

**THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION**

This Bid Letter is being sent to you as a shareholder of Kausar India Limited. In case you have recently sold your equity shares in Kausar India Limited, please hand over this Bid Letter and the accompanying Bid Form to the member of the stock exchange through whom the sale was affected.

<p><b>BID LETTER</b> From <b>GATI LIMITED (the “Acquirer”)</b> having its Registered Office at: 1-7-293, Mahatma Gandhi, Secunderabad-500 003 Tel. No: 040-27844284; Fax No: 040-27894284 inviting you to tender your fully paid-up equity shares of <b>KAUSAR INDIA LIMITED (“Company”)</b> having its Registered Office at AG - 50, Sanjay Gandhi Transport Nagar, G.T. Karnal Road, New Delhi- 110042 Tel No: 011-27831302; Fax No.: 011-41740201 In connection with the proposed acquisition of the equity shares of Kausar India Limited, pursuant to a Reverse Book Building Process in accordance with Securities and Exchange Board of India (Delisting of Securities) Guidelines, 2003.</p>	
<b>Floor Price</b>	<b>Rs. 13/- per fully paid-up equity share of Rs.10/- each of the Kausar India Limited</b>

For the holders of shares in Dematerialised form		For the holders of shares in Physical form	
Bid Opens on:	March 23, 2009, Monday	Offer Opens on:	March 31, 2009, Tuesday
Bid Closes on:	March 25, 2009, Wednesday	Offer Closes on:	April 14, 2009, Tuesday
Announcement of Exit Price on:	March 27, 2009, Friday	Final Settlement Date on:	April 22, 2009, Wednesday
Final Settlement Date on:	March 30, 2009, Monday		

*(\*The dates are subject to, among others, the Acquirer obtaining the necessary approvals prior to the Bid Opening Date)  
(For proposed timetable for the Delisting Offer please refer to clause 10 of this Bid Letter)*

If you wish to tender your Offer Shares (as defined hereinafter) to the Acquirer, you should:

- Read this Bid Letter and the instructions herein.
- Complete and sign the accompanying Bid Form/and Form of Acceptance (as defined hereinafter) in accordance with the instructions therein and in this Bid Letter.
- Ensure that you have credited your Offer Shares (as defined hereinafter) to the correct Special Depository Account (details of which are set out in clause 8.4 of this Bid Letter) and obtained a copy of your duly acknowledged Delivery Instruction Slip from your Depository Participant in relation thereto.
- Submit (a) your Bid Form (as defined hereinafter) and (b) a copy of your Delivery Instruction Slip by **hand delivery** to one of the Bid Centers as set out in Clause 8.2 of this Bid Letter. Shareholders, who are resident in areas where no Bid Centres are located, may submit their Bids by registered post (at their own risk and cost) along with a copy of acknowledged Delivery Instruction slip with envelope marked: “**Kausar – Delisting Offer**” so as to reach the Trading Member (as defined hereinafter) : **Religare Securities Limited**, 14, Mittal Chambers, 1<sup>st</sup> Floor, Opp. Inox Theatre, Nariman Point, Mumbai - 400 021, India. Tel: 022- 4007 4800; Fax: 022- 4007 4869, Website: www.religare.in, E-mail: kausar.delisting@religare.in, on or before 3.30 pm on the Bid Closing Date.
- **In case you hold the Offer Shares (as defined hereinafter) in physical form, kindly read clause 13 of this Bid Letter.**
- If you require any clarification in connection with this Bid Letter, you should contact the Manager to the Delisting Offer or the Registrar to the Delisting Offer, whose details are appearing below.

MANAGER TO THE DELISTING OFFER		REGISTRAR TO THE DELISTING OFFER	
	<p><b>Religare Capital Markets Limited</b> SEBI Registration No: INM000011062 14, Mittal Chambers, 1<sup>st</sup> Floor, Opp. Inox Theatre, Nariman Point, Mumbai-400021 Tel No.: 022-4007 4800 Fax No.: 022-4007 4869 Website: www.religare.in E-Mail: kausar.delisting@religare.in Contact Person: Ms. Neetu Ranka / Mr. D.Subrahmanyam</p>		<p><b>Karvy Computershare Private Ltd.</b> SEBI Registration No: INR000000221 Plot No.17-24, Vittal Rao Nagar, Madhapur, Hyderabad- 500 081 Tel: No: 040-2342 0815 Fax No: 040-2343 1551 Website: www.karvy.com Email: murali@karvy.com Contact Person: Mr. Murali Krishna</p>

**TABLE OF CONTENTS**

**PAGE NO**

DEFINITIONS.....	2
1. BACKGROUND OF THE DELISTING OFFER .....	4
2. BACKGROUND OF THE COMPANY.....	4
3. OBJECTIVE OF THE DELISTING OFFER.....	6
4. BACKGROUND OF THE ACQUIRER.....	6
5. DETERMINATION FLOOR PRICE.....	8
6. CONDITIONS TO THE DELISTING OFFER.....	9
7. DATES OF OPENING AND CLOSING BID PERIOD.....	9
8. BIDDING PROCEDURE FOR DEMAT SHAREHOLDERS AND CONTACT DETAILS OF THE TRADING MEMBER AND ITS BIDDING TERMINALS.....	10
9. PERIOD FOR WHICH THE DELISTING OFFER SHALL BE VALID FOR PHYSICAL SHARES.....	12
10. PROPOSED TIME TABLE FOR THE DELISTING OFFER.....	12
11. DETERMINATION OF EXIT PRICE.....	13
12. PROCEDURE FOR SETTLEMENT OF DEMAT SHARES.....	13
13. SHAREHOLDERS HOLDING EQUITY SHARES IN PHYSICAL FORM.....	14
14. EXIT OPTION POST DELISTING.....	14
15. DETAILS OF THE ESCROW ACCOUNT AND SETTLEMENT.....	14
16. STATUTORY AND REGULATORY APPROVALS .....	15
17. NON RESIDENT SHAREHOLDERS.....	15
18. TAX TO BE DEDUCTED AT SOURCE.....	15
19. GENERAL.....	17
20. COMPLIANCE OFFICER.....	17
21. NSE/NSCCL DISCLAIMERS.....	18
22. DECLARATION BY THE ACQUIRER .....	18

**ENCLOSURES**

1. BID FORM
  2. REVISED BID/WITHDRAWAL FORM
  3. FORM OF ACCEPTANCE
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**DEFINITIONS**

Acquirer/Promoter/GATI	Gati Limited, is a company incorporated under the Companies Act, 1956 (“Act”) and having its registered office at 1-7-293, Mahatma Gandhi Road, Secunderabad-500 003.
Act	The Companies Act, 1956
Bid	Offer by a Demat Shareholder (as defined hereinafter) to offer his / her Offer Shares (as defined hereinafter) by submitting a Bid Form (as defined hereinafter) to the relevant Bid Center (as defined hereinafter) during the Bid Period (as defined hereinafter).
Bid Centers	The Centers listed in clause 8.2 of this Bid Letter for the submission of Bid Forms
Bid Form	The form enclosed with this Bid Letter for use by Demat Shareholders (as defined hereinafter) holding dematerialized shares and specifically marked as “Bid Form”.
Bid Opening Date	Monday, March 23, 2009, being the date on which the Bid Period (as defined hereinafter) commences, or such other date as may be notified to the shareholders through the newspapers in which the PA (as defined hereinafter) had appeared.
Bid Closing Date	Wednesday, March 25, 2009, being the last date of the Bid Period (as defined hereinafter).
Bid Period	Three business days from 10:00 am on Bid Opening Date to 3.30 pm on Bid Closing Date.
BSE	The Bombay Stock Exchange Limited
Bid Letter	This letter inviting Bids from all Shareholders (as defined hereinafter)
CDSL	Central Depository Services (India) Limited
Company/ KAUSAR/ KIL	Kausar India Limited is a public limited company incorporated under the Indian Companies Act, 1956 and having its registered office at AG - 50, Sanjay Gandhi Transport Nagar, G.T. Karnal Road, New Delhi- 110042
DSE	The Delhi Stock Exchange Association Limited
Delisting Offer	Offer made by the Acquirer to acquire all the Offer Shares (as defined hereinafter) from the Shareholders (as defined hereinafter) in accordance with the Guidelines (as defined hereinafter), the PA (as defined hereinafter) and this Bid Letter.
Demat Shareholders	Shareholders (as defined hereinafter) holding shares of the Company in dematerialized form.
Discovered Price	Price as determined in accordance with the Guidelines (as defined hereinafter), being the price at which the maximum number of Offer Shares (as defined hereinafter) are tendered in the Delisting Offer.
EPS	Earning Per Share after extraordinary items.
Equity Share Capital	The issued and paid up equity share capital of the Company, being Rs.370.68 lakhs comprising of 37,06,800 equity shares of Rs. 10/- each.
Exit Price	The price finally accepted or offered by the Acquirer in its sole and absolute discretion which may be the Discovered Price or a price higher than the Discovered Price.
Final Settlement Date	The date specified for NSE Settlement Procedure for Demat Shareholders i.e. Monday, March 30, 2009
FII	Foreign Institutional Investor
Floor Price	The price of Rs. 13.00/- per equity share as determined in accordance with the Guidelines (as defined hereinafter).
Form of Acceptance	The form enclosed with this Bid Letter for use by Physical Shareholders (as defined hereinafter) in order to submit their acceptances.
Guidelines	Securities and Exchange Board of India (Delisting of Securities) Guidelines, 2003 and any amendments thereto.
IT Act	Income Tax Act, 1961
LSE	The Ludhiana Stock Exchange Limited
Manager to the Delisting Offer	Religare Capital Markets Limited having its office at 14, Mittal Chambers, 1 <sup>st</sup> Floor, Opp. Inox Theatre, Nariman Point, Mumbai - 400 021
Net Fixed Asset	Fixed assets less any deduction for depreciation
Net Profit	Profit of the year after tax deduction due for the year
Net Profit Margin	Net Profit / Sales
Net Worth	Total shareholders funds
Non-Resident Shareholders	Shareholders who are not resident in India under Foreign Exchange Management Act, 1999, including but not limited to non-resident Indians, persons resident outside India, overseas corporate bodies, FIIs etc.

NRI	Non-Resident Indian
NSDL	National Securities Depository Limited
NSE	National Stock Exchange of India Limited.
OCB	Overseas Corporate Body
Offer Shares	The whole or part of the Equity Shares currently not held by the Promoters being 9,74,268 Equity Shares comprising 26.28% of the fully paid up equity shares of the Company
PA	Public Announcement for delisting of equity shares of Kausar India Ltd.
Physical Shareholders	Shareholders (as defined hereinafter) who hold equity shares in physical form and not in dematerialised form
Profit before Tax	Profit of the year before any deduction of taxes
Profit before Tax Margin	Profit before Tax / Sales
RBB	Reverse Book Building as specified in Schedule II of the Guidelines
RBBS	Reverse Book Building Software
RBI	Reserve Bank of India
Registrar to the Delisting Offer	Karvy Computershare Private Limited, Plot No.17-24, Vittal Rao Nagar, Madhapur, Hyderabad- 500 081
Regulations	Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeover) Regulations, 1997 and any amendments thereto
SEBI	Securities and Exchange Board of India
SEBI Act	Securities and Exchange Board of India Act, 1992 and any amendments thereto
Shareholders	Shareholders of the Company other than Acquirer
Special Depository Account	Account opened by Religare Securities Ltd. in the name of RSL-KAUSAR-DELISTING OFFER-ESCROW ACCOUNT
Total Income	The sum of the sales and other income
Trading/Syndicate Member	Religare Securities Limited, 14 Mittal Chambers, 1st Floor, Opp Inox Theatre, Nariman Point, Mumbai - 400 021

March 6, 2009

**Dear Shareholder,**

This is an invitation to tender your Offer Shares in Kausar India Limited

The Acquirer is pleased to invite you to tender, on the terms and subject to the conditions set out below, your Offer Shares in the Company pursuant to the Guidelines.

## **1. BACKGROUND OF THE DELISTING OFFER**

- 1.1 The Acquirer (Gati Limited), as the sole promoter of the Company, currently holds 27,32,532 fully paid-up Equity Shares of Rs. 10/- each representing 73.72 % of the fully paid-up Equity Share Capital of the Company. There is no other promoter of the Company. None of the Directors of Gati Limited hold any shares in the Company.
- 1.2 The Acquirer hereby makes this Delisting Offer to the shareholders of the Company, to acquire, in accordance with the Guidelines and on the terms and subject to the conditions set out below, up to 9,74,268 fully paid-up Equity Shares of the Company with a face value of Rs.10/- each, representing approximately 26.28% of the fully paid-up share capital of the Company under the Guidelines. Consequently, the Acquirer seeks to delist the equity shares of the Company pursuant to the voluntary delisting procedures set out in the Guidelines for the reasons set out in Clause 3 of this Bid Letter.
- 1.3 The Acquirer has vide letter dated August 1, 2008 expressed its intention to the Board of Directors of the Company to make a voluntary delisting offer to the Shareholders of the Company in accordance with the Guidelines in order to enhance operating flexibility of the Company and provide an exit opportunity to the Shareholders of the Company. The Acquirer also requested the Board of Directors of the Company to convene an Annual General Meeting of the shareholders of the Company to consider their proposal.
- 1.4 At an Annual General Meeting held on September 22, 2008 shareholders of the Company have granted their approval for a voluntary delisting of the equity shares of the Company from the Delhi Stock Exchange Association Limited (DSE) and the Ludhiana Stock Exchange Limited (LSE) (as defined hereinafter), by requisite majority.
- 1.5 The Public Announcement dated March 6, 2009 is published in Financial Express-English (all editions) and Jansatta – Hindi (all editions) on the same date should be treated as the statutory announcement as defined under the Guidelines.
- 1.6 Changes, modifications or amendments, if any, to the PA would be notified by issuing a corrigendum in above newspapers.
- 1.7 In case the Acquirer does not succeed in acquiring the public shareholding through delisting process in accordance with the Guidelines or any statutory modification or re-enactment thereof, it will ensure compliance with clause 40A of listing agreement.

## **2. BACKGROUND OF THE COMPANY**

- 2.1 KIL was incorporated on July 11, 1984 at Chandigarh, Punjab with the Registration No. 5888 in the name of Kausar (India) Private Limited under the Companies Act 1956 as a Private Limited Company. On November 23, 1984 the Company was converted into Public Limited Company i.e. Kausar (India) Limited. On October 9, 1995, the name of the Company was changed to Kausar India Limited. The Registered office of the Company is situated at AG - 50, Sanjay Gandhi Transport Nagar, G.T. Karnal Road, New Delhi-110042. The Company had shifted its registered office from H.No. 53, Sector 28-A, Chandigarh to Flat No. 36, Khan Market, New Delhi -110003 on August 8, 2000 and to 97, Anand Lok, New Delhi-110049 on October 27, 2003. It was again shifted to its current address on January 22, 2008. The Company has its centre at Sahibabad, District Ghaziabad, Uttar Pradesh.
- 2.2 The Company is presently in the business of specialized refrigerated transportation of perishable goods.
- 2.3 The Authorized Share Capital of KIL as on the date of PA is Rs. 550.00 Lakhs, comprising of 55,00,000 equity shares of Rs. 10/- each. The issued, subscribed and paid up equity share capital as on the date of PA is Rs. 370.68 Lakhs, comprising of 37,06,800 equity shares of Rs. 10/- each. As on date of the PA, there are neither any partly paid-up equity shares nor outstanding convertible instruments which are convertible into equity at any later date. There are no shares under lock-in period.

- 2.4 KIL made its first public issue in March 1996 and got listed its shares on Delhi Stock Exchange Association Limited (DSE) and Ludhiana Stock Exchange Limited (LSE).
- 2.5 KIL has not been prohibited by SEBI from dealing in securities, in terms of directions issued under Section 11B of the SEBI Act, 1992, as amended (the “SEBI Act”) or under any other Regulation made under the SEBI Act.
- 2.6 Brief summary of the financial performance of the Company based on the Company’s audited financial statements, is provided below:

*(Rs. In Lakhs)*

<b>Particulars</b>	<b>June 2008*</b>	<b>March 2007</b>	<b>March 2006</b>
Sales	2,145.00	1,786.96	1,297.90
Other Income	32.01	82.57	13.21
<b>Total Income</b>	<b>2,177.01</b>	<b>1,869.53</b>	<b>1,311.11</b>
<b>Profit Before Tax</b>	<b>(188.04)</b>	<b>103.72</b>	<b>71.58</b>
Net Profit after tax and before extraordinary items	(157.63)	61.28	40.96
Extraordinary item (Prior Period Adj)	232.01	81.85	0.53
<b>Net Profit</b>	<b>74.38</b>	<b>(20.57)</b>	<b>40.43</b>
Net Profit Margin (%)	3.47	-	3.11
Fully paid up share capital	370.68	368.72	368.64
Net Fixed Assets	1,478.88	866.83	517.87
Earnings Per Share (EPS) (Rs.) (after Extraordinary Items)	2.01	(0.55)	1.09
Net Worth	482.02	405.66	426.18
Return on Net worth (%)	15.43	(5.07)	9.49

*(Source: Audited Financials)*

*\* Financials are for 15 months for the period ended on June 30, 2008*

- 2.7 There has been no trading of equity shares of KIL on DSE & LSE in last three years from date of the PA.

**2.8 Present Capital Structure and Shareholding Pattern**

<b>Particulars</b>	<b>No. of Shares</b>	<b>% of fully Paid-up Share Capital</b>
<b>Promoters’ Group</b>		
Gati Limited	27,32,532	73.72
<b>Sub Total (a)</b>	<b>27,32,532</b>	<b>73.72</b>
<b>Non-Promoters’ Group</b>		
FIIIs	-	-
NRIs	-	-
Indian Corporate Bodies	-	-
Indian Public (Individuals)	9,74,268	26.28
<b>Sub Total (b)</b>	<b>9,74,268</b>	<b>26.28</b>
<b>Grand Total (a+b)</b>	<b>37,06,800</b>	<b>100.00</b>

**2.9 Likely Post Delisting Capital Structure**

The likely post-delisting shareholding pattern of the Company, assuming all the Shares held by Shareholders are acquired pursuant to the Delisting Offer will be as follows:

<b>Particulars</b>	<b>No. of Shares</b>	<b>% of fully Paid-up Share Capital</b>
Gati Limited (Promoter)	37,06,800	100.00
<b>Total</b>	<b>37,06,800</b>	<b>100.00</b>

### 3. OBJECTIVE OF THE DELISTING OFFER

The Acquirer wishes to increase its shareholding in the Company as it desires to achieve more flexibility and greater efficiency in the operations and management of the Company. The Acquirer has already acquired 73.72% of the equity shares of KIL by making an open offer under SEBI (SAST) Regulations, 1997 and share purchase agreement. It is looking to acquire the balance 26.28% equity of the Company to acquire and control substantially the whole management of the Company. The Acquirer intends to achieve its objective by acquiring the equity shares held by the shareholders in the Company and providing an exit opportunity to them in terms of the Guidelines.

### 4. BACKGROUND OF THE ACQUIRER

4.1 Gati Limited was incorporated as “Gati Corporation Limited” on April 25, 1995 under the Companies Act, 1956 as a Public Limited Company with Registrar of Companies, II Floor, Kendriya Bhavan, Sultan Bazar, Hyderabad having its Registration No. 01-20121 and obtained a certificate for commencement of business on May 5, 1995. On October 24, 2000, the name of the company was changed from Gati Corporation Limited to Gati Limited. It is promoted by Mr. Mahendra Kumar Agarwal, TCI Finance Limited, Mahendra Investment Advisors Private Ltd, Jubilee Commercial & Trading Private Ltd., Bunny Investment & Finance Private Ltd., Dhruv Agarwal Benefit Trust, Manish Agarwal Benefit Trust and Mahendra Kumar Agarwal (HUF). The registered office of the Company is situated at 1-7-293, Mahatma Gandhi Road, Secunderabad – 500003, Tel No: 040-27844284, Fax No: 040-27894284. Presently, the equity shares of Gati Limited are listed on:

- The Bombay Stock Exchange Limited (BSE) w.e.f July 12, 2000
- National Stock Exchange of India Limited (NSE) w.e.f. October 10, 2006

4.2 Transport Corporation of India Limited (TCI) launched a division named as Gati Desk to Desk Cargo on November 14, 1989. In the year 1998, pursuant to a scheme of arrangement approved by the Hon’ble High Court of Andhra Pradesh Gati Desk to Desk Cargo and Shipping divisions of TCI were transferred to Gati Corporation Limited with effect from April 1, 1996. and in turn GATI allotted 25,01,899 Equity shares of Rs.10/- each to the shareholders of TCI on September 12, 1998 and the shares of the Company were listed on Hyderabad Stock Exchange, Bombay Stock Exchange, Madras Stock Exchange, Delhi Stock Exchange, Bangalore Stock Exchange, Cochin Stock Exchange and Calcutta Stock Exchange .

4.3 At present, GATI is an Express Distribution and Supply Chain Management Company that offer comprehensive multi-modal (land, sea, air and rail) transportation services to its customers, as well as niche value-additions such as third-party logistics, trucking and warehousing solutions. GATI provides integrated solutions through multi-model transport services having an infrastructure that consists of a vast network of offices and franchisees in India, as well as outside India, fleet of vehicles owned and outsourced by GATI, and their ships. GATI is an ISO 9001:2000 certified company and operates in two main business segments, namely express distribution & supply chain and coast-to-coast (shipping).

4.4 The Acquirer has not been prohibited by SEBI from dealing in securities, in terms of directions issued under Section 11B of the the SEBI Act or under any other Regulation made under the SEBI Act.

4.5 The paid up equity capital of Gati Ltd. is Rs 1697.52 lakhs consisting of 8,48,76,050 equity shares as on date of the PA. The face value of the share of the company is Rs. 2/-. The shareholding pattern of GATI as on 31st December, 2008 is as follows:

Shareholding’s Category	No. of Shares	% of fully paid -up share capital
<b>Promoter’s Holding</b>		
Indian Promoters	4,13,86,949	48.89
<b>Sub Total (A)</b>	<b>4,13,86,949</b>	<b>48.89</b>
<b>Non Promoter’s Holding</b>		
Banks/ FIs/ FIIs/ Insurance Cos.	71,40,004	8.43
Individuals, Private Corporate Bodies, OCBs, Trust and Clearing Member	3,61,28,377	42.68
<b>Sub Total (B)</b>	<b>4,32,68,381</b>	<b>51.11</b>
<b>Grand Total (A+B)</b>	<b>8,46,55,330</b>	<b>100.00</b>

4.6 The brief summary of financial of Gati Limited are given below:

The consolidated audited financials details for the year ended 30th June 2006, 2007 & 2008 are as follows:-

*(Rs in Lakhs)*

<b>Profit &amp; Loss Statement for the year ended</b>	<b>June 2008</b>	<b>June 2007</b>	<b>June 2006</b>
Income from operations	71,683.83	56,797.00	45,989.48
Other Income	2,430.67	417.28	163.24
<b>Total Income</b>	<b>74,114.50</b>	<b>57,214.28</b>	<b>46,152.72</b>
Total Expenditure.	66,825.26	52,459.13	42,206.10
Profit Before Depreciation Interest ,Tax and exceptional item	7,289.24	4,755.15	3,946.62
Depreciation	1,855.42	1,120.98	867.97
Interest	1,132.91	587.01	422.20
Profit Before Tax before exceptional item	4300.91	3,047.16	2,656.45
Less: Exceptional item	1508.24	-	-
<b>Profit Before Tax</b>	<b>2,792.67</b>	<b>3,047.16</b>	<b>2,656.45</b>
Provision for Tax	815.12	904.43	739.00
<b>Profit After Tax</b>	<b>1,977.55</b>	<b>2,142.73</b>	<b>1,917.45</b>

*(Rs in Lakhs)*

<b>Balance Sheet Statement as on</b>	<b>June 2008</b>	<b>June 2007</b>	<b>June 2006</b>
<b>Sources of funds</b>			
Paid up share capital	1,693.11	1,447.71	1,417.41
Reserves & Surplus (excluding Capital Reserves)	7,952.91	6,767.70	5,479.19
Net worth	9,646.02	8,215.41	6,896.60
Capital Reserves	20,096.34	9250.65	8957.28
Deferred Tax Liability	748.37	606.37	582.37
Secured loans	12,238.85	6,786.65	4,170.36
Unsecured loans	11,379.03	12,231.04	3,023.37
Minority Interest	177.45	0.00	0.00
<b>Total</b>	<b>54,286.06</b>	<b>37,090.12</b>	<b>23,629.98</b>
<b>Uses of funds</b>			
Net fixed assets	25,584.21	15,419.70	10,188.72
Capital Work in Progress	6,295.29	7,190.61	4,159.04
Goodwill on consolidation	1,603.55	117.71	-
Investments	2,035.67	2,052.00	1,791.69
Net current assets	18,767.34	12,229.60	7,433.59
Total miscellaneous expenditure not written off	0.00	80.50	56.94
<b>Total</b>	<b>54,286.06</b>	<b>37,090.12</b>	<b>23,629.98</b>

<b>Other Financial Data</b>	<b>June 2008</b>	<b>June 2007</b>	<b>June 2006</b>
Dividend (%)	40	40	35
Earning Per Share (Rs)	2.34	2.96	2.71
Return on Net worth (%)	6.80	12.83	12.69
Book Value Per Share (Rs)	11.39	11.35	9.73

*Source: Annual Reports of Gati Limited for the year ended June 30, 2006, 2007 and 2008*

*Auditors to the Report: M/s. R.S. Agarwala & Co., Chartered Accountants*

4.7 The Details of Board of Directors of Acquirer is as follows:

<b>Sr. No.</b>	<b>Name &amp; Qualification</b>	<b>Occupation</b>	<b>Date of appointment</b>	<b>Total no. of years experience</b>	<b>Residential Address</b>
1	Mr. K.L.Chugh B.E.(Mech.), Delhi university	Chairman Non-Executive & Independent	30.06.1998	46 years of experience in Heavy Industry & large projects	N-79, Panchsheel Park, New Delhi – 110 017.
2	Mr. Mahendra Agarwal MBA (USA)	Managing Director	25.04.1995	33 years of experience in Transport & Express Cargo	The Address Apartment, # 2A, 8-2-415/1, Road no.4, Banjara Hills, Hyderabad – 500 034
3	Dr. Ram S. Tarneja BA (Hons.), MA Delhi, MA Virgenia & Ph. D Cornell	Non-Executive & Independent Director	25.04.1995	48 years of experience in Personnel & Corporate Sector	Flat no.2102, Planet Godrej, AQUA-Tower II, K K Marg, Jacob Circle, Mahalaxmi, Mumbai – 400 011
4	Mr. N. Srinivasan FCA	Non-Executive & Independent Director	18.10.2000	49 years of experience in Auditing & Accounting	T 19 (18/1) Sixth Avenue, Besent Nagar, Chennai – 600090
5	Mr. T.S. Rao Post Graduate in Mathematics	Non-Executive & Independent Director	12.09.1995	45 years of experience in Indian Police Service and for 2 years worked as Advisor	Swaathi, House no.110, Road No.7, Banjara Hills, Hyderabad
6	Dr. P.S. Reddy MD.DN MRCP / FACP / FACC	Non-Executive & Independent Director	25.04.1995	46 years of experience in Medical Field	401, 4 <sup>th</sup> floor, Lumbini Lakeview Apartments, Raj Bhavan Road, Hyderabad.
7	Mr. Sunil Kumar Alagh B.A. Economics (Hons.) & MBA (IIM, Calcutta)	Non-Executive & Independent Director	22.04.2004	37 years of experience in Marketing & Brand Building	12 C, IL Palazzo, Little Gibbs Road, Malabar Hill, Mumbai – 400 006.
8	Mr. Anoop Kishore Seth Master of Management Studies, Finance	Nominated by The Infrastructure Fund of India LLC	21.01.2008	27 years of experience in Finance	301, Olympus, Altamount Road, Mumbai
9	Mr. Lagad Himmat Singh Daulat Rao Bachelor of Engineering Electronics	Non-Executive & Independent Director	20.01.2009	25 years in Business Management	#07-01, 28, Parbury Ave, Parbury Hill Condo, Singapore 467298

## 5. DETERMINATION OF FLOOR PRICE

- 5.1 The Guidelines require the determination of a “**Floor Price**” for the Shares to be acquired pursuant to the RBB as specified in the Schedule II of the Guidelines.
- 5.2 The Shares of the Company are presently listed at Delhi Stock Exchange Association Limited (DSE) and Ludhiana Stock Exchange Limited (LSE). The shares are deemed to be infrequently traded on the said stock exchanges in terms of Explanation (i) to regulation 20 (5) of the SEBI (Substantial Acquisition and Takeover) Regulation 1997. There has been no trading of equity shares of KIL on DSE & LSE in last three years from the date of PA.

5.3 The Floor Price has been determined taking in to account the following:

A. Negotiated Price	Not Applicable
B. 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 prior to the date of PA	Nil
C. Other Financial Parameters	Based on the audited financial data for the year ended June 30, 2008
1. Return on Net Worth (%)	15.43
2. Book Value per share (Rs.)	13.00
3. Earning per share (after extraordinary items) (Rs.)	2.01
4. Price Earning Ratio	Not Applicable
5. Industry Average price earning multiple (Industry – Courier)*	13.6 times

*\*(Source: Capital Market Volume XXIII/26; Feb 23-Mar 08, 2009).*

M/s. M. Sharma & Associates, Chartered Accountants, (Membership No. 87847) have vide their report dated October 24, 2008 stated that based on the decision of Hon'ble Supreme Court of India in the case of Hindustan Lever Employees Union Vs Hindustan Lever Limited, 1995, (83 Com case 30) the Fair Value Per Share would be Rs. 13.00/- per share, considering the Net Asset Value of KIL of Rs. 13.00/-, the Profit Earning Capacity Value Per Share (PECV) as Nil and Market based value as Nil. In view of the above, the Floor Price of Rs. 13.00/- per share offered by the Acquirer to the Shareholders of KIL under the proposed Delisting Offer is justified in terms of Regulation 20 (5) of the Regulations.

Taking the above factors into consideration, the Acquirer proposes a floor price of Rs 13.00/-per share.

5.4 The Acquirer reserves the right not to acquire the offered shares at any higher price established pursuant to the RBB Process set forth in the Guidelines.

## **6. CONDITIONS TO THE DELISTING OFFER**

The acquisition of Offer Shares by the Acquirer and the delisting of the Company are conditional upon:

- 6.1 The Acquirer in its sole and absolute discretion accepting the price determined through the reverse book building process in accordance with the Guidelines, i.e. the price at which the maximum number of Offer Shares have been tendered (the Discovered Price) or offering a price higher than the Discovered Price (collectively, the Exit Price);
- 6.2 The minimum number of Offer Shares being tendered at or below the Exit Price, cause the public shareholding of the Company to fall below required level of public holding for continuous listing, specified by the listing agreement of the DSE and LSE or the listing conditions;
- 6.3 Amendments, if any, to the Guidelines or applicable regulations or conditions imposed by any regulatory / statutory authority or any order from any court or competent authority, which would prejudice the Acquirer from proceeding with the Delisting Offer.

## **7. DATES OF OPENING AND CLOSING OF BID**

- 7.1 The Demat Shareholders may tender their Offer Shares to the Acquirer during the Bid Period which shall commence on Monday, March 23, 2009 at 10.00 am and close on Wednesday, March 25, 2009 at 3.30 pm. This schedule is subject to, among others, the Acquirer obtaining the necessary approvals prior to the Bid Opening Date. Any change to the Bid Period will be notified by way of a corrigendum in the newspapers where the PA was published.
- 7.2 Demat Shareholders wishing to Bid in this Delisting Offer shall tender their Offer Shares at any time during the Bid Period in accordance with the instructions set out in clause 8 of this Bid Letter.
- 7.3 Bids received after 3.30 pm .on the Bid Closing Date will not be accepted for the purpose of determining the final price payable for the equity shares by the Acquirer pursuant to the RBB process.

**8. BIDDING PROCEDURE FOR DEMAT SHAREHOLDERS AND CONTACT DETAILS OF THE TRADING MEMBER AND ITS BIDDING TERMINALS**

8.1 Demat Shareholders may tender their Offer Shares through an online electronic system, the facility for which will be provided by the NSE.

8.2 Demat Shareholders must complete and lodge the Bid Forms along with duly acknowledged copy of Delivery Instruction Slip from your Depository Participant to the Trading Member at any of the Bid Centers set out below by hand delivery between 10.00 am to 3.30 pm on any day during the Bid Period:

<b>Sr. No.</b>	<b>Bid Center / City</b>	<b>Contact Person , Address of Trading Member, Phone Number, Mobile Number</b>
1	Ahmedabad	Mr. Pradeep Dave, 1st Floor, Dev Complex, A Wing, Opp. Parimal Garden, Ellishbrige, Ahmedabad, Gujarat-380006, 079-39820545, 9898907896
2	Bangalore	Mr. Tarun Poonacha , No.87, 4th Floor, Almas Centre, M.G. Road, Bangalore, Karnataka-560001, 080-40117100, 9731766119
3	Baroda	Mr. Harish Kansingh Jadav , 3 <sup>rd</sup> Floor, Corner Square, B/S West Side Near Natu Bhai Circle, Race Course Circle,Baroda,Gujarat-390007, 0265-2390838 / 39, 9974008330
4	Bhubaneswar	Mr. Abhisek Mitra, Plot No-24,SCR Bapuji Nagar,Janpath,Bhubaneshwar,Orissa-751009, 0674-423745030, 9937040555
5	Chennai	Mr. Fermin Justus, 4 <sup>th</sup> floor, City Tower, No. 117, Theagaraya Road, T.Nagar, Chennai, Tamil Nadu-600017, 044-43900607, 9940192296
6	Cochin	Mr. Joseph p Abraham, 35/65-D,3 <sup>rd</sup> Floor, Thadikaran Centre, Palarivattom, Cochin, Kerala-682 025, 0484- 4040500 ext -544, 9895599305
7	Coimbatore	Mr. S. Gopi Krishna, 750/14 2 <sup>nd</sup> floor, No.14 Gowtham Centre, Avinashi Road, Coimbatore-641018, 0422-4394201-03, 9940121994
8	Guwahati	Mr. Pallav Buragohain, 4 <sup>th</sup> Floor Ram Kumar Plaza, Chatribari Road,80 Rd, Guwahati, Assam-781001, 0361-2630771\72, 9954499752
9	Hyderabad	Mr. Rebally Ravi kumar, 2 <sup>nd</sup> Flr,7/1/59/2, 59/6 Mandhana Towers, Ameerpet, Hyderabad-500016, 040-40037364, 9393163625
10	Indore	Mr. Alpesh Jain, Mezzanine Floor, Sterling Tower, 2,M.G. Road, Indore, Madhya Pradesh-452001, 0731-4254500, 9893257744
11	Jaipur	Mr. Brajesh Parihar, No.501 , 502, 5th floor, Luhadia Tower, K-11, Ashok Marg, Near Ahinsa Circle, C Scheme, Jaipur-302 001, 0141-4099000, 9314104803, 9829796796
12	Kanpur	Mr. Utkarsh Garg, Office No.1,Ground Floor, Kan Chamber,14/13, Civil Lines, Kanpur, Uttar Pradesh-208001, 0512-2332171, 9336076222
13	Kolkata	Mr. Bharat Chokhani, Unit No. 410,North Block, 4th Floor, IdealPlaza,11/1, Sarat Bose Road, Calcutta, West Bengal-700020, 033-30510900, 9903032714
14	Ludhiana	Mr. Gurpreet Rattan, S.C.O. 16-17, 4th Floor, Fortune Chambers, Feroze Gandhi Market, Ludhiana, Punjab-141001, 0161-4691401, 9316286153
15	Mangalore	Mr. Mahesh T, 10 - 8 - 297, 1st Floor, M/s D.Vaikunta Pai, Golikatta Bazaar, Bunder, Mangalore, Karnataka-575001, 0824-4272442, 9341368213
16	Mumbai	Mr. Saurov Ghosh, 14 Mittal Chambers; 1st Floor, Nariman Point, Mumbai- 400021, 022-40074849, 9820593585
17	New Delhi	Mr. Rajiv Bindlish, G-36 Connaught Place, New Delhi-110 001, 011-66154187, 9313559760
18	Pune	Mr. Ashish Lambaraj Pardeshi, Amar Calibre, Ground Floor, C.T.S No. 911, Opp. Hotel Hill View, Deccan Gymkhana, Pune-411 004, 020-39841500, 9370335273
19	Rajkot	Mr. Amit Mahesh Dhruve, Office No 313,314,315 and 316,“Siddhi Vinayak Complex” Opp. Ramkrishna Ashram, Dr.Yagnik Road, Rajkot, Gujarat-360001, 0281-2466570 – 73, 9825478650/9998031405
20	Patna	Mr. Afroz Ahmad Khan, 101, 1st Floor, Jaiprakash Loknaya Bhawan, Dak Bungalow Crossing, Patna, Bihar-800001, 0612-2204967, 9934308734
21	Mumbai	Mr. Vinod Satpute, 3rd Floor, Kozzy Complex, Ramchandra Lane, Kachpada, Nr.Paras Industrial Estate, Malad (West), Mumbai-400064, 022-67807543, 9220280736
22	Mumbai	Mr. Gaurav Sethi, Dheeraj Arma Bldg, 3rd Flr, Anant Kanekar Marg, Bandra (E) Mumbai-400051, 022-66124600, 9867301732

23	Agra	Mr. Shujaat Ali, F – 8 & 9, 1 <sup>st</sup> Flr, Block No E – 16/8, Kailash Tower, Sanjay Place, Agra-282002, 0562-3013140, 9760090723
24	Chandigarh	Mr. Rajiv Mehra, SCO - 56-58,2nd Floor, Sector 9 D, Chandigarh, Punjab-160017, 0172-4681444, 9356091158
25	Ghaziabad	Mr. Pranav Gupta, Om Bhawan, R 1/88,Raj Nagar, Ghaziabad, Uttar Pradesh-201002, 0120-4175400-410, 9313059270
26	Gurgaon	Mr. Lalit Gola, JMD Regent Square, Shop No. GF-8, DLF Phase-II, Mehrauli-Gurgaon Road, Gurgaon,Haryana-122002, 0124-4113791-94, 9971493261
27	Lucknow	Mr. Dhruv Sankrityayan, Ground Floor, RIZ Building,5 Park road, Lucknow- 226001, 0522-4035900, 9335227553
28	Mohali	Mr. Balwinder Singh, 1st Floor, SCO No. 114, Phase 3, B2,Mohali,Punjab- 160059, 0172-4523421-432, 9878825115
29	Secundarabad	Ms. Turaga Venkata Satya Madhavi, Office No. 315, 5 <sup>th</sup> Floor, Bhuvana Towers, Sarojini Devi Road, Secunderabad-500 003, 040 -40021760-65, 9848823678
30	Nagpur	Mr. Pranay C Naidu, 1st floor, OASIS Plaza, Plot No.224,Opp. Leela's Food, Gokulpeth, Nagpur-440010, 0712-6639826 – 32, 9822222186

8.3 Demat Shareholders may also submit their bids by registered post (at their own risk and cost) so as to ensure that their Bid Forms are delivered to the Trading Member at Religare Securities Limited, 14 Mittal Chambers, 1<sup>st</sup> Floor, Opp. Inox Theatre, Nariman Point, Mumbai- 400021, Tel. No: 022-40074800, Fax No: 022-40074869, Website: www.religare.in, Email: kausar.delisting@religare.in, Contact Person: Mr. Saurov Ghosh, on or before 3.30 pm on Wednesday, March 25, 2009. If duly filled Bid Forms arrive before the Bid Period opens on Monday, March 23, 2009, the bid will still be valid, however the Trading Member will not submit the bid until the commencement of the Bid Period. Necessary documents required as mentioned in clause 8.2 must be enclosed and the envelope should be marked “**Kausar – Delisting Offer**”. Under no circumstances should the Bid Forms be dispatched to the Acquirer or the Company or the Manager to the Delisting Offer or the Registrar to the Delisting Offer.

8.4 The Trading Member has opened a Special Depository Account with NSDL details of which are as follows:

Trading Member	Religare Securities Limited
Special Depository Account Name:	RSL-KAUSAR-DELISTING OFFER-ESCROW ACCOUNT
Name of the Depository Participant:	Religare Securities Limited
DP Identification Number:	IN301774
Client Identification Number	14774915

8.5 In order for Bid Forms to be valid, the Demat Shareholders should transfer their Offer Shares from their respective depository accounts to the Special Depository Account prior to the submission of their bid and enclose a duly acknowledged copy of the Delivery Instruction slip furnished to their Depository Participant. Alternatively, Demat Shareholders may pledge their Offer Shares in favour of the Special Depository Account of the Trading Member, by providing a copy of the pledge confirmation from their depository participant in favour of the Special Depository Account. In order to receive the payment for the pledged Offer Shares at the price accepted by the Acquirer, the Demat Shareholders have to ensure that these Offer Shares are credited to the Special Depository Account of the Trading Member on or before the Final Settlement Date. All transfers should be in off-market mode.

8.6 Shareholders must hold their Offer Shares in dematerialized form in order to submit Bids. Shareholders who do not hold Offer Shares in dematerialized form but who wish to submit a Bid should convert their Offer Shares into dematerialized form in accordance with clause 8.7 below, prior to submission of their Bids or may offer their Offer Shares to the Acquirer in accordance with clause 13 of this Bid Letter.

8.7 It has become compulsory for equity shares of the Company to be traded in dematerialized form. The ISIN number for the equity shares of the Company is INE646I01015. Shareholders who wish to convert their Offer Shares into dematerialized form should contact any depository participant who is registered with the SEBI for further information on how to convert their Offer Shares into dematerialized form.

8.8 In the event of any Shareholder not receiving, or misplacing, their Bid Letters, they may obtain a copy by writing to Registrar to the Delisting Offer- Karvy Computershare Private Limited, Plot No. 17 - 24, Vittalrao Nagar, Madhapur, Hyderabad 500 081, India, Phone No.: 040 2342 0815, Fax No.: 040 2343 1551, Website: www.karvy.com, Email: murali@karvy.com, clearly

marking the envelopes “Kausar – Delisting Offer”. Further, a copy of this Bid Letter and all relevant forms may be downloaded from the website: [www.religare.in](http://www.religare.in). Alternatively, Shareholders may obtain copies of Bid forms enclosed with this Bid Letter at the Bid Centers. Such requests for providing a soft copy can also be emailed to the Manager to the Delisting Offer at [kausar.delisting@religare.in](mailto:kausar.delisting@religare.in).

- 8.9 The Offer Shares to be acquired under this Delisting Offer are to be acquired free from all liens, charges and encumbrances and together with all rights attached thereto, including the rights to all dividends declared and to be declared and any bonus shares to be issued by the Company hereafter as well as the right to subscribe to any rights issue made by the Company hereafter.
- 8.10 Demat Shareholders who hold their Offer Shares through CDSL will have to execute an inter-depository delivery instruction for the purpose of crediting their Offer Shares in favour of the Special Depository Account maintained with NSDL.
- 8.11 Demat Shareholders may revise or withdraw their Bid at any time prior to the prescribed time on the Bid Closing Date by contacting the Trading Member at the Bid Centre through which the original Bid was submitted and by completing and submitting the Bid Revision / Withdrawal Form.
- 8.12 Demat Shareholder submitting a Bid shall keep a copy of the Bid Form with himself. The copy of the Bid Form may be required in case of revision of the Bid.
- 8.13 It is the responsibility of the Demat Shareholders to ensure that their Offer Shares are credited to the Special Depository Account and their Bid Form reaches one of the bidding centres on or before 3.30 pm of the Bid Closing Date.
- 8.14 It is the responsibility of the Demat Shareholders tendering Offer Shares in Delisting Offer to obtain all requisite approvals (including corporate, statutory or regulatory approvals), if any, prior to tendering their Offer Shares under this Delisting Offer. The Demat Shareholder should attach a copy of any such approval to the Bid Form / Revision Form. The Acquirer takes no responsibility for the same. On receipt of the Offer Shares in the Special Depository Account, the Acquirer shall assume that the Demat Shareholders have submitted their Bid only after obtaining necessary approvals, if any. In any case, the Acquirer reserves the right to reject those Bids which are submitted without attaching a copy of such required approvals.
- 8.15 A summary of all validly submitted Bids will be displayed on the bidding terminals at each of the Bid Centers and the NSE website during the Bid Period. In case any Demat Shareholder has any doubt regarding the procedure for submitting their Bid, they may contact the Manager to the Delisting Offer or the Registrar to the Delisting Offer or the Trading Member.

## **9. PERIOD FOR WHICH THE DELISTING OFFER SHALL BE VALID FOR PHYSICAL SHARES**

If the Discovered Price is accepted by the Acquirer or the Acquirer decides to offer an Exit Price, Physical Shareholders may offer their shares for sale to the Acquirer at an Exit Price up to 15 days following the Final Settlement Date as per the timetable mentioned in clause 10 below.

## **10. PROPOSED TIME TABLE FOR THE DELISTING OFFER**

10.1 The proposed timetable for the reverse book-building process is as follows:

<b>Activity</b>	<b>Day &amp; Date *</b>
Resolution for delisting of equity shares passed by the shareholders of the Company	Monday, September 22, 2008
Public Announcement	Friday, March 6, 2009
Bid Letters expected to be dispatched to Shareholders	Monday, March 9, 2009
Bid Opening Date (10:00 am)	Monday, March 23, 2009
Bid Closing Date (3:30 pm)	Wednesday, March 25, 2009
Public Announcement with detail of Discovered Price, the Acquirer's acceptance / non acceptance and the Exit Price, if any.	Friday, March 27, 2009
Final Settlement Date with NSE for shares in dematerialised form**	Monday, March 30, 2009
Tender offer for holders of physical share certificates opens	Tuesday, March 31, 2009
Last day for Shareholders holding shares in physical form to tender their Shares	Tuesday, April 14, 2009
Final Settlement Date for Shareholders holding shares in physical form	Wednesday, April 22, 2009

*\*The above dates may be subject to change and are dependent on obtaining the requisite statutory and regulatory approvals. Changes, if any, will be notified to the Shareholders by way of a corrigendum to the PA in the same newspapers where the Public Announcement was issued.*

*\*\* Subject to the announcement of Exit price by the Acquirer.*

10.2 Actual dispatch of payment instrument to successful bidders would be made in the next few days shortly after the settlement subject to acceptance of the Discovered Price or offer of an Exit Price, higher than the Discovered Price by the Acquirer.

## **11. DETERMINATION OF EXIT PRICE**

- 11.1 Shareholders holding Shares of the Company in **dematerialized form only**, may tender their Shares during the Bid Period.
- 11.2 The Acquirer will determine the Discovered Price i.e. the price at which the maximum numbers of Shares are offered pursuant to the RBB provided under the Guidelines.
- 11.3 The Acquirer may, in its sole discretion accept the Discovered Price for the Shares. The Acquirer is, however, under no obligation to accept the Discovered Price. If the Acquirer does not accept the Discovered Price, the Acquirer will have no obligation to acquire the shares tendered in the Delisting Offer and the Delisting Offer as made under the PA will not proceed any further.
- 11.4 Notwithstanding herein above, the Acquirer may, in its sole discretion, offer to pay a price higher than the Discovered Price for the shares tendered in the Delisting Offer. The price so accepted or offered by the Acquirer is referred to as the Exit Price. If the Acquirer accepts or offers an Exit Price, the Acquirer will acquire all the Shares which have been tendered at prices up to and equal to the Exit Price, subject to receipt of required approvals, if necessary for a cash consideration equal to the Exit Price, for each such share purchased pursuant to the Delisting Offer. The Acquirer shall not accept Shares offered at a price that exceeds the Exit Price. The settlement procedure will be as prescribed under the Guidelines.
- 11.5 The Acquirer shall announce the Discovered Price, the Exit Price and its decision to either accept the Discovered Price or offer an Exit Price and accept the shares tendered up to and inclusive of the Exit Price or reject the Discovered Price in the same newspapers in which the PA was published, in accordance with the timetable set out in the Clause 10 or such modified time table as may be subsequently notified through the corrigendum appearing in the same newspapers as that of PA.
- 11.6 It is brought to the notice of all Shareholders that the use of any manipulative or deceptive device or indulgence in market manipulation by an individual Shareholder or a group of Shareholders or any other person(s) relating to the sale of shares during the RBB resulting in detriment to the security market or to the general interest of the Shareholders of the Company or violating any rules and regulations promulgated under the SEBI Act may attract the provisions of Section 12A of SEBI Act and / or regulation 4 of SEBI (Prohibition of Fraudulent and Unfair Trade Practices Relating to Securities Market) Regulations, 2003 and / or other applicable provisions.
- 11.7 Additionally, once the shares have been delisted, any outstanding Shareholders whose shares have not been acquired by the Acquirer may offer their shares for sale to the Acquirer at the Exit Price for a further period of six (6) months following the date of delisting of shares from DSE & LSE.**

## **12. PROCEDURE FOR SETTLEMENT OF DEMAT SHARES**

- 12.1 If the Acquirer announces an Exit Price and all other conditions attaching to the Delisting Offer are satisfied, the Acquirer shall acquire all Offer Shares that have been tendered at prices up to and equal to the Exit Price, for a cash consideration equal to the Exit Price for each such Offer Share
- 12.2 The Guidelines require the Acquirer to make available to the Clearing House of the NSE, the necessary funds required to fulfill the acceptance of the relevant Bids no later than three days from the Bid Closing Date, subject to and in accordance with the settlement procedures of the NSE (the “**Final Settlement Date**”). The Trading Member shall correspondingly make the Offer Shares available on the Final Settlement Date. On the Final Settlement Date, the funds shall be paid out and the corresponding Offer Shares will be transferred / credited in a process akin to the secondary market settlements. **This process is available only for Demat Shareholders. Physical Shareholders may please refer to clause 13 of this Bid Letter.**
- 12.3 If the Acquirer rejects the Discovered Price, all Offer Shares tendered / pledged in the Special Depository Account shall be returned/released from pledge within a reasonable time to the relevant Demat Shareholders.

- 12.4 However, in the event the receipt of the requisite statutory approvals (if any) is delayed, the Acquirer may request SEBI to grant an extension of time to the Acquirer for the payment of consideration to the Demat Shareholders beyond the Final Settlement Date as directed by SEBI.

### **13. SHAREHOLDERS HOLDING EQUITY SHARES IN PHYSICAL FORM**

- 13.1 Physical Shareholders will not be able to submit a Bid unless they first convert their physical shares into dematerialized form in accordance with clause 13.2 below prior to submission of their Bids. Alternatively, they may offer their Offer Shares to the Acquirer in accordance with clause 13.3 below.
- 13.2 The Company has entered into an agreement with NSDL and CDSL for providing the facility to the Shareholders to hold their equity shares in dematerialized form. Physical Shareholders who wish to convert their Offer Shares into dematerialized form should contact any depository participant who is registered with SEBI for further information on how to convert their Offer Shares into dematerialized form.
- 13.3 Physical Shareholders who wish to convert their Offer Shares into dematerialized form should ensure that the dematerialization process is completed in sufficient time so that their Offer Shares are credited to the Special Depository Account and their Bids reach the Trading Member within the prescribed time on or before the Bid Closing Date.
- 13.4 On announcement of the Exit Price by the Acquirer, Physical Shareholders would also be provided an exit opportunity, at the same price offered to the Demat Shareholders, for a period of 15 days from Final Settlement Date for dematerialized shares tendered during the Bid Period. Physical Shareholders who wish to offer their Offer Shares to the Acquirer should forward the Form of Acceptance duly filled and signed by all registered Shareholders (in case of joint holdings) along with original physical share certificate(s) and valid share transfer deed/form(s) enclosed with this Bid Letter duly signed as transferors by all registered Shareholders (in case of joint holdings) in the same order and as per specimen signatures registered with the Company and duly witnessed at the appropriate place, by hand delivery or by registered post(at their own risk and cost) with the envelope clearly marked "Kausar – Delisting Offer" to the Registrar to the Delisting Offer, namely, **Karvy Computershare Private Limited**, Plot No. 17 to 24, Vittalrao Nagar, Madhapur, Hyderabad 500 081, Contact Person: Mr. Murali Krishna, Phone No: 040-23420815, Fax No: 040-23431551, Website: [www.karvy.com](http://www.karvy.com), Email: murali@karvy.com, on or before the last day for Physical Shareholders to submit Form of Acceptances set out in clause 10 i.e. Tuesday, April 14, 2009.
- 13.5 Demat Shareholders who do not tender during the Bid Period, may only tender their Offer Shares during the period of 15 days from Final Settlement Date, if they convert their Offer Shares into physical form prior to the last day of submitting Form of Acceptance i.e. Tuesday, April 14, 2009.

### **14. EXIT OPTION POST DELISTING**

Once the shares have been delisted, any outstanding Shareholders whose Offer Shares have not been acquired by the Acquirer may offer their Offer Shares regardless of whether the same is held in dematerialized form or physical share certificates for sale to the Acquirer at the Exit Price for a period of 6 months following the date of the delisting of shares from DSE & LSE.

### **15. DETAILS OF ESCROW ACCOUNT AND SETTLEMENT**

- 15.1 In accordance with the Guidelines, Acquirer, Manager to the Delisting Offer and HDFC Bank Ltd having its address as HDFC Bank House, Senapati Bapat Marg, Lower Parel (W), Mumbai 400013 have entered into an escrow agreement dated February 19, 2009 pursuant to which the Acquirer has deposited into an escrow account bearing no. 00600350067985 with HDFC Bank Limited, Maneckji Wadia Bldg , Nanik Motwani Marg, Fort, Mumbai - 400 001, Tel No. 022-30233216, Fax No. 022-22049750, cash deposit of Rs. 1,27,00,000/-(One Crore Twenty Seven Lakhs only) being an amount in excess of 100% of the estimated consideration computed based on the Floor Price calculated in accordance with the Guidelines with a lien marked in favour of the Manager to the Delisting Offer. The Acquirer has authorised the Escrow Agent (HDFC Bank) to accept instructions from Manager to the Delisting Offer to release the cash deposit in prescribed circumstances. The Manager to the Delisting Offer has been authorised to realize the value of escrow arrangement consisting of cash deposit, in terms of and as per the provisions of Guidelines
- 15.2 If the Acquirer announces the Exit Price, the Acquirer will make available to the clearing house of NSE, the necessary funds required to settle the acceptance of the relevant Bid Forms. In the event that the receipt of requisite statutory and regulatory approvals is delayed for any reason, the Acquirer may, with such permission as may be required, defer the Final Settlement Dates for dematerialised and physical shares and any such extension shall be intimated by the Acquirer by issuing an appropriate corrigendum.

## **16. STATUTORY AND REGULATORY APPROVALS**

- 16.1 The Company has obtained the approval of its Members, by way of special resolution at its Annual General Meeting held on Monday, September 22, 2008, consenting to the delisting of the shares from DSE & LSE, in accordance with Guidelines.
- 16.2 To the best of the Acquirers knowledge, as on the date of the PA, there are no other statutory or regulatory approvals required to acquire the Offer Shares other than as indicated above. If any statutory or regulatory approvals become applicable, the acquisition of Offer Shares by the Acquirer and the Delisting Offer will be subject to such statutory or regulatory approvals.
- 16.3 It shall be the responsibility of the Shareholders tendering in the Delisting Offer to obtain all requisite approvals (including corporate, statutory or regulatory approvals), if any, prior to tendering in the Delisting Offer, and the Acquirer shall take no responsibility for the same. The Shareholder should attach a copy of any such approval to the Bid Form, wherever applicable.
- 16.4 The Acquirer reserves the right not to proceed with the Delisting Offer in the event the approvals indicated above are not obtained or conditions which the Acquirer considers in its sole discretion to be onerous are imposed in respect of such approvals.
- 16.5 The Acquirer reserves the right not to proceed with the Delisting Offer if any amendments to the Guidelines occur.
- 16.6 In the event that receipt of the requisite statutory approvals are delayed, changes to the proposed timetable, if any, will be notified to Shareholders by way of a corrigendum to the Public Announcement in the same newspapers where the PA is being issued.
- 16.7 The acquisition of shares from Non-Resident Indians (“NRI”) is subject to approval from the Reserve Bank of India (“RBI”) under the Foreign Exchange Management Act, 1999.
- 16.8 Non resident Shareholders should enclose a copy of the original permission received by them from Reserve Bank of India (RBI) in relation to the acquisition of the shares tendered by them vide their Bids as well as the permission required, if any, in terms of the original permission, for tendering the said equity shares in the Delisting Offer. In case the requisite RBI permission is not submitted, the Acquirer reserves the right to reject such equity shares tendered in the Delisting Offer.

## **17. NON RESIDENT SHAREHOLDERS**

- 17.1 Non-Resident Shareholders will also need to enclose a copy of the original permission received by them from the RBI in relation to the acquisition of the Offer Shares and also:
- 17.1.1 If the Non-Resident Shareholder’s Offer Shares are held on a repatriation basis, the Non-Resident Shareholder must obtain and enclose with the Bid Form / and Form of Acceptance, a letter from his/her/their authorized dealer/bank confirming that at the time of the acquisition of such Offer Shares, payment for the same was made by the Non-Resident Shareholder from the appropriate account (e.g. NRE a/c) as specified by RBI in its approval.
- 17.1.2 If the Non-Resident Shareholder is not in a position to produce the letter referred to in clause 17.1.1 above, his/her/its Offer Shares will be deemed to have been acquired on a non-repatriation basis and in such a case, the Non-Resident Shareholder must submit a consent letter addressed to the Acquirer, allowing the Acquirer to make the payment on a non-repatriation basis in respect of such Offer Shares.
- 17.1.3 Non-Resident Shareholders should also enclose copies of any other statutory/ legal/ corporate approvals as may be applicable.
- 17.2 If any of the documents referred to in clause 17.1 above are not enclosed along with the Non-Resident Shareholder’s Bid Form/and Form of Acceptance, payment to such Non-Resident Shareholder’s Bid / Acceptance may be made only as per the applicable law.

## **18. TAX TO BE DEDUCTED AT SOURCE**

### **Tax to be deducted in case of Resident Shareholders**

- 18.1 In absence of any specific provision under the IT Act, Acquirer shall not deduct tax on the consideration payable to resident Shareholders for acquisition of shares.

- 18.2 Acquirer shall deduct the tax at the prescribed rates (including applicable surcharge and education cess) on the interest, if any, payable to resident Shareholder, if amount of interest payable is in excess of Rs. 5,000 (Rupees Five Thousand).
- 18.3 The resident Shareholder claiming no tax is to be deducted or tax to be deducted at a lower rate on interest amount should submit along with the Bid Form /and Form of Acceptance documentary evidence to support exemption from tax deduction or a No Objection Certificate from the Income Tax authorities indicating the rate at which tax is to be deducted by the Acquirer or a self declaration in Form 15G or Form 15H as may be applicable.
- 18.4 In case of any ambiguity, incomplete or conflicting information or information not being provided to the Acquirer by the above Shareholders, the tax shall be deducted at the prescribed rates.

**Tax to be deducted in case of Non Resident Shareholders**

- 18.5 As per the provisions of section 195(1) of the IT Act, any person responsible for paying to a non-resident any sum chargeable to tax is required to deduct tax at the prescribed rate (including applicable surcharge and education cess).
- 18.6 The consideration payable under the Delisting Offer would be chargeable to tax as capital gains or business profits, as the case may be. Accordingly, Acquirer shall deduct tax at the prescribed rate (including applicable surcharge and education cess) on the gross consideration payable to the non resident Shareholders based on the information requested and submitted along with the Bid Form /and Form of Acceptance.
- 18.7 In case of any ambiguity, incomplete or conflicting information or information not being provided to the Acquirer by the non resident Shareholders, the tax shall be deducted at the maximum rate prescribed for such non resident Shareholder.
- 18.8 If the non resident Shareholders require the Acquirer not to deduct tax or to deduct tax at a lower rate or on a lower amount for any reason, they would need to obtain a certificate from the Income Tax authorities either under section 195(3) or under section 197 of the IT Act, and submit the same to Acquirer while submitting the Bid Form /and Form of Acceptance. In absence of such certificate from the Income Tax authorities, the Acquirer shall deduct tax on gross consideration at the prescribed rate of tax.
- 18.9 In case where non resident Shareholder is the tax resident of a country which has entered into a Tax Treaty with India, it may be possible for the non resident Shareholder to avail the beneficial provisions, if any, under the Tax Treaty. If the non resident Shareholder opts to avail the beneficial provisions as per Tax Treaty, a certificate from the tax authorities, of the country of which such person is the tax resident, certifying the tax residence of such person needs to be provided to the Acquirer along with the Bid Form /and Form of Acceptance. In absence of such certificate, the Acquirer shall deduct the tax as per clauses 18.5 to 18.8 above.
- 18.10 Withholding tax implication for Foreign Institutional Investor ('FII')
- 18.11 As per the provisions of Section 196D(2) of the IT Act, no deduction of tax at source shall be made from any income by way of capital gains arising from the transfer of securities referred to in section 115AD payable to a FII as defined in section 115AD of the IT Act.
- 18.12 Foreign Institutional Investor should certify the nature of its income arising from the sale of shares (whether capital gains or business profits). In absence of certification to the effect that the income from sale of shares is in the nature of capital gains, the Acquirer shall deduct tax at the prescribed rate under the IT Act, on the gross consideration payable. Should FII submit a Certificate from the Income Tax authorities along with the Bid Form /and Form of Acceptance indicating the amount or rate of tax to be deducted, the Acquirer shall deduct tax in accordance with the same.
- 18.13 For interest payments, if any, FII shall have to provide a No Objection Certificate/ Tax Clearance Certificate from the Income-Tax authorities indicating the amount of tax to be deducted. In absence of such certificate, Acquirer shall deduct the tax on the interest payable to FII, at the prescribed rate for the category to which such FII belongs.
- 18.14 The Acquirer shall issue a certificate in the prescribed form to the Shareholders (resident and non resident) who have been paid the consideration or interest after deducting of tax on the same certifying the amount of tax deducted and other prescribed particulars.
- 18.15 For the purpose of computing the tax deduction at source, Shareholders who wish to tender their shares must submit the following information along with the Bid Form /and Form of Acceptance:
- A. Information requirement in case of Resident Shareholder (applicable only for the interest payment, if any)**
- i. Self attested copy of PAN card
  - ii. Self attested declaration in respect of residential status, status of Shareholders (eg. Individual, Firm, Company, Trust, or any other - please specify)
  - iii. If applicable, self declaration form in Form 15G or Form 15H, as the case may be

- iv. Nil / lower withholding tax certificate from the Indian Income Tax authorities
- v. For Mutual fund/Banks/Notified Institution under Section 194A(3)(iii)(f) of the Income Tax Act – Copy of relevant Registration or notification

**B. Information requirement from a Non Resident Shareholder**

- i. Self attested copy of PAN card
- ii. Nil / Lower withholding tax certificate from the Indian Income Tax authorities u/s 195(3) or u/s 197 under the IT Act
- iii. Self attested declaration in respect of residential status, status of Shareholders (eg Individual, Firm, Company, Trust, or any other - please specify) and period of holding of shares (i.e. whether shares tendered are a long term capital assets or short term capital assets as defined under Indian Income Tax Act, 1961)
- iv. In case shares tendered comprise both long term capital assets and short term capital asset then break up of the same
- v. Tax residency certificate, where the Shareholder intends to avail the beneficial provisions under a Tax Treaty
- vi. Banker certificate certifying inward remittance
- vii. Self attested declaration to the effect that the shares are held on capital / investment account or Trade account
- viii. SEBI Registration Certificate for FIIs

18.16 Shareholders are advised to provide the above information in order to enable the Acquirer to appropriately deduct tax at source.

18.17 The tax deducted under this Delisting Offer is not the final liability of the Shareholders or in no way discharge the obligation of Shareholders to disclose the amount received in pursuant to this Delisting Offer.

**18.18 SHAREHOLDERS ARE ADVISED TO CONSULT THEIR TAX ADVISORS FOR THE TREATMENT THAT MAY BE GIVEN BY THEIR RESPECTIVE ASSESSING OFFICERS IN THEIR CASE, AND THE APPROPRIATE COURSE OF ACTION THAT THEY SHOULD TAKE. THE ACQUIRER AND THE MANAGER TO THE DELISTING OFFER DO NOT ACCEPT ANY RESPONSIBILITY FOR THE ACCURACY OR OTHERWISE OF SUCH ADVICE.**

18.19 THE TAX RATE AND OTHER PROVISIONS MAY UNDERGO CHANGES.

**19. GENERAL**

19.1 In accordance with paragraph 4 of Schedule II to the Guidelines, the Shareholders who have tendered their shares by submitting Bids Pursuant to the terms of the PA and the Bid Letter may revise or withdraw their bids prior to the prescribed time on the Bid closing date.

19.2 The Acquirer will inform Shareholders by way of PA in the same news papers where the PA has been published, of any changes to the information set out in this Bid Letter and the PA.

19.3 Every person who desires to participate in the Delisting Offer may do so pursuant to independent inquiry, investigation and analysis and shall not have any claim against the Acquirer, the Manager to the Delisting Offer or the Company whatsoever by reason of any loss which may be suffered by such person consequent to or in connection with this Delisting Offer and tender their shares through RBB or subsequently.

19.4 Upon delisting from DSE & LSE, the Acquirer shall announce the same by a public notice in all the newspapers in which the PA was released.

**20. COMPLIANCE OFFICER**

The Compliance Officer of the Company:  
Mr. Syed Hasan Haris, Company Secretary  
Kausar India Limited  
AG - 50, Sanjay Gandhi Transport Nagar,  
G.T. Karnal Road, New Delhi- 110042,  
Tel No: 011-27831302, Fax No: 011-41740201  
Email-id: kausarindialimited@yahoo. in

## **21. NSE/NSCCL DISCLAIMERS**

- 21.1 “It is to be distinctly understood that the permission given by NSE to use their electronic automated facilities and infrastructure for “Online Reverse Book Building facility for delisting of securities” should not in any way be deemed or construed that the compliances with various statutory and other requirements by Gati Limited, Religare Capital Markets Limited etc. are cleared or approved by NSE; nor does it in any manner warrant, certify or endorse the correctness or completeness of any of the compliance with the statutory and other requirements nor does it have any financial responsibility or liability nor does it take responsibility in any way for the financial or other soundness of this company, its promoters or its management.”
- 21.2 “It is also to be distinctly understood that the approval given by NSE should not in any way be deemed or construed that the public announcement has been cleared or approved by NSE; nor does it in any manner warrant, certify or endorse the correctness or completeness of any of the contents of this announcements, nor does it warrant that the securities will be delisted.”
- 21.3 “It is further to be distinctly understood that the liability of NSE/NSCCL shall end with the declaration of pay out to its trading members who are designated as Syndicate Members and sub-syndicate members. It is also to be understood that NSE/NSCCL shall not be liable to the shareholders for non-receipt of the sale proceeds after the pay out is completed nor funds from Investor Protection Fund set up by NSE shall be available to settle the claims of those shareholders who have not received their sale proceeds. NSE shall also not be liable for non-receipt of the shares passed on to the trading members who are designated as Syndicate Members and sub-syndicate members and for which bids are not accepted by the Acquirer and the Lead Manager. In the event any shareholder has any grievance against any of the syndicate members or the Acquirer or the Lead Manager, he should approach the Acquirer or Lead Manager for redressal of his grievance.”

**General Disclaimer:** Every person who desires to avail of the exit opportunity may do so pursuant to independent inquiry, investigation and analysis and shall not have any claim against NSE or against the Investor Protection Fund or any fund set up by NSE or against any fund set up by NSCCL whatsoever by reason of any loss which may be suffered by such person consequent to or in connection with such offer and tender of securities through book building process whether by reason of anything stated or omitted to be stated herein or any other reason whatsoever.

## **22. DECLARATION BY THE ACQUIRER**

The Acquirer accepts full responsibility for the information contained in Public Announcement made in this regard, Bid Letter and also for ensuring compliance with the Regulations.

For **Gati Limited (Acquirer)**

Sd/-  
A.S. Sandhu  
CFO & Company Secretary  
Place: Hyderabad

**Enclosed: Bid Form & Revision Form for Dematerialization Shares and Form of Acceptance for Physical Shares**