 015 Tel: +91-265-2332760; Fax +91-265-2332723.

- 5.4 The Target Company has 4 (Four) plants in operation. 3 (Three) plants are located in Rania and one at Halol, Gujarat.
- 5.5 There are no outstanding instruments in the nature of warrants / fully convertible debentures / partly convertible debentures etc., which are convertible into equity at any later date. There were no shares under lock-in period as on the date of the PA and the following shares are locked in on the date of Letter of Offer.

Number of Shares	Distinctive Numbers		Lock-in upto
	From	To	
3,67,374	50001	417374	31.3.2012
2,24,569	1619326	1843894	31.3.2012
3,06,770	823551	1130320	31.3.2012
2,28,347	3026091	3254437	31.3.2012
3,18,568	3811523	4130090	31.3.2012
Total 14,45,628			

- 5.6 As on 05th January, 2009, the Promoter group holds 42,96,430 (Forty Two Lakhs Ninety Six Thousand Four Hundred and Thirty only) Equity Shares in the Target Company representing 58.71% (Fifty Eight and Seventy One Hundredth percent) of the existing voting capital.
- 5.7 The Target Company has no subsidiary as on date.
- 5.8 Share Capital structure of the Target Company as on date is as follows:

Particulars	No. of Shares / Voting Rights (VR)	% of Shares / VR
Fully Paid up Equity Shares	73,18,430	100.00
Partly Paid up Equity Shares	-	-
Total Paid up Capital	73,18,430	100.00
Total Voting Rights	73,18,430	100.00

- 5.9 As per declaration received, the current capital structure of the Target Company built up since inception is as under:

Date of allotment	No of shares issued	% of shares issued	Cumulative paid up capital in Rs.	Mode of allotment (on payment of cash)	Identity of allottees (promoters/ ex-promoters/ others)	Status of compliance	Listing Status
18.04.1980	7	100%	7	Cash	Subscribers to Memorandum Of Association	Yes	Listed
03.07.1980	49,993	99.99%	50,000	Cash	Public Issue	Yes	Listed
31.01.2003	57,82,510	99.14%	58,32,510	Other than Cash	Issued on amalgamation of various companies	Yes	Listing approval received vide letter Ni. DCS/ AMAL/PVN/ TRD/1198/ 2008-09 dated 20.03.2009
31.01.2003	-13,900	-0.24%	58,18,610	Other than cash	Shares cancelled on amalgamation	Yes	Not applicable
05.01.2009	14,99,820	20.49%	73,18,430	Cash	Preferential Allotment to Foreign Investor Company	Yes	Listing approval received vide letter No. DCS/ PREF/ST/ FIP/2197/08-09 dated 24.03.2009
TOTAL	73,18,430	100%					

- 5.10 The total paid up capital of the Target Company is 73,18,430 (Seventy Three Lakhs Eighteen Thousand Four Hundred and Thirty only) shares of Rs. 10 (Rupees Ten only) each aggregating to Rs.7,31,84,300/- (Rupees Seven Crores Thrity One Lacs Eighty Four Thousand Three Hundred only)
- 5.11 The Target Company as well as the Promoters and major Shareholders have complied with all the applicable provisions of Chapter II of the SEBI (SAST) Regulations except for the delay in reporting requirement under Regulation 8(3) with respect to the shares held by the promoters of the Company on the record date fixed for 26.06.2006 by 928 days and the record date fixed for 17.09.2007 by 480 days by the Target Company as mentioned in Annexure I. SEBI may take suitable action against the Target Company in respect of this non-compliance.
- 5.12 The Promoters and major Shareholders, and the Target Company had not complied with Regulation 7(1A), 7(3) and 11(2) of SEBI (SAST) Regulations with regard to acquisition of 7,000 equity shares constituting 0.095% of the enhanced paid up share capital of the Target Company as mentioned in para 6. Further the promoters and major Shareholders of the Target Company had not complied with Regulation 3(4) of the SEBI (SAST) Regulations with regard to inter-se transfers executed on 04.11.2006 and 27.09.2007. SEBI may take suitable action against the Promoter(s) in respect of this non-compliance.
- 5.13 The Target Company as well as the Promoters and major Shareholders have complied with all the applicable provisions of Regulation 13(1), 13(3), 13(4) and 13(6) of SEBI (Prohibition of Insider Trading) Regulations, 1992 except for delay in filing of the same. SEBI may take suitable action against the Promoter(s) in respect of this non-compliance.
- 5.14 There has been no suspension of trading in the shares of the Target Company on any of the stock exchanges however, there has been no trading in the shares of the Target Company since 16.08.1996. The Target Company has been paying listing fee regularly and there are no arrears of listing fee. The Target Company has been complying with the listing requirements of the Stock Exchanges. No action has so far been taken by the Stock Exchanges or SEBI against the Target Company, its directors or Promoters except the Target Company has been directed to do an FPO which has been stated in para 5.15 below.
- 5.15 The Target Company, Shaily Plastic Finishing Ltd., Shaily Technologies Pvt. Ltd., Shaily Group Holdings Pvt. Ltd., Enplas Management Consultants Pvt. Ltd., RT Shaily India Pvt. Ltd. and Mahendra Sanghvi Investments Pvt. Ltd. were merged into ATCL w.e.f. 01st April, 2001. The approvals of the Honorable High Courts of Bombay and Gujarat were obtained on 18th November 2002 and 14th August 2002 respectively. 57,82,510 (Fifty Seven Lakhs Eighty Two Thousand Five Hundred Ten only) Equity Shares issued by the Target Company pursuant to the scheme of amalgamation were not listed on the BSE. The Target Company has received the letter DCS\SG\RCG\2004 dated 25th February, 2004 from the BSE asking the Target Company to go for an offer for sale / or FPO in order to raise the non promoter shareholding to the minimum level as required under SEBI (Disclosure & Investor Protection) Guidelines, 2000. Upon conversion of PCCPS into equity shares, BSE vide letter no. DCS/AMAL/PVN/ TRD/1198/ 2008-09 dated 20th March 2009 has permitted for the listing of 57,82,510 (Fifty Seven Lakhs Eighty Two Thousand Five Hundred Ten only) Equity Shares issued by the Target Company pursuant to the scheme of amalgamation with effect from 23rd March 2009.
- 5.16 Board of Directors of the Target Company as on the date of PA i.e. 01st January, 2009:

Name & Qualification	Designation	Date of Appointment	Total No. of Years of Experience	Residential Address
Mr. Hasmukh Shah M.A	Chairman Non-Executive Independent	07.12.2002	Ex-Chairman & MD of IPCL and having more than 50 years of experience. He has also been the Personal Joint Secretary to Prime Minister of India.	15, Dhanushya SocietySama Road Baroda – 390015
Mr. Mahendra Sanghvi Bsc (Chem) BS (Chem Eng) Wayne University, USA, MBA (Dip) Toronto University, Canada	Managing Director	09.03.1995	Looks after day-to-day operations of the Target Company and having more than 35 years of experience in the plastics industry in India as well as in North America.	8, J.P.Nagar, Old Padra Road, Opp: Aviskar Complex Baroda – 390015
Mrs.Tilottama Sanghvi Bsc	Whole Time Director	09.03.1995	As a Whole Time Director she looks after theFinishing Plant, administrative functions & Stores operations. Mrs. Sanghvi has total 34 years of experience and out of that 11 years experience was in Canada.	8, J.P.Nagar, Old Padra Road, Opp: Aviskar Complex Baroda – 390015

Name & Qualification	Designation	Date of Appointment	Total No. of Years of Experience	Residential Address
Mr.Laxman Sanghvi M.Com LLB, CA	Executive Director	09.03.1995	26 years of experience in Finance, Accounting, purchasing & commercial operations. He looks after all the manufacturing and commercial operations of the Target Company	8, Rokadnath Society, Opp: Union Bank of India, Gotri Road, Race Course (South), Baroda – 390007
Mr. Bharat Sanghvi B.Com	Non Executive Director	07.12.2002	23 years of experience in Financial Planning, Administration, Personnel Management	45, Wintermute Blvd, Scarborough Ontario, MIW 3M7, Canada
Mr. Jayesh Shah B.Com	Non Executive Director	07.12.2002	26 years of experience in manufacturing and trading business	45, Kailash Sadan, B/H. Aurora Cinema Kings Circle, Mumbai-400019
Mr. Nilesh Mehta CA., PGDM	Non Executive & Independent Director	07.12.2002	23 years of experience in Investment Banking , managing venture capital funds and is well versed with the Indian and global financial markets.	Bldg # 1, Flat # 2, Saraswat Colony, B/h. Arya Samaj Marg, Off: Linking Road, Santacruz (W), Mumbai – 400 054
Mr. Sarup Chowdhary Chemical Engineering From IIT, Delhi	Non Executive & Independent Director	27.04.2006	35 years of experience in Marketing, setting-up plastics related industry.	2B, Shree Vijaya Bhavan Altamount Road Mumbai 400 026
Mr. A.S.Anand Kumar CAIIB, Master degree in Mathematics	Non Executive & Independent Director	07.12.2002	An ex-banker with 37 years of experience in Banking, financial advisory and related activities.	502, Glen Eagle, Tata Colony, Parel Tank Road, Parel, Mumbai–400 012
Mr. William Sean Sovak B.Sc. Economics & Finance, Wharton University, Pennsylvania	Non Executive Director	06.07.2007	He has rich experience in International Fund Management, Investment and related activities	1500 Hudson Street, GF Hoboken NJ 07030, USA
Mr. Michael Woodhall Bachelor of Art & Design (Industrial)	Non Executive & Independent Director	30.07.2008	Over 45 years of experience in the field of designing of industrial and engineering products, project management and design of interior and exteriors of motor cars and trucks.	Whitsun Lea Coombe Road, Shaldon, Teignmouth, Devon, England TQ14OEX

Mr. William Sean Sovak nominated by the Acquirer, has been appointed as a Director on 06th July 2007. Further there has been no change in the board of the Target Company since the date of the conversion of the PCCPS and there will be no change in the board of the Target Company pursuant to the completion of the open offer. Thus, there is no violation of Regulation 22(16) read with Regulation 23(6) of the SEBI (SAST) Regulations. Further, for the purpose of Regulation 22(9), Mr. William Sean Sovak did not participate in the board meeting for the conversion of the PCCPS and the allotment of the shares and has not participated in any matter(s) concerning to this offer including any preparatory steps leading to this offer.

- 5.17 There is no merger/demerger, spin off during last 3 years involving the Target Company.
- 5.18 The Target Company is not a sick industrial company.

5.19 The audited financial details of the Target Company are as under, in compliance with the provisions of Clause 6.14 to the standard letter of offer format as prescribed by SEBI:

(Rs. In Lakhs)

Profit & Loss Statement*	Year Ended 31.03.2006 (Audited)	Year Ended 31.03.2007 (Audited)	Year Ended 31.03.2008 (Audited)	Half year ended 30.09.2008 (certified)
Income from Operations	3755.21	5107.34	6014.66	3267.61
Other Income	28.88	15.97	71.00	28.99
Total Income	3784.09	5123.31	6085.66	3296.60
Total Expenditure	3075.58	4266.81	5272.34	3073.48
Profit before Depreciation, Interest and Tax	708.51	856.50	813.32	223.12
Depreciation	285.93	305.71	329.32	168.83
Interest	157.06	226.79	282.74	180.40
Profit before Tax	265.52	324.00	201.26	(126.11)
Provision for Tax	87.91	105.87	75.34	1.20
Profit after Tax	177.61	218.13	125.92	(127.31)

(Rs. In Lakhs)

Balance Sheet Statement*	Year Ended 31.03.2006 (Audited)	Year Ended 31.03.2007 (Audited)	Year Ended 31.03.2008 (Audited)	Half year ended 30.09.2008 (certified)
Sources of Funds				
Paid up Share Capital				
58,18,610 Equity Share Capital of Rs. 10/- each	581.86	581.86	581.86	581.86
14,99,820 7% Participatory Cumulative Convertible Preference Shares of Rs. 56/- each	0.00	0.00	839.90	839.90
Reserves & Surplus (Excluding Revaluation Reserve)	652.15	801.13	841.25	713.95
Secured Loan	1551.29	2255.98	3350.32	4067.60
Unsecured Loan	446.48	412.68	321.67	198.29
Deferred Tax Liability	72.78	96.64	129.58	129.58
Total	3304.56	4148.29	6064.58	6531.18
Uses of Funds				
Net Fixed Assets	1560.45	2042.09	3113.48	4053.89
Investments	80.56	80.56	808.25	257.37
Net Current Assets	1648.96	2020.75	2095.71	2175.56
Miscellaneous Expenses not written off	14.59	4.89	47.14	44.36
Total	3304.56	4148.29	6064.58	6531.18

(Rs. In Lakhs)

Other Financial Data*	Year Ended 31.03.2006 (Audited)	Year Ended 31.03.2007 (Audited)	Year Ended 31.03.2008 (Audited)	Half year ended 30.09.2008 (certified)
Net Worth	1219.42	1378.10	1375.97	1251.45
Dividend (%)	8.00	10.00	5.00	0
Earning Per Share - Rs	3.04	3.73	1.27	(2.19)
Return on Net worth (%)	14.57	15.83	9.15	(10.17)
Book Value Per Equity Share Rs	20.96	23.68	23.65	21.51

*Source: As certified by Mr.Gaurav J. Shah, Membership No. 35701, Partner of Deloitte Haskins & Sells, Chartered Accountants, 31, Nutan Bharat Society, Alkapuri, Baroda – 390 007, vide his certificate dated 26th November, 2008.

5.20 Reasons for fall / rise in Total Income and Profit after Tax

YEAR ENDED 31/03/2008

The Target Company achieved gross turnover of Rs. 66,65,31,404 (Rupees Sixty Six Crore Sixty Five Lakhs and Thirty One Thousand Four Hundred Four only) during the year 2007-2008 as compared to Rs. 56,92,61,442 (Rupees Fifty Six Crores Ninety Two Lakhs and Sixty One Thousand Four Hundred Forty Two only) in the previous year 2006-2007 registering a growth of 17.09% (Seventeen and Nine Hundredth percent only). However, the net profit has come down to Rs. 1,25,91,706(Rupees One Crore Twenty Five Lakhs Ninety One Thousand Seven Hundred Six only) against Rs. 2,18,13,161 (Rupees Two Crore Eighteen Lakhs and Thirteen Thousand One Hundred Sixty One only) of previous year due to fluctuation of foreign exchange and the lower turnover then projected.

YEAR ENDED 31/03/2007

During the year the Target Company has registered a growth of 32.41% (Thirty Two and Forty One Hundredth percent) on net turnover of Rs. 56,92,61,442 (Rupees Fifty Six Crores NinetyTwo Lakhs Sixty One Thousand Four Hundred Forty Two only) as compared to Rs. 42,22,79,082 (Rupees Forty Two Crores Twenty Two Lakhs Seventy Nine Thousand Eighty Two only) in previous year. The net profit also registered increase of 22.81% (Twenty Two and Eighty One Hundredth percent) to Rs. 2,18,13,161 (Rupees Two Crore Eighteen Lakhs Thirteen Thousand One Hundred Sixty One only) against Rs. 1,77,61,399 (Rupees One Crore, Seventy Seven Lakhs Sixty One Thousand Three Hundred Ninety Nine only) earned in previous year. The commissioning of 100% Export Oriented Unit at Rania and expansion of existing plant at Rania in Baroda, during the year contributed to the improved turnover and net profit.

YEAR ENDED 31/03/2006

The improved manufacturing procedures, new initiatives taken in operational front and better financial management contributed an increase of 27.26% (Twenty Seventy and Twenty Six Hundredth percent) in turnover to Rs.42,28,79,082 (Rupees Forty Two Crores Twenty Eight Lakhs Seventy Nine Thousand Eighty Two only) from Rs. 33,23,02,416 (Rupees Thirty Three Crores Twenty Three Lakhs Two Thousand Four Hundred Sixteen only) in previous year. During the year, the exports have increased by 119.09% to Rs. 9,58,16,000 (Rupees Nine Crores Fifty Eight Lakhs and Sixteen Thousand only) against Rs. 4,37,34,000 (Rupees Four Crore Thirty Seven Lakhs and Thirty Four Thousand only) in the previous year. The net profit during the year increased to Rs. 1,77,61,398 (Rupees One Crore Seventy Seven Lakhs Sixty One Thousand Three Hundred Ninety Eight only) from Rs. 1,04,28,336 (Rupees One Crore Four Lakhs Twenty Eight Thousand Three Hundred Thirty Six only) from the previous year.

6 Changes in Shareholding pattern of Promoter group and compliance with SEBI (SAST) Regulations:

Date of allotment/ Acquisition /Sale	No. of Shares Issued/ Acquired/ Sold	Cumulative Share holding	% of cumulative holding	Mode of allotment/ Acquisition/Sale	Identity of allottees (ie. Promoters/ Others)	Status of compliance with SEBI (SAST) Regulations and other Statutory Provisions, as applicable
20.2.1997	30000	30000	60.00	Purchase	Purchased from Promoters Group	Yes
02.05.1997	-100	29900	59.80	Sale	Promoter Group	N.A. as this is a sale transaction
12.04.2002	2500	32400	64.80	Purchase	Promoter Group	Yes
31.01.2003	4257030	4303330	73.96	Allotment on amalgamation	Promoter Group	Yes
31.01.2003	-13900	4289430	73.72	Cancelled on amalgamation	Promoter Group	Yes
12.12.2005	1000	4290430	73.74	Purchase	Promoter Group	No
04.11.2006	-23294	4267136	73.34	Inter-se transfer among Promoter group	Promoter Group	No
04.11.2006	23294	4290430	73.74	Inter-se transfer among Promoter group	Promoter Group	No
27.09.2007	-15000	4275430	73.48	Inter-se transfer among Promoter group	Promoter Group	No
27.09.2007	15000	4290430	73.74	Inter-se transfer among Promoter group	Promoter Group	No
25.01.2008	1000	4291430	73.75	Purchase	Promoter Group	No
03.05.2008	5000	4296430	73.84	Purchase	Promoter Group	No

The promoters of the Target Company are Mr. Mahendra Sanghvi (Managing Director), Mr, Laxman Sanghvi (Executive Director) and Mrs. Tilottama Sanghvi (Whole Time Director). The promoters alongwith Person Acting in Concert holding 4296430 equity shares representing 58.71% of the voting capital of fully diluted equity capital of the Target Company.

7 Pre and Post offer Shareholding Pattern of the Target Company:

Shareholders' category	Shareholding & voting rights prior to agreement/ Acquisition & Offer. (As on date)		Shares / voting rights acquired which triggered off the SEBI (SAST) 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)=(D)	
	No.	%	No.	%	No.	%	No.	%
(1) Promoter group								
a. Parties to agreement, if any	4296430	73.84	0	0	0	0	4296430	58.71
b. Promoters other than (a) above	-	-	0	0	0	0	0	0
Total 1(a+b)	4296430	73.84	0	0	0	0	4296430	58.71
(2) Acquirers								
Motika Limited	0	0	1499820	20.49	1463686	20.00	2963506	40.49
Total (2)	0	0	1499820	20.49	1463686	20.00	2963506	40.49
(3) Parties to agreement other than(1) (a) & (2)	0	0	0	0	0	0	0	0
(4) Public (other than parties to agreement, acquirers & PACs)								
a. FIs/MFs/FIIs/Banks, SFIs (indicate names)	0	0	0	0	0	0	0	0
b. Others	1522180	26.16	0	0	1463686	20.00	58494	0.80
(The total number of shareholders in "Public category is 160)								
Total (4)(a+b)	1522180	26.16	0	0	1463686	20.00	58494	0.80
GRAND TOTAL (1+2+3+4)	5818610	100.00	1499820	20.49	1463686	--	7318430	100.00

8 Status of Corporate Governance and Pending Litigation matters, if any

8.1 Status of Corporate Governance compliances by the Target Company:

The Target Company has Five (5) independent directors on its Board and has constituted the audit committee, Shareholders' grievance committee and remuneration committee as required under Clause 49 of the Listing Agreement with the requisite number of independent directors in each committee. The details are as follows:-

Directors	Category	Member of Audit Committee	Member of Remuneration Committee	Member of Shareholder's Grievance Committee
Mr. A.S.Anand Kumar	Non-Executive independent	Yes	No	Yes
Mr. Laxman Sanghvi (upto 06 th July 2007)	Executive Director	No	No	Yes
Mr. Nilesh Mehta	Non-Executive independent	Yes	Yes	No
Mr. Sarup Chowdhary	Non-Executive independent	Yes	No	No
Mr. William Sean Sovak (from 06 th July 2007)	Non-Executive	Yes	Yes	Yes
Mr. Michael Woodhall (from 18 th October, 2008)	Non-Executive independent	No	Yes	No

The provisions of Clause 49 of the Listing Agreement with the Stock Exchange dealing with corporate governance have been complied with. Certificate of compliance on corporate governance received from the practicing Company Secretary had been published in the annual report for the year ended 31st March, 2008 and compliance certificates on quarterly basis have been filed with the Stock Exchanges within the stipulated times.

8.2 The Target Company vide its letter dated November 05, 2008 has confirmed that it has complied with listing requirements as of date and that none of the Stock Exchanges has taken any penal action against the Target Company.

8.3 The Target Company has not received any directions from SEBI under Section 11B of the SEBI Act, prohibiting them from dealing in securities or under any of the regulations made under the SEBI Act.

8.4 The following are cases of litigation involving the Target Company as of the date of this Offer.

S. No.	Plaintiff	Defendant	Court / Forum	Suit No.	Amount	Brief Facts of the Case	Current Status
1.	Ranjitsinh Waghela	Shaily	Gujarat High Court	Special Civil application No. 19060 of 2007	Rs. 1.67 lakhs	Reinstatement with back wages	Status quo
2.	Soma Dabhi	Shaily	Labour Court, Vadodara	LCV 2-1066/ 98	Rs. 4.23 lakhs	Resigned on own and asking for re-instatement.	Cross evidence pending
3.	Bhailal P. Solanki	Shaily	Labour Court, Vadodara	LCV 2-342/02	Rs. 3.25 lakhs	Workman was removed for theft case after enquiry, now asking for re-instate- ment.	Validity of Equiry
4.	Dinesh Harijan	Shaily	Labour Court, Vadodara	LCV 2-342/02	Rs. 3.07 lakhs	Resigned on own and asking for reinstatement	Cross evidence pending
5.	Mafat Rabari	Shaily	Labour Court, Vadodara	LCV: 01/2007	Rs. 0.24 lakh	Terminated due to absenteeism after proper enquiry, now asking for reinstatement.	Status quo
6.	Makarpura GIDC Employees Union (Workmen of the Target Company)	Shaily	Conciliation Office	Con No. ACL/97/08	Various demands	Various demands	Target Company does not consider the demands / conciliation valid.
7.	Assistant Commissioner, Sales Tax (Appeal), Baroda	Shaily	Gujarat Sales Tax Appeal	1998-99 Local appeal	Rs. 3.42 lakh	Sales of exempted raw materials	Final Order pending for II appeal
8.	Assistant Commissioner, Sales Tax (Appeal), Baroda	Shaily	Gujarat Sales Tax Appeal	2004-05	Rs. 1.18 lakh - PT	Hidden Tax paid on enquiry	Refund claim made
9.	Assistant Commissioner, Sales Tax (Appeal), Baroda	Shaily	Gujarat Sales Tax Appeal	2005-06	Rs. 2.09 lakh -PT Rs.0.19 lac -CST	Hidden Tax paid on enquiry	Refund claim made
10.	Assistant Commissioner, Sales Tax (Appeal), Baroda	Shaily	Gujarat Sales Tax Appeal	2006-07	Rs. 2.52 lakh - PT	Hidden Tax paid on enquiry	Refund claim made
11.	Assistant Commissioner, Sales Tax (Appeal), Baroda	Shaily	Gujarat Sales Tax Appeal	2007-08	Rs. 0.39 lakh - PT	Hidden Tax paid on enquiry	Refund claim made
12.	Asst. Commissioner – Central Excise & Customs	Shaily	Before Asst. Commissioner – Central Excise & Customs	F.No.V/18- 270/Ref/Shaily (EOU)/07-08	Rs.0.44 lakh	Asst. Commi- ssioner has rejected the refund of service tax credit on GTA and refund claim on various reasons	Claim rejected by Asst. Commissioner. Company will file an appeal against the Order.
13.	Asst. Commissioner Central Excise & Customs, Division I, Vadodara - I	Shaily	Asst. Commissioner Central Excise & Customs, Division I, Vadidara - I	F.No. V.Ch.39 (4)28/ Shaily/2008/5285 Dtd. 10.11.2008	Rs. 8261.65	Cenvat Credit availed of Rs. 8261.65 has been disallowed. SCN received	Reply to be submitted
14.	Asst. Commissioner Central Excise & Customs, Division I, Vadodara - I	Shaily	Asst. Commissioner Central Excise & Customs, Division I, Vadidara - I	V/18-96/Ref/ Shaily(EOU)/08.09/4042 Dated 29.08.2008	Rs. 13.53 lakhs	Refund claim in respect of credit taken on inputs and packing materials and input services	Rs. 218116/- sanctioned towards refund. Balance amount of Rs. 1135481/- rejected. Company will file appeal for the rejected amount.

8.5 Name and other Details of Compliance Officer:

Mr. Sanjay Shah
 8, J.P.Nagar, Old Padra Road, Vadodara – 390 015
Tel No: 02667-244307 / 348
Fax No: 02667-244372
Email: sanjay@shaily.com

9. OFFER PRICE AND FINANCIAL ARRANGEMENTS**9.1 JUSTIFICATION OF OFFER PRICE**

The annualized trading turnover based on the trading volume in the shares of the Target Company on the stock exchanges during July 2008 to December 2008 (6 calendar months preceding the month in which PA is made) is as under:

Name of stock exchange(s)	Total no. of shares traded during the 6 calendar months prior to the month in which PA was made	Total no. of listed shares	Annualized trading turnover (in terms of % of total listed shares)
BSE	--	5818610	--

The shares of the Target Company are at present listed on the BSE. The shares of the Target Company are infrequently traded on the BSE within the meaning of explanation (i) to Regulation 20(5) of the SEBI (SAST) Regulations. The last traded price of the Target Company's shares was Rs.34/- on 16.08.1996. (source: www.bseindia.com)

In accordance with Regulation 20(5) of the SEBI (SAST) Regulations the offer price of Rs. 56/- (**Rupees Fifty Six Only**) per fully paid up equity share is justified in view of the following parameters:

Negotiated Price		Rs.56	
Highest Price paid by Acquirer for acquisition, if any, including by way of allotment in a public or rights issue or preferential issue during the 26 weeks period prior to the date of the PA.		Not Applicable	
Other Financial Parameters for calculating price as per Regulation 20(5) *			
		Year ended 31.03.2008 (Audited)	Half year ended 30.09.2008 (certified)
a.	Return on Net Worth (%)	9.15	(10.17)
b.	Book Value per share (Rs.)	23.65	21.51
c.	Earning per share (Rs.)	1.27	(2.19)
d.	Price Earning Multiple with reference to offer price	44.09	NA

*As per the annual accounts of the Target Company for the year ended March 31, 2008 and certified financial statement for the half year ended 30.09.2008.

Mr.J.P. Shah, Chartered Accountant (Membership No. 34010), and proprietor of Shah Sanghvi & Co., Chartered Accountants, "Samarpan", 26, Haribhakti Colony, Race Course Circle, Vadodara – 390 007 Tel No. 2337064, Fax No. 2354386, has certified vide their certificate dated 23rd December, 2008 the value of the Equity Shares of the Target Company. As per their report the shares have been valued after considering the pricing methodology given under erstwhile Controller of Capital Issues guidelines and also by placing reliance on Hon'ble Supreme Court Decision in the case of Hindustan Lever Employees Union Vs. Hindustan Lever Limited (1995) reported at (83 Com Case 30).

According to the above report the fair price comes at Rs. 23.58 per fully paid-up equity share of Rs. 10 each.

The offer price of Rs. 56/- in terms of Regulation 20(5) of the SEBI (SAST) Regulations is therefore, justified.

The Acquirer has not acquired any Equity Shares of the Target Company during the past 12 (Twelve) months prior to the date of the PA as described in para 2.2.5 above.

The Offer is not as a result of global acquisition resulting in indirect acquisition of the Target Company.

9.2 FINANCIAL ARRANGEMENTS

9.2.1 The Acquirer has adequate resources to meet the financial requirements of the Offer. The Acquirer has made firm arrangement for financial resources required to implement the Offer in accordance with the SEBI (SAST) Regulations. The acquisition will be financed through own resources.

9.2.2 Assuming full acceptance, the total requirement of funds for the Offer would be Rs. 8,19,66,416/- (Rupees Eight Crores Nineteen Lakhs Sixty Six Thousand Four Hundred Sixteen Only). In accordance with Regulation 28 of the SEBI (SAST) Regulations, the Acquirer has created an escrow account in the form of a bank guarantee (No. FNG MOB 080 013) for

an amount of US\$ 6,15,000 (US dollars Six lakhs Fifteen Thousand only), equivalent to Rs. 2,97,96,750/- (Rupees Two crores Ninety Seven lac Ninety Six thousand Seven hundred Fifty only) issued by HSBC Bank (Mauritius) Limited, 6th Floor, HSBC Centre, 18, Cyber City, Ebene, Mauritius, dated 31st December, 2008 in favor of the of the Manager to the Offer which is valid for a period of 4 (Four) months, being more than 25% (Twenty Five percent) of the total consideration. The same has been renewed for further periods and is valid upto 30th September 2009. The Acquirer undertakes to meet any deficiency (in maintaining the minimum amount as stipulated in Regulations) in escrow account due to fluctuations in foreign exchange rates. Further the Acquirer has deposited a sum of Rs.8,42,920/- (Rupees Eight lac Forty Two thousand Nine hundred twenty only) with HDFC Bank Ltd., Fort Branch, Mumbai being more than 1% (one percent) of the total consideration and a lien has been marked thereon in favor of the Manager to the Offer. Further The Acquirer has deposited a sum of US\$ 15,00,000 (US Dollars fifteen lacs only) in fixed deposit Account No. 080-125685-040 and a sum of US\$ 2,12,000 (US Dollars two lacs twelve thousand only) in call deposit Account No. 080-125685-20 on 31st December 2008 with HSBC Bank (Mauritius) Limited, Cybercity, Ebene Branch, Mauritius. The same has been renewed for further periods and is valid upto 30th September 2009. As per the RBI reference US Dollar – Indian Rupee exchange rate of 48.16 on the date of the LoO i.e. 31st July 2009, the realizable value of the both Deposits together is more than 100% of the fund required to fulfill the obligations under this Open Offer. As per the fund requirement for this Open Offer, these deposits can be converted into cash as and when needed. The Acquirer undertake to make up for any short fall while realizing the US Dollars fixed deposit and call deposit into Indian Rupees for making payment for the shares received in this Offer.

- 9.2.3 The Acquirer has duly authorised the Manager to the Offer, to realize the value of the escrow account and bank guarantee in terms of the SEBI (SAST) Regulations.
- 9.2.4 Business Financial Services, Chartered Certified Accountants, Mauritius having office at 9, Meldrum Street, Curepipe, Mauritius, Telephone No. (230) 6978108; Fax No. (230) 6978109 vide their letter dated 31st December, 2008 have confirmed that based on the fixed deposit and the call deposit available with the Acquirer, the Acquirer has made the requisite funds available to meet the financial obligations for the Offer. Based on the Chartered Certified Accountant's certificate, the Manager to the Offer, hereby confirms that firm arrangements for funds and money for payment through verifiable means are in place to fulfill the Offer obligations.
- 9.2.5 In case of a revision in the Offer price, the Acquirer would raise the amount in the escrow account to ensure compliance with Regulation 28 of SEBI (SAST) Regulations.

10. TERMS AND CONDITIONS OF OFFER

- 10.1 The Offer is subject to the regulatory approval and clearance by RBI, which is required to transfer the shares in favor of the Acquirer, tendered pursuant to this Offer. The Acquirer has received no objection vide Ref. FE.CO.FID/22980/10.21.047(59)/2009-09 dated 25th February, 2009 for acquisition and transfer of the equity shares of Target Company that are tendered in the Offer. **The Offer is subject to the Acquirer obtaining all necessary approvals including from the RBI under FEMA.** The Target Company has obtained listing approval from from BSE vide letter No. DCS/PREF/ST/FIP/2197/08-09 dated 24th March, 2009 for listing of equity shares arising from conversion of PCCPS issued on preferential allotment basis.
- 10.2 Besides the above, as of the date on this Letter of Offer, there are no other statutory approval is required to be obtained for the purpose of this Offer.
- 10.3 The Offer would be subject to all other statutory approvals that may become applicable at a later date before the completion of the open offer.
- 10.4 In case of delay due to non-receipt of statutory approvals, as per Regulation 22(12) of SEBI (SAST) Regulations, SEBI may, if satisfied that the non-receipt of the approvals was not due to wilful default or negligence, grant an extension for the purpose of completion of the Offer provided the Acquirer agrees to pay interest to the Shareholders for delay beyond 15 days from the date of closing of the Offer.
- 10.5 The Acquirer shall complete all procedures relating to the Offer within a period of 15 days from the date of closing of the offer.
- The Acquirer reserves the right to withdraw the Offer, in terms of Regulation 27 of the SEBI (SAST) Regulations, in the event the requisite statutory approvals are refused. In the event of withdrawal, a revised public announcement will be made in the same newspapers in which the original PA was being made.
- 10.6 If the Acquirer fails to obtain the requisite approvals in time due to wilful default or neglect or inaction or non-action on his part, the amount lying in the escrow account shall be forfeited in the manner provided in Regulation 28(12)(e) of SEBI (SAST) Regulations.
- 10.7 No approval is required to be obtained from the banks/ financial institutions for this offer.
- 10.8 V.B.Desai Financial Services Limited, the Manager to the Offer does not hold any shares and shall not deal in the shares of Target Company as per Regulation 24(5A) of SEBI (SAST) Regulations.

10.2. OTHERS TERMS AND CONDITIONS

- 10.2.1 The Offer is being made by the Acquirer to (a) all the remaining equity Shareholders whose names appeared in the register of members as on 30th January, 2009 i.e. the Specified Date (except parties to the SSA and the SHA, i.e., (i) the Acquirer and (ii) the Promoters) (b) beneficial owners of the Equity Shares of Target Company, whose names appeared as beneficiaries on the records of the respective depositories, at the close of Business Hours on Friday, the 30th January, 2009 i.e. the Specified Date and (c) to those persons who own the Equity Shares of the Target Company any time prior to the date of the closure of the Offer i.e. Saturday, 29th August, 2009 but who are not the registered Shareholders of Target Company, pursuant to SEBI (SAST) Regulations.
- 10.2.2 The Offer is not subject to any minimum level of acceptance.
- 10.2.3 The Offer will open on Monday, 10th August, 2009, and close on Saturday, 29th August, 2009
- 10.2.4 Shareholders who have accepted the Offer by tendering the requisite documents in terms of the PA/ Letter of Offer can withdraw the same upto three working days prior to the date of the closure of the Offer i.e. they can withdraw upto Wednesday, 26th August, 2009.
- 10.2.5 The instructions, authorizations and provisions contained in the Acceptance Form constitute an integral part of the terms of this Offer.
- 10.2.6 Each Shareholder of 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 the Offer.
- 10.2.7 The shares will be acquired by the Acquirer, free from all liens, charges and encumbrances and together with all rights attached thereto, including the right to all dividends, bonus and rights offer declared thereafter.
- 10.2.8 The Manager will, within a period of 45 (Forty Five) days of the closure of the Offer, inform the Stock Exchanges and SEBI as to level of acceptance received thereof.
- 10.2.9 The acceptance of the Offer of the Acquirer is entirely at the discretion of the Shareholders. The Acquirer will not be responsible for any loss of equity share certificate(s) and Offer acceptance documents during transit and Shareholders are advised to adequately safeguard their interests in this regard.
- 10.2.10 In the case of shares acquired from non-resident Shareholders, the Acquirer will not be responsible for any fall in the value of the rupee due to any fluctuation in the foreign exchange market on account of delay in the approval.
- 10.2.11 Accidental omission to dispatch this Letter of Offer to any person to whom this Offer has been made to or non-receipt of this Offer by any such person shall not invalidate the Offer in any way.
- 10.2.12 The acceptance must be unconditional and should be sent with the attached form duly filled in, signed by the applicant Shareholder(s), which should be received by the Managers to the Offer at the address mentioned in para no. 10 on or before Saturday, 29th August, 2009. If any change or modification is made, the acceptance is liable to be rejected.
- 10.2.13 The Acquirer reserves the right of upward revision of (a) price and (b) number of Shares to be acquired at any time up to 7 working days prior (i.e. upto Thursday, 20th August, 2009) to the closure of the Offer as per Regulation 26 of SEBI (SAST) Regulations. The same price would be paid by the Acquirer for all the shares tendered any time during the Offer and accepted under the Offer. The information about such revision(s), if any, would appear in the same newspapers in which the PA has appeared.
- 10.2.14 There shall be no discrimination in the acceptance of locked-in shares and non-locked in shares. Locked-in shares can be transferred to the Acquirer subject to continuation of the residual lock-in period in the hands of the Acquirer.

11. PROCEDURE FOR ACCEPTANCE AND SETTLEMENT

The Shareholders, who wish to avail of and accept this Offer should deliver the documents mentioned below by Registered Post with acknowledgement due or in person or by courier, so as to reach the Collection Center at the address mentioned below before 5 p.m Indian Standard Time on Saturday, 29th August, 2009. Shareholders are advised to ensure that the Form of Acceptance-cum-Acknowledgement and other documents are complete in all respects 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 dematerialized shares not credited in favour of the special depository account before the close of the Offer is liable to be rejected.

Name and Address of the persons (Manager to the Offer) to whom the shares should be sent including name of the contact person, telephone nos., fax no. e-mail address etc.	Working days and timings	Mode of delivery
V.B.DESAI FINANCIAL SERVICES LIMITED Cama Building, 1 st Floor, 24/26, Dalal Street, Fort, Mumbai - 400 001, India. Tel: +91-22- 400770777 Fax: +91-22- 40770700 Website: www.vbdesai.com E-mail: info@vbdesai.com Contact Person: Mr. K. K. Antoo	Monday-Friday 10.30 a.m to 5.30 p.m Saturday 10.30 a.m. to 1.30 p.m (Except on holidays)	By Post / Courier/ Hand delivery

11.1 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 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, "SHAILY ENGINEERING PLASTICS LTD. - OPEN OFFER ACCOUNT " are as follows:

DP Name – Moneybee Securities Pvt. Ltd., DP ID No - 12045100 Beneficiary Account Number - 00004205, Depository - CDSL, Market-Off-Market, On or before Saturday, 29th August, 2009

Please note the following:

- (i) For each delivery instruction, the beneficial owner should submit a separate Form of Acceptance.
- (ii) The Manager 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 Target 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 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 acknowledgement of lodgment with, or receipt by, the Target 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.

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

- 11.2 In case of non-receipt of the aforesaid documents, but receipt of the shares in the special depository account, it will be deemed that the shareholder has tendered acceptance of the Offer.
- 11.3 The Manager to the Offer has opened a special depository account with Moneybee Securities Pvt. Limited (Depository –CDSL) styled “**SHAILY ENGINEERING PLASTICS LTD. - OPEN OFFER ACCOUNT**”. The DP ID is **12045100** and Beneficiary/Client ID is **00004205**.
- 11.4 Shareholders having their beneficiary account with National Securities Depository Limited (“NSDL”), have to use inter-depository delivery instruction slip for the purpose of crediting their Equity shares in favour of the above mentioned special depository account with CDSL.
- 11.5 In case of non-receipt of the Letter of Offer/FOA, the eligible persons may download the same from the SEBI website or obtain a copy of the same by writing to the Manager at the collection center as mentioned above, clearly marking the envelope “SEPL Open Offer” or make an application on plain paper duly signed and stating their name, address, no. of Shares held, no. of Shares offered, DP name, DP ID, client ID and the counterfoil/photocopy of the delivery instruction in “Off-Market” mode in favour of the special depository account, duly acknowledged by the DP, to the Manager to the Offer, before the closure of the Offer.
- 11.6 The Shareholders should also provide all relevant documents, which are necessary to ensure transferability of the equity shares in respect of which the application is being sent. Such documents may include, but are not limited to:
- Duly attested death certificate and succession certificate/probate/letter of administration (in case of single shareholder) if the original shareholder is deceased;
 - Duly attested power of attorney if any person apart from the shareholder has signed the application form and/or transfer deed(s);
 - No objection certificates from the charge holder/lender, if the shares in respect of which the applicant is sent, are under any charge, lien or encumbrance;
 - In case of companies, the necessary corporate authorization (including Board resolutions); any other relevant documentation.
- 11.6.1 In case any person has lodged shares of the Target Company for transfer and the transfer has not yet been effected, the concerned person may apply in writing on a plain paper, duly signed and stating the name, address, number of shares held, distinctive numbers, folio number and the number of shares in respect of which they are accepting the Offer and the acknowledgement of the lodgment of shares for transfer. Such person should also instruct the Target Company and its registrars & transfer agents to send the transferred share certificate(s) directly to the collection centers of Manager to the offer as mentioned above before the date of closing of the offer.
- 11.7 Shareholders who have sent their physical shares for dematerialization and the dematerialization has not yet been effected, the concerned person should send the completed FOA together with the photocopy of the dematerialization request form acknowledged by the Shareholder’s DP. The Shareholder should ensure that process of getting shares dematerialized is completed well in time so that the credit in the special depository account should be received before closure of the Offer i.e. 29th August, 2009, else the application will be rejected.
- 11.9 Equity shares tendered by the Shareholders in the offer shall be free from lien, charges and encumbrances of any kind whatsoever.
- 11.10 Equity shares, that are the subject matter of litigation or are held in abeyance due to pending court cases, such that the shareholder(s) of Target Company may be precluded from transferring the Equity Shares during pendency of the said litigation, are liable to be rejected unless directions/orders regarding the free transferability of such equity shares are received together with the equity shares tendered in the offer prior to the date of closing of the offer.
- 11.11 In case the shares tendered in the Offer by the Shareholders, are more than the shares to be acquired under the Offer, the acquisition of shares from each Shareholder will be as per the provisions of Regulation 21 (6) of the SEBI (SAST) Regulations on a proportionate basis, in such a way that the acquisition from a shareholder shall not be less than the minimum marketable lot or the entire holding if it is less than the marketable lot. The marketable lot for the Shares of Target Company is 1 (one) Equity Share. The ISIN Number of Equity Shares in dematerialized form is INE151G01010.
- 11.12 While tendering shares under the Offer, NRIs / Foreign Shareholders will be required to submit the previous RBI Approvals (specific or general) that they would have obtained for acquiring shares of Target Company. In case of previous RBI Approvals not being submitted, the Acquirer reserves the right to reject the shares. While tendering shares under the Offer, NRIs/ Foreign Shareholders will be required to submit a tax clearance certificate from the Income Tax authorities, indicating the amount of tax to be deducted by the Acquirer under the Income Tax Act, 1961 before remitting the consideration. In case the aforesaid tax clearance certificate is not submitted, the Acquirer will arrange to deduct tax at the maximum marginal rate as may be applicable to the category of the shareholder under the Income Tax Act, 1961, on the entire consideration amount payable to such Shareholder.

- 11.13 Shareholders residing at the centres where the Electronic Clearing System (ECS) available, have an option to get payment through ECS. Consideration for equity shares accepted would be paid by crossed account payee cheques / demand drafts / pay orders and sent by registered post to the address of the first shareholder(s) / unregistered owner(s) at a place other than the centers where the ECS facility is not available or who does not want to receive the payment through ECS. The consideration received by the Shareholders for shares accepted in the offer will be subject to the capital gains tax / deduction of tax at source applicable as per the Income Tax Act, 1961. Further, the securities transaction tax will not be applicable on shares accepted in this offer.
- 11.14 The Manager to the Offer will hold in trust the Shares / share certificates, FOA, if any, and the transfer form/s on behalf of the Shareholders who have accepted the Offer, till the Acquirer completes the offer obligations in accordance with the SEBI (SAST) Regulations.
- 11.15 Unaccepted Share Certificates, transfer forms and other documents, if any, will be returned by registered post at the Shareholders'/unregistered owners' sole risk to the sole/first shareholder. Shares held in demat form, to the extent not accepted, will be credited back to the beneficial owners' depository account with the respective DP as per the details furnished by the beneficial owner in the FOA.
- 11.16 The shares and other relevant documents should not be sent to the Acquirer/ Target Company by the Shareholders.
- 11.17 In accordance with Regulation 22(5A) of the SEBI (SAST) Regulations Shareholders shall have the option to withdraw acceptances tendered up to three working days prior to the Offer Closing Date i.e. up to Wednesday, 26th August, 2009
- 11.18 In case of non receipt of Form of Withdrawal, the withdrawal can be exercised by making an application on plain paper along with following details :-
- **In case of physical shares:** by stating Name, Address, Distinctive numbers, Folio number, Number of shares tendered and to be withdrawn.
 - **In case of dematerialized shares:** by stating Name, Address, Number of shares tendered and to be withdrawn, DP Name, DP ID, Beneficiary account number, Counterfoil/ Photocopy of the delivery instruction in "Off Market" mode duly acknowledged by the DP in favour of the special depository account.
 - **In either case:** a copy of the acknowledgement received from the Manager to the Offer upon tendering of the Shares,

so as to reach the Manager to the Offer either by hand delivery or by registered post on or before Wednesday, 26th August, 2009.

SHAREHOLDERS WHO HAVE ACCEPTED THE OFFER BY TENDERING THE REQUISITE DOCUMENTS, IN TERMS OF THE PUBLIC ANNOUNCEMENT / LETTER OF OFFER SHALL HAVE THE OPTION TO WITHDRAW THE ACCEPTANCE TENDERED BY THEM UPTO 3 WORKING DAYS PRIOR TO THE DATE OF CLOSURE OF OFFER IN TERMS OF REGULATION 22(5A) OF THE SEBI (SAST) REGULATIONS .

12. MATERIAL DOCUMENTS FOR INSPECTION

The following documents are regarded as material documents and are available for inspection at the office of V.B.Desai Financial Services Limited, Cama Building, 1st Floor, 24/26, Dalal Street, Fort, Mumbai – 400 001 from 10.30 a.m. to 1.00 p.m. and from 2.30 p.m. to 4.30 p.m. on any working day, except Saturdays, Sundays, and public/bank holidays until the offer closes:

- 12.1 MoA and AoA of the Target Company
- 12.2 MoA, AoA and Certificate of Incorporation of the Acquirer.
- 12.3 Memorandum of Understanding dated 05th December, 2008 appointing V.B.Desai Financial Services Limited as Manager to the Offer.
- 12.4 Copy of Certificate dated 31st December, 2008 from Business Financial Services, Chartered Certified Accountants, certifying about the adequacy of resources of Acquirer in fulfilling the obligations of the Offer.
- 12.5 Annual Reports of the Target Company for FY 2005-06, 2006-07 and 2007-08.
- 12.6 Annual Report of the Acquirer for FY 2007
- 12.7 Bank Statement confirming the amount kept in Escrow account.
- 12.8 Copy of the letter from the DP for opening of a special depository account for the purpose of the Offer.
- 12.9 Copy of PA dated 01st January, 2009.
- 12.10 Copy of SSA dated 24th April, 2007

12.11 Copy of SHA dated 24th April, 2007

12.12 Due Diligence Certificate dated 14th January, 2009.

12.13 Copy of board resolutions/letters from the Acquirer authorizing the Offer.

12.14 SEBI observation Letter dated 27th July 2009.

13 DECLARATION BY THE ACQUIRER

The Acquirer and the board of directors of the Acquirer respectively accept full responsibility for the information contained in this Letter of Offer and Form of Acceptance-cum-Acknowledgement and Form of Withdrawal. The Acquirer shall be jointly and severally responsible for ensuring compliance with the SEBI (SAST) Regulations. All information contained in this document is as on the date of the PA, unless stated otherwise. Mr. Boris Siperstein has been authorised by the Board to be the authorised signatory to the Letter of Offer.

For and on behalf of Motika Limited

BORIS SIPERSTEIN

Authorised Signatory

Date : 31st July 2009

Encl: FORM OF ACCEPTANCE CUM ACKNOWLEDGEMENT, FORM OF WITHDRAWAL, TRANSFER DEED(S) FOR SHAREHOLDERS HOLDING SHARES IN PHYSICAL FORM

Annexure I

STATUS OF COMPLIANCE WITH THE PROVISIONS OF CHAPTER II OF THE TAKEOVER REGULATIONS BY THE TARGET COMPANY AND ITS PROMOTERS

Sr. No.	Regulation/ Sub- regulation	Due Date for compliance as mentioned in the regulation	Actual date of compliance	Delay, if any (in no. of days) Col. 4- Col. 3	Remarks
1.	6(2)	20.05.1997	12.07.2002		Filed under the SEBI Regularization Scheme 2002
2.	6(4)	20.05.1997	12.07.2002		
3.	8(3)	30.04.1997	12.07.2002		
4.	8(3)	30.04.1998	12.07.2002		
5.	8(3)	30.04.1999	12.07.2002		
6.	8(3)	30.04.2000	12.07.2002		
7.	8(3)	30.04.2001	12.07.2002		
8.	8(3)	30.04.2002	12.07.2002		
9.	7(3)	10.12.2002	10.12.2002	No	-
10.	8(3)	30.04.2003	02.04.2003	No	-
11.	8(3)	30.04.2004	02.04.2004	No	-
12.	8(3)	30.04.2005	02.04.2005	No	-
13.	8(3)	30.04.2006	04.04.2006	No	-
14.	8(3)	26.06.2006	09.01.2009	928	Delay in filing
15.	8(3)	30.04.2007	11.04.2007	No	-
16.	8(3)	17.09.2007	09.01.2009	480	Delay in filing
17.	8(3)	30.04.2008	21.04.2008	No	-
18.	8(3)	30.09.2008	24.09.2008	No	-

Annexure II

STATUS OF COMPLIANCE WITH THE PROVISIONS OF CHAPTER II OF THE TAKEOVER REGULATIONS FOR MAJOR SHAREHOLDERS IS AS FOLLOWS:

Sr. No.	Regulation/ Sub- regulation	Due Date for compliance as mentioned in the regulation	Actual date of compliance	Delay, if any (in no. of days) Col. 4- Col. 3	Remarks
1	2	3	4	5	6
1.	6(1)	20.04.1997	05.04.1997	No	-
2.	6(3)	20.04.1997	05.04.1997	No	-
3.	8(1) & 8(2)	21.04.1997	05.04.1997	No	-
4.	8(1) & 8(2)	21.04.1998	05.04.1998	No	-
5.	8(1) & 8(2)	21.04.1999	10.04.1999	No	-
6.	8(1) & 8(2)	21.04.2000	01.04.2000	No	-
7.	8(1) & 8(2)	21.04.2001	06.04.2001	No	-
8.	8(1) & 8(2)	21.04.2002	02.04.2002	No	-
9	7(1A)	10.12..2002	10.12.2002	No	-
10.	8(1) & 8(2)	21.04.2003	01.04.2003	No	-
11.	8(1) & 8(2)	21.04.2004	01.04.2004	No	-
12.	8(1) & 8(2)	21.04.2005	01.04.2005	No	-
13.	8(1) & 8(2)	21.04.2006	01.04.2006	No	-
14.	8(1) & 8(2)	18.06.2006	10.06.2006	No	-
15.	8(1) & 8(2)	21.04.2007	05.04.2007	No	-
16.	8(1) & 8(2)	08.09.2007	25.08.2007	No	-
17.	8(1) & (2)	21.04.2008	01.04.2008	No	-

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FORM OF ACCEPTANCE CUM ACKNOWLEDGEMENT

(Please send this Form of Acceptance-cum-Acknowledgement with enclosures to V.B.Desai Financial Services Limited at the collection centre as mentioned in the Letter of Offer)

Offer Opens on	Monday, August 10, 2009
Last Date for Withdrawal of Application	Wednesday, August, 26, 2009
Offer Closes on	Saturday, August, 29, 2009

From
(Name & Complete Address)

Tel No. Fax No. Email

To,

V.B.Desai Financial Services Limited
Cama Building, 1st Floor
24/26, Dalal Street, Fort, Mumbai – 400 001

Dear Sir,

Sub: Open Offer for acquisition of equity shares of SHAILY ENGINEERING PLASTICS Limited. ("SEPL") by Motika Limited ("Acquirer") at a price of Rs. 56 per share in cash.

I/We refer to the letter of offer dated 31st July 2009 for acquiring the equity shares held by me/us in SHAILY ENGINEERING PLASTICS LIMITED.

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

For Shares held in Physical Form :

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

Sr. No.	Folio No.	Certificate No.	Distinctive Nos.		No. of shares
			From	To	
Total number of equity shares					

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

I/We note and understand that the original share certificate(s) and valid share transfer deed will be held in trust for me/us by the Manager to the offer till the time the acquirer gives the purchase consideration as mentioned in the Letter of Offer.

I/We also note and understand that the Acquirer will pay the purchase consideration only after verification of the documents and signatures.

For Shares held in Demat Form:

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

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

I/We have done an off market transaction for crediting the shares to the Escrow Account opened with CDSL named "SHAILY ENGINEERING PLASTICS LTD. - OPEN OFFER ACCOUNT" (the "Special Depository Escrow Account") with the following particulars:

DP Name : Moneybee Securities Pvt. Ltd. Client ID – 12045100 DP ID – 00004205

Shareholders whose shares are held in beneficiary Account with National Securities Depository Limited (NSDL) have to use an inter-depository delivery instruction slip for the purpose of crediting their shares in favour of the Special Depository Escrow Account with CDSL.

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

I/We confirm that the equity shares of SHAILY ENGINEERING PLASTICS 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 authorise the Acquirer to accept the shares so offered which they may decide to accept in consultation with the merchant banker and in terms of the Letter of Offer and I/We further authorise the Acquirer to return to me/us, equity share certificate(s) in respect of which the offer is not found valid/not accepted, specifying the reasons thereof.

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

SHAILY ENGINEERING PLASTICS LIMITED

Open Offer

Acknowledgement slip

Received from Mr./Ms. _____ Folio No. _____ Form of Acceptance
cum Acknowledgement, _____ Number of certificates for _____ equity shares / Copy of
Delivery instruction to DP for _____ equity shares.

Stamp of collection Center
Signature of Official
Date of Receipt

I/We authorise the Acquirer or their Merchant Banker to send by Registered Post / Courier the draft/cheque, in settlement of the amount to the sole/first holder at the address mentioned below.

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

	First/Sole Holder	Joint Holder 1	Joint Holder 2
PAN/GIR No.			

So as to avoid fraudulent encashment in transit, the shareholder(s) may provide details of Bank Account of the first/sole shareholder and the consideration cheque or demand draft will be drawn accordingly.

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

Yours faithfully,

Signed & Delivered by	Full Names (s) & Address	Signature	Verified and Attested (by DP in case of Demat Shares and by Bank in case of Physical Shares)
First/Sole Holder			
Joint Holder 1			
Joint Holder 2			

Note: In case of joint holdings all must sign. A body corporate must affix its company stamp and necessary Board resolution should be attached.

Place :

Date :

INSTRUCTIONS

- Please read the enclosed Letter of Offer carefully before filling this Form of Acceptance.
- The acceptance of the Offer made by the Acquirer is entirely at the discretion of the Equity Shareholders of SEPL. Each equity shareholder of SEPL to whom this Offer is being made is free to offer his equity shareholding in SEPL in whole or in part while accepting the Offer.
- In case of joint holdings, all the holders whose names appears on the Equity Share Certificate must sign this Form of Acceptance in the same order in which these names appears on the register of members and as per the specimen signature(s) lodged with SEPL.
- In case of physical Equity Shares, the enclosed transfer deed should be duly signed as transferors by all shareholders in the same order and as per specimen signatures lodged with SEPL and should be duly witnessed at the appropriate place. The Transfer Deed should be left blank, excepting the signatures as mentioned above. Attestation, where required (thumb impressions, signature difference, etc.) should be done by a Magistrate, Notary Public or Special Executive Magistrate or a similar Authority holding a Public Office and authorised to use the seal of his office or a member of a recognized stock exchange under their seal of office and membership number or Manager of the transferors' bank. PLEASE DO NOT FILL UP ANY DETAILS ON THE TRANSFER FORM. Relevant Equity Share Certificates must be annexed.
- In case of Bodies Corporate, proper corporate authorization should be enclosed.
- Persons who own Equity Shares (as on the Specified Date or otherwise) but are not the registered holders of such Equity Shares and who desire to accept the Offer, will have to communicate their acceptance in writing to the Manager to the Offer together with the Equity Share Certificate(s) and valid transfer deed(s) and other relevant documents. In case, the Equity Share Certificate(s) and transfer deed(s) are lodged with SEPL for transfer, then the acceptance shall be accompanied by the acknowledgement of lodgment or receipt by SEPL.
- Shareholders of SEPL, who wish to avail this Offer should forward the relevant documents, by registered post with acknowledgement due or by hand delivery only to the Manager to the Offer, so as to reach on or before 29th August, 2009.

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

Note: All future correspondence, if any, should be addressed to the Manager to the offer, at the address mentioned below:

V.B.DESAI FINANCIAL SERVICES LIMITED

Cama Building, 1st Floor, 24/26, Dalal Street,
Fort, Mumbai - 400 001, India.

Tel: +91-22- 400770777 Fax: +91-22- 40770700

Website: www.vbdesai.com E-mail: info@vbdesai.com

Contact Person: Mr. K. K. Antoo

FORM OF WITHDRAWAL

Offer Opens on	Monday, August 10, 2009
Last Date for Withdrawal of Application	Wednesday, August, 26, 2009
Offer Closes on	Saturday, August 29, 2009

From

(Name & Complete Address)

Tel No. _____ Fax No. _____

Email _____

To,

V.B.DESAI FINANCIAL SERVICES LIMITED

Camal Building, 1st Floor, 24/26, Dalal Street,

Fort, Mumbai - 400 001

Dear Sir,

Sub: Open Offer for acquisition of equity shares of SHAILY ENGINEERING PLASTICS Limited. ("SEPL") by MOTIKA Limited ("Acquirer") at a price of Rs. 56 per share in cash.

I/We refer to the letter of offer dated 31st July 2009 for acquiring the equity shares held by me/us in SHAILY ENGINEERING PLASTICS LIMITED.

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

I/We hereby consent unconditionally and irrevocably to withdraw my/our Shares from the Offer and I/We further authorise the Acquirer to return to me/us, the tendered equity 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/ Manager to the Offer.

I/We note that this Form of Withdrawal should reach the Manager to the Offer at the collection center mentioned in the Letter of Offer on or before the last date of withdrawal.

I/We note that the Acquirer/Manager to the Offer / Manager to the Offer shall not be liable for any postal delay/loss in transit for the equity shares held in physical form and also for the non-receipt of equity shares held in the dematerialised 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) and Shares only on completion of verification of the documents, signatures etc. and beneficiary position data as available from the Depository from time to time, respectively.

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

SHAILY ENGINEERING PLASTICS LIMITED-Open Offer-Withdrawal Form

Acknowledgement slip

Received from Mr./Ms. _____

Address _____

_____ Physical Shares Folio No. _____ / Demat shares:

DP ID _____ Client ID _____ for _____ number of shares.

Form of Withdrawal dated _____.

Stamp of collection
centre, signature
of Official,
Date of Receipt:

--

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

Folio No.	Certificate No.	Distinctive Nos.		No. of shares
	Tendered			
Total number of equity shares Tendered				
	Withdrawn			
Total number of equity shares Withdrawn				

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

I/We hold the following equity shares in dematerialized form and tendered the equity shares in the Offer and had done an off-market transaction for crediting the Shares to the "SHAILY ENGINEERING PLASTICS LTD. - OPEN OFFER ACCOUNT (Special Depository Escrow Account) as per the following particulars:

DP Name : Moneybee Securities Pvt. Ltd. Client ID – 12045100 DP ID – 00004205

Please find enclosed a photocopy of the Depository Delivery Instruction(s) duly acknowledged by DP. The particulars of the account from which my/our equity shares have been tendered are as detailed below:

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

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

In case of dematerialised equity shares, I/We confirm that the signatures of the beneficiary holders have been verified by the DP as per the records maintained at their end and the same have also been duly attested by them under their seal.

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

Yours faithfully,

Signed & Delivered by	Full Names (s) & Address	Signature	Verified and Attested (by DP in case of Demat Shares and by Bank in case of Physical Shares)
First/Sole Holder			
Joint Holder 1			
Joint Holder 2			

Note : In case of joint holdings all must sign. A body corporate must affix its company stamp and necessary Board resolution should be attached.

Place :

Date :

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

Note: All future correspondence, if any, should be addressed to the Manager to the offer, at the address mentioned below:

V.B.DESAI FINANCIAL SERVICES LIMITED
 Cama Building, 1st Floor, 24/26, Dalal Street,
 Fort, Mumbai - 400 001, India.
Tel: +91-22- 400770777 **Fax:** +91-22- 40770700
Website: www.vbdesai.com
E-mail: info@vbdesai.com
Contact Person: Mr. K. K. Antoo

INSTRUCTIONS

PLEASE NOTE THAT THE FORM OF WITHDRAWAL SHOULD NOT BE SENT DIRECTLY TO THE ACQUIRER OR TO THE TARGET COMPANY.

1. Shareholders are advised to ensure that the Form of Withdrawal should reach the Manager to the Offer at the Collection Centre mentioned in the Letter of Offer as per the mode of delivery indicated therein on or before the last date of withdrawal i.e. 26th August, 2009.
2. Shareholders should enclose the following:
 - I. For Equity Shares held in demat form :

Beneficial owners should enclose duly signed and completed Form of Withdrawal.

Acknowledgement slip in original / copy of the submitted Form of Acceptance-cum-Acknowledgement in case delivered by Registered A.D.

Photocopy of the delivery instruction in "Off-market" mode or counterfoil of the delivery instruction in "Off-market" mode, duly acknowledged by the DP as per the instruction in the Letter of Offer.
 - II. For Equity Shares held in physical form:

Registered shareholders should enclose duly signed and completed Form of Withdrawal.

Acknowledgement slip in original / copy of the submitted Form of Acceptance-cum-Acknowledgement in case delivered by Registered A.D.

In case of partial withdrawal, Valid Share Transfer form(s) duly signed as transferors by all registered shareholders (in case of joint holdings) in the same order and as per specimen signatures registered with SHAILY ENGINEERING PLASTICS Limited and duly witnessed at the appropriate place.
 - III. Unregistered owners should enclose:
 - Duly signed and completed Form of Withdrawal.
 - Acknowledgement slip in original / Copy of the submitted Form of Acceptance-cum-Acknowledgement in case delivered by Registered A.D.
3. The withdrawal of Shares will be available only for the Share certificates / the Shares that have been received by the Manager to the Offer/ Special Depository Escrow Account.
4. The intimation of returned Shares to the Shareholders will be at the address as per the records of the Target Company / Depository as the case may be.
5. The Form of Withdrawal should be sent only to the Manager to the Offer.
6. In case of partial withdrawal of Shares tendered in physical form, if the original share certificates are required to be split, the same will be returned on receipt of share certificates from the Target Company. The facility of partial withdrawal is available only to registered shareholders.
7. Shareholders holding Shares in dematerialised form are requested to issue the necessary standing instruction for receipt of the credit in their DP account.
8. The Form of Withdrawal and other related documents should be submitted the Collection Centre of Manager to the Offer stated in Paragraph 10 of the Letter of Offer.
9. Applicants who cannot hand deliver their documents at the Collection Centre, may send their documents only by Registered Post / Speed Post / Courier, at their own risk, to the Manager to the Offer V.B.Desai Financial Services Ltd., Cama Building, 1st Floor, 24/26, Dalal Street, Fort, Mumbai – 400 001 so as to reach the Manager to the Offer on or before the last date of withdrawal i.e. on 26th August, 2009.

