

LETTER OF OFFER

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

This Letter of Offer is sent to you as a shareholder(s) of **M/s. Kapil Cotex Limited**. If you require any clarifications about the action to be taken, you may consult your stockbroker or investment consultant or Manager or Registrar to the Offer. In case you have recently sold your Shares in the Company, please hand over this Letter of Offer and the accompanying Form of Acceptance-cum-acknowledgement, Form of Withdrawal and Transfer Deed to the Member of the Stock Exchange through whom the said sale was effected.

OPEN OFFER

Pursuant to Regulations 10 and 12 and applicable provisions of the SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 1997 and amendments thereto ("the Regulations").

BY

MR. PRAKASH CHANDRA RATHI AND MRS. POONAM RATHI

(hereinafter referred as "**The Acquirers**") both residing at 17-A, Radha Krishna, Miniland, Tank Road, Bhandup (W), Mumbai – 400 078. Contact No. : 91-9594007332. There are no Persons Acting in Concert ("PAC's") with the Acquirers for the purpose of this Offer.

TO THE SHAREHOLDERS OF M/S. KAPIL COTEX LIMITED

(hereinafter referred as "**KCL**" or "**Target Company**") having its Registered Office at 305, Bewitching Apartment, Miniland, Tank Road, Bhandup (West), Mumbai – 400 078. Telefax: 022 – 2595 1840.

TO ACQUIRE

Upto 1,20,000 (One Lac Twenty Thousand) Fully Paid-up Equity Shares of Rs. 10/- each, representing in aggregate upto 20% of the expanded subscribed Equity and Voting Share Capital of KCL for cash, at a price of Rs. 13.50 (Rupees Thirteen and Paise Fifty Only) per Fully Paid-up Equity Share ("**Offer Price**").

ATTENTION

1. The acceptance of Shares from Non-Resident Shareholders is subject to the approval of the Reserve Bank of India ('RBI') under the Foreign Exchange Management Act, 1999 ('FEMA') and the RBI's Master Circular No. 2/2008-09 dated 1st July 2008. The application to the RBI will be made at the appropriate time. Besides the said approval, no other statutory approvals are required to acquire Shares tendered pursuant to this Offer.
2. In case of delay in the receipt of the statutory approvals, SEBI has the power to grant an extension of time to the Acquirers for payment of consideration to shareholders who have validly tendered their Shares, subject to the Acquirers agreeing to pay interest for the delayed period as directed by SEBI in terms of Regulation 22(12) of the SEBI (SAST) Regulations. Further, if the delay occurs on account of willful default by the Acquirers in obtaining the requisite approval, Regulation 22(13) of the SEBI (SAST) Regulations will also become applicable.
3. **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. they can withdraw on or before Wednesday, October 28, 2009.**
4. If there is any upward revision in the Offer Price by the Acquirers prior to or on the last date for revising the Offer Price viz., Thursday, October 22, 2009, you will be informed by way of another Public Announcement in the same newspapers in which the Public Announcement was published. The Acquirers shall pay such revised price for all shares validly tendered any time during the Offer and accepted under the Offer. If the Offer is withdrawn pursuant to Regulation 27 of the Regulations, the same would be communicated by a Public Announcement in the same newspapers in which the Public Announcement appeared.
5. **There is no competitive bid in this Offer.**
6. As the Offer Price cannot be revised during seven working days prior to the closing date of the Offer, 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. This Offer is not conditional upon any minimum level of acceptance.
8. **A copy of the Public Announcement and the Letter of Offer (including Form of Acceptance-cum-Acknowledgement and Form of Withdrawal) are also available on SEBI's website: www.sebi.gov.in**

MANAGER TO THE OFFER	REGISTRAR TO THE OFFER
 Aryaman Financial Services Ltd. 306, Mint Chambers, 45/47, Mint Road, Fort, Mumbai - 400 001. Tel : 022 - 2261 8264 / 2261 8269; Fax : 022 - 2263 0434 Website : www.afsl.co.in Email : aryaman_limited@rediffmail.com; info@afsl.co.in Contact Person : Mr. Deepak Biyani Mr. Amit Kumar	 Satellite Corporate Services Pvt. Ltd. B-302, Sony Apartment, Opp. St. Jude's High School, Off Andheri Kurla Road, Jarimari, Sakinaka, Mumbai - 400 072. Tel : 022 - 2852 0461 / 2852 0462. Fax : 022 - 2851 1809. Email : service@satellitecorporate.com Contact Person: Mr. Michael Monteiro
OFFER OPENS ON: 15/10/2009 (THURSDAY)	OFFER CLOSING ON: 03/11/2009 (TUESDAY)

SCHEDULE OF ACTIVITIES

ACTIVITY	DATE & DAY
Public Announcement	26/08/2009 (Wednesday)
Specified Date	05/09/2009 (Saturday)
Last date for a Competitive Bid	16/09/2009 (Wednesday)
Date by which Letter of Offer to be posted to the shareholders*	10/10/2009 (Saturday)
Date of Opening of the Offer	15/10/2009 (Thursday)
Last date for revising the offer price/ Number of Share	22/10/2009 (Thursday)
Last date for withdrawal of acceptance by the shareholders	28/10/2009 (Wednesday)
Date of Closure of the Offer	03/11/2009 (Tuesday)
Date of communicating the rejection / acceptance and payment of consideration for the acquired shares	18/11/2009 (Wednesday)

* Original date by which Letter of Offer to be posted to the shareholders was 05/10/2009 (Monday).

SPECIFIED DATE:

Specified Date is only for the purpose of determining the names of the shareholders as on such date to whom the Letter of Offer would be sent. All the owners (registered or unregistered) of Equity Shares of Target Company, (except the Acquirers and the Seller) anytime before the closure of the Offer, are eligible to participate in the Offer.

RISK FACTORS**A. RELATING TO THE OFFER**

The Offer involves an offer to acquire up to 20% of the Voting Capital that will constitute the share capital of KCL from the Eligible Persons for the Offer. In the case of over subscription in the Offer, as per the SEBI (SAST) Regulations, acceptance would be determined on a proportionate basis and hence there is no certainty that all the shares tendered by the shareholders in the Offer will be accepted.

In the event that (a) a statutory and regulatory approval is not received in a timely manner, (b) there is any litigation leading to a "stay" of the Offer, or (c) SEBI instructing the Acquirers not to proceed with the Offer, and then the Offer process may be delayed beyond the schedule of activities indicated in this Letter of Offer. Consequently, the payment of consideration to the shareholders of KCL whose Shares have been accepted in the Offer as well as the return of shares not accepted by the Acquirers may be delayed.

The Shares tendered in the Offer will be held in trust by the Registrar to the Offer until the completion of the Offer formalities. During such period, there may be fluctuations in the market price of the equity shares of KCL. Accordingly, the Acquirers makes no assurance with respect to the market price of the shares both during the Offer Period and upon the completion of the Offer, and disclaim any responsibility with respect to any decision by any shareholder of KCL on whether to participate or not to participate in the Offer.

B. IN ASSOCIATION WITH THE ACQUIRERS

The Acquirers make no assurance with respect to the financial performance of the Target Company. They also make no assurance with respect to the market price of the Shares upon the completion of the Offer, and disclaim any responsibility with respect to any decision by the Shareholders on whether or not to participate in the Offer.

The Acquirers do not accept any responsibility for statements made otherwise than in the Letter of Offer / Public Announcement and anyone placing reliance on any other sources of information (not released by the Acquirers) would be doing so at his / her / its own risk.

C. RISK IN THE TRANSACTION

The Share Sale and Purchase Agreement (SSPA) dated August 20, 2009 contains a clause that it is subject to the provisions of SEBI (SAST) Regulations and in case of non-compliance with any of the provisions of the Regulations, the Seller or the Acquirers shall not act upon the agreement for such sale.

The risk factors set forth above pertain to the Offer and are not in relation to the present or future business operations of the Target Company or other related matters, and are neither exhaustive nor intended to constitute a complete analysis of the risks involved in participation or otherwise by a shareholder in the Offer. Shareholders of the Target Company are advised to consult their stockbroker or investment consultant, if any, for analyzing all the risks with respect to their participation in the Offer.

CURRENCY OF PRESENTATION

In this Letter of Offer, all references to “Rs.” are to the reference of Indian National Rupees (“INR”). Throughout this Letter of Offer, all figures have been expressed in “Lacs” unless otherwise specifically stated. In this Letter of Offer, any discrepancy in any table between the total and sums of the amount listed are due to rounding off.

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ABBREVIATIONS / DEFINITIONS

The following abbreviations / definitions apply throughout this document, unless the context requires otherwise:

Acquirers	Mr. Prakash Chandra Rathi and Mrs. Poonam Rathi
BSE	Bombay Stock Exchange Limited
CDSL	Central Depository Services (India) Limited
DP	Depository Participant
EGM	Extra Ordinary General Meeting
Eligible Persons	All Shareholders of M/s. Kapil Cotex Limited (registered and unregistered) who own the Shares at any time prior to the Closure of the Offer, except the Acquirers and Parties to the Agreement
FEMA	Foreign Exchange Management Act, 1999
FII	Foreign Institutional Investors
Form of Acceptance	The form of application cum acknowledgement and authority, which is enclosed with this Letter of Offer
Income Tax Act	Income Tax Act, 1961 of India
LOF / LOO	Letter of Offer
Manager / Manager to the Offer / AFSL	Aryaman Financial Services Limited, Mumbai
NRI(s)	Non – Resident Indians
NSDL	National Securities Depositories Limited
OCB(s)	Overseas Corporate Bodies
Offer	Cash Offer being made by the Acquirers to the shareholders of Target Company to acquire upto 1,20,000 fully paid up equity shares
Offer Price	Rs. 13.50 (Rupees Thirteen and Paise Fifty Only) per share for each fully paid-up Equity Shares payable in cash by Cheque / Demand Draft
PA / Public Announcement	Public Announcement of the Offer issued in newspapers on August 26, 2009 (Wednesday) by the Manager to the Offer, on behalf of the Acquirers.
PAC (Persons Acting in Concert)	There are no Persons Acting in Concert (“PACs”) with the Acquirers for the purpose of this offer.
RBI	Reserve Bank of India

Registrar / Registrar to the Offer	Satellite Corporate Services Private Limited
Rs. / INR	Indian Rupees, the legal currency of India
SEBI (SAST) Regulations / The Regulations	Securities and Exchange Board of India (Substantial Acquisition of Shares & Takeover) Regulations, 1997 and subsequent amendments thereof.
SEBI	Securities and Exchange Board of India
SEBI Act	Securities and Exchange Board of India Act, 1992
SEBI (DIP) Guidelines	Securities and Exchange Board of India (Disclosure Investor Protection Guidelines) 2000, as amended thereof.
Share (s)	Fully paid up equity Share with one vote per equity Share of M/s. Kapil Cotex Limited , having face value of Rs. 10/- each.
Shareholders	Shareholders of M/s. Kapil Cotex Limited
Specified Date	September 05, 2009 (Saturday)
SRVTPL	M/s. SRV Telecom Pvt. Ltd., Mumbai
SSPA / The Agreement	Share Sale and Purchase Agreement dated August 20, 2009
Target Company / KCL	M/s. Kapil Cotex Limited, Mumbai

1. 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 M/S. KAPIL COTEX LIMITED TO TAKE AN INFORMED DECISION WITH REGARD TO THE OFFER. THE SEBI DOES NOT TAKE ANY RESPONSIBILITY EITHER FOR FINANCIAL SOUNDNESS OF THE ACQUIRERS, OR THE COMPANY WHOSE SHARES/CONTROL IS PROPOSED TO BE ACQUIRED OR FOR THE CORRECTNESS OF THE STATEMENTS MADE OR OPINIONS EXPRESSED IN THE LETTER OF OFFER. IT SHOULD ALSO BE CLEARLY UNDERSTOOD THAT WHILE ACQUIRERS ARE PRIMARILY RESPONSIBLE FOR THE CORRECTNESS, ADEQUACY AND DISCLOSURE OF ALL RELEVANT INFORMATION IN THIS LETTER OF OFFER, THE MANAGER TO THE OFFER IS EXPECTED TO EXERCISE DUE DILIGENCE TO ENSURE THAT ACQUIRERS DULY DISCHARGES THEIR RESPONSIBILITY ADEQUATELY. IN THIS BEHALF, AND TOWARDS THIS PURPOSE, THE MANAGER TO THE OFFER M/S. ARYAMAN FINANCIAL SERVICES LIMITED HAS SUBMITTED A DUE DILIGENCE CERTIFICATE DATED SEPTEMBER 8, 2009 TO SEBI IN ACCORDANCE WITH THE SEBI (SUBSTANTIAL ACQUISITION OF SHARES & TAKEOVERS) REGULATIONS, 1997 AND SUBSEQUENT AMENDMENT (S) THEREOF. THE FILING OF THE LETTER OF OFFER DOES NOT, HOWEVER, ABSOLVE THE ACQUIRERS FROM THE REQUIREMENT OF OBTAINING SUCH STATUTORY CLEARANCES AS MAY BE REQUIRED FOR THE PURPOSE OF THE OFFER.”

2. DETAILS OF THE OFFER

2.1 BACKGROUND OF THE OFFER

- 2.1.1 This Open Offer is being made pursuant to the Regulations 10 and 12 of Chapter III and other applicable provisions in compliance with the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 1997 and subsequent amendments thereof for substantial acquisition of Shares and control over the Target Company.
- 2.1.2 This Open Offer is being made by Mr. Prakash Chandra Rathi and Mrs. Poonam Rathi both residing at 17-A, Radha Krishna, Miniland, Tank Road, Bhandup (W), Mumbai – 400 078 (hereinafter referred as “The Acquirers”) to the equity Shareholders of M/s. Kapil Cotex Limited (hereinafter referred to as the “Target Company” or “KCL”). There are no Persons Acting in Concert (“PACs”) with the Acquirers for the purpose of this offer.
- 2.1.3 The Board of Directors of KCL at its meeting held on August 20, 2009 have issued and allotted 3,60,000 equity shares of Rs.10/- each fully paid up at a premium of Rs. 3.50/- on preferential basis to Acquirers (**‘Preferential Issue’**) in accordance with 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 DIP Guidelines’**) and in accordance with the relevant regulatory approvals, as applicable, for the Preferential Issue. The Equity Shares issued on preferential basis are subject to “lock-in” as per the above-mentioned SEBI (DIP) Guidelines.

The Preferential Issue was duly authorized by the Board of Directors of the Target Company at its meeting held on May 11, 2009 and by the Shareholders by way of a special resolution passed under Section 81(1A) of the Companies Act, 1956 and other applicable provisions, at the duly convened Extra Ordinary General Meeting (“EGM”) of the Target Company held on June 8, 2009. The Target Company also received “in-principle” approval from the Bombay Stock Exchange Limited (“BSE”) vide their

Letter No. DCS/PREF/SR/PRE/755/09-10 dated August 7, 2009 for the aforesaid preferential issue. Pursuant to Preferential Issue the Acquires have acquired 60% of the expanded subscribed Equity Shares Capital of the Target Company.

- 2.1.4 The subscribed and paid up Equity Share Capital of the Target Company prior to the Preferential Issue was Rs. 24,00,000/- (Rupees Twenty Four Lacs Only) consisting of 2,40,000 fully paid up equity shares of Rs. 10/- each. Post Preferential Issue, the subscribed and paid up Equity Share Capital of the Target Company is Rs. 60,00,000/- (Rupees Sixty Lacs Only) consisting of 6,00,000 fully paid up equity shares of Rs. 10/- each.
- 2.1.5 Simultaneously, the Acquirers have also have entered into a Share Sale and Purchase Agreement dated August 20, 2009 ("SSPA" or "Agreement") with M/s SRV Telecom Pvt. Ltd. ("SRVTPL") who is the core promoter of the Target Company (represented by Mr. E. K. Surendran, Director of the Company who has been authorized to execute this Agreement and to do all such acts, things and deeds to give effect to the sale of the said shareholding in the Company) having their Registered Office at 305, Bewitching Apartment, Miniland Tank Road, Bhandup (W), Mumbai – 400078 and Corporate & Works Office situated at 31/5, Left of Magadi Main Road, Bangalore, Karnataka – 560079. Tel. No.: 080 – 2340 0663 / 2340 0712; Fax No.: 080 – 2311 3053; Email: info@srv.co.in; Web: www.srv.co.in (hereinafter referred to as "the Seller"), for the acquisition of 68,500 fully paid up equity shares ("Sale Shares") of Rs.10/- each representing 11.42% of the expanded subscribed equity share capital of the KCL (i.e. Post Preferential Issue) at a price of Rs. 7.50/- (Rupees Seven and Paise Fifty Only) per equity share aggregating to Rs. 5,13,750/- (Rupees Five Lacs Thirteen Thousand Seven Hundred and Fifty Only) as detailed herein below. The execution of this SSPA will be done within 10 working days from the date of filing 45 Days Report with SEBI by the Manager to the Offer.

Name of Acquirers	No. of Equity Shares Agreed to be Acquired	% of the Expanded Share Capital of the KCL	Name of the Seller	No. of Shares Agreed to be Sold by Sellers	% of the Expanded Share Capital of the KCL
Mr. Prakash Chandra Rathi	34,250	5.71	M/s. SRV Telecom Pvt. Ltd.	68,500	11.42
Mrs. Poonam Rathi	34,250	5.71			
Total	68,500	11.42		68,500	11.42

The salient features of the SSPA are:

- The Acquirers shall deposit with the seller the cheque for an amount of Rs. 80,000/- (Rupees Eighty Thousand Only) as interest-free money or deposit, which would be finally adjusted against the purchase consideration. The balance payment of money for purchase of the shares shall be effected by the Acquirers to the Seller by Bankers Cheques / Demand Drafts after completion of the Open Offer.
 - The Acquirers shall also have a right to reconstitute the Board of Directors of the Target Company and appoint their own nominee Directors as Directors / Chairman of the Target Company, only after completion of the Public Offer.
 - In case of non-compliance of any provisions of the SEBI (Substantial Acquisition of Shares and Takeover) Regulations, 1997 pertaining to the Open Offer being triggered by this SSPA, this agreement shall not be acted upon by the Seller or the Acquirers.
 - The seller also confirms that all the requisite Board Resolutions and authorization to respective Director to execute the necessary documents for sale of shares held by the seller company is completed.
 - The negotiated price for the purpose of this agreement shall be Rs. 7.50/- only (Rupees Seven and Paise Fifty) per fully paid Equity Shares aggregating to Rs. 5,13,750/- (Rupees Five Lacs Thirteen Thousand Seven Hundred and Fifty only) arrived on the basis of negotiation and which could be the minimum Offer Price under Regulation 20 of the Takeover Regulations.
- 2.1.6 Prior to the Preferential Issue, the Acquirers were holding 2,000 Equity Shares each in the Target Company which were acquired in the year 2005.
- Mr. Prakash Chandra Rathi had acquired 2,00,000 Equity Shares at the rate of Rs. 13.50/- per share through Preferential Issue and willing to acquire 34,250 Equity Shares at the rate of Rs. 7.50/- per share through SSPA. Highest price & average price for the acquisition of these shares will be Rs. 13.50/- & Rs. 12.62/- per share respectively.
- Mrs. Poonam Rathi had acquired 1,60,000 Equity Shares at the rate of Rs. 13.50/- per share through Preferential Issue and willing to acquire 34,250 Equity Shares at the rate of Rs. 7.50/- per share through SSPA. Highest price & average price for the acquisition of these shares will be Rs. 13.50/- & Rs. 12.44/- per share respectively.
- 2.1.7 The Acquirers have not been allotted any Equity Shares in the Target Company by way of allotment in a Public or Rights during the 26-week period prior to the date of PA other than pursuant to the allotment in the Preferential Issue as mentioned in paragraph 2.1.3 above.

- 2.1.8 As a result of the allotment under the Preferential Issue and the proposed acquisition under SSPA, the shareholding of the Acquirers exceed 15% of the expanded Equity Share capital of the Target Company resulting in triggering of the Regulations and hence this Offer is being made pursuant to and in terms of the Regulations.
- 2.1.9 The Acquirers and Seller belongs to the Promoter Group of the Target Company, and the Promoter Group in aggregate owns 74,750 fully paid up equity shares representing 12.46% of the expanded subscribed equity share capital of the KCL (i.e. Post Preferential Issue). As a result of the above Preferential Issue and SSPA, the promoter group will consists of Mr. Prakash Chandra Rathi & Mrs. Poonam Rathi only and their shareholding will be 4,32,500 fully paid up equity shares constituting 72.08% of the expanded subscribed equity share capital of the Target Company. After the Open Offer, other members of the promoter group will be excluded from the Promoter Group.
- 2.1.10 The proposed change in management control is not only by virtue of the SSPA but also with the preferential issue of equity shares which is allotted to Acquirers.
- 2.1.11 The Acquirers shall also have a right to reconstitute the Board of Directors of the Target Company and appoint their own nominee Directors as Directors / Chairman of the Target Company after completion of Public Offer.
- 2.1.12 Mr. Prakash Chandra Rathi and Mrs. Poonam Rathi, is making an open offer to the public shareholders (i.e. Shareholders other than the Acquirers and Seller) of Kapil Cotex Limited to acquire upto 1,20,000 (One Lac Twenty Thousand) representing 20 % of the expanded subscribed Equity Share capital of KCL at a price of Rs. 13.50 (Rupees Thirteen and Paise Fifty Only) per share ("Offer Price").
- 2.1.13 The Offer is not conditional to any minimum level of the acceptance. The Acquirers will acquire all the Equity Shares of M/s. Kapil Cotex Limited upto 1,20,000 that are tendered in valid form in accordance with the terms and conditions set out here in the Letter of Offer to be sent to the Shareholders except Parties to the Agreement.
- 2.1.14 The Acquirers have not entered into any inter-se agreement for the purpose of allocation of the Shares received in this Offer. The shares, which will be tendered in the Open Offer, will be allocated amongst the Acquirers as per their mutual consent.
- 2.1.15 The Acquirers, the Target Company and the Sellers have not been prohibited by SEBI from dealing in securities in terms of the direction issued u/s 11B of SEBI Act or under any of the Regulation made under the SEBI Act.
- 2.1.16 As on date, the Manager to the Offer – Aryaman Financial Services Limited does not hold any Shares in the Target Company. They declare and undertake that they shall not deal in the Shares of Target Company during the period commencing from the date of the appointment as Manager to the Offer till the expiry of 15 days from the date of Closure of the Offer.

2.2 DETAILS OF THE PROPOSED OFFER

- 2.2.1. The Public Announcement (PA) was made by the Acquirers on August 26, 2009 (Wednesday) as per Regulation 15(1) of the SEBI (SAST) Regulations in the following newspapers:

The Financial Express (National English Daily)	All Editions
Jansatta (National Hindi Daily)	All Editions
Mumbai Lakshadweep (Marathi Daily)	Mumbai Edition

The Public Announcement available on the SEBI's website: www.sebi.gov.in

- 2.2.2. The Offer to the equity Shareholders of M/s. Kapil Cotex Limited is to acquire 1,20,000 fully paid up Equity Shares representing 20% of the expanded subscribed Equity Share capital of M/s. Kapil Cotex Limited at a price of Rs. 13.50 (Rupees Thirteen and Paise Fifty Only) per Share ("Offer Price"). The payment to the Shareholders whose Shares have been accepted shall be in cash.
- 2.2.3. All the Equity Shares of the Target Company are fully paid up and there are no partly paid up Equity Shares in the Target Company.
- 2.2.4. The Acquirers have not entered into any separate non-compete agreement with the Sellers.
- 2.2.5. The Offer is not subject to any minimum level of acceptance; hence it is not a conditional one. The Acquirers will acquire all the fully paid up Equity Shares of M/s. Kapil Cotex Limited that are validly tendered and accepted in terms of this Offer upto 1,20,000 fully paid Equity Shares representing 20% of the expanded subscribed Equity Shares capital of the Target Company.
- 2.2.6. All Shares tendered shall be free from lien, charges and encumbrances of any kind, whatsoever.
- 2.2.7. The Acquirers have not acquired any Shares of the Target Company after the date of PA till the date of this Letter of Offer.
- 2.2.8. Competitive Bid: There is no competitive bid in the Offer.

- 2.2.9. The Acquirers have not entered into any inter-se agreement for the purpose of allocation of the Shares received in this Offer. The shares, which will be tendered in the Open Offer, will be allocated amongst the Acquirers as per their mutual consent.

2.3 OBJECT OF THE ACQUISITION / OFFER

- 2.3.1. The Board of directors of KCL on August 20, 2009 have issued and allotted Preferential Shares i.e. 3,60,000 equity shares of Rs. 10/- each fully paid up, of the Target Company at a price of Rs. 13.50/- (including premium of Rs. 3.50/-) per share representing 60% of the expanded paid up share capital to the Acquirers. Also on the same day, the Acquirers have entered into an SSPA to acquire 68,500 Equity Shares of Rs.10/- each of KCL, representing 11.42% of the expanded paid up Share capital of KCL and therefore provisions of Regulations 10 and 12 of the Regulations have been attracted. This acquisition is thus a substantial acquisition of Shares along with the voting rights in KCL, which will enable the Acquirers to gain control of the Company. The Acquirers are making an Offer to acquire upto 1,20,000 fully paid Equity Shares of Rs. 10/- each being 20% of the expanded paid up Equity Share capital of KCL in order to comply with the provisions of the Regulations.
- 2.3.2. The objects of the Acquirers include, inter alia, restructuring and reviving the Target Company through infusion of funds. They wish to start textile and textile related business in the Company, which is also permissible by the main objects clause of the Memorandum of Association of the company.
- 2.3.3. The Acquirers do not plan to dispose of or otherwise encumber any asset of KCL in the next 2 years except in the ordinary course of business of the Company and except to the extent required for the purpose of restructuring and / or rationalization of operations, assets, investments, liabilities or otherwise of the Target Company for commercial reasons and operational efficiencies. The Acquirers undertake not to sell / dispose off or otherwise encumber any substantial asset of KCL except with the prior approval of the shareholders of the Company.

3. BACKGROUND OF THE ACQUIRERS

3.1 Information about the Acquirers

3.1.1 Mr. Prakash Chandra Rath

Mr. Prakash Chandra Rath, aged 43 Years is residing at 17-A, Radha Krishna, Miniland, Tank Road, Bhandup (W), Mumbai – 400 078. He is a Graduate in Commerce & has 16 years of experience in the field of Accounting & Finance. He is working as the Managing Director of M/s Kapil Cotex Ltd. having its Registered Office at 305, Bewitching Apartment, Miniland, Tank Road, Bhandup (West), Mumbai – 400 078. Telefax: 022 – 2595 1840.

The Networth of Mr. Prakash Chandra Rath as on June 30, 2009 is Rs. 2,66,54,898/- (Rupees Two Crores Sixty Six Lacs Fifty Four Thousand Eight Hundred and Ninety Eight Only) as certified vide certificate dated July 1, 2009 by Mr. Shiv Raj Rath (Membership No. 112376) of Samria & Co., Chartered Accountants having their office situated at 2/E, Court Chambers, 35, New Marine Lines, Mumbai – 400 020. Tel. No.: 022 – 2206 6981; Fax No.: 022 – 2206 6982.

3.1.2 Mrs. Poonam Rath

Mrs. Poonam Rath, aged 36 years is residing at 17-A, Radha Krishna, Miniland, Tank Road, Bhandup (W), Mumbai – 400 078. She is a Graduate in Commerce & has 11 years of experience in the field of designing of textile products. She is an Executive Director in the Target Company.

The Networth of Mrs. Poonam Rath as on June 30, 2009 is Rs. 1,08,69,927/- (Rupees One Crore Eight Lacs Sixty Nine Thousand Nine Hundred & Twenty Seven Only) as certified vide certificate dated July 1, 2009 by Mr. Shiv Raj Rath (Membership No. 112376) of Samria & Co., Chartered Accountants having their office situated at 2/E, Court Chambers, 35, New Marine Lines, Mumbai – 400 020. Tel. No.: 022 – 2206 6981; Fax No.: 022 – 2206 6981.

3.2 OTHER INFORMATION ABOUT THE ACQUIRERS

- 3.2.1. The Acquirers have not been prohibited by SEBI from dealing in securities, in terms of direction issued u/s 11B of SEBI Act or under any of the Regulation made under the SEBI Act.
- 3.2.2. There is no agreement among the Acquirers as regard to the Open Offer, except as provided in the SSPA.
- 3.2.3. The Acquirers Mr. Prakash Chandra Rath and Mrs. Poonam Rath are related to the extent that they are husband and wife.
- 3.2.4. The Acquirers have complied with the provisions of Chapter II of the Regulations. Their combined holdings were 4,000 (1.67%) shares of KCL prior to the Preferential Issue, which they have acquired in September 2005.
- 3.2.5. The Acquirers do not have any intention to de-list the Target Company in the succeeding two years after the instant offer.

- 3.2.6. Other than the target company Acquirers are not on the Board of any listed company.
- 3.2.7. The Acquirers have promoted a company called Springfield Exim Pvt. Ltd.; which was incorporated on September 13, 2008. The principle business of the company is Export and Import Trading. The Acquirers are Promoters cum Directors of the said company. Other than the Springfield Exim Pvt. Ltd. the Acquirers are not full time directors in any other company.

As per the audited accounts for the period ended March 31, 2009, Springfield Exim Pvt. Ltd. had a Total Income of Rs. Nil lac, Expenses of Rs. 0.43 lac, PAT is of Rs. -0.43 lac, EPS of Rs. -4.26/-. The paid up equity share capital was Rs. 1.00 lac consisting of 10,000 Equity Shares of Rs. 10/- each, while the Reserve excluding revaluation reserve is of Rs. -0.43 lac resulting in Networth of Rs. 0.57 lac. The book value of the share is Rs. 5.74/-. This is not a sick industrial company.

3.3 DISCLOSURE IN TERMS OF REGULATION 16 (IX)

- 3.3.1. The Acquirers do not have any plan to dispose of or otherwise encumber any assets of KCL in the next two years except in the ordinary course of business of the Target Company and except to the extent required for the purpose of restructuring and / or rationalization of operations, assets, investments, liabilities or otherwise of the Target Company for commercial reasons and operational efficiencies.
- 3.3.2. Other than in the ordinary course of business, the Acquirers undertake that they will not sell, dispose of or otherwise encumber any substantial asset of the Target Company except with the prior approval of the shareholders of the Target Company and in accordance with and subject to the applicable laws, permissions and consents, if any.

3.4 FUTURE PLANS OF THE ACQUIRERS WITH REGARD TO THE TARGET COMPANY

The Acquirers visualize that after acquiring substantial shares and taking over control of KCL, they will be in a position to start the textile and textile related business in the Target Company. After infusing fresh funds in the KCL they will restructure and revive the business, by erecting the plant to manufacture Grey knitted fabric for domestic as well as for industrial use and also use funds for working capital.

4. OPTION IN TERMS OF REGULATION 21(2)

In the event, pursuant to this Offer or otherwise, the public shareholding in the Target Company falls below 25% of its outstanding equity share capital, the Acquirers will, in accordance with regulation 21(2) of the Regulations, facilitate the Target Company to raise the level of public shareholding to the level specified for continuous listing in the Listing Agreement with the stock exchange within the specified time and in accordance with the prescribed procedure under amended clause 40A(viii) of the Listing Agreement and in compliance with the Regulations.

5. BACKGROUND OF KAPIL COTEX LIMITED (TARGET COMPANY)

5.1 Registered Office

The Registered & Corporate Office of M/s. Kapil Cotex Limited is situated at 305, Bewitching Apartment, Miniland Tank Road, Bhandup (West), Mumbai – 400 078. Telefax: 022 – 2595 1840. As on date of PA, the Company does not have any manufacturing facilities.

5.2 Brief History and Main Areas of Operations

KCL was incorporated on October 14, 1983 under the Companies Act, 1956 in the state of Maharashtra. The Certificate of Incorporation bearing No. 31114 / 1983 was obtained from the Registrar of the Companies, Madhya Pradesh and Maharashtra. Later, the Company had received the Certificate for Commencement of Business bearing No. 31114 from the Registrar of the Company, Bombay, Maharashtra, on May 21, 1984.

The Company was incorporated with main objects of carrying on the business of dyeing, bleaching, printing, combining, preparing, spinning, weaving, manufacturing, selling, buying, importing, exporting and otherwise dealing in yarn, linen, cloth and other goods and fabrics made from raw cotton, flax, hemp, jute, wool, silk, rayon and other manmade fibres and filaments. Also with the object to act as a principals, agents, brokers, buying and selling agents, wholesale and retail dealers and commission agents in all types of textiles, raw materials, and earn or grant commission on such transactions.

The Company had come out with its maiden public issue during August 1984 with the main objects of funding the Working Capital requirements. Mr. Kamal Binani, Mr. Deepak Mehra, Mr. Arun Binani, Mr. Kamal Kapila, Mr. Rajkumar Adukia, Mr. Nitin Sandesara and Rajkumar Agrawal originally promoted the company. During the financial year 1987-88, the management of the Company has been changed from original promoters to Mr. Daulal Mohta, Mr. Rajendra Mohta, Ms. Indumati Mohta, Mr. Kailash Singhania, and Mr. Radhesyam Bagri. During the financial year 2002 – 2003, M/s SRVTPL acquired the controlling interest in the company after complying with the provisions of SEBI (Substantial Acquisitions of Shares & Takeover) Regulations, 1997. Mr. Prakash Rathi, Mrs. Poonam Rathi and Mr. Yogesh Chandak were included in the Promoters Group to look after the day-to-day activities with effect from December 2007.

5.3 Share Capital Structure of M/s. Kapil Cotex Limited

Paid-up Equity Shares of Target Company	No. of Shares / Voting Rights	% of Share / Voting Rights
Fully Paid-up Equity Shares	6,00,000	100.00
Partly Paid-up Equity Shares	-	-
Total Paid-up Equity Shares	6,00,000	100.00
Total Voting Rights in Target Company	6,00,000	100.00

The Authorized Share Capital of the Company is Rs. 2,00,00,000 (Rupees Two Crores Only) divided into 20,00,000 (Twenty lacs) equity shares of Rs.10/- each. As on date, the issued & paid-up share capital is Rs. 60,00,000 (Rupees Sixty Lacs Only) divided into 6,00,000 (Six Lacs Only) equity shares of Rs. 10/- each. There are no partly paid up shares in the Target Company. There are no outstanding convertible instruments (debentures/warrants/ FCDs /PCDs) etc. into equity shares on any later date. The shares are listed at Bombay Stock Exchange Limited (BSE). The scrip code of KCL shares at BSE is "512036". The ISIN of the Company is INE393H01016. There are 3,64,000 shares are under locked-in period as on date. The equity shares of KCL are traded in Demat mode only, with the lot size of 1 share.

5.4 Details of Share Capital history of KCL are as follows:

Date of Allotment	No. and % of Shares Issued		Cumulative Paid-up Capital (Rs.)	Mode of Allotment	Identity of Allottees (Promoters / Others)	Status of Compliance
	No. of Shares	% of Shares				
20-Sep-83	700	0.12	7,000	Cash	Subscriber to the Memorandum	Complied
15-Sep-84	95,300	15.88	960,000	Cash	Promoters / Directors / their Friends & Relatives	Complied
15-Sep-84	144,000	24.00	2,400,000	Cash	Allotted to Public in terms of Prospectus dated July 10, 1984.	Complied
20-Aug-09	360,000	60.00	6,000,000	Cash	Allotted to Acquirers	Complied
Total	600,000	100.00	6,000,000			

5.5 KCL is listed on Bombay Stock Exchange Limited, Mumbai (BSE) only. The Shares of the Company have not been suspended any time from BSE since its listing.

5.6 Currently only 2,40,000 Equity Shares of KCL have been listed on BSE. The Company has allotted 3,60,000 Equity Shares on Preferential basis on August 20, 2009 after receiving "in-principle" approval from the BSE vide their Letter No. DCS/PREF/SR/PRE/755/09-10 dated August 7, 2009. The Company has made listing application with BSE and the approval for the same is awaited.

5.7 There is no outstanding instrument in the nature of warrants / fully convertible debentures / partly convertible debentures, etc. convertible into Equity Shares on any later date. There are no partly paid up shares in the Target Company. As per the Clause 13.3.1 (a) & (b) of SEBI (DIP) Guidelines, 2000 there are 3,60,000 shares allotted on Preferential basis to the Acquirers which are under lock-in period and as per the Clause 13.3.1 (g) of the said Guidelines the prior holdings of 4,000 shares of the Acquirers are also under lock-in period. Hence, there are 3,64,000 shares under lock-in period.

5.8 The Promoters / major shareholders of KCL, have complied with the provisions of Chapter II of the Regulations in time except for transaction dated March 18, 2005, which was complied with a delay of 1 day.

There were delays in compliance with Regulations 6(2) and 6(4) of Chapter II of the Regulations by 2048 days, which was complied on December 28, 2002 under SEBI Regularization Scheme, 2002. There is no specific reason given by the Company for the above delay in compliance. The Company has complied with Regulations of 7(3) and 8(3) of Chapter II of the Regulations in time except for Regulation 8(3) for 2000 and 2008, in which there were delay of 4 days and 13 days respectively which were due to non availability of authorised signatory of the Target Company.

The above-mentioned violations are under SEBI's examination. SEBI may initiate action against the Target Company and the Promoters, Sellers, Major Shareholders for the delay in the compliances with the chapter II of the Regulations.

5.9 The Company is in compliance with the listing requirements of BSE and no penal actions have been initiated by BSE against the Target Company. The Target Company has been complying with the relevant listing requirements of BSE from time to time and there is no penal / punitive action taken by BSE against the Target Company.

5.10 Details of Directors of M/s. Kapil Cotex Limited
As on the date of PA, the Board of Directors of KCL comprises 8 members as given below:

Sr. No.	Name & Residential Address of Directors	Qualification	Experience	Date of Appointment
1	Mr. E. K. Surendran 128, Gruhlakshmi Layout, Basaveshwara Nagar, 2 nd Stage, Bangalore – 560 079.	B.E. in Instrumentation & Control	Experience of around 30 years in Manufacturing Industry, as an Employee of National Aeronautical Laboratory for 6 years and then as an entrepreneur.	13-Jun-03
2	Mr. M. Vasudeesha 104, 4th Cross, Canara Bank Colony, Bangalore – 560 079.	B. Com and Diploma in Business Administration	Experience of 21 years in Marketing.	13-Jun-03
3	Mr. C. K. Vincent 67/42, 1 st Cross, Srinivasanaga, Pattegharpalya, Nagarabhavi Main Road, Bangalore – 560 044.	Diploma in Mechanical Engineering	Experience of 25 years in engineering and design.	13-Jun-03
4	Mr. Prakash Chandra Rathi 17-A, Radha Krishna, Miniland, Tank Road, Bhandup (W), Mumbai – 400 078.	B. Com	Experience of 16 years in the area of Finance & Accounts.	28-Jun-03
5	Mr. Jagdish Manohar Mantri Venkatesh Apartments, Teenlakdi, Old Agra Road, Igatpuri, Dist. Nashik – 422 403.	B. Com	Experience of 11 years in trading of garments.	28-Jan-08
6	Mr. Rakesh Somani 12 D/503, Spring Leaf, Lokhandwala Township, Kandiwali (E), Mumbai – 400101.	B. Com	Experience of 4 years in Management Consultancy.	28-Jan-08
7	Mr. Yogesh Chandak Shri Krishna Sadan, Old Agra Road, Igatpuri, Nasik – 422 403.	B. Com	Experience of 9 years in the Business of Land Developers.	21-Sep-05
8	Mrs. Poonam Rathi 17-A, Radha Krishna, Miniland, Tank Road, Bhandup (W), Mumbai – 400078.	B. Com	Experience of 11 years in the Designing of Textile Products.	21-Sep-05

Mr. Prakash Chandra Rathi and Mrs. Poonam Rathi are the Acquirers and also a part of Board of Director of the Target Company. Mr. Yogesh Chandak is co son-in-law of Mr. Prakash Rathi, who is not connected with the Offer nor will participate in the Offer in any capacity as per Regulation 22(9). None of the Directors are representative of the Acquirers.

5.11 There has not been any merger / demerger or spin-off in KCL during the past 3 years.

5.12 Brief Audited Financial Details of Target Company (Rs. In Lacs)

Profit & Loss Account as on	Mar-31-09	Mar-31-08	Mar-31-07
Income from Operations	-	-	-
Other Income	2.67	2.04	1.50
Total Income	2.67	2.04	1.50

Total Expenditure	1.46	1.42	0.75
PBDIT	1.21	0.62	0.75
Depreciation	-	-	0.05
Interest	-	-	-
Profit/(Loss) Before Tax	1.21	0.62	0.70
Provision for Tax	0.37	0.19	0.24
Profit/(Loss) After Tax	0.84	0.43	0.46
Balance Sheet as on	Mar-31-09	Mar-31-08	Mar-31-07
Sources of Funds			
Capital Account	24.00	24.00	24.00
Reserves and Surplus (Excluding Revaluation Reserve)	9.08	8.24	7.81
Total Misc. Exp. Not Written Off	(1.49)	(1.98)	(2.48)
Net worth	31.59	30.26	29.33
Secured Loans	-	-	-
Unsecured Loans	0.25	0.06	-
Total	31.84	30.32	29.33
Uses of Funds			
Net Fixed Assets	-	-	0.10
Investments	-	-	-
Current Assets Loan and Advances	32.30	30.57	29.51
Current Liabilities	0.46	0.25	0.28
Net Current Assets	31.84	30.32	29.23
Total	31.84	30.32	29.33
Other Financial Data	Mar-31-09	Mar-31-08	Mar-31-07
Dividend (%)	-	-	-
Earning Per Share (Rs.)	0.35	0.18	0.19
Return on Net worth (%)	2.66	1.41	1.57
Book Value Per Share (Rs.)	13.16	12.61	12.22

5.13 Reasons for fall / rise in the total income and PAT in the relevant year

The Company has shut down its operations for the past several years. Hence, there is no operational income. There is other income i.e. only interest income by way of investment in fixed deposit with the bank and by loans and advances to others. The expenses are very nominal, which are for the basic requirements of the Company. All the expenditures are related to the Listing Fees, Legal & Professional Charges, Rates & Taxes, Audit Fees and Miscellaneous Expenses.

5.14 Pre and Post Offer Shareholding Pattern of the KCL is and shall be as follows:

Shareholders' Category	Shareholding & Voting Rights prior to the Preferential Issue & SSPA (A)		Shares / voting rights agreed to be acquired from Preferential Issue & SSPA (B)		Shares/ voting rights to be acquired in open offer (assuming full acceptances) (C)		Shareholding / voting rights after the acquisition and offer i.e. (A)+(B)+(C) = (D)	
	No	%	No	%	No	%	No	%
(1) Promoter group								
a) Parties to the agreement								
Seller – SRVTPL	68,500	11.42	(68,500)	(11.42)	-	-	-	-
b) Promoters other than (a) above	2,250	0.38	-	-	-	-	2,250	0.38
Total 1 (a+b)	70,750	11.79	(68,500)	(11.42)	-	-	2,250	0.38

(2) Acquirers *								
a) Main Acquirers								
i) Prakash Rathi	2,000	0.33	234,250	39.04	60,000	10.00	296,250	49.38
ii) Poonam Rathi	2,000	0.33	194,250	32.38	60,000	10.00	256,250	42.71
b) PACs	-	-	-	-	-	-	-	-
Total 2 (a+b)	4,000	0.67	428,500	71.42	120,000	20.00	552,500	92.08
(3) Parties to agreement other than (1) & (2) above	-	-	-	-	-	-	-	-
(4) Public (other than parties to agreement) #								
a) FIs/MFs/FIIs/Banks	-	-	-	-	-	-	-	-
b) Others								
1) Private & Corporate Bodies	-	-	-	-	-	-	-	-
2) NRIs / OCBs	-	-	-	-	-	-	-	-
3) Indian Publics	165,250	27.54	-	-	(120,000)	(20.00)	45,250	7.54
Total (4)(a+b)	165,250	27.54	-	-	(120,000)	(20.00)	45,250	7.54
Grand Total (1+2+3+4)	240,000	40.00	360,000	60.00	-	-	600,000	100.00

Notes:

\$ - All the figures mentioned in percentage term in the above table are based on the expanded subscribed Equity Shares Capital of the Company.

* - Shareholding of Mr. Prakash Rathi & Mrs. Poonam Rathi, who are also part of promoter group, is shown under the head Acquirers.

- Number of Shareholders in Public category as on 30th June 2009 is 170 (One Hundred and Seventy Only).

5.15 Details of Changes in the Shareholding of the Promoters in KCL prior to the Preferential Issue i.e. prior to August 20, 2009 is given below:

Period of Purchase / Sale / No. of shares issued		Purchase & Sale of No. of Shares		Cumulative Shareholding		Status of Compliances
		No. of Shares	% of Total Paid-up Share Capital	No. of Shares	% of Total Paid-up Share Capital	
Purchases of Shares vide Share Purchase Agreement dated December 04, 2002 with earlier Promoters.		92,250	38.44	92,250	38.44	Complied with the provisions of Reg. 10 and 12 of SEBI (SAST) Regulations, 1997 in year 2002 – 03.
Shares acquired under the Open Offer to public.		19,100	7.96	111,350	46.40	Complied with the above Regulations.
As on March 31, 2004		-	-	111,350	46.40	Filing under Reg. 7 was not applicable.
Sales made during the year ending March 31, 2005	18-Mar-05	(21,550)	(8.98)	89,800	37.42	Filling under Reg. 7 was done with a delay of 1 day. Filling under Reg. 7 was done on time. Filing under Reg. 7 was not applicable.
	28-Mar-05	(13,500)	(5.63)	76,300	31.79	
	31-Mar-05	-	-	76,300	31.79	
Sales made during the year ending March 31,	5-Jul-05	(5,000)	(2.08)	71,300	29.71	Filling under Reg. 7 was done on time. Filing under Reg. 7 was not applicable.
	6-Jul-05	(2,400)	(1.00)	68,900	28.71	

2006	31-Mar-06	-	-	68,900	28.71	Filing under Reg. 7 was not applicable.
As on March 31, 2007		-	-	68,900	28.71	Filing under Reg. 7 was not applicable.
December 2007		5,850	2.44	74,750	31.15	Mr. Prakash Rathi, Mrs. Poonam Rathi and Mr. Yogesh Chandak, who were holding 5,850 Equity Shares since September 2005, were included in the Promoters Group.
As on March 31, 2008		-	-	74,750	31.15	Filing under Reg. 7 was not applicable.
As on March 31, 2009		-	-	74,750	31.15	Filing under Reg. 7 was not applicable.

The promoters have not purchased or sold any shares after the Preferential Allotment till the date of this Letter of Offer. There are no inter-se transfers amongst the Promoters Group.

5.16 Status of Corporate Governance and Pending Litigation

Since the paid up capital of the Company is only Rs. 60.00 Lacs, the compliance with Corporate Governance is not applicable to the Company. There are no litigations by and against the Target Company.

5.17 Details of Compliance Officer

Mr. Yogesh Chandak
Kapil Cotex Limited,
305, Betwitching Apartments,
Miniland, Tank Road,
Bhandup (W), Mumbai.
Telefax: 022 – 2595 1840.

6. OFFER PRICE AND FINANCIAL ARRANGEMENTS

6.1 Justification of Offer Price

6.1.1 The shares of the Target Company are presently listed in India on the Bombay Stock Exchange Limited (BSE). The Equity Shares are held partly in demat mode and partly in physical mode and placed in T Group on BSE.

6.1.2 The shares of KCL are infrequently traded on the BSE in terms of explanation (i) to Regulation 20(5) of the Regulations. The equity shares of KCL are infrequently traded on BSE within the meaning of Regulation 20(5) of the Regulations during the six calendar months prior to the month in which the PA is made. The details are mentioned here below:

Name of the Stock Exchange	Total number of shares traded during the 6 calendar months prior to the month in which PA was made	Total Number of Listed Shares	Annualized Trading Turnover (in terms of % to Total Listed Shares)
BSE	—	2,40,000	—

(Source: Website of BSE: www.bseindia.com)

6.1.3 The Offer Price of Rs. 13.50 per Share has been determined in terms of Regulation 20(5) of the Regulations applicable to infrequently traded Shares.

(a)	Negotiated price under the Shares Purchase Agreement	Rs. 7.50
(b)	Highest price paid by the Acquirers for acquisitions, if any, including by way of allotment in a Public or Rights or Preferential Issue, during the 26 week period prior to the date of the Public Announcement.	Rs.13.50

(c)	Other Parameters as at:	March 31, 2009
	(i) Return on Networth (%)	2.66%
	(ii) Book Value Per Share	Rs. 13.16
	(iii) Earning Per Share	Rs. 0.35

In the opinion of the Acquirers and Manager to the Offer, the Offer Price of Rs. 13.50 (Rupees Thirteen and Paise Fifty Only) per Share being the highest of the prices mentioned above is justified in terms of Regulation 20(5) & 20(11) of the Regulations.

6.1.4 Non-compete Fee

The Acquirers have not entered into any agreement for payment of non-compete fee and have not made payment of any non-compete fees.

6.1.5 Based on the above and in the opinion of the Manager to the Offer and the Acquirers, the Offer Price is justified as per the Regulation 20(5) & 20(11).

6.1.6 The Acquirers shall not acquire any Shares in KCL during the Offer Period except in compliance with the Regulations and the details of such acquisitions shall be disclosed to the Stock Exchange and to the Manager within 24 hours thereof in terms of Regulation 22(17) of the Regulations.

6.1.7 If the Acquirers acquire Shares after the original PA and upto seven working days prior to closure of the offer at a price higher than the Offer Price, then the highest price paid for such acquisitions shall be payable for all the acceptances received under the Offer. Any such revision in the Offer Price shall be notified by advertisement in the same newspapers in which the PA has appeared.

6.2 Financial Arrangements

6.2.1 The maximum purchase consideration payable by the Acquirers in the case of full acceptance of the Offer is Rs. 16,20,000 (Rupees Sixteen Lacs and Twenty Thousand Only).

In accordance with Regulation 28 of the Regulations, the Acquirers have opened Fixed Deposit Account with The Federal Bank Limited, Dadar (East) Branch, Mumbai – 400014 aggregating Rs. 4,25,000/- (Rupees Four Lacs and Twenty Five Thousand Only) being more than 25% of the total consideration under the Open Offer and lien marked in favour of the Manager to the Offer, M/s. Aryaman Financial Services Limited, Mumbai.

The financial obligations of the Acquirers under SSPA & Open Offer will be met through the existing resources of the Acquirers. The total fund requires for SSPA & Open Offer is Rs. 21.34 Lacs and the combined Net Current Assets of the Acquirers comes to Rs. 305.25 Lacs, which is more than 14 times of the total obligations.

6.2.2 The Acquirers have empowered the Manager to the Offer to realise the value in terms of Regulation 28 of the Regulations. The Federal Bank Limited, Dadar (East) Branch, Mumbai – 400014 has confirmed that a lien has been marked on the said Fixed Deposit of Rs. 4,25,000/- (Rupees Four Lacs and Twenty Five Thousand Only) in favour of the Manager to the Offer.

6.2.3 In terms of Regulation 16 (xiv) of the Regulations, it is confirmed that the Acquirers have adequate resources and have made firm financial arrangements to meet their offer obligations in full. The financial obligations of the Acquirers under the Offer will be fulfilled through internal resources of the Acquirers and no borrowings from Banks or FI's or NRI's or otherwise is envisaged.

6.2.4 Mr. Shiv Raj Rathi (Membership No. 112376) of Samria & Co.; Chartered Accountants having office at 2/E, Court Chambers, 35, New Marine Lines, Mumbai – 400 020. Tel. No.: 022 – 2206 6981; Fax No.: 022 – 2206 6982; has confirmed that sufficient resources are available with the Acquirers for fulfilling the obligations under this 'Offer' in full.

6.2.5 The Acquirers in compliance with Regulation 22(11) of the Regulations have made firm financial arrangements to fulfill the obligations under the Offer.

6.2.6 The Manager to the Offer is satisfied about the ability of the Acquirers to implement the Offer in accordance with the Regulations.

7. TERMS AND CONDITIONS OF THE OFFER

7.1 OPERATIONAL TERMS AND CONDITIONS

7.1.1 The Offer is being made in compliance with the provisions of Regulations 10 and 12 and other applicable provisions of the Regulations for the purpose of substantial acquisition of Equity Shares accompanied with change in control and Management of KCL.

- 7.1.2 The acceptance of the Offer is entirely at the discretion of the equity Shareholders of KCL and each Shareholder (except the Acquirers and the Seller) of KCL holding fully paid-up Equity Shares to whom this Offer is being made is free to offer his shareholding in KCL, in whole or in part while accepting the Offer.
- 7.1.3 Accidental omission to despatch this Letter of Offer or any further communication to any person to whom this Offer is made or the non-receipt of this Letter of Offer by any such person shall not invalidate the Offer in any way.
- 7.1.4 The instructions, authorisations and provisions contained in the Form of Acceptance and Form of Withdrawal constitute an integral part of the terms of this Offer.
- 7.1.5 The acceptance of the Offer must be unconditional and should be sent in the attached Form of Acceptance along with the other documents duly filled in and signed by the applicant shareholder(s) which should be received by the Registrar to the Offer at the collection centre mentioned in para 8.1 under "Procedure for Acceptance and Settlement" on or before Tuesday, November 03, 2009. If any change or modification is made in the Form of Acceptance, the same is liable to be rejected.
- 7.1.6 The Offer is not subject to any minimum level of acceptance. The Acquirers will acquire all the fully paid up Equity Shares of KCL that are validly tendered and accepted in terms of this Offer upto 1,20,000 fully paid-up Equity Shares of Rs. 10 each representing 20% of the expanded paid up capital of the Company. Thus, the Acquirers will proceed with the Offer even if they are unable to obtain acceptance to the full extent of the Equity Shares of KCL for which this Offer is made.
- 7.1.7 All Shares tendered under this Offer should be free from any charge, lien or encumbrances of any kind whatsoever.
- 7.1.8 The Acquirers will not be responsible in any manner for any loss of equity Share certificate(s) and Offer acceptance documents during transit. The equity shareholders of KCL are advised to adequately safeguard their interest in this regard.
- 7.1.9 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, October 28, 2009.
- 7.1.10 If the aggregate of the valid responses to the Offer exceeds 1, 20,000 fully paid up Equity Shares, then the Acquirers shall accept the valid applications received on a proportionate basis in accordance with Regulation 21(6) of the Regulations in such a way that acquisition from a shareholder shall not be less than the market lot or the entire holding, if it is less than the market lot. The Equity Shares of KCL are traded in Demat mode only, with the lot size of 1 Share. Since the Shares are compulsorily traded in dematerialized form, minimum acceptance will be one Share.
- 7.1.11 The Acquirers, in terms of Regulation 27 of the Regulations will not proceed with the Offer in the event of any applicable statutory approval is refused. Any such withdrawal from the Offer by the Acquirers will be notified in the form of a Public Announcement in the same newspapers in which this PA appeared.

7.2 LOCKED IN SHARES

There are 3,64,000 Equity Shares of KCL that are under "locked-in" as per SEBI guidelines which belongs to the Acquirers. None of the shares, belonging to the shareholder of public category, to whom this offer is made, are under locked-in.

7.3 ELIGIBILITY FOR ACCEPTING THE OFFER

The Offer is made to all the equity shareholders (except the Acquirers and the Seller) of KCL whether registered or not who own the fully paid Shares anytime prior to the Closure of the Offer. However, the Letter of Offer is being mailed to those Shareholders whose names appear on the Register of Members of KCL at the close of business hours on the Specified Date i.e. Saturday, September 05, 2009. Shareholders (except the Acquirers and the Seller) holding fully paid Shares of KCL any time prior to the Closure of the Offer are eligible to tender their Shares in terms of this Offer.

7.4 STATUTORY APPROVALS

- 7.4.1 The Offer is subject to the Acquirers obtaining the approval(s) from Reserve Bank of India (RBI), if any, under the Foreign Exchange Management Act, 1999 ("FEMA").
- 7.4.2 As on date of this Letter of Offer, there are no other statutory approvals and / or consents required. However, the Offer would be subject to all-statutory approvals as may be required and / or may subsequently become necessary to acquire at any later date.
- 7.4.3 In case of delay in receipt of any statutory approval, SEBI has the power to grant an extension of the time required for payment under the Offer provided that the Acquirers agree to pay interest in accordance with Regulation 22(12) of the Regulations. Further, if the delay occurs due to the willful default or neglect or inaction of Acquirers in obtaining the requisite approvals, the amount lying in the Escrow Account shall be liable to be forfeited and dealt in the manner provided in Regulation 28(12)(e) of the Regulations, apart from the Acquirers being liable for penalty as provided in the Regulations.

7.4.4 No approval is required from any bank or financial institution for this Offer.

8. PROCEDURE FOR ACCEPTANCE AND SETTLEMENT

8.1 Shareholders who are holding fully paid Equity Shares and wish to tender their Equity Shares will be required to send their Form of Acceptance-cum-Acknowledgement, original Share Certificate(s) and blank transfer deed(s) duly signed to **Satellite Corporate Services Private Limited**, the Registrar to the Offer by Registered Post at the applicants sole risk so that the same are received on or before the Offer closing date, at the address given below, in accordance with the procedures as specified in this Letter of Offer and the Form of Acceptance cum Acknowledgement. The relevant documents should not be sent to the Seller, Acquirers, KCL or the Manager to the Offer.

All eligible owners of fully paid Equity Shares of KCL, registered or unregistered who wish to avail and accept the Offer can hand deliver the Form of Acceptance-cum-Acknowledgement along with all the relevant documents on all working days i.e. from Monday to Friday between 11.00 a.m. and 4.00 p.m. and on Saturdays between 11.00 a.m. to 2.00 p.m.

If the shareholders of the Target Company hold the Shares in dematerialised form, those desirous of participating in the Offer may send their application along with the duly filled Form of Acceptance to the Registrar to the Offer, such that the applications are received by the Registrar to the Offer, on or before the closing date of the Offer, stating the name, address, number of shares held, number of shares offered, Depository Participant ('DP') name, DP ID number, beneficiary account number along with a photocopy of the delivery instruction in 'off-market' mode, duly acknowledged by the DP in favour of **"Satellite Corporate Services Pvt. Ltd. Escrow A/C Kapil – Open Offer"**, filled in as per instructions given below:

Depository Name	NSDL
DP Name	IL&FS Securities Services Limited
DP ID Number	IN300095
Beneficiary Account Number / Client ID	11464740

Shareholders should ensure credit of their shares in favour of the depository account above, before the Closure of the Offer. Shareholders holding their beneficiary account in Central Depository Services India Limited ('CDSL') will have to use an inter-depository delivery instruction slip for the purpose of crediting their Shares in favour of the special depository account with National Securities Depository Limited ('NSDL').

Shareholders of the Target Company who wish to avail of and accept the Offer shall send / deliver the Form of Acceptance along with all the relevant documents to the collection center of the Registrar to the Offer mentioned below in accordance with the procedure as set out in the Letter of Offer.

Name & Address of Collection Center	Contact Person & Contact Numbers	Mode of Delivery
Satellite Corporate Services Pvt. Limited B-302, Sony Apartment, Opp. St. Judes High School, Off Andheri-Kurla Road, 90 Ft. Rd, Jarimari, Sakinaka, Mumbai - 400072.	Mr. Michael Monteiro Tel.: 022 – 2852 0461 / 0462. Fax No.: 022 – 2851 1809 E-mail: service@satellitecorporate.com	Hand Delivery / Registered Post

Neither the share certificate(s) nor transfer deed(s) nor the Form of Acceptance should be sent to the Sellers or the Acquirers or KCL or Manager to the Offer. Delivery made by Registered Post would be received on all days except Sundays and Public Holidays.

8.2 **Shareholders should send all the relevant documents as mentioned below to the above mentioned address.**

8.2.1 Form of acceptance duly completed (in English) and signed (by all the Shareholders in the same order in which Shares are held as per the Register of Members of KCL in case the Shares are in joint names) as per the specimen signature(s) lodged with KCL and witnessed.

8.2.2 Original Share Certificate(s)

8.2.3 Valid Share Transfer Deed(s) duly signed by transferors (by all Shareholders in the same order in which Shares are held as per the Register of Members of KCL in case the Shares are in joint names) as per the specimen signature(s) lodged with KCL and

duly witnessed at the appropriate place. The Transfer Deed should be left blank, excepting the signature as mentioned above. Attestation, where required (thumb impression, signature difference, etc.) should be done by a Magistrate, Notary Public or Special Executive Magistrate or a similar authority holding a Public office and authorised to use the seal of his office or a member of a recognised Stock Exchange under their seal of office and membership number or manager of the transferor's bank.

- 8.2.4 In case the Shares stand in the name of a sole Shareholder, who is deceased, then the Form of Acceptance must be signed by the legal representative(s) of the deceased and submitted along with the probate / letter of administration / succession certificate in original or a certified or attested true copy, while accepting this Offer. The original will be returned on scrutiny.
- 8.2.5 In case of registered Shareholder, non-receipt of the aforesaid documents, but receipt of the Share certificates and the duly completed transfer deed, the Offer shall be deemed to be accepted. Notwithstanding that the signature(s) of the transferor(s) has / have been attested as aforesaid, if the signature(s) of the transferor(s) differs from the specimen signature(s) recorded with KCL or are not in the same order, such Shares are liable to be rejected under this Offer even if the Offer has been accepted by a bona fide owner of such Shares.
- 8.2.6 Duly attested power of attorney, if any person other than the Shareholder has signed the acceptance form and transfer deed(s).
- 8.2.7 In case of companies, the necessary corporate authorisations including the following:
- Board resolution authorising such acceptance / power to sell the Shares.
 - Board resolution authorising execution of transfer documents.
 - Signature(s) of the Authorised Signatories duly attested.
- 8.3 **Unregistered Shareholders should enclose:**
- 8.3.1 Their application in writing on a plain paper stating their name, address, number of Shares held, number of Shares tendered, distinctive nos., folio number together with:
- ☐ Original Share certificate(s)
 - ☐ Valid transfer deed(s). The details of buyer should be left blank failing which the same will be considered invalid under the Offer.
 - ☐ Original contract note issued by the broker of a recognised stock exchange, through whom the Shares were acquired.
- 8.3.2 No indemnity is required from unregistered owners.
- 8.4 **Unregistered owners who have tendered their Shares for registration should enclose:**
- 8.4.1 Form of Acceptance-cum-Acknowledgement duly completed and signed in accordance with the instructions contained therein by the person accepting the Offer.
- 8.4.2 Share transfers deed(s) duly executed by the unregistered Shareholder.
- 8.4.3 Shareholders, who have lodged their Shares for transfer with KCL, must also send the acknowledgement, if any, received from KCL towards such lodging of Shares.
- 8.5 Unregistered owners, if they so desire, may also apply on the Form of Acceptance downloaded from SEBI's website: www.sebi.gov.in
- 8.6 The Company's Shares are partly in dematerialised and partly in physical form. The Equity Shares are traded in the 'T' Group. The Equity Shares of KCL are traded in Demat mode only, with the lot size of 1 Share.
- 8.7 **Non-Resident Shareholder:**
- 8.7.1 Non-Resident Shareholders may tender their Shares in accordance with the Procedure mentioned at 8.2 or 8.3 (as applicable) above. In case the RBI approvals are not submitted, the Acquirers reserve the right to reject such Equity Shares.
- 8.7.2 While tendering the shares under the Offer, NRIs / OCBs / foreign shareholders will be required to submit the previous RBI Approvals (specific or general) that they would have been required to submit to acquire the shares of the Target Company. In case the previous RBI approvals are not submitted, Acquirers reserves the right to reject such shares tendered. While tendering shares under the Offer, NRIs / OCBs / foreign shareholders will be required to submit a Tax Clearance Certificate from the Income Tax authorities, indicating the amount of tax to be deducted by Acquirers under the Income Tax Act, 1961 (the "Income Tax Act"), before remitting the consideration. In case the aforesaid Tax Clearance certificate is not submitted, Acquirers will arrange to deduct tax at the rate as may be applicable to the category of the shareholder under the Income Tax Act, on the entire consideration amount payable to such shareholder.

- 8.8 The above documents should not be sent to the Seller or to the Acquirers or to KCL or to the Manager to the Offer. The same should be sent to the Registrar to the Offer only at the collection centre given above in 8.1.
- 8.9 **Procedure for acceptance of the Offer by Shareholders who do not receive the Letter of Offer:**
- 8.9.1 In case of non-receipt of the Letter of Offer, Shareholders may obtain a copy of the same by writing to the Registrar to the Offer at the collection centre mentioned at 8.1 marking the envelope "KCL – Open Offer". Alternatively, eligible Shareholders may send their acceptance to the Registrar to the Offer, on a plain paper stating their Name, Address, Folio No., Distinctive No., No. of Shares held, No. of Shares tendered, along with documents as mentioned at para 8.2 so as to reach the Registrar to the Offer on or before the Closure of the Offer i.e. Tuesday, November 03, 2009.
- 8.9.2 Shareholders whose names do not appear on the Register of Members of the Company on the specified date are also eligible to participate in the Offer. Your attention is also invited to para 8.3 and 8.4 above.
- 8.10 If the aggregate of the valid responses to the Offer exceeds 1,20,000 fully paid up Equity Shares, then the Acquirers shall accept the valid applications received on a proportionate basis in accordance with Regulation 21(6) of the Regulations in such a way that acquisition from a shareholder shall not be less than the market lot or the entire holding, if it is less than the market lot. The Equity Shares of KCL are traded in Demat mode only, with the lot size of 1 Share. Since the Shares are compulsorily traded in dematerialized form, minimum acceptance will be one Share.
- 8.11 In case of delay in receipt of any statutory approval(s), SEBI has the power to grant an extension of time to Acquirers for payment of consideration to shareholders of KCL, subject to Acquirers agreeing to pay interest for the delayed period as directed by SEBI in terms of Regulation 22(12) of the SEBI (SAST) Regulations. Further, if the delay occurs on account of the willful default or neglect or inaction or non-action by the Acquirers in obtaining the requisite approval(s), the amount held in the escrow account shall be subject to forfeiture and be dealt with in the manner provided in Regulation 28(12) of the SEBI (SAST) Regulations.
- 8.12 Unaccepted share certificates, transfer deeds and other documents, if any, will be returned by registered post at the shareholders' sole risk to the sole/ first shareholder. Unaccepted shares held in dematerialised form will be credited back to the beneficial owners' DP account with the respective depository participant as per the details furnished by the beneficial owner in the Form of Acceptance. It will be the responsibility of the shareholders to ensure that the unaccepted shares are accepted by their respective depository participants when transferred by the Registrar to the Offer.
- 8.13 The Registrar to the Offer will hold in trust the shares/share certificates, shares lying in the credit of the Special Depository Account, Form of Acceptance cum Acknowledgment, if any, and the transfer form(s) on behalf of the shareholders of the Target Company who have accepted the Offer, till the cheques/drafts for the consideration and/ or the unaccepted shares/ share certificates are despatched/ returned.
- 8.14 The Acquirers intend to complete all formalities pertaining to the Offer, including despatch of consideration to the Shareholders who have accepted the Offer, by Wednesday, November 18, 2009.
- 8.15 Despatches involving payment of a value in excess of Rs. 1,500/- will be made by registered post / speed post at the shareholder's sole risk. In the case shareholders residing in any of the centers specified by the SEBI and have opted an option to get payment consideration through electronic transfer of funds by using ECS (Electronic Clearing Service), Direct Credit, RTGS (Real Time Gross Settlement) or NEFT (National Electronic Funds Transfer), as is for the time being permitted by the Reserve Bank of India should provide all the necessary Bank details including MICR (Magnetic Ink Character Recognition) code or RTGS code or IFSC (Indian Financial System Code) code in Form of Acceptance-cum-Acknowledgement and the payment intimation will be sent to the sole / first named shareholder of KCL whose equity shares are accepted by the Acquirers at his address registered with KCL. Rejected documents will be sent by registered post/speed post. All other despatches will be made by ordinary post at the shareholder's sole risk. All cheques / demand drafts will be crossed Account Payee and will be drawn in the name of the first holder, in case of joint holder(s). In case of unregistered owners of shares, payment will be made in the name of the person stated in the contract note. It will be desirable if the shareholders provide bank account details in the Form of Acceptance-cum-Acknowledgement for incorporation in the cheque / demand draft.
- 8.16 In terms of Regulation 22(5A) of the Regulations, Shareholders desirous of withdrawing their acceptance tendered in the Offer, can do so up to three working days prior to the date of Closure of Offer. The withdrawal option can be exercised by submitting the document as per the instructions below, so as to reach the Registrars to the Offer at the collection centre mentioned above as per the mode of delivery indicated therein on or before Wednesday, October 28, 2009.
- 8.16.1 The withdrawal option can be exercised by submitting the Form of Withdrawal as enclosed herewith.
- 8.16.2 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 at para 8.1 as per the mode of delivery indicated therein on or before the last date of withdrawal.

8.16.3 Registered Shareholders should enclose:

- Duly signed and completed Form of Withdrawal
- Copy of the Form of Acceptance-cum-Acknowledgement / Plain Paper application submitted and the Acknowledgement slip in original.
- In case of partial withdrawal, Valid Share Transfer Form(s) duly signed as transferors by all registered Shareholders (in case of joint holdings) in the same order and as per specimen signatures registered with KCL and duly witnessed at the appropriate place.

Unregistered owners should enclose:

- Duly signed and completed Form of Withdrawal
- Copy of the Form of Acceptance-cum-Acknowledgement/Plain Paper application submitted and the Acknowledgement slip in original.

8.16.4 The withdrawal of Equity Shares will be available only for the Share Certificates / Shares that have been received by the Registrar to the Offer.

8.16.5 The intimation of returned Shares to the Shareholders will be sent at the address as per the records of KCL.

8.16.6 The Form of Withdrawal along with enclosures should be sent to the Registrar to the Offer at any of the collection centre mentioned in 8.1 only.

8.16.7 In case of partial withdrawal of Equity Shares tendered, if the original Share certificates are required to be split, the same will be returned on receipt of Share certificates from KCL. The facility of partial withdrawal is available only to Registered Shareholders. In case of partial withdrawal, the earlier Form of Acceptance will stand revised to that effect.

8.16.8 In case of non-receipt of the Form of Withdrawal, the withdrawal option can be exercised by making an application on plain paper along with the following details:

Name, Address, Distinctive No., Certificate No., Folio No., Number of Shares tendered and withdrawn.

8.16.9 The Shares withdrawn by the Shareholders would be returned by registered post.

9. DOCUMENTS FOR INSPECTION

The following documents will be available for inspection to the Shareholders of KCL at the Office of Aryaman Financial Services Limited at 306, Mint Chambers, 45/47, Mint Road, Fort, Mumbai – 400 001 on Monday to Friday except bank holidays till the Offer Closing date (i.e. November 03, 2009) from 11.00 a.m. to 4.00 p.m.

- 9.1 Certificate of Incorporation, Memorandum and Articles of Association of M/s. Kapil Cotex Limited.
- 9.2 Certificates by Samria & Co., Chartered Accountant (Membership No. 112376) having office at 2/E, Court Chambers, 35, New Marine Lines, Mumbai – 400 020 that the Acquirers have adequate resources to fulfill the total obligation of the Offer.
- 9.3 Audited Accounts of M/s. Kapil Cotex Limited for the financial years ended 31st March 2007, 31st March 2008 and 31st March 2009.
- 9.4 Fixed Deposit Receipts of The Federal Bank Limited, Dadar (East) Branch, Mumbai – 400 014 aggregating to Rs. 4,25,000/- (Rupees Four Lacs and Twenty Five Thousand Only) being over 25% of the total consideration, with a lien marked in favour of Manager to the Offer.
- 9.5 Certificates by Samria & Co., Chartered Accountant (Membership No. 112376) having office at 2/E, Court Chambers, 35, New Marine Lines, Mumbai – 400 020 for the individual Networth Certificate of Mr. Prakash Chandra Rathi & Mrs. Poonam Rathi.
- 9.6 Share Sale and Purchase Agreement between the Acquirers and the Seller.
- 9.7 Certified True copy of the EGM notice of KCL and resolution passed u/s 81(1A) of the Companies Act, 1956 by the shareholders of KCL.
- 9.8 Certified true copy of the resolution of Board of Directors of KCL dated August 20, 2009 allotting shares to Mr. Prakash Chandra Rathi & Mrs. Poonam Rathi on preferential basis.

- 9.9 Certified true copy of the prior in-principle approval received from BSE vide their letter no. DCS/PREF/SR/PRE/755/09-10 dated August 7, 2009 for the issuance of the preferential issue shares.
- 9.10 A copy of the Public Announcement published on August 26, 2009.
- 9.11 A Copy of letter bearing reference number CFD/DCR/SG/SKS/178281/09 dated September 29, 2009 received from SEBI in terms of provision to Regulation 18(2) of the Regulations.
- 9.12 Memorandum of Understanding between the Acquirers and Aryaman Financial Services Limited.
- 9.13 Undertaking from the Acquirers that if they acquire any Shares of the Target Company after the date of the Public Announcement till the Closure of the Offer, they shall inform Stock Exchange and the Manager within 24 hours.
- 9.14 Undertaking from the Acquirers for unconditional payment of the considerations within 15 days of closure to all the Shareholders of the target company whose applications are accepted in the Open Offer.
- 9.15 Document evidencing opening of demat escrow account for receiving shares tendered under the offer.

10. DECLARATION

1. We have made all reasonable inquiries, accept responsibility for, and confirm that this Letter of Offer contains all information with regard to the Offer, which is material in the context of the issue, that the information contained in this Letter of Offer is true and correct in all material respects and is not misleading in any material respect, that the opinions and intentions expressed herein are honestly held and that there are no other facts, the omission of which makes this document as a whole or any of such information or the expression of any such opinions or intentions misleading in any material respect.
2. Acquirers are severally and jointly responsible for ensuring compliance with the Regulations. All information contained in this document is as on date of the Public Announcement, unless stated otherwise.
3. We hereby declare and confirm that all the relevant provisions of Companies Act, 1956 and all the provisions of SEBI (Substantial Acquisition of Shares and Takeover) Regulations, 1997 have been complied with and no statements in the Offer document is contrary to the provisions of Companies Act, 1956 and SEBI (Substantial Acquisition of Shares and Takeover) Regulations 1997.

Signed by:

Mr. Prakash Chandra Rathi

Mrs. Poonam Rathi

Date: 08/10/2009

Place: Mumbai

Enclosures:

- (1) Form of Acceptance cum Acknowledgement
- (2) Form of Withdrawal
- (3) Transfer Deed for Shareholders holding Shares in Physical Mode

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION
(Please send this Form with enclosures to the Registrar to the Offer at their address given overleaf)

FORM OF ACCEPTANCE – CUM – ACKNOWLEDGEMENT

OFFER OPENS ON: 15TH OCTOBER 2009

OFFER CLOSES ON: 03RD NOVEMBER 2009

From: -
Folio No.:
Tel No:

Sr. No:
Fax No:

No of Shares Held:
E-Mail:

To,
Satellite Corporate Services Pvt. Ltd.,
B-302, Sony Apartment,
Opp. St. Judes High School,
Off Andheri Kurla Road, 90 Ft. Rd,
Jarimari, Sakinaka, Mumbai - 400072.
Tel: 022 – 2852 0461 / 0462.
Fax: 022 – 2851 1809.
Email: service@satellitecorporate.com

Sub.: Open Offer for purchase of 1,20,000 Equity Shares of KCL representing 20% of the Equity Voting Capital at a price of Rs. 13.50 (Rupees Thirteen and Paise Fifty Only) per Share by Mr. Prakash Chandra Rathi and Mrs. Poonam Rathi.

Dear Sir,

I/We refer to the Letter of Offer dated 08/10/2009 for acquiring the Equity Shares held by me/us in KCL.

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

FOR SHARES HELD IN PHYSICAL FORM:

I/We accepts the Offer and encloses the original Share certificate (s) and duly signed transfer deed (s) in respect of my/our Shares as detailed below:

Sr. No.	Certificate No.	Distinctive No(s)		No. of Shares
		From	To	
Total Number of Equity Shares				

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

I/We note and understand that the original Share certificate(s) and valid Share transfer deed(s) will be held in trust for me/us by the Registrar to the Offer until the time the Acquirers pay the purchase consideration as mentioned in the Letter of Offer. I/We also note and understand that the Acquirers will pay the purchase consideration only after verification of the documents and signatures.

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

I/We confirm that the Equity Shares of KCL, which are being tendered herewith by me/us under the Offer, are free from lien, charges and encumbrances of any kind whatsoever.

I/We authorize the Acquirers to accept the Shares so Offered which they may decide to accept in consultation with the Registrar to the Offer and in terms of the Letter of Offer and I/We further authorize the Acquirers to return to me/us, equity Share certificate(s) in respect of which the Offer is not found valid/not accepted, specifying the reasons thereof.

I/We authorize the Acquirers or the Registrar to the Offer to send by Registered Post (under UCP if less than Rs. 1,500/-) the draft / cheque in settlement of the amount to the sole / first holder at the address mentioned below:

Yours faithfully,

Signed and Delivered:

	FULL NAME (S)	SIGNATURE (S)
First / Sole Shareholder		
Second Shareholder		
Third Shareholder		

Note: In case of joint holdings, all holders must sign. A corporation / Company must affix its common seal.

Address of First/Sole Shareholder

Place:

Date:

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

Name of the Bank _____ Branch _____

Account Number _____ Savings/Current/Others

(Please Specify) _____

I/We want to receive the payment through ECS ☐ RTGS ☐ NEFT ☐

In case of ECS, 9- digit code number of the Bank & Branch (Appearing on the MICR Cheque issued by the Bank)

In the case of RTGS/NEFT, 8 digit code number issued by the Bank

Business Hours: Monday to Friday: 11.00 a.m. to 4.00 p.m.; Saturday: 11.00 a.m. to 2.00 p.m.

All queries in this regard to be addressed to the Registrar to the Offer quoting your Folio No.

----- Tear along this line -----

Acknowledgement Slip

Folio No.: _____ Serial No. _____

Received from Mr. / Ms. _____

Address: _____

Number of certificate(s) enclosed _____

Certificate Number(s) _____

Total number of Share(s) enclosed _____

Signature of Official and Date of Receipt	Stamp of Registrar to the Offer

Note: All future correspondence, if any should be addressed to Registrar to the Offer at the address mentioned behind in this form. The documents referred to above should be sent to any of the collection centers mentioned overleaf.

FORM OF WITHDRAWAL

You have an 'OPTION TO WITHDRAW' the acceptance tendered in response to this Offer any time upto three working days prior to the date of closure of Offer. In case you wish to withdraw your acceptance please use this form.	OFFER SCHEDULE OFFER OPENS ON: 15TH OCTOBER 2009 LAST DATE OF WITHDRAWAL: 28TH OCTOBER 2009 OFFER CLOSES ON: 03RD NOVEMBER 2009
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From:

Tel No.: _____ Fax No.: _____ E-mail: _____

To,
Satellite Corporate Services Pvt. Ltd.,
 B-302, Sony Apartment,
 Opp. St. Judes High School,
 Off Andheri Kurla Road, 90 Ft. Rd,
 Jarimari, Sakinaka, Mumbai - 400072.
 Tel: 022 – 2285 20461 / 0462.
 Fax: 022 – 2851 1809.
 Email: service@satellitecorporate.com

Sub.: Open Offer for purchase of 1,20,000 Equity Shares of KCL representing 20% of the Equity Voting Capital at a price of Rs. 13.50 (Rupees Thirteen and Paise Fifty Only) per Share by Mr. Prakash Chandra Rathi and Mrs. Poonam Rathi.

Dear Sir,

I/We refer to the Letter of Offer dated 08/10/2009 for acquiring the Equity Shares held by me/us in KCL.

I/We, the undersigned, have read the Letter of Offer and accept unconditionally its contents including the terms and conditions as mentioned therein.

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

I/We hereby consent unconditionally and irrevocably to withdraw my/our Equity Shares from the Offer and I/We further authorize the Acquirers to return to me/us the tendered equity Share certificate(s)/Share(s) at my/our sole risk.

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

I/We note that this form of withdrawal should reach the Registrar to the Offer on or before the last date of withdrawal 28/10/2009.

I/We note that the Acquirers/Manager to the Offer/Registrar to the Offer shall not be liable for any postal delay/loss in transit of the Equity Shares and also for non-receipt of Equity Shares due to inaccurate/incomplete particulars/instructions.

I/We also note that and understand that the Acquirers will return the original Share certificate(s), Share transfer deeds(s) and or credit back the shares to my/our Beneficiary Account for shares held in dematerialized form, only on completion of verification of the documents.

The particulars of tendered original Share certificate(s) and duly signed transfer deed(s) and the Shares we withdraw are detailed below.
 Folio No. :

(Please enclose the Xerox copy of Acknowledgement received for 'Form of Acceptance')

Sr. No.	Certificate No.	Distinctive No(s)		No. of Equity Shares
		From	To	
	Tendered			
1)				
2)				
3)				
	Withdrawn			
1)				
2)				
3)				
Total Number of Equity Shares				

I/We note and understand the terms of withdrawal of acceptance and request you to return the original Share certificate(s) and valid Share transfer deed(s) will be held in trust for me/us by you and authorize you not to remit the consideration as mentioned in the Letter of Offer.

I/We authorise the Acquirers to reject the Shares so offered which it may decide in consultation with Registrar to the Offer and in terms of the Letter of Offer.

Yours faithfully,

Signed (.....)

	FULL NAME (S)	SIGNATURE (S)
First / Sole Shareholder		
Second Shareholder		
Third Shareholder		

Note: In case of joint holdings, all holders must sign. A corporation / Company must affix its common seal.

Address of First/Sole Shareholder

Place:

Date:

Note: Incase of joint holdings, all holders must sign. A corporation must affix its common seal.

----- Tear along this line -----

Acknowledgement Slip

Folio No.:

Serial No.

Received from Mr. / Ms. _____

Address: _____

Form of withdrawal in respect of _____ Number of Shares

Certificates representing _____ Number of Shares

Signature of Official and Date of Receipt	Stamp of Registrar to the Offer