LETTER OF OFFER

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

*This Letter of Offer is sent to you as shareholder(s) of **Amit Spinning Industries Limited** If you require any clarification about the action to be taken, you may please consult your stockbroker or investment consultant or the Manager to the Offer or the Registrar to the Offer. In case you have recently sold your equity shares in Amit Spinning Industries Limited, please hand over this Letter of Offer and the accompanying Form of Acceptance cum Acknowledgement, Form of Withdrawal cum Acknowledgement and Transfer Deed(s) to the Member of Stock Exchange through whom the said sale was effected.*

OPEN OFFER BY

SPENTEX INDUSTRIES LIMITED

Registered Office: A-60, Okhla Industrial Area, Phase II, New Delhi-110 020.
Tel No. 011-26387738, 41614999; Fax No. 011-26385181, 41614537

To

Acquire upto 82,33,934 equity shares of Rs. 5/- each representing 20% of the total equity/voting share capital of Target Company at a price of Rs. 11/- (Rupees Eleven Only) per fully paid equity share, payable in Cash.

of

AMIT SPINNING INDUSTRIES LIMITED

Registered Office: Lotus House, 5th Floor, 33-A, New Marine Lines, Mumbai-400020
Tel No. (022)-56315801; Fax No. (022)-56315809.

Pursuant to the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 1997 and subsequent amendments thereof.

ATTENTION:

1. **The offer is not a conditional offer.**
2. Approval for transfer of shares of a Company registered in India by a Non Resident to a person resident in India is required. The Acquirer shall apply for approval from RBI for transfer of shares in their name in due course after successful completion of this Offer.
3. Approval from Acquirer bank(s) is required for the purpose of this open offer and the Acquirer has duly applied for the approval.
4. 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 three working days prior to the date of closure of the offer i.e. upto **Wednesday, 19th day of July, 2006**.
5. If there is any upward revision in the Offer Price by the Acquirer upto seven working days prior to the date of closure i.e. upto **Thursday, 13th day of July, 2006** the same would be informed by way of a Public Announcement in the same newspapers where the original Public Announcement had appeared. Such revision in the Offer Price would be payable for all the equity shares tendered anytime during the Offer Period.
6. **If there is a Competitive Bid:**
   - **6.1 The Public Offers under all the subsisting bids shall close on the same date.**
   - **6.2 As the Offer Price can not 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.**
7. **A copy of Public Announcement, Letter of Offer, Form of Acceptance cum Acknowledgement and Form of Withdrawal are also available on SEBI's web-site: www.sebi.gov.in**

FOR PROCEDURE FOR ACCEPTANCE OF THIS OPEN OFFER PLEASE REFER SECTION 9 "PROCEDURE FOR ACCEPTANCE AND SETTLEMENT OF THE OFFER" (PAGE NOS. 17 TO 20)

FORM OF ACCEPTANCE-CUM-ACKNOWLEDGEMENT AND FORM OF WITHDRAWAL ARE ENCLOSED WITH THIS LETTER OF OFFER.

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

MANAGER TO THE OFFER	REGISTRAR TO THE OFFER
Chartered Capital And Investment Limited 13, Community Centre, East of Kailash, New Delhi-110065. Tel nos.: 011-26472557/26218274 Fax no.: 011-26219491 Email: delhi@charteredcapital.net charteredcapital@gmail.com Contact Person: **Mr. Amit Mehta**	**BEETAL** **FINANCIAL & COMPUTER SERVICES (P) LTD.** **Beetal Financial & Computer Services Pvt. Ltd.** **Regd & Admn. Office :** Beetal House, 3rd Floor, 99, Madangir Behind Local Shopping Centre, Near Dada Harsukhdas Mandir, New Delhi 110 062, Phone : 011-29961281, 29961282 Fax: 011-29961284 E-mail: beetal_99@sify.com Contact Person: **Mr. Punit Mittal**
OFFER OPENS ON: 05th July, 2006 (Wednesday)	**OFFER CLOSES ON: 24th July, 2006 (Monday)**

SCHEDULE OF THE MAJOR ACTIVITIES OF THE OFFER

Activity	Original Schedule	Revised Schedule
Date of Public Announcement (PA)	**2nd March, 2006 (Thursday)**	**2nd March, 2006 (Thursday)**
Specified Date	24th March, 2006 (Friday)	24th March, 2006 (Friday)
Last Date for a Competitive Bid(s)	**23rd March, 2006 (Thursday)**	**23rd March, 2006 (Thursday)**
Date by which Letter of Offer will be dispatched to the Shareholders	13th April, 2006 (Thursday)	30th June, 2006 (Friday)
Offer Opening Date	**21st April, 2006 (Friday)**	**5th July, 2006 (Wednesday)**
Last Date for the Revision of the Offer Price / Number of Equity Shares.	**1st May, 2006 (Monday)**	**13th July, 2006 (Thursday)**
Last date to withdraw acceptance tendered by shareholders	5th May, 2006 (Friday)	19th July, 2006 (Wednesday)
Offer Closing Date	**10th May, 2006 (Wednesday)**	**24th July, 2006 (Monday)**
Date by which the acceptance / rejection would be intimated and the corresponding payment for the acquired equity shares and / or the unaccepted equity shares / share certificates will be dispatched.	25th May, 2006 (Thursday)	8th August, 2006 (Tuesday)

RISK FACTORS

i. **In the event that either (a) the regulatory approvals are not received (b) there is any litigation to stay the offer or (c) SEBI instructs the Acquirer not to proceed with the offer, then the offer proceeds may be delayed beyond the schedule of activities indicated in this Letter of Offer. Consequently, the payment of consideration to the public shareholders of ASIL, whose shares have been accepted in the offer as well as the return of shares not accepted by the acquirers may be delayed.**

ii. **The shares tendered in the offer will lie to the credit of a designated escrow account/ held in trust by the Registrar, till the completion of the Offer formalities. Accordingly, the acquirers make no assurance with respect to any decision by the shareholders on whether or not to participate in the offer.**

iii. **In the event of over-subscription to the offer, the acceptance will be on a proportionate basis.**

iv. **Association of the Company with the Acquirer does not warrant any assurance with respect to the future financial performance of the Company.**

v. **The Acquirer makes no assurance of market price of shares of the Target Company during or after the offer.**

vi. **Following Litigations/disputes are pending against Acquirer (Spentex Industries Limited).**

1) **Show Cause Notice issued by the Directorate General of Central Excise Intelligence, West Zone Unit, Mumbai and Demand made by the Commissioner of Central Excise, Pune under the Central Excise Act, 1944**

A Show Cause Notice was issued by the Office of the Directorate General of Central Excise Intelligence, West Zone Unit, Mumbai dated September 24, 2001 and the Company had been called upon to Show Cause for short payment of Central Excise Duty during the financial years 1999-2000 and 2000-01 and for adjustment of an amount of Rs. 28,964/- paid voluntarily and for imposition of penalty under Section 11AC of the Central Excise Act, 1944 along with interest thereon. On the basis of the hearing held before him, the Commissioner of Central Excise, Pune – III had passed an Order (undated) in June 2003 whereby the demand was confirmed for a sum of Rs. 17,03,086.15 (Rupees Seventeen Lakhs Three Thousand Eighty Six and paise Fifteen Only) against the above mentioned show cause notice against the Company under Sub-Section (2) of Section 11 A of the Central Excise Act, 1944. In addition thereto, a penalty of Rs. 17,03,086.15 (Rupees Seventeen Lakhs Three Thousand Eighty Six and paise Fifteen Only) was imposed on the Company under Section 11AC of the Central Excise Act, 1944. In respect of the above demand of the Commissioner of Central Excise, Pune – III, the Company preferred an Appeal (E/2679&2680/03 & 2276/04) to the Customs Excise and Service Tax Appellate Tribunal (CESTAT: WZB), Mumbai. Pursuant to the Notice dated October 3, 2005, the hearing was held on 24th November, 2005 and the matter was referred back to the Commissioner III, Pune.

2) **Show Cause Notice issued by the Office of the Dy. Commissioner of Central Excise**

A Show Cause Notice has been issued by the Office of the Dy. Commissioner of Central Excise, Pune – VII Division dated March 7, 2002 and the Company had been called upon to Show Cause for short payment of Central Excise Duty amounting to Rs. 29,96,725/- during the period February 2001 to December 2001 and for imposition of penalty under Rule 173 Q(1) (a) of the Central Excise Rules, 2001 along with interest thereon. The hearing was held in the office of Commissioner Pune-III in 3rd October, 2005. Pending decisions in case, no order has been passed by the Commissioner.

3) **Income Tax Demand**

The income tax demand of Rs. 30, 91,486/- for the year 2000-2001 has been paid by the Company and filed an appeal before CIT by CLC Global Ltd. (amalgamated company)

4) **Show Cause Notice in respect of duty demand on Indigenous cotton waste clearance**

Show Cause Notice No.V(52)15-21/ADJ/98/{-IIC/758 dated 26/02/1998 for Rs.63,61,559/- in respect of duty demand on Indigenous cotton waste clearance (period from 01.03.1993 to 15.03.1995). It was issued by the Commissioner of Central Excise Pune – II. This demand pertains to the Cotton Waste generated in the manufacturing process.

5) **Petition filed by BKS vs. RKS before the Industrial Court regarding verification and recognition of Union**

A Petition filed by BKS vs. RKS before the Industrial Court regarding verification and recognition of Union (Potential issue of Industrial Relations involved regarding recognition as representative Union). One of the faction RKS may have preferred an Appeal before the High Court for stay of the implementation of the order issued by the Labour Commissioner's Office.

6) **Labour cases:**

S.No.	Applicant Vs Opponent	Case Details	Relief Asked For	Court	Present Status
1	Mr.V.S.Bhadgude (Ex-worker) V/s. Cimmco Spinners	Terminated from 20/06/99 due to Heavy Absenteeism	Reinstatement with back wages	Labour Court No.1 BIR No.179 / 1999	Not resolved
2	Mr.V.S.Bhadgude (Ex-worker) V/s. Cimmco Spinners	Illegal Change	Declaration of illegal Change	Labour Court No.1 ULP 1/98	Not resolved
3	Mr. Vithal Gaikwad (Contract Worker) V/s. Cimmco Spinners	W.C.Claim for Rs.32,256/- plus interest from 21/07/96	Asking for workmen compensation	Labour Court No.1 13/98	Not resolved
4	Cimmco Spinners Empl. Union V/s. Cimmco Spinners	Illegal Change From 30/06/99	Declaration of illegal Change	Industrial Court 102/99	Not resolved
5	Cimmco Spinners V/s. Cimmco Spinners Empl. Union	Go Slow from 10/10/2000 case filed on 16/10/2000	Declaration of Slow & illegal Change	Industrial Court 192 / 2000	Not resolved
6	Mr. Sudhir B. Thorat V/s. Cimmco Spinners	Retrenchment 17/07/2003 due to his resignation	Reinstatement with back wages	Labour Court 5/2004	Not resolved

The risk factors set forth above, pertain to the offer and not in relation to the present or future business or operations of ASIL or any other related matters, and are neither exhaustive nor intended to constitute a complete analysis of the risk involved in participation or otherwise by a shareholder in the offer. Shareholders of ASIL are advised to consult their stockbrokers or investment consultants, if any, for further risk with respect to their participation in the offer.

TABLE OF CONTENTS

1. DEFINITIONS

1.	Acquirer or The Acquirer or SIL	Spentex Industries Limited
2.	Book Value per share	Net worth / Number of equity shares issued
3.	BSE	The Bombay Stock Exchange Limited, Mumbai
4.	CDR	Corporate Debt Restructuring
5.	EPS	Profit after tax / Number of equity shares issued
6.	Form of Acceptance	Form of Acceptance cum Acknowledgement
7.	Form of Withdrawal	Form of Withdrawal cum Acknowledgement
8.	LOO or Letter of Offer	Offer Document
9.	Manager to the Offer or, Merchant Banker	Chartered Capital And Investment Limited
10.	N.A.	Not Available
11.	NSE	National Stock Exchange of India Limited
12.	Negotiated Price	Rs.11 (Eleven Only) per fully paid-up equity share of face value of Rs.5/- each.
13.	Offer or The Offer	Open Offer for acquisition of 82,33,934 equity shares of Rs. 5/- each representing 20% of the total voting capital of Target Company at a price of Rs. 11.00 (Rupees Eleven Only) per fully paid equity share, payable in Cash.
14.	Offer Price	Rs. 11.00 (Rupees Eleven Only) per share for fully paid equity shares of Rs. 5/- each, payable in Cash.
15.	Persons eligible to participate in the Offer	Registered shareholders of Amit Spinning Industries Limited, and unregistered shareholders who own the equity shares of Amit Spinning Industries Limited any time prior to the Offer closure other than the Parties to SPA i.e. Acquirer & the Sellers under SPA. and Allottee under preferential issue i.e. Acquirer.

16.	Post Preferential share/paid up share capital/ paid up equity share capital/ voting capital or Expanded Capital Base	4,11,69,667 fully paid equity shares of Rs. 5/- each of target Company
17.	Preferential Issue	Allotment of 1,30,79,667 fully paid up equity shares of face value of Rs. 5/- each representing 31.77% of post preferential share/ voting capital of Target Company for cash at a price of Rs. 8.41 per equity share to the Acquirer.
18.	Public Announcement or **"PA"**	Announcement of the Open Offer by The Acquirer, which appeared in the newspapers on March 2, 2006.
19.	Corrigendum to the Public Announcement	Corrigendum to the Public Announcement of the Open Offer by The Acquirer, which appeared in the newspapers on June 24, 2006
20.	RBI	Reserve Bank of India
21.	Registrar or Registrar to the Offer	M/s Beetal Financial & Computer Services Private Limited
22.	Return on Net Worth	(Profit After Tax/Net Worth) *100
23.	SEBI	Securities and Exchange Board of India
24.	SEBI (SAST) Regulations, 1997	Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 1997 and subsequent amendments thereto
25.	SEBI Act	Securities and Exchange Board of India Act, 1992
26.	Sellers/ Outgoing Promoters	1. B.P. Shah
		2. Smita Shah
		3. Amit Shah
		4. Aparna Shah
		5. B.P. Shah (HUF)
		6. Megna Trust
		7. Pushti Investment Private Limited
		8. Ashita Seth Family Trust
		9. Ashita K Sheth
		10. Uday Kantilal Sheth
		11. Sandeep Uday Sheth
		12. Madhukanti Shah
		13. Punamchand Shah.
27.	SPA	Share Purchase Agreement
28.	Specified Date	Friday, March 24, 2006
29.	Target Company or ASIL	Amit Spinning Industries Limited

2. DISCLAIMER CLAUSE

IT IS TO BE DISTINCTLY UNDERSTOOD THAT FILING OF DRAFT LETTER OF OFFER WITH SEBI SHOULD NOT IN ANY WAY BE DEEMED OR CONSTRUED THAT THE SAME HAS BEEN CLEARED, VETTED OR APPROVED BY SEBI. THE DRAFT LETTER OF OFFER HAS BEEN SUBMITTED TO SEBI FOR A LIMITED PURPOSE OF OVERSEEING WHETHER THE DISCLOSURES CONTAINED THEREIN ARE GENERALLY ADEQUATE AND ARE IN CONFORMITY WITH THE REGULATIONS. THIS REQUIREMENT IS TO FACILITATE THE SHAREHOLDERS OF AMIT SPINNING INDUSTRIES 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 COMPANY WHOSE SHARES ARE PROPOSED TO BE ACQUIRED OR FOR THE CORRECTNESS OF THE STATEMENTS MADE OR OPINIONS EXPRESSED IN THE LETTER OF OFFER. IT SHOULD ALSO BE CLEARLY UNDERSTOOD THAT WHILE ACQUIRER IS PRIMARILY RESPONSIBLE FOR THE CORRECTNESS, ADEQUACY AND DISCLOSURE OF ALL RELEVANT INFORMATION IN THIS LETTER OF OFFER, THE MERCHANT BANKER IS EXPECTED TO EXERCISE DUE DILIGENCE TO ENSURE THAT ACQUIRER DULY DISCHARGE ITS RESPONSIBILITY ADEQUATELY. IN THIS BEHALF AND TOWARDS THIS PURPOSE, THE MERCHANT BANKER, CHARTERED CAPITAL AND INVESTMENT LIMITED HAS SUBMITTED A DUE DILIGENCE CERTIFICATE DATED MARCH 13, 2006 TO SEBI IN ACCORDANCE WITH THE SEBI (SUBSTANTIAL ACQUISITION OF SHARES AND TAKEOVERS) REGULATIONS, 1997 AND SUBSEQUENT AMENDEMENTS THEREOF. THE FILING OF THE 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.

3 DETAILS OF THE OFFER

3.1 Background of the Offer

3.1.1 The offer to the shareholder of ASIL is being made in accordance with and as required under Regulations 10 and 12 of the SEBI (SAST) Regulations, 1997 i.e. for substantial acquisition of shares and change in management and control of ASIL.

3.1.2 Spentex Industries Limited is the sole Acquirer in this open offer and there are no person(s) acting in concert with the Acquirer in respect of this offer.

3.1.3 The Board of Directors of Amit Spinning Industries Limited **("Target Company" or "ASIL")** has passed Board resolution dated January 13, 2006 authorising the preferential allotment of 1,30,79,667 fully paid up equity share of Rs.5/- each. The said preferential allotment have been approved by the shareholders of the company in their general meeting held on February 11, 2006. On 26th February, 2006 the Board of Directors of Amit Spinning Industries Limited **("Target Company" or "ASIL"),** having its Registered office at, Lotus House, 5th Floor, 33-A, New Marine Lines, Mumbai-400020 issued and allotted, on preferential basis 1,30,79,667 fully paid up equity shares of face value of Rs 5/- each representing 31.77% of post-preferential share/voting capital of "ASIL" for cash at a price of Rs. 8.41 which includes a premium of Rs. 3.41 per equity share aggregating to Rs. 1,100 lacs **("Preferential Issue")** to the acquirer in accordance with the guidelines for preferential issues contained in Chapter XIII of the Securities and Exchange Board of India (Disclosure and Investor Protection) Guidelines, 2000 and subsequent amendments thereto **("SEBI Guidelines").** Out of the above 1,30,79,667 equity shares, 11,89,061 equity shares are allotted on redemption and conversion of 1,00,000, 0.01% redeemable cumulative preference shares (acquired by the Acquirer from Pushti Investments Private Limited under sale agreement dated 26.02.2006).

In addition the Acquirer simultaneously executed a Share Purchase Agreement **("SPA")** on 26th February, 2006 to acquire an aggregate of 50,91,000 (Fifty Lacs, Ninety One Thousand only) equity shares of face value Rs. 5/- each fully paid-up representing 12.37% of post-preferential share/voting capital of "ASIL" along with management and control from the promoter group of ASIL, namely **Mr. Bharat P. Shah & his associates** (hereinafter collectively referred to as **"Outgoing Promoters" or "Sellers"**) at a price of Rs. 11/- (Eleven only) per fully paid up equity share payable in cash ("Negotiated Price"). The total consideration payable in cash for the shares acquired as mentioned above is Rs. 5,60,01,000/- (Rupees Five Crore Sixty Lac One Thousand Only) .

By these acquisitions, the Acquirer holds in aggregate 1,81,70,667 number of equity shares representing 44.14% of the post preferential paid up share capital of ASIL, which resulted in triggering of SEBI (SAST) Regulations, 1997.

The details of sellers are as under:

S. No.	Name of the Shareholder/ Seller	Address and Phone No./ Fax No.	No. of Shares	Amount
1.	B.P. Shah	223, Maker Tower B, Cuffe Parade Mumbai - 400005 Phone No. 022-66315801 Fax No. 022-66315809	4,43,681	48,80,491
2.	Smita Shah	............Do............	18,70,500	2,05,75,500
3.	Amit Shah	............Do............	7,00,670	77,07,370
4.	Aparna Shah	............Do............	1,45,100	15,96,100
5.	B.P. Shah (HUF)	............Do............	3,11,850	34,30,350
6.	Megna Trust	4, Malhotra House, II Floor Opp. G.P.O, Mumbai - 400001 Phone No. 022-66315801 Fax No. 022-66315809	4,80,000	52,80,000
7.	Pushti Investment Private Limited	............Do............	1,11,000	12,21,000
8.	Ashita Seth Family Trust	4, Malhotra House, II Floor Opp. G.P.O, Mumbai - 400001 Phone No. 022-66386800 Fax No. 022-66386801	3,50,000	38,50,000
9.	Ashita K Sheth	131-B, Jolly Maker Apartment 1 Cuffe Parade, Mumbai - 400005 Phone No. 022-66386800 Fax No. 022-66386801	4,45,300	48,98,300
10.	Uday Kantilal Sheth	............Do............	1,82,100	20,03,100
11.	Sandeep Uday Sheth	............Do............	20,100	2,21,100
12.	Madhukanti Shah	4, Mangla Society Jintan Road, Surendra Nagar, Saurashtra-363001 Phone No. 022-66386800 Fax No- 022-66386801	19,399	2,13,389
13.	Punamchand Shah	223, Maker Tower B, Cuffe Parade Mumbai - 400005 Phone No. 022-66386800 Fax No. 022-66386801	11,300	1,24,300
	Total		**50,91,000**	**5,60,01,000**

3.1.4 A Share Subscription Agreement dated February 26, 2006 was entered into amongst (a) Target Company, (b) Acquirer and (c) the Outgoing Promoters. The Agreement set out the rights and obligations of the Acquirer, Outgoing Promoters and the Target Company, in relation to the management and operations of the Target Company.

3.1.5 The salient features of the SPA and Share Subscription Agreement, both dated 26th February, 2006 are as under:-

a. The Company requires funds to repay term loans and working capital loans as per the corporate debt restructuring package approved by various banks and institutions vide letter dated December 27, 2005 issued by the CDR Cell and the Acquirer has agreed to arrange and organize/ arrange for funds or new loans in favour of the Company for an appropriate amount to enable the Company to repay term loans and working capital loans in accordance with the One Time Settlement approved by the CDR Cell vide its letter dated December 27, 2005 and other confirmatory letters issued by the lender banks and financial institutions.

b. The Acquirer has agreed to subscribe to fully paid up equity shares of the Company of nominal amount of Rs. 5/- each, at the share price of Rs. 8.41 per share determined in accordance with chapter XIII of the SEBI (Disclosure & Investor Protection) Guidelines, 2000 (as amended from time to time). The Acquirer also agreed to acquire from Outgoing Promoters, 50,91,000 fully paid up equity shares of Rs. 5/- each at a price of Rs. 11/- per share on spot delivery basis.

c. In consideration of the purchase of the shares under SPA, the Acquirer shall pay total cash consideration of Rs. 5,60,01,000/- (Rupees Five Crores Sixty Lacs One Thousand Only).

d. Against payment of the sale consideration, the Sellers as the legal and beneficial owners of the shares, shall sell, transfer, convey and deliver to the Acquirer and the Acquires shall purchase and acquire from the sellers, shares free from all encumbrances, all rights, title and interests of the Sellers in the shares together with all accrued benefits, rights and obligations attaching thereto.

e. In case of non compliance of any of the provisions of SEBI(SAST)Regulation, 1997, SPA shall not be acted upon.

f. The Sellers also agreed that along with the sale of Shares they shall handover management and control of the Company to Acquirer and with respect to the balance equity shares they may continue to remain as any other shareholder in the

Company without any special rights whatsoever.

For any further information relating to Share Subscription Agreement, shareholders may refer to copies of said document, which is part of Material Documents for Inspection.

3.1.6 Apart from 1,81,70,667 shares as per the details given in para 3.1.3 above, the Acquirer does not hold any equity shares in the paid-up share capital of the Target Company

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

3.1.8 After completion of offer as certifed by the Merchant Banker, the Aquiurer will appoint persons on the Board of the Target Company as per Regulation 23 (6) of SEBI (SAST) Regulations, 1997.

3.1.9 The Board of Directors of Amit Spinning Industries Limited passed Board resolution dated 30th April, 2004 authorising issue of 1,00,00,000 equity shares on preferential basis. The same has been approved by the shareholders of the company in their general meeting held on 10th September, 2004. On December 16, 2005 the Board of Directors of Amit Spinning Industries Limited **("Target Company" or "ASIL")** allotted 1,00,00,000 equity shares of Rs 5/- each to the respective allottees.

The identity of allottees along with number of shares allotted are given below :

Sr No.	Name/Identity of the allottees	Pre Preferential holding of allottees and % to the total paid up capital	Number of shares allotted	Post preferential holding of allottees and % to the total paid up capital
1.	Mr Bharat P Shah	19,580 (0.11%)	21,80,000	21,99,580 (7.85%)
2.	Mrs Samita B Shah	18,70,500 (10.34%)	47,36,000	66,06,500 (23.59%)
3.	Mr Amit B Shah	7,00,670 (3.87%)	12,00,000	19,00,670 (6.79%)
4.	Ms Aparna B Shah	1,45,100 (0.80%)	18,84,000	20,29,100 (7.25%)
	Total		**1,00,00,000**	

SEBI vide its order no. WTMO/AKB/CFD/27/07/04 dated 9th July, 2004 exempted all allottees to the said preferential allotment from making Open Offer under SEBI (SAST) Regulations, 1997. The report under Regulation 3(4) of SEBI (SAST) Regulations, 1997 had already been filed with SEBI by the company vide its letter dated 4th January, 2005. The said shares have been listed and admitted to trading on the Bombay Stock Exchange vied its Notice No. 20060217-22 dated February 17th, 2006 w.e.f 20th February, 2006 and on National Stock Exchange vide its latter no. NSE/LIST/20471-1 dated February 21, 2006 w.e.f 21st February, 2006.

3.2 The Offer

3.2.1 The Acquirer has made a Public Announcement and Corrigendum to Public Announcement, which was published on March 02, 2006 and June 24, 2006 in the following newspapers in accordance with the Regulation 15 and pursuant to Regulation 10 and 12 of SEBI (SAST) Regulations, 1997.

Publication	Editions
Financial Express (English)	All Editions
Jansatta (Hindi)	All Editions
Nav Shakti (Marathi)	Mumbai

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

3.2.2. The Acquirer is making this Open Offer under the SEBI (SAST) Regulations, 1997, to acquire 82,33,934 equity shares of Rs. 5/- each representing 20% of the total share/voting capital of ASIL at a price of Rs. 11 (Rupees Eleven Only) per fully paid-up equity share ("Offer Price") payable in cash subject to terms and conditions mentioned hereinafter.

3.2.3 There are no partly paid-up shares in the Target Company.

3.2.4 **The Offer is not a competitive bid.**

3.2.5 **The Offer is not subject to any minimum level of acceptances from the shareholders i.e. it is not a conditional offer.**

3.2.6 Acquirer has not acquired any shares of the Target Company after the date of Public Announcement till the date of Letter of Offer.

3.3 Objects of the Offer

3.3.1 The Offer to the Public shareholders of ASIL is for the purpose of acquiring 20% of the voting capital. After the proposed Offer, the Acquirer will achieve substantial acquisition of shares and voting rights, accompanied with effective management control over the Target Company.

3.3.2 The Acquirer has been expanding capacities and keen on the look out for acquisition for adding to capacities, considering the present potential and future growth in textile industry. The said acquisition can optimise scale of operation and create synergies for both the Acquirer and the Target Company, as the Target Company is in the similar line of business. The acquirer may carry out modernization of the plant of the ASIL as may be required from time to time.

4. BACKGROUND OF THE ACQUIRER

4.1.1 Spentex Industries Limited is a public limited Company incorporated on November 25, 1991 under the Companies Act, 1956 to carry on the business of textiles. Presently the Registered Office of the Company is situated at A-60, Okhla Industrial Area, Phase II, New Delhi 110 020. Phone No. 26387738, 41614999, Fax No. 011-26385181, 41614537. The Acquirer belongs to **CLC** Group and the main promoters of CLC Group are Mr Ajay Kumar Choudhary, Mr Mukund Choudhary and Mr Kapil Choudhary. CLC Group has an association of over 5 decades with the textile industry and has diverse business interests in textile and power.

4.1.2. M/s. Spentex Industries Limited is the sole Acquirer in the present offer and there is no person(s) acting in concert with **SIL** in respect of this Open Offer. Spentex Industries Limited had been listed on Bombay Stock Exchange Limited w.e.f. Juanary 27, 1994. At Present the Shares of the Company are listed on the Bombay Stock Exchange Limited only.

4.1.3 The Acquirer commenced its commercial production in 1993. The Acquirer manufactures high quality combed cotton yarn and trades in cotton, cotton yarn, textile fabric, structural steel and ferro alloys and related products. It has installed capacity of 108632 ring spindles (including of all its units). Acquirer is certified for ISO 9001: 2000 quality management systems, ISO 14001: 2004 Environment Management System.

4.1.4 The Promoters Shareholders of the Acquirer are Mukund Choudhary, Ajay Kumar Choudhary, Kapil Choudhary, Ritu Choudhary and Jyoti Choudhary and Lekha Choudhary, Chiranjilal Choudhary, J K Bansal, Santosh Bansal, Chandrakala Choudhary, Kashi Prasad Banka and Prem Lata Banka are Persons acting in concert with the Promoters. Mr. Mukund Choudhary is the Managing Director of the Spentex Indusrties Limited. The other directors on the Board are Mr. Ajay Kumar Choudhary, Mr. Kapil Choudhary, Mr. Sitaram Parthasarathy, Mr. Pankaj Sharma. Mr. Deepak Diwan, Mr. Prem Malik and Mr. R.K. Thapliyal.

4.1.5 The compliances under Chapter II of SEBI (SAST) Regulations, 1997 are applicable to the Acquirer and it has made timely disclosures to the Target Company and also informed the Stock Exchanges.

4.1.6 The issued and paid up share capital of the company constitutes of 57,459,191 fully paid up equity shares of Rs. 10/- each aggregating Rs. 574,591,910. The shareholding pattern of Spentex Industries Limited as on the date of Public Announcement are as under:

Sl. No.	Shareholder's Category	No. & %age of shares held
1.	Promoters	3,05,40,884 (53.15%)
2.	Mutual Funds/FIIs/FIs/ banks	1,75,23,885 (30.50%)
3.	Public & Others	93,94,422 (16.35%)
	TOTAL	**5,74,59,191 (100%)**

4.1.7 The shareholding pattern of the company as on the date of PA are as under:

Shareholder	No. of shares	% holding
Promoters' shareholding		
Indian Promoters	3,04,01,843	52.91
Persons Acting in Concert	1,39,041	0.24
Total Promoters' shareholding	**3,05,40,884**	**53.15**
Non-Promoters' shareholding		
Institutional Shareholders	1,75,23,885	30.50
Private Corporate Bodies	17,59,595	3.06
NRIs/OCBs	1,59,153	0.28
Indian Public	73,20,199	12.74
Any Other	1,55,475	0.27
Total Non-Promoter shareholding	**2,69,18,307**	**46.85**
Total	**57,459,191**	**100.00**

4.1.8 The Board of Directors of SIL as on P.A. date consists of following members:-

Name of Director	Experience	Qualifications	Date of Appointment	Address
Ajay Kumar Choudhary	He has 35 years of experience in textile field.	Commerce Graduate	May 5, 2004	X-10, Hauz Khaz, New Delhi 110 016
Mukund Choudhary	He has 13 years of business experience in the textile field.	Commerce Graduate	May 5, 2004	7, Padmini Enclave, Hauz Khaz, New Delhi 110 016
Kapil Choudhary	He has 10 years of experience in the textile field. He is responsible for the entire marketing portfolio.	Commerce Graduate	May 5, 2004	X-10, Hauz Khaz, New Delhi 110 016
Sitaram Parthasarathy	He has 18 years of operational experience both in spinning and weaving businesses	Engineering Graduate in Textiles	May 12, 2004	Plot No.2 Vishwamurthy Sai Ganesh Nagar, Bhigwan Road, Baramati 413 102
Deepak Diwan	He is a Senior CorporateLaw Advisor and provides consultation on corporate law matters	Commerce Cum Law Graduate.	December 31, 2005	261, Forest Lane Behind Country Club, Sainik Farms, New Delhi 110 068
R.K.Thapliyal	He joined as a Probationary Officer in State Bank of India in the year 1968 and has more than 35 years experience by serving various departments retired as Chief General Manager.	Master Degree in Arts (Economics)	December 31, 2005	2/189, Vivek Khand, Gomti Nagar, Lucknow 226 010
Prem Malik	He has more than 41 years of experience in Textiles & Clothing	Post Graduate Degree from Punjab University	December 31, 2005	162, Basant Apartment, Cuffe Parade, Mumbai 400 005
Pankaj Sharma	He has experience in leading textile mills in operations and marketing over a span of 18 years.	B. Tech Graudate in Textile Technology, MBA Marketing & a Chartered Engineer	November 29, 2005	Pocket-B, Flat No.12-C SFS Flats, Mayur Vihar, Phase-III, Delhi 110 096

None of the above directors are on the board of the Target Company

4.1.9 The Shares of the Company are listed on BSE. The closing price of shares of SIL as on PA date is Rs. 51.90/-.

4.1.10 The brief audited financials of SIL are as under:-

(Amount in Lakhs)

Profit & Loss Statement	Year ended 31/03/03 Audited	Year ended 31/03/04 Audited	Year ended 31/03/05 Audited	Nine Months ended 31/12/05 Unaudited*
Income from operations	4314.56	3633.82	36354.73	26753.41
Other Income	5.19	196.08	869.71	626.10
Total Income	**4319.75**	**3829.90**	**37224.44**	**27379.51**
Total Expenditure	4407.98	3481.83	34846.34	25235.87
Profit Before Depreciation Interest and Tax	**(88.23)**	**348.07**	**2378.10**	**2143.64**
Depreciation	359.08	356.09	602.48	492.74
Interest	669.72	176.05	842.82	633.87
Profit/ (Loss) Before Tax	**(1117.03)**	**(184.07)**	**932.80**	**1017.03**
Provision for Tax	-	-	(102.19)	(75.69)
Profit / (Loss)After Tax	**(1117.03)**	**(184.07)**	**1034.99**	**1092.72**

Balance Sheet Statement	Year ended 31/03/03 Audited	Year ended 31/03/04 Audited	Year ended 31/03/05 Audited	Nine Months ended 31/12/05 Unaudited*
Sources of funds				
Paid up equity share capital	2222.00	2222.00	3720.92	5745.92
Share Warrants	N.A.	N.A.	N.A.	73.99
Reserves and Surplus (excluding revaluation reserves)	(2509.58)	(1341.33)	1448.99	7916.06
Networth	(373.21)	836.95	5164.97	13723.40
Secured loans	3557.69	2699.33	7219.18	6646.76
Unsecured loans	561.95	-	703.13	116.96
Total	**3832.06**	**3580.00**	**13092.22**	**20499.60**
Uses of funds				
Net fixed assets	4095.87	3734.96	6922.68	12081.84
Investments	3.56	3.56	1.64	305.85
Net current assets	(353.00)	(202.25)	6052.87	7828.34
Total miscellaneous expenditure not written off	85.63	43.72	4.94	12.57
Deferred Tax Asset	N.A.	N.A.	110.09	271.09
Total	**3832.06**	**3580.00**	**13092.22**	**20499.60**

Other Financial Data	Year ended 31/03/03 Audited	Year ended 31/03/04 Audited	Year ended 31/03/05 Audited	Nine Months ended 31/12/05 Unaudited*
Dividend (%)	Nil	Nil	Nil	Nil
Earning Per Share	(5.03)	(0.83)	2.78	2.81
Return on Networth	Negative	Negative	20.04%	7.96
Book Value Per Share	(1.68)	3.77	13.88	23.88

* Source: As certified by M/s Price Waterhouse statutory auditors of the Company.

The Company is not a Sick industrial undertaking

4.1.11 Reasons for Fall & Rise in income and PAT in relevant years are given as under.

Year 2004-2005

1. In the earlier years initial / restructuring cost of borrowings were considered as Deferred Revenue Expenditure. In the current year the relevant term loans have been fully repaid and hence a balance of Rs. 43.72 Lacs in the Deferred Revenue Expenditure is charged off to Profit and Loss A/c.
2. As per the opinion received by the company from the technical experts, the Plant and Machinery of the Company has been treated as "Continuous Process Plant" as defined under Schedule XIV of the Companies Act, 1956. Consequently depreciation on such assets is provided at the rate prescribed under Schedule XIV for "Continuous Process Plant".
3. The company had proposed a scheme of arrangement under section 391 to 394 of the Companies Act, 1956 involving reduction of share capital and acquisition of business of CLC Corporation (the 'firm'). The Hon'ble High Court of Mumbai and Delhi approved the said scheme subsequent to balance sheet date. The accounting effect of the scheme has been given in the accounts of the current year.
4. a) The scheme of amalgamation (the 'Scheme') of CLC Global Limited (CLCGL) with the company was approved by shareholders and subsequently sanctioned by the Hon'ble High Court of Judicature at Delhi as per its order dated November 23, 2005.

   The scheme became effective on filing of the said order with the Registrar of Companies, Delhi on November 29, 2005 In accordance with scheme the assets and liabilities of erstwhile CLCGL stands transferred to and vested with the company with effect from April 01, 2004. The scheme has accordingly being given effect to in the current year accounts as per the provisions of Accounting Standard (AS) 14 under the 'pooling of interests' method provided in the AS issued by The Institute of Chartered Accountants of India.

5. In view of the aforesaid merger w.e.f April 01, 2004, the balance sheet as at March 31, 2005 and the Profit & Loss account and the Cash Flow Statement for the year ended March 31, 2005 include the figures of erstwhile CLCGL from the said date. Hence the figures for the current year are not comparable with those of previous year.
6. The erstwhile CLCGL was providing depreciation on 'goodwill' on acquisition on a different basis then that followed by the company. As per the provision in the scheme the method of depreciation on goodwill of the erstwhile CLCGL as on April 01, 2004 has been realigned with the company's policy. Consequent to this WDV of goodwill was enhanced by Rs 28359375 by crediting the same amount to the General Reserve as per provision of the scheme.

4.1.12 The following are the contingent liability as per Annual Report 2004-2005 of the Acquirer.

		As on 31.3.2005	As on 31.3.2004
1.	Contingent Liabilities not provided for in respect of -	(Rupees)	(Rupees)
a)	Guarantees given by banks	**84,43,230**	3,50,000
b)	Bills Discounted with Bank	**37,34,53,426**	
c)	Corporate Guarantee Given to IREDA	**34,19,00,000**	
d)	Claims not acknowledged as debts	-	
i)	Differential excise duty on sale of yarn DTA manufactured out of imported cotton	**63,73,933**	63,73,933
ii)	Duty demand on indigenous cotton waste clearance	**63,61,559**	-
iii)	Estimated amount of contracts (net of Advances) remaining to be executed on capital account and not provided for	**97,720,627**	-
e)	Taxation matter in respect of which appeal is pending before CIT	**30,91,486**	**-**
	Total	**83,73,44,261**	67,23,933

4.1.13 Significant Accounting Policies for the year ended March 31, 2005

1. **System of Accounting:**

   The Company follows the mercantile system of accounting and recognises income and expenditure, on an accrual basis except in the cases where there is significant uncertainty of realisation.

2. **Revenue Recognition:**

   Export sales are recognised on the date of Bill of Lading. Domestic sales are recognised on the date of dispatch and are net of excise duty, sales tax and textile commission cess wherever applicable.

3. **Fixed Assets and Depreciation:**

   The company provides depreciation on straight-line method for all assets situated at manufacturing locations and for all other assets pertaining to selling, marketing and corporate office is provided on Written Down Value Method basis, at the rate provided under Schedule XIV to the Companies Act, 1956.

   Acquired goodwill is being amortised @10% on Straight Line Value Method.

4. **Investments:**

   Long-term investments are stated at cost. Provision for diminution in value of investment is made if considered as permanent by the management.

5. **Inventories:**

   Inventories including Stores and Spares are valued at weighted average cost or estimated net realisable value whichever is lower. Waste is valued at estimated net realisable value.

6. **Foreign Currency Transaction:**

   a) Export sales and other transactions in foreign currencies are recognised at the exchange rate prevailing on the date of transaction.

      Foreign currency assets and liabilities on the Balance Sheet date are restated at the exchange rate prevailing on the Balance Sheet date or at amortised forward contract rate as applicable.

      The exchange difference arising on repayment/restatement of liabilities incurred for acquisition of fixed assets is adjusted to the cost of the relevant assets. Other exchange differences are debited/credited to respective income/ expenditure.

   b) Premium on Forward contracts for foreign currency is recognised over the life of the contract.

   c) Gain or loss on cancellation of forward contracts for foreign currency is recognised in Profit and Loss account of the year.

7. **Miscellaneous Expenditure:**

   The company follows the policy of writing off Preliminary Expenses and Share issue expense over a period of 10 years.

8. **Retirement Benefits:**

   Gratuity and Superannuation is charged to Profit and Loss Account on the basis of contribution to the fund maintained by LIC of India. Contributions to Provident Fund are charged to Profit and Loss Account on accrual basis. Actuarially valued liability for leave encashment on retirement is provided for by charging the incremental liability to Profit & Loss Account and in case of decrease in liability, treating the same as revenue.

9. **Taxes on Income** :

   Current Tax is determined as the amount of tax payable in respect of taxable income for the period. Deferred tax is recognized, subject to consideration of prudence in respect of deferred tax assets, on timing differences, being the difference between taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent period.

4.1.14 Status of Corporate Governance and pending Litigation matters

4.1.14.1 Corporate Governance:

Spentex Industries Limited has 4 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:-

Board of Directors	Category	Member of Audit Committee	Member of Remuneration Committee	Member of Shareholders' Grievance Committee
Mr. Pankaj Sharma	Non-Executive & Independent	Yes	No	Yes
Mr. Deepak Diwan	Non-Executive & Independent	No	Yes	Yes
Mr. R K Thapliyal	Non-Executive & Independent	Yes	Yes	No
Mr. Prem Malik	Non-Executive & Independent	Yes	Yes	No

Spentex has complied with all other provisions as stipulated in Clause 49 of the Listing Agreement.

4.1.15 Mr. B V R Murthy, Asst. Manager-Secretarial is the Compliance Officer. The correspondence address is as below:

Mr. B V R Murthy, Compliance Officer
Spentex Industries Limited
A-60, Okhla Industrial Area, Phase II, New Delhi 110 020
Tel: +91 11 2638 7738; Fax: +91 11 2638 5181; E-Mail: murthy@clcindia.com

4.1.16 The following are the amalgamation/ merger during the past three years in SIL.

4.1.16.1 Spentex acquired CLC Corporation, a partnership firm under Section 391 – 394 of the Companies Act, 1956 pursuant to a scheme of arrangement approved by the Hon'ble High Court, Mumbai and Delhi w.e.f. April 1, 2004.

Date of Court petition filed	January 14, 2005
Court convened shareholders and creditors meeting	March 19, 2005
Court Order	June 17, 2005
Allotment of Shares	July 16, 2005
Listing of Shares	September 6, 2005

4.1.16.2 CLC Global Ltd. a listed company merged with the Spentex under Section 391 – 394 of the Companies Act, 1956 pursuant to Scheme of Amalgamation approved by the Hon'ble High Court, Delhi w.e.f. April 1, 2004.

Date of Court petition filed	July 8, 2005
Court convened shareholders and creditors meeting	August 17, 2005
Court Order	November 23, 2005
Allotment of Shares	December 14, 2005
Listing of Shares	February 8, 2006

4.1.17 There is no change in Accounting Policies during last three financial periods.

4.1.18 Spentex Industries Limited has not promoted any Company since inception. However Spentex Industries Limited acquired M/s Indo Rama Textiles Limited in compliance of SEBI (SAST) Regulations, 1997.

The said acquisition was completed on 20th May, 2006 and consequently Spentex Industries Limited is deemed Promoter of Indo Rama Textiles Ltd which has become a subsidiary of Spentex Industries Limited.

4.1.19 The Acquirer at present have no intention to sell, dispose of or otherwise encumber any significant assets of ASIL in the succeeding two years, except in the ordinary course of business of ASIL. ASIL's future policy for disposal of its assets, if any, will be decided by its Board of Directors, subject to the applicable provisions of the law and subject to the approval of the shareholders at a General Body Meeting of ASIL.

4.1.20 The shares were acquired under SPA dated 26th February, 2006 by the acquirer on spot delivery basis. Though the said shares have been transferred to the acquirer but the acquirer will not exercise the voting rights arising in respect of said shares till the completion of open offer formalities. Further SEBI may take an appropriate action against the acquirer for any alleged violation of Regulation 22(16) of SEBI (SAST) Regulations, 1997.

4.1.21 Spentex Industries Limited had not acquired earlier any shares in Amit Spinning Industries Limited including any acquisition through Open Offer prior to preferential allotment and SPA both dated 26.02.2006

5. DELISTING OPTION, IF APPLICABLE:

The Offer will not result in public shareholding being reduced to less than a level below the limit specified in the Listing Agreement with the Stock Exchanges for the purpose of listing on continuous basis.

6. BACKGROUND OF THE TARGET COMPANY - AMIT SPINNING INDUSTRIES LIMITED (ASIL)

6.1 The Target Company i.e **Amit Spinning Industries Limited, "ASIL"** was incorporated on 18.11.1991 with the Registrar of Companies, Maharashtra. The Company has its Registered Office at Lotus House, 5th Floor, 33-A, New Marine Lines, Mumbai-400020 Phone No. (022)-56315801; Fax No. (022)-56315809.

6.2 ASIL has been engaged in the business of manufacturing and marketing of cotton yarns, knitted fabrics and related products. The Target Company has set up a cotton-spinning unit at Kolhapur for manufacture of single and double yarn in 20's and 30's range. It has manufacturing facilities at Gat No. 47-48, Sangavada Village, Kolhapur, Hupari Road, Taluka Karveer, Distt. Kolhapur-416005, Maharashtra with installed capacity of 30672 spindles for spinning.

6.3 The target Company is a Sick Industrial Company registered with Hon'ble Board for Industrial & Financial Reconstruction (BIFR) vide case No. 95/ 2005 vide BIFR letter dated 14.03.2005.

6.4 As on the date of PA, ASIL has an authorized share capital of Rs. 2500 lacs, comprising of 5,00,00,000 equity shares of Rs 5/- each. It has an issued, subscribed and paid-up equity share capital of Rs. 2058.48 lacs, consisting of 4,11,69,667 fully paid equity shares of Rs.5/- each (the **"Expanded Capital Base"/ "post preferential share/voting capital")**. There are no partly paid-up shares in the Target Company.

Paid up Equity Shares of ASIL	No. of Equity shares/ voting rights	% of Shares / voting rights
Fully paid-up equity shares	4,11,69,667	100.00
Partly paid-up equity shares	Nil	Nil
Total paid-up equity shares	4,11,69,667	100.00
Total voting rights in the Target Company	4,11,69,667	100.00

6.5 The shares of "ASIL" are listed on The Bombay Stock Exchange Limited w.e.f January 07, 1994 and on National Stock Exchange of India Limited w.e.f January 10,1996. At present shares of ASIL are listed on both the stock exchanges.

6.6 The current capital structure of the Company has been build up since inception as under:

Date of allotment	No of shares issued	% of shares issued	Cumulative paid up capital in Rs.	Mode of allotment	Identity of allottees (promoters/ promoters/ others)	Status of compliance
20.01.92	700	0.01	7,000	Cash	Promoter	All compliance done
09.06.92	3,00,000	0.72	30,07,000	Cash	Promoter	
15.03.93	13,30,000	3.23	1,63,07,000	Cash	Promoter	
21.12.93	1,24,50,000	30.24	14,08,07,000	Cash	Public/Promoter/ IDBI/AFIC	
28.07.94	29,19,300	7.09	17,00,00,000	Cash	Promoter	
30.10.02	10,90,000	2.65	1,80,90,000	Conversion of loan	IDBI	
16.12.05	1,00,00,000	24.29	14,04,50,000	Part Cash / Part Conversion of Preference share capital	Promoter	
26.02.06	1,30,79,667	31.77	20,58,48,335	Cash	Spentex (Acquirer)	In-principle listing approval received
TOTAL	**4,11,69,667**	**100**				

6.7 There are no preference shares or outstanding convertible instruments / warrants.

6.8 There are no partly paid up shares.

6.9 The shares of the Target Company have not been suspended by any stock exchange except for the period owing to reduction of capital from Rs. 10/- per share to Rs. 5/- per shares and its consequential listing. Out of 4,11,69,667 fully paid up equity share of Rs. 5/- each 2,80,90,000 shares are listed and for 1,30,79,667 fully paid up equity share of Rs. 5/- each allotted on preferential basis on 26.02.2006. ASIL has received In-principle approval for its listing from BSE and NSE.

6.10 Sellers, Promoters and other major shareholders have timely complied with the provisions of Chapter II of the regulations.

6.11 Target Company has not timely complied with the provisions of Chapter II of the regulations. SEBI vide its letter No. CFD/DCR/RC/TO/13060/04 dated 21.07.2004 imposed consent order penalty on the Target Company for which reply has been filed on 02.09.2004 with SEBI alongwith condonation application.. The outcome of reply is awaited

6.12 ASIL has complied with requirements of the Listing Agreement and no punitive action has been initiated by the stock exchanges where its equity shares are listed.

6.13 The composition of the Board of Directors of ASIL as on March 02, 2006, the date of PA is as follows:-

Name of the Director	Designation	Qualification & Experience in No. of Years	Residential Address	Date of Appointment
Shri B.P.Shah	Chairman & Managing Director	B.S. (Chemical Engineering), M.S. (Chemical Engineering, MBA/30 years	223 Maker Tower "C" wing Cuffe Parade, Mumbai-400005	18.11.91
Shri Tushar Jani	Director	B.Com/ 25 years	10, Ram Niwas, Plot No.26, Sion (East), Mumbai -400022	25.10.00
Shri Pravin Shah	Director	M.S. (Chemical Engineering/ 11 years	10, Oomed Sadan, 58 Sion (West), Mumbai-400022	25.10.00
Shri Y.R.Shah	Director	Textile Engineer/ 30 years	1-A, Dhanratna Apartment, Opp. Navrang Talkies,Andheri (West), Mumbai-400058	21.12.93
Shri K.R. Choksey	Director	Economics Graduate/ 40 year exp. In dealing in securities	Satellite Building, 3rd Floor, Tagore Road, Santacruz, (West) Mumbai-400054	25.01.99
Shri R. Sampath	Technical Director	Textile Graduate/ 30 Years	A-1 Amit Officers Colony, Amit Spinning Industries Ltd, Gat No. 47/48 Post Sangawade Taluka Karveer, Distt. Kolhapur	19.01.01
Nivedita Shetty	Nominee Director	M.Com, CAIIB/ 25 years exp. in IDBI	A/2 Twin Towers Veer Sawarkar Marg, Prabhadevi Mumbai-400061	30.07.04

As on date of the PA, none of the directors on the board of the Target Company represent the Acquirer.

6.14 There has been no merger / de-merger, spin-off during the past three years in ASIL. However there has been reduction of fully paid-up equity share capital by reducing the face value from Rs. 10/- to Rs. 5/- as confirmed by the order of Hon'ble High Court of Judicature at Bombay, Mumbai the details are as follows:

Date of Extarordinary General Meeting	:	September 10, 2004
Court Order confirming reduction	:	March 18, 2005
Registration with ROC	:	April 28, 2005
Listing of Shares after reduction	:	October 07 2005

6.15 The brief audited financials of ASIL are as under :- **(Amount in Lakhs)**

Profit & Loss Statement	**Period ended 31.03.02 (Audited)**	**Year ended 31.03.03 (Audited)**	**Period ended 30.09.04 (Audited)**	**9 Months ended 31.12.05 (Unaudited)***
Income from operations	9169.87	8155.09	9235.56	3238.08
Other Income	54.96	174.51	51.50	21.94
Total Income	**9224.83**	**8329.60**	**9287.06**	**3260.03**
Total Expenditure	8664.67	7749.43	9968.28	3384.57
Profit before Depreciation, Interest and Tax	**560.16**	**580.17**	**(681.22)**	**(124.54)**
Depreciation	424.41	530.80	784.54	400.60
Interest	914.19	932.21	839.95	446.33
Profit before Tax	**(778.44)**	**(882.84)**	**(2305.71)**	**(971.47)**
Provision for Tax	-	-	-	-
Profit after Tax (PAT)	**(778.44)**	**(882.84)**	**(2305.71)**	**(971.47)**

Balance Sheet Statement	**Period ended 31.03.02 (Audited)**	**Year ended 31.03.03 (Audited)**	**Period ended 30.09.04 (Audited)**	**9 Months ended 31.12.05 (Unaudited)***
Sources of Funds				
Paid up Share Capital	2100.00	2209.00	2209.00	1504.50
Share Application pending Allotment	-	-	200.00	-
Reserves & Surplus (Excluding Revaluation Reserve)	320.45	280.00	30.00	30.00
Secured loans	7094.95	7685.37	7986.03	8979.46
Unsecured loans	699.79	353.60	400.97	85.87
Current liabilities	1669.41	1745.50	1295.95	1370.97
Deferred Tax Liability	-	875.35	—	-
Total	**11884.60**	**13148.82**	**12121.95**	**11970.80**
Application of Funds				
Net Fixed Assets	8347.42	7797.64	6876.84	6210.88
Investments	0.47	0.47	0.22	45.46
Current Assets	3506.24	3931.65	1831.91	1720.18
Profit & Loss Account	0.00	1312.19	2658.94	2887.02
Miscellaneous Expenses not written off	30.47	106.87	78.53	62.12
Deferred Tax Asset	-	-	675.51	1045.15
Total	**11884.60**	**13148.82**	**12121.95**	**11970.80**

Other Financial Data	**Period ended 31.03.02 (Audited)**	**Year ended 31.03.03 (Audited)**	**Period ended 30.09.04 (Audited)**	**9 Months ended 31.12.05 (Unaudited)***
Net Worth (Rs. in Lacs)	2389.98	1069.94	(298.47)	(1414.63)
Dividend (%)	Nil	Nil	Nil	Nil
Earning Per Share (Rupees)	(1.63)	(2.16)	(7.23)	(4.70)
Return on Networth (%)	Negative	Negative	Negative	Negative
Book Value Per Share (Rupees)	10.00	10.00	10.00	5.00

* Source: As certified by Mr. D.I Shah (M. No. – 37326), Partner of B.S. Mehta & Co., Chartered Accountants statutory auditors of the Company, having office at 11/12, Botawala Building, 2nd Floor, Homiman Circle, Mumbai-400001, Ph: 022-22560275, Fax: 022-22685666, vide his certificate dated March 13, 2006

The Target Company is a **Sick Industrial Company.**

The target Company has received extension letter from Registrar of Companies, Mumbai for holding its Annual General Meeting upto July 31, 2006 and laying accounts for the period ended March 31, 2006.

6.16 Reasons for Fall & Rise in Income & PAT in relevant Years:

For the year ended 31.03.2003

The yarn market continued to be sluggish and cotton price, which were initially low, rose much higher in the second half of the year and the firmness still continues in the international market. The confusion regarding applicability of CENVAT on textile products and the transporters' strike badly affected the local market in the fourth quarter of the financial year. The competition in the coarser counts continues unabated and although growth in the garment sector has been good, the yarn prices remain depressed.

For the period ended 30.09.2004

The Company has made a operating profit of Rs. 140.51 Lacs before interest and depreciation and providing one time charges of provision of doubtful debts, advances and prior period expenses, the net loss is Rs. 1596. 74 Lacs. The company had to made provisions of Rs. 425.72 Lacs for doubtful advances and Rs. 92.35 Lacs on account of receipt of notice of bankrupacy from its overseas customers.

The sales turnover has not increased due to combination of factors such as underutilisation of production capacities at 88.88%; lower yarn prices during most of the period; higher cotton carrying charges for cotton booked but unable to lift in time, as also inability of the company to undertake continuously the desired product mix from time to time, transportation strike, uncertainty in the month of March in the market regarding application of VAT and service tax. The operations were also affected on account of inadequate working capital finance.

6.17 **Pre- and Post-Offer shareholding pattern** of the Target Company is as per the following table:

Sr. No	**Shareholder Category**	**Shareholding & Voting rights prior to the Acquisition and offer (A)**		**Shares/voting rights acquired Which triggered off the Regulations (B)**		**Shares/Voting rights to be acquired in the open offer (assuming full acceptance) (C)**		**Shareholding/ voting rights after the acquisition and Offer i.e. A+B+C**	
		No.	%	No.	%	No.	%	No.	%
1	**Promoter Group**								
	a. Parties to SPA								
	1. B.P. Shah	21,99,580	7.83	(4,43,681)	(1.08)	Nil	Nil	#	#
	2. Smita Shah	66,06,500	23.52	(18,70,500)	(4.54)	Nil	Nil	#	#
	3. Amit Shah	19,00,670	6.77	(7,00,670)	(1.70)	Nil	Nil	#	#
	4. Aparna Shah	20,29,100	7.22	(1,45,100)	(0.35)	Nil	Nil	#	#
	5. B.P. Shah (HUF)	3,11,850	1.11	(3,11,850)	(0.76)	Nil	Nil	#	#
	6. Megna Trust	4,80,000	1.71	(4,80,000)	(1.17)	Nil	Nil	#	#
	7. Pushti Investment (P) Limited	1,11,000	0.40	(1,11,000)	(0.27)	Nil	Nil	#	#
	8. Ashita Seth Family Trust	3,50,000	1.25	(3,50,000)	(0.85)	Nil	Nil	#	#
	9. Ashita K Sheth	4,45,300	1.59	(4,45,300)	(1.08)	Nil	Nil	#	#
	10. Uday Kantilal Sheth	1,82,100	0.63	(1,82,100)	(0.44)	Nil	Nil	#	#
	11. Sandeep Uday Sheth	20,100	0.07	(20,100)	(0.05)	Nil	Nil	#	#
	12. Madhukanti Shah	19,399	0.07	(19,399)	(0.05)	Nil	Nil	#	#
	13. Punamchand Shah	11,300	0.04	(11,300)	(0.03)	Nil	Nil	#	#
	Total	1,46,66,899	52.21	(50,91,000)	(12.37)	Nil	Nil	#	#
	b. other than (a) above	4,99,290	1.78	Nil	Nil	#	#	#	#
	Total (a+b)	**1,51,66,189**	**53.99**	(50,91,000)	(12.37)	**#**	#	**#**	**#**
2	**Acquirer** Spentex Industries Ltd.	Nil	Nil	1,81,70,667	44.14	82,33,934	20	2,64,04,601	64.14
	Total	**Nil**	**Nil**	**1,81,70,667**	**44.14**	**82,33,934**	**20**	**2,64,04,601**	**64.14**
3	**Parties to the Agreement other than 1a. & 2**	**N.A.**	**N.A.**	**N.A.**	**N.A.**	**N.A.**	**N.A.**	**N.A.**	**N.A.**
4	**Public (other than Acquirer & parties to the Agreement)**								
	FIs / MFs / FIIs / Banks	18,45,754	6.57	Nil	Nil				
	Others (including public shareholders)	1,10,78,057	39.44	Nil	Nil	(82,33,934)	(20)	1,47,65,066	35.86
	Total	**2,80,90,000**	**100$**	**1,81,70,667**	**44.14^**	**82,33,934**	**20**	**4,11,69,667**	**100 ^**

Notes:

- *The data within bracket indicates sale of equity shares.*

$ *Percentage shareholding on the basis of pre-preferential paid up capital of the Company.*

^ *Percentage shareholding on the basis of post-preferential paid up capital of the Company.*

the promoter mentioned under 1(b) can also participate in the offer, hence the reduction in there share holding is shown under public category along with the balance shareholding with sellers as after the offer their holding will be part of Public holding.

6.18 The approximate number of shareholders in ASIL in public category is 21132(approx) as on PA date, as informed by Target Company, *vide their letter dated March 09, 2006* which includes 918 NRI shareholders.

6.19 The Company has complied with the conditions of Corporate Governance as envisaged under clause 49 of the listing agreement, statutory auditors of the Company have certified compliance of conditions of corporate governance, this certificate is attached with annual report of the Target Company.

6.20 As per the information received from the target company, the following litigation matters are pending by and against the Company:

a) Grampanchayat, Sangawade has filed Appeal no. 329 of 2005 in the matter of Civil Application no. 350 of 2005 in High Court Mumbai seeking stay to the further proceeding of Regular civil suit no. 702 of 2002 filed by the company for declaration and injunction, wherein it was upheld the contention of the company. The matter relates to local taxes levied & collected by the Grampanchayat.

b) Litigation regarding 'Way of Passage' is pending. Tahasildar passed an order, in the application/compliant filed by the Grampanchayat Sangawade against the Company; to shift compound wall at the entrance of the factory.

c) Appeal has been filed in the court of 1 St Additional District Judge at Adilabad against the Decree and Judgment dated 6th May 2005 passed in O.S. no. 68/2004 by the Civil Judge Adilabad dismissing the claim for payment of interest (Rs. 91,275/-) in delayed payment by the Company to supplier M/s. Ranghunath & Co.

6.21 Mr. Rajesh Tripathi, Company Secretary of ASIL is the Compliance Offer of the Target Company His correspondance address is Lotus House, 5th Floor, 33-A, New Marine Lines, Mumbai-400020, Phone No. (022)-56315801, Fax No. (022)-56315809.

7. OFFER PRICE AND FINANCIAL ARRANGEMENTS

7.1 Justification of Offer Price

7.1.1 The equity shares of ASIL are presently listed on The Bombay Stock Exchange Ltd, Mumbai (BSE) and National Stock Exchnage of India Limited, Mumbai (NSE).

7.1.2 The annualised trading turnover during the preceding six Calendar months ending February, 2006 in the Stock Exchanges is detailed below:

Sr. No.	Name of the Stock Exchange	Total no. of equity shares traded during the 6 calendar months prior to March, 2006	Total no. of equity share listed	Annualised Trading turnover (in terms of % to total listed shares)
1	BSE	63,40,186	2,80,90,000	45.14
2.	NSE	16,51,190	2,80,90,000	11.76

As per official website of Stock Exchanges, Mumbai (www.bseindia.com) and National Stock Exchane of India Limited (www.nseindia.com)

7.1.3 The shares are frequently traded as per the data available with BSE and NSE within the meaning of explanation (i) to Regulation 20(5) of the SEBI as mentioned in Para 7.1.2 above. The shares of the ASIL are most frequently traded on BSE as mentioned in Para 7.1.2 above.

7.1.4 Following are the average of the weekly high and low of the closing prices and volume data for 26 weeks ended on March 01, 2006. i.e. the week preceding the date of P.A. at BSE, where the shares of the Company are most frequently traded. (Source: www.bseindia.com)

No of Week	Week Ended	Weekly High (Rs.)	Weekly Low (Rs.)	Average (Rs.)	Volume (No. of Shares)
1	07/09/2005	Nil	Nil	Nil	Nil
2	14/09/2005	Nil	Nil	Nil	Nil
3	21/09/2005	Nil	Nil	Nil	Nil
4	28/09/2005	Nil	Nil	Nil	Nil
5	05/10/2005	Nil	Nil	Nil	Nil
6	12/10/2005	Nil	Nil	Nil	Nil
7	19/10/2005	8.58	6.50	7.54	706732
8	26/10/2005	7.07	6.38	6.725	147857
9	02/11/2005	6.95	6.09	6.52	93628
10	09/11/2005	7.25	6.81	7.03	50530
11	16/11/2005	7.61	6.95	7.28	103528
12	23/11/2005	6.99	6.54	6.765	95447
13	30/11/2005	7.84	7.12	7.48	146816
14	07/12/2005	7.81	7.43	7.62	347131
15	14/12/2005	8.06	7.50	7.78	1322040
16	21/12/2005	8.04	7.80	7.92	152036
17	28/12/2005	8.01	7.60	7.805	190785
18	04/01/2006	8.23	7.94	8.085	453203
19	11/01/2006	9.32	8.13	8.725	289404
20	18/01/2006	10.26	9.55	9.905	682039
21	25/01/2006	11.20	10.17	10.685	783096
22	01/02/2006	9.90	8.94	9.42	215193
23	08/02/2006	9.70	8.78	9.24	246884
24	15/02/2006	9.01	8.54	8.775	101892
25	22/02/2006	9.07	8.65	8.86	127695
26	01/03/2006	9.60	8.25	8.925	143322
		26 Weeks Average		**8.15**	

7.1.5 Following are the prices and volume data for 2 weeks ended on March 01, 2006 i.e. the week preceding the date of P.A. at BSE, where the shares of the Company are most frequently traded. (Source: www.bseindia.com)

Day	Date	Daily High (Rs.)	Daily Low (Rs.)	Average (Rs.)	Volume
1	16/02/2006	8.96	8.53	8.75	18392
2	17/02/2006	9.33	8.80	9.07	29102
3	18/02/2006 *	-	-	-	-
4	19/02/2006 *	-	-	-	-
5	20/02/2006	9.25	8.80	9.03	25196
6	21/02/2006	9.22	8.76	8.99	33905
7	22/02/2006	8.95	8.50	8.73	21100

8	23/02/2006	8.50	8.25	8.38	26550
9	24/02/2006	8.55	7.85	8.20	21587
10	25/02/2006 *	-	-	-	-
11	26/02/2006 *	-	-	-	-
12	27/02/2006	8.72	8.15	8.44	16110
13	28/02/2006	9.15	9.15	9.15	20003
14	01/03/2006	9.60	9.60	9.60	59072
		2 Weeks Average		**8.83**	

* There was no trading on these dates as market was closed

7.1.6 Following are the average of the weekly high and low of the closing prices and volume data for 26 weeks ended on January 12, 2006. i.e. the week preceding the date of board resolution which authorised the preferential allotment at BSE, where the shares of the Company are most frequently traded. (Source: www.bseindia.com)

No of Week	Week Ended	Weekly High (Rs.)	Weekly Low (Rs.)	Average (Rs.)	Volume (No. of Shares)
1	21/07/2005	Nil	Nil	Nil	Nil
2	28/07/2005	Nil	Nil	Nil	Nil
3	04/08/2005	Nil	Nil	Nil	Nil
4	11/08/2005	Nil	Nil	Nil	Nil
5	18/08/2005	Nil	Nil	Nil	Nil
6	25/08/2005	Nil	Nil	Nil	Nil
7	01/09/2005	Nil	Nil	Nil	Nil
8	08/09/2005	Nil	Nil	Nil	Nil
9	15/09/2005	Nil	Nil	Nil	Nil
10	22/09/2005	Nil	Nil	Nil	Nil
11	29/09/2005	Nil	Nil	Nil	Nil
12	06/10/2005	Nil	Nil	Nil	Nil
13	13/10/2005	Nil	Nil	Nil	Nil
14	20/10/2005	8.58	6.50	7.54	766398
15	27/10/2005	7.07	6.38	6.725	108041
16	03/11/2005	6.95	6.09	6.52	73778
17	10/11/2005	7.47	6.81	7.14	86752
18	17/11/2005	7.61	6.82	7.215	86069
19	24/11/2005	7.32	6.54	6.93	102462
20	01/12/2005	7.84	7.12	7.48	157889
21	08/12/2005	7.81	7.43	7.62	382299
22	15/12/2005	8.06	7.82	7.94	1282918
23	22/12/2005	8.04	7.80	7.92	150014
24	29/12/2005	8.21	7.60	7.905	341114
25	05/01/2006	8.23	7.94	8.085	308484
26	12/01/2006	9.78	8.46	9.12	292758
		26 Weeks Average		**7.55**	

7.1.7 Following are the prices and volume data for 2 weeks ended on January 12, 2006 i.e. the week preceding the date of board resolution which authorised the preferential allotment at BSE, where the shares of the Company are most frequently traded. (Source: www.bseindia.com)

Day	Date	Daily High (Rs.)	Daily Low (Rs.)	Average (Rs.)	Volume
1	30/12/2005	7.99	7.80	7.90	103604
2	31/12/2005 *	-	-	-	-
3	01/01/2005 *	-	-	-	-
4	02/01/2006	8.25	7.80	8.03	38092
5	03/01/2006	8.40	8.05	8.23	46462
6	04/01/2006	8.35	8.00	8.18	83841
7	05/01/2006	8.25	8.02	8.14	36485
8	06/01/2006	8.51	7.95	8.23	108294
9	07/01/2006 *	-	-	-	-
10	08/01/2006 *	-	-	-	-
11	09/01/2006	8.88	8.47	8.68	78134
12	10/01/2006	9.32	9.00	9.16	66491
13	11/01/2006	Nil	Nil	Nil	Nil
14	12/01/2006	9.78	9.50	9.64	39839
		2 Weeks Average		**8.46**	

* There was no trading on these dates as market was closed

7.1.8 As the shares are frequently traded, Regulation 20(5) of SEBI (SAST) Regulations, 1997 is not applicable. The offer price of Rs. 11/- per equity shares of face value of Rs. 10/- each fully paid-up is justified in terms of Regulation 20 (4) of the SEBI (SAST) Regulations 1997:

The negotiated price	Rs. 11.00
Price paid by the Acquirer by way of allotment in a public or rights or preferential issue during the 26 week period prior to the date of PA	Rs. 8.41
Higher of (i) or (iv) below :	
Share price data of ASIL on BSE, where it is most frequently traded, is as under:	
i) The average of the weekly high and low of the closing prices of the shares of ASIL during the 26 weeks preceding the date of public announcement.	Rs. 8.15
ii) The average of the daily high and low of the prices of the shares of ASIL during the 2 weeks preceding the date of public announcement.	Rs. 8.83
iii) The average of the weekly high and low of the closing prices of the shares of ASIL during the 26 weeks preceding the date of board resolution which authorised the preferential issue, i.e., January 13, 2006.	Rs. 7.55
iv) The average of the daily high and low of the prices of the shares of ASIL during the 2 weeks preceding the date of board resolution which authorised the preferential issue, i.e., January 13, 2006.	Rs. 8.46
Highest Price as per regulation 20(4)	**Rs. 11.00**

7.1.9 Based on the above facts, the pricing of equity shares issued on preferential basis has comes to Rs 8.41/- per shares and negotiated price under Share Purchase Agreement is Rs 11/- per share. Therefore the Offer Price of Rs. 11.00 being the highest is justifiable in terms of Regulation 20(4) of SEBI (SAST) Regulations, 1997.

7.1.10 There is no non-compete agreement.

7.1.11 If the Acquirer acquire equity shares after the date of Public Announcement upto 7 working days prior to the closure of the Offer at a price higher than the Offer Price, then the highest price paid for such acquisition shall be payable for all the valid acceptances received under the Offer.

7.1.12 The Compliances under Regulation 20(7) and 21(2) has been fully complied.

7.2 Financial Arrangements

7.2.1 For the Offer, requirement of funds for the Offer would be Rs. 9,05,73,274 (Rupees Nine Crore Five Lacs Seventy Three Thousand Two Hundred and Seventy Four Only). The Acquirer has sufficient means to fulfill the obligations under this Offer to complete the Offer in accordance with the SEBI (SAST) Regulations, 1997. The Acquirer have made firm arrangement for the resources required to complete the Offer in accordance with the SEBI (SAST) Regulations, 1997. The acquisition will be financed through internal / personal resources and no borrowings from banks / FIs etc., is being made.

7.2.2 The Acquirer have adequate resources to meet the financial requirements of the Offer. Mr. S.K. Jain, (Membership No.82827) proprietor of M/s Sunil Jain & Co., Chartered Accountants, having Office at 43, Darya Ganj, New Delhi -110002., Tel No. :011-23280327, Fax No.: 011-23262656 has certified that M/s. Spentex Industries Limited has sufficient means to fulfill the obligations under this Offer.

7.2.3 As per Regulation 28, Acquirer have marked a lien in favour of Chartered Capital And Investment Limited against fixed deposit with ING Vysya Bank Limited, Connaught Place Branch, New Delhi for Rs. 226.50 Lacs, being more than 25% of the amount required for the Open Offer.

7.2.4 The Acquirer has duly empowered M/s Chartered Capital And Investment Limited, Manager to the Offer, to realise the value of the Escrow Account in terms of the SEBI (SAST) Regulations, 1997.

7.2.5 The Manager to the Offer, M/s Chartered Capital And Investment Limited, hereby confirm that firm arrangements for funds and money for payment through verifiable means are in place to fulfil the Offer obligation under the SEBI (SAST) Regulations, 1997.

8. TERMS AND CONDITIONS OF THE OFFER

8.1 Persons eligible to participate in the Offer

8.1.1 Registered shareholders of ASIL and unregistered shareholders who own the equity shares of ASIL any time prior to the date of Closure of the Offer, other than the parties to the SPA, i.e. Acquirer and Sellers and allottee in Preferential Issue, i.e., Acquirer.

8.1.2 Regarding acceptance of Lock-in Shares, whether acquired pursuant to the agreement or the offer, the same can be acquired by the Acquirer subject to continuation of the residual lock-in period in the hands of the Acquirer and there shall be no discrimination in the acceptance of locked in and not locked in shares.

8.2 Statutory Approvals

8.2.1 Approval for transfer of shares of a Company registered in India by a Non Resident to a Person Resident in India is required. The Acquirer shall apply for approval from RBI for transfer of shares in their name in due course after successful completion of this Offer.

8.2.2 As on date of Public Announcement, approval from Acquirer's Bank(s) is required for the purpose of this open offer and the Acquirer has duly applied for the approval.

8.2.3 As the Acquirer is under 'Offer Period' (with Citigroup Venture Capital International Growth Partnership Mauritius Limited, Acquirer of SIL), in terms of Regulation 23(1) of SEBI (SAST) Regulations, 1997, the investment in ASIL is subject to approval of shareholders of the Acquirer. The approval of shareholders of the acquirer has been taken in their Extra Ordinary Meeting held on March 17th, 2006 and all the formalities has been completed uder SEBI (SAST) Regulations, 1997.

8.2.4 As on the date of Public Announcement, to the best of the Acquirer' knowledge, no other statutory approvals are required to be obtained for the purpose of this Offer.

8.2.5 The Offer would be subject to all other statutory approvals that may become applicable at a later date before the completion of offer.

8.2.6 In case of delay in receipt of any statutory approval, Regulation 22(12) of SEBI (SAST) Regulations, 1997, will be adhered to, i.e. SEBI has power to grant extension of time to Acquirer for payment of consideration to shareholders subject to Acquirer agreeing to pay interest as directed by SEBI. Further in case the delay occurs on account of wilful default by the Acquirer in obtaining the approvals, Regulation 22 (13) of SEBI (SAST) Regulations, 1997, will also become applicable.

8.3 Others

8.3.1 Accidental omission to despatch this Letter of Offer to any person to whom this Offer is made or the non-receipt or delayed receipt of this Letter of Offer by any such person will not invalidate this Offer in any way.

8.3.2 This Letter of Offer has been mailed to all the shareholders of ASIL (other than as specified in para 8.1.1 above) , whose names appeared on the Register of Members of ASIL as on **Friday, March 24, 2006,** being the Specified Date.

8.3.3 Unaccepted Share/ Shares Certificates, Share Transfer Forms and other documents, if any, will be credited back to respectively depository account or returned by registered post at the shareholder(s) / unregistered owner(s) sole risk.

8.3.4 Consideration for equity shares accepted would be paid by crossed account payee cheques / demand drafts / pay orders and sent under certificate of posting upto Rs. 1500/- and more than Rs. 1500/- under registered post to the address of the first shareholder(s) / unregistered owner(s) at their sole risk.

9 PROCEDURE FOR ACCEPTANCE AND SETTLEMENT OF OFFER

9.1 Shareholders who wish to tender their equity shares will be required to send their Form of Acceptance cum Acknowledgement, Original Share Certificate(s) and duly signed Share Transfer Form(s) to the Registrar to the Offer by hand delivery or registered post, as the case may be, at the address mentioned in Para 9.17 in accordance with the instructions specified in the Letter of Offer and in the Form of Acceptance cum Acknowledgement.

9.2 The Registrar to the Offer, **M/s Beetal Financial & Computer Services (P.) Limited**, has opened a special depository account with **Abhipra Capital Limited** (Depository-***National Securities Depository Limited***) for receiving shares during the offer from eligible shareholders who holds shares in demat form.

9.3 Shareholders of ASIL to whom this Offer is being made, are free to offer his / her / their equity shares of ASIL for sale to the Acquirer, in whole or part, while tendering his / her / their equity shares in this Offer.

9.4 Beneficial owner and shareholders holding shares in physical form, who wish to avail of this Offer will have to forward the following documents to the office of the Registrar to the Offer by hand delivery or courier or by registered post, as the case may be, so as to reach them on or before 1700 hours upto the date of closure of the offer i.e. **24th July, 2006 (Monday).**

- Form of Acceptance, duly completed in all respects and signed by all the joint shareholders in the same order and as per the specimen signature(s) registered with ASIL.
- Relevant Original Share Certificate(s).
- Valid Share Transfer Deed(s), duly signed (in case the equity shares are held in joint names, by all the shareholders and in the same order as appearing in the Register of Members of ASIL or on the Share Certificate issued by ASIL) as per the specimen signature(s) lodged with ASIL and witnessed by an independent witness (if possible, by a Notary Public, Bank Manager or a Member of a recognised stock exchange with membership number). Please do not fill in any other details in the Share Transfer Deed. In the event that a shareholder needs additional Share Transfer Deed(s), the same can be obtained from the Registrar to the Offer as mentioned hereafter.
- Where the Transfer Deed(s) are executed by Constituted Attorney, attach a copy of the Power of Attorney duly certified as a True Copy by a Notary Public / Gazetted Officer.

9.5 Beneficial owners and **<u>shareholders holding shares in the dematerialised form</u>**, will be required to send their Form of Acceptance cum Acknowledgement to the Registrar to the Offer either by Registered Post / Courier or by hand delivery on or before 1700 hours upto the date of closure of the offer i.e. **24th July, 2006 (Monday)**, along with

- a Form of Acceptance cum Acknowledgement, duly completed and signed in accordance with the instructions contained therein by sole/all shareholders whose names appear (in case of joint holdings) in the same order in which their names appear in their beneficiary account;
- a photocopy of the delivery instructions in "**Off-market**" mode or counterfoil of the delivery instruction in "**Off-market**" mode, duly acknowledged by the Depository Participant ("DP"), in favour of "**BEETAL A/c AMIT- Open Offer Escrow A/c**"("Depository Escrow Account") filled in as per the instructions given below:

DP Name	:	Abhipra Capital Limited
Client ID Number	:	**10870591**
DP ID Number	:	IN300206
Depository	:	National Securities Depository Limited- ("NSDL")

- Delivery Instruction: Special attention should be paid to the following:-
- Beneficial owners, who hold equity Shares of ASIL in dematerialised form, are required to execute an "off-market" trade by tendering the Delivery Instruction for debiting their beneficiary account with their concerned depository participant and crediting the above-mentioned account. The credit in the Depository Escrow Account should be received on or before the Offer Closing Date; i.e., **24th July, 2006 (Monday)**, else the application would be rejected.
- The Delivery Instructions to be given to the depository participant should be in "For Off Market Trade" mode only. For each Delivery Instruction, the beneficial owner should submit a separate Form of Acceptance cum Acknowledgement.Shareholders having their beneficiary account in Central Depository Services India Limited ("**CDSL**") have to use inter-depository delivery instruction slip for the purpose of crediting their shares in favour of the special depository account with NSDL.

9.6 A copy of the No Objection Certificate / Tax Clearance Certificate if obtained from the Indian tax authorities by the shareholders (applicable to NRIs/OCBs/FIIs).

9.7 In case the equity shares are held by a Company / Body Corporate, then a certified True Copy of a valid Board Resolution giving authority and certified true copy of the Memorandum and Articles of Association of such Company / Body Corporate should also be enclosed.

9.8 In case of Non-resident equity shareholders, Foreigners, Foreign Companies and Foreign Institutional Investors, photocopies of the approval(s) by the Reserve Bank of India for acquiring and holding equity shares in ASIL.

9.9 In case the equity shares stand in the name of a sole shareholder, who is deceased, the Notarised copy of the legal representation obtained from a Competent Court.

9.10 <u>**Special Note for shareholders who have sent their Shares for Dematerialisation:**</u> Shareholders who have sent their physical Shares for dematerialisation need to ensure that the process of getting Shares dematerialized is completed well in time so that the credit in the Escrow Depository Account can be received on or before **1700 hours** upto the Offer Closing Date i.e. **24th July, 2006 (Monday)**, else the application would be rejected.

9.11 **No document should be sent to the Acquirer or to Target Company or to the Manager to the Offer or to the Parties to the Agreement**.

9.12 In case of non-receipt of Letter of Offer, the eligible shareholders may send his / her / their applications to the Registrar to the Offer on the address mentioned hereinabove, **on a plain paper** stating the **name, address, number of equity shares held, folio number(s), certificate number(s), distinctive number(s), and number of shares** tendered along with the relevant documents as mentioned hereinabove, so as to reach them on or before **1700 hours** upto the date of closure of the offer i.e. **24th July, 2006 (Monday)**.

9.13 Persons who own equity shares of ASIL any time prior to the date of Offer Closure, but are not registered holders, can tender their equity shares for purchase by the Acquirer, by communicating his / her / their desire to tender, in writing to the Registrar to the Offer and obtain from them a copy of the Letter of Offer, the Application Form and Transfer Deed(s) and lodge the same along with the relevant Share Certificate(s) and other documents, as mentioned hereinabove together with the Original Contract Note issued by a registered Stock Broker of a recognised Stock Exchange, only at the address of Registrar to the Offer as mentioned hereinabove:

*An unregistered shareholder can send his / her / their application to the Registrar to the Offer on the address mentioned hereinabove, on a **<u>plain paper</u>** stating the name, address, number of shares held, folio number(s), certificate number(s), distinctive number(s) and number of equity shares tendered along with the relevant documents as mentioned hereinabove, so as to reach them **on or before 1700 hours on*** **24th July, 2006 (Monday).**

9.14 No indemnity is required from the unregistered shareholders.

9.15 In case the Share Certificate(s) and the instrument(s) of transfer are lodged for transfer with ASIL, then **the Form of Acceptance** should be accompanied by (i) the Share Transfer Deed(s) and (ii) the acknowledgement of lodgement or receipt issued by ASIL by individual. Whereas the Transfer Deed(s) are executed by Constituted Attorney, also attach a copy of the Power of Attorney duly certified as a True Copy by a Notary Public / Gazetted Officer along with the acknowledgement of lodgement or receipt issued by ASIL. In case the equity shares are lodged by a Company / Body Corporate, then a certified True Copy of a valid Board Resolution giving authority and certified true copy of the Memorandum and Articles of Association of such Company / Body Corporate should also be enclosed along with **the Form of Acceptance** and the acknowledgement of lodgement or receipt issued by ASIL.

9.16 In case of shareholders who have not received the LOO and holding shares in the dematerialised form may send their consent to the Registrar to the Offer on plain paper, stating the name, addresses, number of shares held, Depository name, Depository I.D., Client name, Client I.D., number of shares offered along with a photocopy of the original delivery instructions in “Off-market” mode or counterfoil of the delivery instruction in “Off-market” mode, duly acknowledged by the Depository Participant as specified in para 9.5 above, so as to reach the Registrar to the Offer on or before **1700 hours** upto the date of Closure of the Offer **i.e. 24th July, 2006 (Monday)**. Such shareholders can also obtain the LOO from the Registrar to the Offer by giving an application in writing.

9.17 The following collection centres would be accepting the documents as specified above, both in case of shares in physical and dematerialized form.

Address of Registrar to the Offer:

Sr. No.	**Address of Registrar to the Offer**	**Business Hours**	**Mode of Delivery**
1.	Beetal Financial & Computer Services Pvt. Ltd. Beetal House, 3rd Floor, 99, Madangir, Behind Local Shopping Centre, Near Dada Harsukhdas Mandir New Delhi- 110062 Phone: 011 2996 1280 / 81 / 82 / 83, Fax: 011 2996 1284 E. mail: beetal_99@sify.com Contact Person: **Mr. Punit Mittal**	**Monday to Friday** 1000 hours to 1700 hours **Saturday** 1000 hours to 1330 hours	Hand Delivery / Courier/ Registered Post
2.	BEETAL Financial & Computer Services Pvt. Ltd. C/o Ghia Textiles Products Co., Office No. 5, Agra Bldg., Ist Floor, 121, M.G. Road, Fort, Mumbai-400001 Phone: 022-39623359 Mobile: 09323761281 Fax: 022- 2265149 E. mail: Mumbai@beetalfinancial.com Contact Person: **Ms. Shashi Shukla**	**Monday to Friday** 1000 hours to 1700 hours **Saturday** 1000 hours to 1330 hours	Hand Delivery / Courier/ Registered Post

Holidays: Sundays and Bank Holidays

9.18 The Registrar to the Offer will hold in trust the shares / share certificates, shares lying in credit of the special depository account, Form of Acceptance cum Acknowledgement, if any, and the transfer form(s) on behalf of the shareholders of ASIL who have accepted the Offer, until the cheques / drafts for the consideration and / or the unaccepted shares / share certificates are despatched / returned.

9.19 In terms of Regulation 22(5A) of the SEBI (SAST) Regulations, shareholders desirous of withdrawing their acceptances tendered in the Offer can do so up to three working days prior to the date of Closure of the Offer i.e. **19th July, 2006 (Wednesday)**. The withdrawal option can be exercised by submitting the Form of Withdrawal as enclosed in the Letter of Offer. The shareholders are advised to ensure that the Form of Withdrawal should reach the Registrar to the Offer at the collection centre mentioned in the Letter of Offer or above as per the mode of delivery indicated therein on or before 1700 hours upto the last date of withdrawal i.e**. 19th July, 2006 (Wednesday).**

9.20 The withdrawal option can be exercised by submitting the Form of Withdrawal enclosing with it Copy of the Form of Acceptance-cum-Acknowledgement / Plain paper application submitted and the Acknowledgement slip. In case of non receipt of Form of Withdrawal, the withdrawal option can be exercised by making an application on plain paper along with the following details:-

9.20.1 In case of physical shares: name, address, distinctive numbers, folio number, share certificate number, number of shares tendered, date of tendering the shares.

9.20.2 In case of dematerialized shares: name, address, number of shares tendered, DP name, DP ID, date of tendering the shares, beneficiary account number and a photocopy of the delivery instructions in "off market" mode or counterfoil of the delivery instruction in "off market" mode, duly acknowledged by the DP, in favour of the "**BEETAL A/c AMIT- Open Offer Escrow A/c**" ("Depository Escrow Account").

9.21 The withdrawal of Shares will be available only for the Share certificates / Shares that have been received by the Registrar to the Offer or credited to the Special Depository Escrow Account.

9.22 The intimation of returned shares to the Shareholders will be sent at the address as per the records of ASIL / Depository as the case may be.

9.23 Acquirer will acquire upto 82,33,934 paid-up equity shares tendered in the Offer with valid applications.

9.24 The Marketable Lot of Physical Shares of Amit Spinning Industries Limited is 100.

9.25 Physical shares withdrawn by the shareholders under the Offer will be returned by registered post.

9.26 Method of Settlement

9.26.1 Where the number of shares offered for sale by the shareholders are more than the shares agreed to be acquired by Acquirer, Acquirer will accept the offers received from the share holders on a proportionate basis, in consultation with the Manager to the Offer taking care to ensure that the basis of acceptance is decided in a fair and equitable manner and does not result in non-marketable lots, provided that acquisition of shares 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 of ASIL is 1 {one} in case of demat share.

9.26.2 The Form of Acceptance, relevant Original Share Certificate(s), valid Share Transfer Deed(s) and other documents or/ and shares lying in the special depository account, tendered by the shareholders of ASIL under this Offer, shall be accepted from such shareholders in terms of the Letter of Offer, but will become a fully valid and binding contract between such shareholder(s) and the Acquirer only upon the fulfilment of all the conditions mentioned herein the Letter of Offer and Form of Acceptance.

9.26.3 On fulfilment of all the conditions herein mentioned, the Letter of Offer and Form of Acceptance, the Acquirer will pay the Offer Price by a crossed and "Account Payee Only" cheque(s) or demand draft(s) or pay order(s) drawn in favour of the sole shareholder or first named shareholder in case of joint holding. The payment consideration will be sent under certificate of posting upto Rs. 1500/- and more than Rs. 1500/- under registered post Registered Post to the sole / first named shareholder of ASIL whose equity shares are accepted by the Acquirer at his address registered with ASIL/ DP. **It is desirable that shareholders holding Shares in physical mode provide bank details of the first/ sole shareholder in the Form of Acceptance cum Acknowledgement, so that the same can be incorporated in the cheque/demand draft. In case of shareholders holding Shares in electronic mode, bank particulars recorded with the Depository Participant (DP) and forming part of the beneficial download will be incorporated in the cheque/demand draft. In case of any change in bank particulars recorded with the DP, new bank particulars duly attested by the DP should be furnished.**

9.26.4 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.

9.26.5 The equity shares of ASIL held in dematerialised form, which are not accepted in view of not being a valid tender of equity shares or which are withdrawn by the shareholders, will be released to the beneficial owner's depository account with the respective depository participant, from where the credit was initially received in favour of the Depository Escrow Account, at the sole risk of the beneficial owner.

9.26.6 The Acquirer shall endeavour to complete all procedures relating to the Offer within fifteen days from the date of Closure of the Offer (i.e. **Tuesday, 8th August, 2006**), including payment of consideration to the shareholders of ASIL whose equity shares are accepted for purchase by the Acquirer.

9.26.7 While tendering the Shares under the Offer, the NRIs/OCBs/FIIs will be required to submit the No Objection Certificate/ Tax Clearance Certificate, indicating the amount of tax to be deducted by the Acquirer before remitting the consideration, from the Income Tax Authorities under Income Tax Act, 1961. In case the aforesaid No Objection Certificate/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, on the entire consideration amount payable to such shareholder. The Acquirer will send the proof of having deducted and paid the tax along with the payment consideration.

9.26.8 In case of non-receipt of any of statutory approvals, if any required, SEBI may grant extension of time for the purpose of making payments to the shareholders who have successfully tendered their equity shares pursuant to this Offer and in such an event, the Acquirer will pay interest for the delayed payment beyond fifteen days of the closure of the Offer, at such rate as may be prescribed by SEBI.

9.27 General

9.27.1 The Form of Acceptance and instructions contained therein are integral part of this Letter of Offer.

9.27.2 Neither the Acquirer nor the Manager nor the Registrar nor the Company will be responsible for any loss in transit or delay in receipt of the completed Form of Acceptance, Share certificate(s), Share transfer deed(s), copy of delivery instructions or other documents.

9.27.3 The Offer Price is denominated and payable in Indian Rupees only.

9.27.4 All the communication in connection with the Form of Acceptance should be addressed to the Registrar to the Offer as mentioned above, with full name of the sole / first applicant, folio number, number of equity shares tendered, date of lodgement of the Form of Acceptance and other relevant particulars.

9.27.5 If there is any upward revision in the Offer Price (Regulation 26) by the Acquirer till the last day of revision, viz., at any time upto seven working days prior to the date of closure of the Open Offer or withdrawal of the Offer, the same would be informed by way of Public Announcement in the same newspapers where original Public Announcement had appeared. Such revised Offer would be payable for all the shares tendered anytime during the Offer.

9.27.6 "**If there is competitive bid:**

9.27.6.1 The Public Offers under all the subsisting bids shall close on the same date.

9.27.6.2 As the Offer Price can not 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"

9.27.7 Other than as mentioned in para 3.1.3, Acquirer does not hold any share in the paid up equity share capital of Target Company.

9.27.8 Wherever necessary, the financial figures are rounded off to nearest lac or crore.

9.27.9 In terms of Regulation 22 (5A), shareholders shall have the option to withdraw acceptance tendered earlier, by submitting the Form of Withdrawal enclosed with the LOO, so as to reach Registrars to the Offer on or before 1700 hours upto three working days prior to the date of Closure of the Offer, i.e. 19th July, 2006 (Wednesday), as mentioned in para 9.19 above.

9.27.10 Alternatively, a copy of Public Announcement, Letter of Offer, Form of Acceptance cum Acknowledgement and Form of Withdrawal cum Acknowledgement can be obtained from SEBI's official **web-site: www.sebi.gov.in**.

9.27.11 The Manager to the Offer i.e. Chartered Capital And Investment Limited does not hold any shares in ASIL as on the date of PA.

10 DOCUMENTS FOR INSPECTION

The following documents are regarded as material documents and are available for inspection at the office of the Manager to the Offer at 13, Community Centre, East of Kailash, New Delhi- 110065, Contact Person: Mr. Amit Mehta from 10.30 a.m. to 1.00 p.m. on any working day, except Saturdays, Sundays and Holidays until the closure of the Offer.

10.1 Undertaking from the Acquirer, stating full responsibility for all information contained in the PA and the Letter of Offer.

10.2 Certifcate of Incorporation, Memorandum & Articles of Spentex Industries Limited

10.3 Certificate of Incorporation, Memorandum & Articles of Amit Spinning Industries Limited

10.4 Certificate from Mr. S.K. Jain, Proprietor Sunil Jain & Co., Chartered Accountants, certifying that Spentex Industries Limited has sufficient funds to meet his obligations under the Open Offer.

10.5 Annual Reports of Spentex Industries Limited for years ended on March 31, 2003, 2004, 2005 as well as reviewed financial figures for the period ending December 31, 2005.

10.6 Annual Reports of Amit Spinning Industries Limited for years ended on March 31, 2002, 2003 and period ending September 30, 2004 as well as certified financial figures for the period ending December 31, 2005

10.7 Certificate from ING Vysya Bank confirming the amount in fixed deposit and lien in favour of Chartered Capital And Investment Limited.

10.8 Copy of Share Purchase Agreements dated February 26, 2006.

10.9 Copy of Share Subscription Agreement dated February 26, 2006.

10.10 Certified Copy of Resolution passed in the meeting of Board of Directors of ASIL held on February 26, 2006 for making preferential allotment of equity shares to Acquirer.

10.11 Published copy of the Public Announcement (PA), which appeared in the newspapers on March 02, 2006 and Corrigendum to the Public Announcement which appeared in the newspapers on June 24, 2006.

10.12 Copy of agreement entered with DP for opening special depository account for the purpose of the offer.

10.13 Copy of letter from SEBI in terms of proviso to Regulation 18(2) of the Regulations..

11. DECLARATION BY THE ACQUIRER

11.1 The Acquirer, M/s Spentex Industries Limited having its registered office at A-60, Okhla Industrial Area, Phase-II, New Delhi-110020 and its Directors accept full responsibility for the information contained in this Letter of Offer (except for the information regarding the Target Company which has been compiled from the publicly available information) and for ensuring compliance with the Regulations as laid down in the SEBI (SAST) Regulations, 1997 and subsequent amendments made thereof.

11.2 All information contained in this document is as on the date of the Public Announcement, unless stated otherwise.

For and on behalf of Board of Directors of

Spentex Industries Limited

(Authorised Signatory)

Place: New Delhi

Date: June 26, 2006

12. ENCLOSURES

1. Form of Acceptance cum Acknowledgement
2. Form of Withdrawal cum Acknowledgement
3. Blank Share Transfer Deed(s).