



US\$45 MM Convertible Bonds Due 2011  
Summary of the Terms of the Offering

Issuer	Nahar Industrial Enterprises Limited.
Issue	US\$45,000,000 unsecured Convertible Bonds due 16 February 2011. ISIN Number - XS0243545984
Issue Price	The Bonds will be issued at 100% of their principal amount.
Issue Date	15 February 2006.
Maturity Date	16 February 2011.
Option for Additional Bonds	The Issuer has granted to the Manager an option to purchase or procure purchases for an additional US\$5,000,000 principal amount of the Bonds, which the Manager has exercised.
Interest Rate	Interest will not be paid on the Bonds.
Redemption at Maturity	Unless previously converted, redeemed or cancelled, the Issuer will redeem each Bond at 136.055% of its principal amount on the Maturity Date.
Yield to Redemption	6.25% per annum, semi-annually compounded
Status of the Bonds	The Bonds will constitute direct, unsubordinated, unconditional and unsecured obligations of the Issuer and will at all times rank <i>pari passu</i> and without any preference or priority among themselves. The payment obligations of the Issuer under the Bonds shall, save for such exceptions as may be provided by mandatory provisions of applicable law, at all times rank at least equally with all of its other present and future direct, unsubordinated, unconditional and unsecured obligations.
Conversion Right	Except during certain Closed Periods, the Bonds are convertible by Holders of the Bonds into fully paid equity shares of the Issuer with full voting rights at any time on or after 15 March 2006 and prior to the close of business on 16 January 2011, unless previously redeemed, converted or cancelled.
Conversion Price	The conversion price at which the Bonds may be converted into Shares (subject to adjustment in the manner provided in the "Terms and Conditions of the Bonds") will initially be Rs.200 per Share, with a fixed rate of exchange on conversion of Rs.44.2570 = US\$1.00. If Bondholders convert Bonds between 15 March 2006 and 14 February 2007 they receive an additional 5% of Shares. If Bondholders convert Bonds between 15 February 2007 and 14 February 2008 they will receive an additional 10% of Shares. The Conversion Price will be reset downwards by up to 10% of the initial Conversion Price on 15 February 2008 if the average Closing Price of the Shares in the five Trading Days before that date is less than the Conversion Price. The Conversion Price may not be reset below 90% of the initial Conversion Price.
Mandatory Conversion	The Bonds may be converted at the option of the Issuer at any time on or after 15 February 2008 subject to the Volume-Weighted Average Price during each of 20 consecutive Trading Days being no less than 120% of the Conversion Price. Bondholders will receive a minimum value in Shares of 120% of the principal amount of the Bonds plus Accreted Value.
Adjustment to Conversion Price	The Conversion Price of the Bonds will be adjusted in certain events occurring after the Issue Date, including upon (i) bonus issues of shares, (ii) free distribution of shares, (iii) sub-division, consolidations and reclassification of shares exceeding 30% of the Shares' par value, (iv) issuance of rights to acquire shares, (v) issuance of warrants at a discount to the prevailing market price (vi) issuance of convertible bonds and exchangeable bonds at below market price and (vii) issuance of shares at below market price.
Redemption at the Option of the Issuer	The Bonds may be redeemed, in whole but not in part, at the option of the Issuer, at any time on or after 15 February 2009 and prior to 16 February 2011, subject to satisfaction of certain conditions, at the greater of 130% of the principal amount of the Bonds or the Early Redemption Amount (as defined in the full terms and conditions of the final Offering Circular). The Bonds may be redeemed, in whole but not in part, at any time during such period at the option of the Issuer, subject to satisfaction of certain conditions, at the Early Redemption Amount if 10% or less in aggregate principal amount of the Bonds issued (including such principal amount of the Bonds issued pursuant to the Option for Additional Bonds) remains outstanding.
Use of Proceeds	The net proceeds of the issue of the Bonds are expected to be approximately US\$43.2 and will be used by the Issuer as set out in "Use of Proceeds". The use of the net proceeds shall be in accordance with the end-use restrictions specified by the RBI and the Indian Government.