LETTER OF OFFER

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

This Letter of Offer (LOO) is sent to you as equity shareholder(s) of Valuemart Info Technologies Limited. If you require any clarifications about the action to be taken, you may consult your stock broker or investment consultant or Keynote Corporate Services Ltd. (Manager to the Offer) or Venture Capital and corporate Investments Limited (Registrar to the Offer). In case you have sold your shares in the Company, please hand over this LOO and the accompanying Form of Acceptance cum acknowledgment and Transfer Deed to the Member of Stock Exchange through whom the said sale was effected.

CASH OFFER AT A PRICE OF RS. 3.00 (RUPEES THREE ONLY) PER EQUITY SHARE

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

TO ACQUIRE

from existing equity shareholders upto 60,13,440 equity shares of Rs. 2/- each forming 20% of the paid-up equity share capital of the company at a price of Rs. 3.00 per share of

VALUEMART INFO TECHNOLOGIES LTD.
(Formerly known as GDR Software Limited)
having its registered office at 29 B, Beratina Agrahara, Singasandra Post, Hosur Road, Bangalore - 560100
Tel: (080) 5534 6251 Fax: (080) 2220 2134
By
RIPPLE INVESTMENTS LTD.
having its registered office at 2, R. R. Chambers, 11th Main Road, Vasanth Nagar, Bangalore - 560052.
Tel:(080) 2220 2131 Fax: (080) 2220 2134

Transfer of equity shares received from NRI shareholders will be subject to approval of RBI. Other than this there are no approvals, statutory or otherwise, are required under the Companies Act 1956, Monopolies and Restrictive Trade Practices Act, 1969, the Foreign Exchange Management Act. 1999 and /or any other applicable laws and from any bank(s) and/ or financial institution(s) for the said acquisition.

The shareholder(s) shall have the option to withdraw acceptance tendered by him/them upto three working days prior to the date of closure of the offer i.e. upto 04/10/2005.

In case of any upward revision/withdrawal of the offer, the Public Announcement for the same would be made in the same newspapers where the original Public Announcement has appeared. The last date for such upward revision, if any, is 28/09/2005. Acquirer will pay the same price for all fully paid-up equity shares tendered during the offer period.

Equity Shareholders may note that if there is a competitive bid,

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

A copy of the Public Announcement and Letter of Offer (including form of acceptance cum acknowledgement and form of withdrawal) is also available at the website of SEBI **www.sebi.gov.in**

MANAGER TO THE OFFER

KEYNOTE
CORPORATE SERVICES LIMITED
307, Regent Chambers,
Nariman Point, Mumbai - 400 021
Tel. : (022) 2202 5230 Fax : (022) 2283 5467
e-mail: mbd@keynoteindia.net
Sebi Regn. No.: INM 000003606
AMBI Regn No: AMBI/040
Contact Person : Ms. Purvi Sheth

REGISTRAR TO THE ISSUE

VENTURE CAPITAL AND CORPORATE INVESTMENTS LTD.
6-2-913/914, 3rd Floor, Progressive Towers,
Khairatabad, Hyderabad - 500004
Tel : (040) 23322262/64 Fax: (040) 23324803
Email Id: info@vccilindia.com
SEBI Reg. No. : INR000001203
Name of the Contact Person: Mr. E. S. K. Prasad

Activity	Date	Day
Public Announcement	27/07/2005	Wednesday
Specified Date	24/08/2005	Wednesday
Last date for a competitive bid	16/08/2005	Tuesday
Date by which the Letter of Offer will be despatched to shareholders	09/09/2005	Friday
Date of opening the Offer	19/09/2005	Monday
Last date for revising the offer price/ number of shares	28/09/2005	Wednesday
Last date for withdrawal of acceptance by the shareholders	04/10/2005	Tuesday
Date of closing the Offer	08/10/2005	Saturday
Date of communication of rejection, if any	15/10/2005	Saturday
Date of payment of consideration for applications accepted	22/10/2005	Saturday

INDEX

DEFINITIONS

Acquirer or RIL	:	Ripple Investments Ltd.
Date of Public Announcement	:	27/07/2005
Letter of Offer/LOO	:	This Letter of Offer dated 03/09/2005
Persons Eligible to participate in the Offer	:	Equity shareholders of Valuemart Info Technologies Ltd. (other than Acquirer) whose names appear on the Register of the Members of Valuemart Info Technologies Ltd. at the close of business hours on 24/08/2005 (the "Specified Date") and also to those persons who own the shares at any time prior to the closure of the offer, but are not the registered equity shareholders.
SEBI	:	Securities and Exchange Board of India
Specified Date	:	24/08/2005
The Regulations / SEBI (SAST) Regulations 1997	:	Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations 1997 and subsequent amendments thereof.
Target Company or VITL	:	Valuemart Info Technologies Ltd.
Manager to the Offer/ Merchant Banker	:	Keynote Corporate Services Ltd.

RISK FACTORS

- **Relating to the Transaction**

  There is no risk relating to the transaction.

- **Relating to the Proposed Offer**

  If the aggregate of the valid responses to the offer exceeds offer size, then the Acquirer shall accept the valid applications received on a proportionate basis in accordance with Regulation 21(6) of the Regulations. In such an event all the equity shares tendered by the applicant may not be accepted.

- **In Associating with the Acquirer**

  The Acquirer, Ripple Investments Ltd. is engaged in the same line of business as permitted by the main objects of Valuemart Info Technologies Ltd. This may lead to conflict of interest between the two companies.

1. **DISCLAIMER CLAUSE**

IT IS TO BE DISTINCTLY UNDERSTOOD THAT FILING OF 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 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 EQUITY SHAREHOLDERS OF VALUEMART INFO TECHNOLOGIES LTD. 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/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 THE 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 DISCHARGES HIS RESPONSIBILITY ADEQUATELY. IN THIS BEHALF, AND TOWARDS THIS PURPOSE, THE MERCHANT BANKER KEYNOTE CORPORATE SERVICES LIMITED HAS SUBMITTED A DUE DILIGENCE CERTIFICATE DATED 08/08/2005 TO SEBI IN ACCORDANCE WITH THE SEBI (SUBSTANTIAL ACQUISITION OF SHARES AND TAKEOVERS) REGULATIONS 1997 AND SUBSEQUENT AMENDMENT(S) 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

2. **DETAILS OF THE OFFER**

2.1 Background of the offer

a) The Board of Directors of Valuemart Info Technologies Limited ("VITL" or " Target Company") had pursuant to a special resolution passed by the company at the Extraordinary General Meeting (EGM) of shareholders held on 19/03/2005, allotted 1,50,00,000 Equity Shares of Rs. 2/- each for cash, at a price of Rs.3/- per equity share (including premium of Re.1/- per share) aggregating to Rs. 450.00 lacs forming 49.89% of the post preferential issue equity share capital of VITL to Ripple Investments Limited (hereinafter referred to as "Acquirer" or "RIL")in order to augment the working capital requirements of the VITL. The price of Rs.3/- per share has been arrived at in terms of the Guidelines for Preferential Allotment prescribed by SEBI under SEBI Disclosure and Investor Protection Guidelines, 2000 and as per the directions received from the Stock Exchange Mumbai (BSE). BSE vide its letter No. List/sdm/rk/sum/2005 dated 13/07/2005 has granted in-principal approval for issue and allotment of 1,50,00,000 equity shares at a price of Rs. 3/- per share to RIL in terms of Clause 24(a) of the Listing Agreement. The said equity shares will be subject to "lock-in" as per the aforementioned Guidelines. The preferential allotment of equity shares to RIL has been made at the Board meeting of VITL held on 25/07/2005 and VITL has filed a listing application vide letter no. VMITL/BSE/LIST/231 dated 22/08/2005 with BSE for listing of the said shares.

b) Prior to aforementioned preferential allotment, VITL had passed special resolution at the Annual General Meeting held on 05/08/2004 to reduce the face value of its shares from Rs. 10/- each to Rs. 2/- each and the Paid up capital of the company from Rs. 15,06,72,000/- to Rs. 3,01,34,400/- so as to wipe out the accumulated losses and to bring the capital in parity with the assets of the company. Pursuant to this, the company preferred a petition before the Honorable High Court of Karnataka seeking approval of this reduction of capital and the High Court had confirmed the reduction of capital vide order dated 31/01/2005.

c) RIL having its registered office at 2, R.R. Chambers, 11th Main road, Vasanth Nagar, Bangalore - 560052 does not hold any equity shares of the company prior to this preferential allotment. Post preferential issue RIL would hold 1,50,00,000 equity shares of Rs 2/- each forming 49.89% of the post preferential issue capital of the target company.

d) The preferential allotment of equity shares to the Acquirer would attract provisions of Regulation 10 and Regulation 12 of the SEBI (SAST) Regulations, 1997.In view of this the Acquirer announced an open offer to acquire upto 60,13,440 equity shares of Rs. 2/- each forming 20% of the post preferential issue equity share capital of the VITL at a price of Rs. 3/- per share ("Offer Price") payable in cash ("the offer") from the remaining shareholders (other than the Acquirer).

e) The offer is not subject to any minimum level of acceptance.

f) Acquirer/Directors of Acquirer/VITL/persons in control of VITL are not debarred from accessing the capital market under Section 11 B of the SEBI Act, 1992 and there has been no action taken by SEBI under any other regulations made under the SEBI Act, 1992.

g) Mr. C. K. Vasudevan represents Acquirer is one of the director on the Board of Directors of VITL. The Acquirer proposes to induct other persons representing them on the Board of VITL after completion of the offer formalities.

2.2 Details Of The Proposed Offer

a) The Acquirer has made a Public Announcement for the Offer to the existing equity shareholders of VITL which was published on 27/07/2005 in compliance with Regulation 15 of the Regulations in all editions of "Financial Express" being English National Daily, "Janasatta" being Hindi National Daily, "Hosadigantha" (Kannada) being regional language daily of the place where the registered office of VITL is located and "Tarun Bharat" (Marathi) being the place of stock exchange where the equity shares of the company are listed and traded. A copy of the Public Announcement is also available on the SEBI website at www.sebi.gov.in.

b) The Acquirer has announced an open offer under Regulation 10 read with Regulation 12 of the Regulations, to acquire by tender offer upto 60,13,440 fully paid-up equity shares of Rs.2/- each of VITL representing 20% of the paid-up equity share capital from the equity shareholders of VITL (other than the 'Acquirer') on the terms and subject to the conditions set out in this Letter of Offer, at a price of Rs. 3.00 (Rupees Three Only) per fully paid-up equity share payable in cash.

c) The equity shares of VITL are listed on the Stock Exchanges at Mumbai (BSE), Bangalore (BgSE) and Hyderabad (HSE). The equity shares of the Company are frequently traded on BSE in terms of explanation (i) to Regulation 20(5) of the SEBI (SAST) Regulations, 1997 and are not traded on the other Stock Exchanges for the past six months. The offer price of Rs. 3.00 per share has been determined as per the Regulation 20(4) and Regulation 20(5) of the Regulations.

d) The equity shares of VITL to be acquired, pursuant to the Offer, shall be free from all lien, charges and encumbrances and together with all rights attached thereto, including the rights to all dividends or other distributions hereinafter declared, made or paid.

e) As on date Acquirer do not hold any equity shares of VITL other than those allotted under the Preferential Allotment made on 25/07/2005 as disclosed under point no. 6(f) of this Letter of Offer.

3. RATIONALE FOR THE OFFER

a) RIL is primarily engaged in the business of software development. VITL is the professionally managed IT Organization with a focus on IT-enabled services and Software Solutions. The purpose behind Preferential Allotment of Equity shares of the company to RIL is the infusion of funds to upgrade the existing facilities and investments in hardware and software and also to clear off its liabilities and meet the working capital requirements. This will in turn help RIL in strengthening its market presence within the existing line of business.

b) The Board of Directors of Valuemart Info Technologies Limited ("VITL" or " Target Company") had pursuant to special resolution passed by the company at the Extraordinary General Meeting (EGM) of shareholders held on 19/03/2005, allotted 1,50,00,000 Equity Shares of Rs. 2/- each for cash, at a price of Rs. 3/- per equity share (including premium of Re.1/- per share) forming 49.89% of the post preferential issue equity share capital of VITL to Ripple Investments Limited (hereinafter collectively referred to as "Acquirer" or "RIL")in order to augment the working capital requirements of VITL. As a result of the said preferential allotment the provisions of Regulation 10 and Regulation 12 of the Regulations have been attracted. Hence the present offer to the shareholders is being made in terms of the Regulations.

c) Acquirer does not have any plan to dispose off or otherwise encumber any of the assets of VITL in the two years from the date of closure of the offer except in the ordinary course of business of VITL. Acquirer has undertaken not to sell, dispose of or otherwise encumber any substantial asset of VITL except with prior approval of the shareholders.

4. BACKGROUND OF THE ACQUIRER

Ripple Investments Ltd. (RIL)

a) Ripple investments is a Private limited Company incorporated on 25/04/1994. The name of the company was changed to Ripple Investments Ltd. on 17/01/2005 and a fresh certificate of incorporation was obtained from the registrar of companies Karnataka, Bangalore. The registered office of the company is situated at 2, R.R. Chambers, 11th Main Road, Vasanth Nagar, Bangalore - 560052. RIL is engaged in the business of software development.

b) The details of the Board of Directors of RIL are as follows:-

Name, Designation and Address	Experience	Age (Years)	Qualification	Other Directorship
Mr. Ranganath Iyengar Managing Director	65, 3rd Cross, Anjaneya Nagar, Banashankari III STG, Bangalore - 560 085	40	B.Sc(H), PGDBA, PGDCA	Strategic Interventions India Pvt. Ltd.
Mr. C. K. Vasudevan Director	178, 5th 'C' Cross, Sunder Nagar, Gokul Extn., Bangalore - 560 054	40	B.Com, CAIIB	Valuemart Info Technologies Ltd. Ripple Financial Services Pvt. Ltd. Ripple Corporate Investments Ltd.
Mr.Mahesh Ramachandran Director	Flat # B-102, Sky Lark Co-Op- Hsg- Soc., Juhu Versova Link Road, Mumbai - 400 053	43	B.E	NIL
Mr. Suresh G. Shah Director	Ganeshmal Building, Tagore Road, Gadag - 582 101	42	B.Com.	GD Finance & Investments Pvt. Ltd.

c) Mr. C. K. Vasudevan is also on the board of VITL and has recused himself from the offer and will not participate in any matter concerning or relating to the open offer including any preparatory steps leading to the offer. Other than this none of the Directors of RIL are on the Board of VITL.

d) Shareholding Pattern of Ripple Investments Ltd. as on 31/03/2005 is as follows:

Shareholder Category	No. of shares	% of Shares held
Promoter	18,50,000	41.11
Directors	1,70,000	3.78
Corporate Bodies	1,80,000	4.00
Others	23,00,000	51.11
TOTAL	**45,00,000**	**100.00**

The paid up equity share capital of RIL as on 31/03/2005 is Rs. 450 lacs comprising of 45,00,000 equity shares of Rs.10/- each.

e) The brief audited financial details of Ripple Investments Ltd. for the past two years and financials for the year ended 31/03/2005 as certified by the auditor of the company are given below:-

(Rs. In Lacs)

PROFIT & LOSS STATEMENT FOR THE YEAR ENDED ON MARCH 31	**2003**	**2004**	**2005 #**
Income from operations	5.26	11.99	67.01
Other Income	–	–	3.57
Increase in stock	–	–	–
Total Income	5.26	11.99	70.58
Total Expenditure	3.34	6.00	45.03
Profit/(Loss) Before Depreciation, Interest and Tax	1.92	5.99	25.55
Depreciation	1.14	3.93	6.65
Interest	–	–	–
Profit/ (Loss) Before Tax	0.77	2.06	18.90
Provision for Tax	0.09	0.51	5.70
Deferred Tax Liability	0.21	0.76	1.22
Profit/(Loss) After Tax	**0.48**	**0.79**	**11.98**

(Rs. In Lacs)

BALANCE SHEET STATEMENT AS ON MARCH 31	**2003**	**2004**	**2005 #**
Sources of funds			
Paid up share capital	20.00	250.00	450.00
Reserves & Surplus	–	0.46	12.44
Share Application	1.00	–	–
Networth*	**20.66**	**250.46**	**462.44**
Secured Loans	–	–	–
Unsecured Loans	–	–	–
Deffered Tax Liabilities	0.21	0.96	2.18
Total	**21.21**	**251.42**	**464.62**
Uses of funds			
Net fixed assets	1.72	7.60	14.60
Investments	–	11.02	150.00
Net Current Assets	19.15	232.80	300.02
Miscellaneous expenditure not written off	0.01	–	–
Profit and Loss A/c (Debit balance)	0.33	–	–
Total	**21.21**	**251.42**	**464.62**

* Networth = Paid up Share capital + Profit and Loss A/c- Miscellaneous Expenditure (to extent not written off)

Other financial data	**2002-03**	**2003-04**	**2005 #**
Dividend (%)	NIL	NIL	NIL
Earning Per Share (Rs.)	0.24	0.03	0.27
Return on Networth (%)	2.32	0.32	2.59
Book Value Per Share (Rs.) (Face Value of Rs. 10/-)	10.33	10.02	10.28

Financials for the year ended 31/03/2005 are certified by V. Sreenivasan, Chartered Accountant and Statutory auditor of RIL

f) Pursuant to preferential allotment of 1,50,00,000 equity shares of VITL at a price of Rs. 3.00 per share, provisions of Regulation 7(1) and 7(2) of Chapter II of SEBI (SAST) Regulations, 1997 are applicable to RIL. RIL has duly complied with the relevant provisions of Chapter II of SEBI (SAST) Regulations, 1997 within the specified time.

g) There are no companies promoted by RIL.

h) Disclosure in terms of Regulation 16 (ix):

- RIL is primarily engaged in the business of software development. VITL is a professionally managed IT Organization with a focus on IT-enabled services and Software Solutions. The purpose behind Preferential Allotment of Equity shares of the company to RIL is the infusion of funds to upgrade the existing facilities and investments in hardware and software and also to clear off its liabilities and meet the working capital requirements. This will in turn help RIL in strengthening its market presence within the existing line of business.
- Acquirer does not have any plan to dispose off or otherwise encumber any of the assets of VITL in the two years from the date of closure of the offer except in the ordinary course of business of VITL. Acquirer has undertaken not to sell, dispose of or otherwise encumber any substantial asset of VITL except with prior approval of the shareholders.

i) Future plans/strategies of RIL with regard to VITL:
RIL is planning to infuse funds in VITL to upgrade the existing facilities and investments in hardware and software and also to clear off its liabilities and meet the working capital requirements.

5. DELISTING OPTION TO VITL

Pursuant to this offer the provisions of Reg.21(3) of the SEBI (SAST) Regulations 1997, are not attracted.

6. BACKGROUND OF THE TARGET COMPANY

Valuemart Info Technologies Ltd. (VITL) (formerly known as GDR Software Limited)

a) VITL was incorporated as GDR Software Pvt. Ltd. under the Companies Act, 1956 on 31/10/1997 and subsequently became a public limited company on 18/05/1999 and certificate of registration was obtained from Registrar of companies, Karnataka, Bangalore Tel: (080) 2852 2626, Fax: (080) 2220 2134. The company made its first issue of Equity shares of Face value of Rs. 10/- each at par to the public through the prospectus dated 27/03/2000. At the Annual General Meeting held on 05/08/2004 members of the company had resolved to change the name of the company to Valuemart Info Technologies Limited. Fresh certificate of registration dated 21/09/2004 was obtained from the Registrar of Companies, Karnataka. The registered office of the company was changed from 33,35th Main road, 6th Cross, KAS Colony, B.T.M. 2nd Stage, Bangalore - 560068 to 29 B, Beratina Agrahara, Singasandra Post, Hosur Road, Bangalore - 560068. VITL has been promoted by Mr. Dhananjaya Reddy, Mr. D. Ravikumar and Mr. K. Varadarajan.

b) The company is professionally managed IT organization engaged in software development for domestic and export market covering customer application development, internet, e-commerce, medical transcription, inhouse personnel training and tie-ups consultancy, product development, CAD (Computer aided Designs), CAM (Computer assisted Manufacturing) and GIS (Geographical Information Systems). During the year 2001 the company acquired Meditech Software Ltd., a product software development company by issuing 35,00,000 equity shares of Rs. 10/- each of VITL at a premium of Rs. 7.50 per share. Consequent to the acquisition Meditech Software Ltd. became the subsidiary of VITL. Meditech Software Ltd. is not a listed company and shares were allotted to the shareholders of Meditech Software Ltd. The details of compliance with Regulations by shareholders of Meditech Software Ltd. are not available. The turnover and profits of Meditech Software Ltd were not as per expectations and hence the company during 2002-03 sold off the subsidiary.

c) The company incurred losses for the past three years. The networth of the company was totally eroded. To wipe out the accumulated losses and to bring the capital in parity with the assets of the company VITL had passed special resolution at the Annual General Meeting held on 05/08/2004 to reduce the face value of its shares from Rs. 10/- each to Rs. 2/- each and the Paid up capital of the company from Rs. 15,06,72,000/- to Rs. 3,01,34,400/- comprising of 1,50,67,200 equity shares of Rs. 2/- each. Pursuant to this, company preferred a petition before the Honorable High Court of Karnataka seeking approval of this reduction of capital and the High Court had confirmed the reduction of capital vide its order dated 31/01/2005.

d) The issued subscribed and paid-up capital of the company post preferential allotment is 3,00,67,200 equity shares of Rs. 2/- each aggregating to Rs. 6,01,34,400/-. The details of the Equity Share capital of the company is as follows:

Paid-up Equity Shares	No. of shares/voting rights	% of paid up capital
Fully paid up equity shares	3,00,67,200	100
Partly paid up equity shares	–	–
Total paid up equity shares	3,00,67,200	100
Total voting rights in the company	3,00,67,200	100

Details of the share capital history of the company are as follows:

Date of Allotment	No. of shares issued	Cumulative paid up capital (Rs.)	Mode of allotment	Identification of The allottees	Status of compliance
30/10/1997	5,000	50,000	Cash	Promoters	Capital Issued before Public Issue
01/07/1998	2,45,000	25,00,000	Cash	Promoters	Capital Issued before Public Issue
30/10/1999	7,70,100	1,02,01,000	Cash	Promoters	Capital Issued before Public Issue
23/12/1999	67,35,100	7,75,52,000	Cash	Promoters	Capital Issued before Public Issue
11/03/2000	1,90,000	7,94,52,000	Cash	Promoters	Capital Issued before Public Issue
15/05/2000	36,22,000	11,56,72,000	Cash	Indian Public, Private corporate Bodies and NRIs	Issued in terms of Prospectus 27/03/2000
09/03/2001	35,00,000	15,06,72,000	Equity Swap	Shareholders of Meditech Software Ltd.	Issued under the scheme of Acquisition
Sub Total	**1,50,67,200**				
The face value of Equity shares of the company was changed from Rs. 10/- each to Rs. 2/- each with effect from 05/04/2005 pursuant to the order dated 31/01/2005 of the Honorable High Court of Karnataka.					
25/07/2005	1,50,00,000	6,01,34,400	Cash	Ripple Investments Ltd.	Preferential Allotment
Grand Total	**3,00,67,200**				

e) The details of the Board of Directors of VITL are as follows:

Name, Designation, & Address	Experience	Qualification (years)	Date of Appointment
Mr. G. Dhananjaya Reddy **Managing Director** 518, Bilekahalli Main Road, Bennerughatta Road, Bangalore - 560 076	15 years	B.E.	31/10/1997
Mr. C. K. Vasudevan **Director** 178, 5th 'C' Cross, Sundar Nagar, Gokul Extn., Bangalore - 560 054	20 years	B.Com, CAIIB	17/05/2004
Mr. C. R. Murali **Director** 561, Water Tank Road, Katriguppe BSK II Stage, Bangalore - 560 085	20 years	FCA	23/08/2004
Mr. Kris Varadarajan **Director** 530, 27th Main, 14th Cross, JP Nagar, Bangalore - 560078	10years	BE	31/01/2002
K. N. Atul Kumar **Director** 54/2B, 7th Block, BSK III STG, Bangalore - 560 085	15 years	BE	31/01/2002

Mr. C. K. Vasudevan is also on the board of RIL and has recused himself from the offer and will not participate in any matter concerning or relating to the open offer including any preparatory steps leading to the offer. Other than this none of the Directors of VITL are on the Board of RIL.

f) Even after the capital reduction and the corresponding wiping out of the losses the company's networth is negative (Rs. 2.82 crores). The company required funds for working Capital and pursuant to this requirements, the company at Extraordinary General Meeting of the shareholders held on 19/03/2005 passed special resolution to allot 1,50,00,000 equity shares of Rs. 2/- each for cash at a premium of Re. 0.50 per share aggregating to Rs. 3,75,00,000 on Preferential basis to Ripple Investments Limited. The application for the allotment of 1,50,00,000 equity shares at a price of Rs. 2.50 was made to The Stock Exchange Mumbai (BSE) and BSE has granted in-principle approval to the company to allot the shares to RIL at a revised price of Rs. 3/- per share vide their letter no. List/sdm/rk/sum/2005 dated 13/07/2005. The company passed a resolution at the Board meeting held on 09/07/2005 for revising the issue price from Rs. 2.50 per share to Rs. 3/- per share and accordingly allotted the shares on 25/07/2005 to RIL.

g) As per the audited results for the year ended 31/03/2004, VITL has recorded a net loss of Rs. 228.02 lacs and the company has negative networth and Book value as on 31/03/2004. As per the unaudited results for the year ended 31/03/2005 the company has reported net loss of Rs. 44.86 lacs.

h) The post preferential allotment, issued and paid up equity capital of VITL comprises of 3,00,67,300 equity shares of Rs. 2/- each aggregating to Rs. 601.35 lacs. The Equity shares of the company are listed on the Stock Exchange Mumbai (BSE), Bangalore Stock Exchange and Hyderabad Stock Exchange. The company has filed an application dated 21/10/2004 for delisting of shares from the Hyderabad Stock Exchange. The equity shares of the company are included in Z group by BSE based on fundamentally weak criteria measured interms of networth, sales, market capitalization and profitability. The trading in equity shares was suspended by BSE with effect from 08/04/2005 to enable the company to give effect to the reduction in capital. This suspension was revoked by BSE vide their letter no. DCS/SMG/RCG/2005/532338 dated 10/06/2005 by granting trading permission from 14/06/2005 in the shares of the company. The equity shares are frequently traded on the Stock exchange Mumbai (BSE) and are infrequently traded on other stock exchanges.

i) As on date there are no outstanding instruments in the nature of warrants/ fully convertible debentures/ partly convertible debentures etc. which are convertible into equity at any later date. There are no merger / demerger or spin off in the company during the past three years except for the reduction in capital.

j) The company has been regular in complying with the provisions of the Listing Agreement entered into with the Stock Exchanges. No action punitive or otherwise has been initiated by SEBI or RBI against the company. The current promoters/ company has not complied with any of the provisions of Chapter II of the SEBI (SAST) Regulations, 1997 and SEBI may initiate appropriate action for such non compliance.

k) Brief audited financial details of VITL for the last 3 financial years and unaudited financials for the year ended 31/03/2005 as certified by the statutory auditors of the company is as follows :

(Rs. in lacs)

PROFIT & LOSS STATEMENT FOR THE YEAR ENDED	**31/03/2002**	**31/03/2003**	**31/03/2004**	**31/03/2005 * (unaudited as certified by the auditor)**
Income from operations	114.50	17.47	11.72	15.21
Other Income	2.29	–	–	–
Total Income	116.79	17.47	11.72	15.21
Total Expenditure	215.49	480.49	127.37	33.40
Profit Before Depreciation, Interest and Tax	(98.70)	(463.02)	(115.65)	(18.19)
Depreciation	163.64	264.58	58.75	17.68
Interest	24.39	24.33	35.78	8.99
Preliminary Expenses written off	17.83	17.83	17.83	–
Profit/ (Loss) Before Tax	(304.56)	(769.76)	(228.02)	(44.86)
Provision for Tax	–	–	–	–
Profit/ (Loss) After Tax	**(304.56)**	**(769.76)**	**(228.02)**	**(44.86)**

* The financial year has been extended to 15 months ending 30/06/2005

Reasons for fall in income:

For the twelve month period ended 2004-05:

During the year under review, the Indian Software Industry was affected by the slow down in the economies in the other parts of the world and VITL was no exception. In view of the sluggishness in the market and other factors, company's operations were at low level.

For the year 2003-04:

During the year under review, the company faced severe working capital crunch and most part of the year the company was closed as a result of which company could not generate any cash surplus. Company was negotiating with all the creditors for one Time settlement

For the year 2002-03:

The year under review was the worst period for the Indian Software Industry. Sluggishness in the business, deferment of the budgets by the clients, thin margins, keen competition from the MNCs, led the Indian Software Industry to unsatisfactory performance and VITL was no exception. Further company had written off some of the non performing assets and divested the investments which resulted in huge loss.

BALANCE SHEET STATEMENT AS ON MARCH 31	**2002**	**2003**	**2004**
Sources of funds			
Paid up share capital	1506.72	1506.72	1506.72
Reserves and surplus	262.50	262.50	262.50
Networth	**1664.09**	**302.80**	**(39.06)**
Secured Loans	109.02	109.02	163.63
Unsecured Loans	–	–	–
Total	**1878.24**	**1878.24**	**1932.85**
Uses of funds			
Net fixed assets	525.07	262.72	72.29
Investments	611.79	0.15	0.15
Net Current Assets	636.24	148.95	52.13
Profit & Loss Account	10.51	1389.63	1749.32
Total Miscellaneous Expenses not written off	94.63	76.79	58.96
Total	**1878.24**	**1878.24**	**1932.85**

Other Financial Data (Based on Audited financials)	**2002**	**2003**	**2004**
Dividend	–	–	–
Earning Per Share (Rs.)	(2.02)	(0.80)	(1.78)
Return on Networth(%)	(18.30)	(254.21)	(583.77)
Book Value Per Share (Face Value= Rs. 10/-)	11.04	2.87	(0.26)

l) Details of change in shareholding of the promoters is as follows:

Date	No. of equity shares held by existing promoters	Issued share Capital (No. of Shares)	As a % to issued share Capital	Reasons for change	Status of Compliance of Provisions of Chapter II of SEBI (SAST) Regulations,1997
24/07/2005	20,17,300	1,50,67,200	13.39	NIL	Not complied
25/07/2005	1,50,00,000	3,00,67,200	49.89	Pursuant to Preferential Allotment*	Complied with on 26/07/2005 by RIL

* The shares under the preferential issue have been allotted to new promoters RIL

m) Pre and Post- Offer equity shareholding pattern of the Target Company is as follows:

Shareholder's category	Shareholding & voting rights prior to the offer (A)		Shares / voting rights agreed to be acquired through Preferential allotment which triggered off. the Regulations (B)		Shares/voting rights to be acquired in open offer (Assuming full acceptance) (C)		Share holding / voting rights after the acquisition and offer (D)	
	No.	%	No.	%	No.	%	No.	%
1. Promoter Group								
(a) Indian Promoters	20,17,300*	13.39*	–	–	–	–	–	–
(b) Foreign Promoters	–	–	–	–	–	–	–	–
(c) Persons Acting in Concert	–	–	–	–	–	–	–	–
Sub Total 1 (a+b+c)	**20,17,300**	**13.39**	**–**	**–**	**–**	**–**	**–**	**–**
2. Acquirer — RIL	–	–	1,50,00,000	49.89	60,13,440	20.00	2,10,13,440	69.89
3. Parties to agreement other than (1) (a) & (2)	**Not Applicable**							
4. Public (other than Acquirer and persons in promoter group)								
a) FIs/MFs/FIIs/ Banks, SFIs b) Others (No. of Shareholders-16094)	1,30,49,900	86.61	–	–	–	–	90,53,760	30.11
Sub-total 4 (a + b)	**1,30,49,900**	**86.61**	**–**	**–**	**–**	**–**	**90,53,760**	**30.11**
Total (1+2+3+4)	**1,50,67,200**	**100.00**	**1,50,00,000**	**49.89**	**60,13,440**	**20.00**	**3,00,67,200**	**100.00**

* The shareholding of erstwhile promoters has been included in the public category pursuant to proposed open offer as the same would be 6.71% of the post preferential issue equity share capital of the company and they are also eligible to participate in the offer.

n) VITL has appointed Shri. M. Abdul Rasheed, Company Secretary of the company as a compliance officer.

Compliance officer
Shri. M. Abdul Rasheed
29/B, Beratina Agrahara,
Singasandra Post, Hosur Road,
Bangalore - 560100

VITL has complied with the SEBI guidelines in respect of the Corporate Governance. A criminal case has been filed against the Managing Director of the company under Negotiable Instruments Act by one of the employee of the company.

7. OFFER PRICE

Justification of Offer Price:

The equity shares of VITL are listed on The Stock Exchange, Mumbai (BSE), The Bangalore Stock Exchange Limited (BgSE) and the Hyderabad Stock Exchange Limited (HSE). The trading pattern of equity shares of the Company is as follows:

Name of stock exchange	Total Shares traded during the 6 calendar months prior to the month in which the public announcement was made	Total no. of listed Shares*	Annualized Trading turnover (in terms of % to total listed shares)
Mumbai	48,70,990	1,50,67,200	64.66
Bangalore	Not Traded	1,50,67,200	–
Hyderabad	Not Traded	1,50,67,200	–

* Pre-preferential allotment

Thus the equity shares of VITL are frequently traded on the Stock Exchange Mumbai (BSE) in terms of explanation (i) to Regulation 20(5) of the SEBI (SAST) Regulations, 1997 and are not traded on the other Stock Exchanges for the past six months.

The details of price calculation (certified by the statutory auditors of the company) as determined under the SEBI (Disclosure and Investor Protection) Guidelines, 2000 relating to preferential allotment is as under:

Particulars	Rate (Rs.)	Remarks
Average of weekly high and low of closing rates during twenty six weeks prior to the relevant date	1.12	The average rates are based on the rates quoted on the Stock Exchange for the share with a face value of Rs. 10/-
Average of weekly high and low of closing rates during two weeks prior to the relevant date	2.11	The average rates are based on the rates quoted on the Stock Exchange for the share with a face value of Rs. 10/-

The Average of the weekly high and low of the closing prices of the shares of VITL as quoted on the BSE during the 26 weeks preceding the relevant date (i.e. 17/02/2005)

Sr. No.	Week ending	High (Rs.)	Low (Rs.)	Average (Rs.)
1	20th Aug 2004	0.68	0.55	0.62
2	27th Aug 2004	0.84	0.68	0.76
3	3rd Sept 2004	0.74	0.51	0.63
4	10th Sept 2004	0.65	0.55	0.60
5	17th Sept 2004	0.78	0.55	0.67
6	24th Sept 2004	0.73	0.57	0.65
7	1st Oct 2004	0.72	0.59	0.66
8	9th Oct 2004	0.72	0.55	0.64
9	15th Oct 2004	0.80	0.56	0.68
10	21st Oct 2004	0.71	0.60	0.66
11	29th Oct2004	0.68	0.58	0.63
12	5th Nov 2004	0.68	0.61	0.65
13	12th Nov2004	0.80	0.65	0.73
14	19th Nov 2004	1.09	0.87	0.98
15	25th Nov 2004	1.35	1.20	1.28
16	3rd Dec 2004	1.29	1.09	1.19
17	10th Dec 2004	1.00	0.81	0.91
18	17th Dec 2004	1.05	0.95	1.00
19	24th Dec 2004	1.50	1.11	1.31
20	31st Dec 2004	2.03	1.46	1.75
21	7th Jan 2005	2.62	2.07	2.35
22	14th Jan 2005	2.43	1.77	2.10
23	20th Jan 2005	1.97	1.80	1.89
24	28th Jan 2005	1.80	1.67	1.74
25	4th Feb. 2005	1.76	1.60	1.68
26	11th Feb 2005	3.28	1.79	2.54
	Total			29.22
	26 Weeks Average Price			1.12
	Last 2 Weeks Average Price			2.11

The issue of Equity Shares of Rs. 2.00 each (Face Value reduced from Rs. 10/- per share to Rs. 2/- per share with effect from 05/04/2005) on a Preferential basis was proposed to be made at Rs 2.50 per share i.e. with a premium of Re. 0.50 per share. As per the direction of BSE vide their letter No. List/sdm/rk/sum/2005 dated 13/07/2005 preferential shares are issued at Rs. 3/- per share.

The offer price of Rs. 3.00 per share, has been determined as per Regulation 20(4) of the Regulations taking into account the following factors:

The negotiated price under the Agreement	:	Not Applicable
Highest price paid by the Acquirer for acquisition of equity shares by way of preferential allotment made on 25/07/2005	:	Rs. 3/- per share
Highest price paid by the Acquirer for acquiring equity shares of VITL other than above preferential allotment during the 12 months period prior to the date of the Public Announcement	:	Not Applicable
Average of the weekly high and low of the closing prices of the shares of VITL as quoted on the BSE during the 26 weeks preceding the date of P.A.	:	Rs. 1.38
Average of the weekly high and low of the closing prices of the shares of VITL as quoted on the BSE during the 2 weeks preceding the date of P.A.	:	Rs. 2.95

The offer price of Rs. 3/- per share being the highest of all the above parameters is justified in terms of Regulation 20(4) applicable in respect of frequently traded shares.

The Average of the weekly high and low of the closing prices of the shares of VITL as quoted on the BSE during the 26 weeks preceding the date of P.A. is Rs. 1.38 arrived as follows:

Sr. No.	Date	High (Rs.)	Low (Rs.)	Average (Rs.)
1.	25/01/2005 - 31/01/2005	1.80	1.67	0.35*
2.	01/02/2005 - 07/02/2005	1.79	1.60	0.34*
3.	08/02/2005 - 14/02/2005	3.33	1.96	0.53*
4.	15/02/2005 - 21/02/2005	3.26	2.85	0.61*
5.	22/02/2005 - 28/02/2005	2.93	2.49	0.54*
6.	01/03/2005 - 07/03/2005	2.50	2.35	0.49*
7.	08/03/2005 - 14/03/2005	2.70	2.10	0.48*
8.	15/03/2005 - 21/03/2005	3.04	2.58	0.56*
9.	22/03/2005 - 28/03/2005	2.62	2.43	0.51*
10.	29/03/2005 - 04/04/2005	2.55	2.26	0.48*
11.	05/04/2005 - 11/04/2005	2.75	2.54	0.53*
12.	12/04/2005 - 18/04/2005#	–	–	–
13.	19/04/2005 - 25/04/2005#	–	–	–
14.	26/04/2005 - 02/05/2005#	–	–	–
15.	03/05/2005 - 09/05/2005#	–	–	–
16.	10/05/2005 - 16/05/2005#	–	–	–
17.	17/05/2005 - 23/05/2005#	–	–	–
18.	24/05/2005 - 30/05/2005 #	–	–	–
19.	31/05/2005 - 06/06/2005#	–	–	–
20.	07/06/2005 - 13/06/2005#	–	–	–
21.	14/06/2005 - 20/06/2005	4.15	2.98	3.57
22.	21/06/2005 - 27/06/2005	2.91	2.86	2.89
23.	28/06/2005 - 04/07/2005	2.82	2.68	2.76
24.	05/07/2005 - 11/07/2005	3.10	2.69	2.90
25.	12/07/2005 - 18/07/2005	3.02	2.96	3.00
26.	19/07/2005 - 25/07/2005	2.97	2.85	2.91
	Average Price			**1.38**

* Face value of equity shares of the company has been reduced from Rs.10/- per share to Rs. 2/- per share with effect from 05/04/2005 pursuant to the order dated 31/01/2005 of the Honorable High Court of Karnataka. For calculation of average, face value has been considered as Rs. 2/- per share.

\# The trading in equity shares was suspended by BSE with effect from 08/04/2005 to enable the company to give effect to the reduction in capital. This suspension was revoked by BSE vide their letter no. DCS/SMG/RCG/2005/532338 dated 10/06/2005 by granting trading permission from 14/06/2005.

Average of the weekly high and low of the closing prices of the shares of VITL as quoted on the BSE during the 2 weeks preceding the date of P.A. is Rs. 2.95 arrived as follows :

Sr. No.	Date	High (Rs.)	Low (Rs.)	Average (Rs.)
1.	12/07/2005 - 18/07/2005	3.02	2.96	2.99
2.	19/07/2005 - 25/07/2005	2.97	2.85	2.91
	Average Price			**2.95**

Since the equity shares of VITL are infrequently traded on the stock exchanges at Bangalore and Hyderabad in terms of explanation (i) to Regulation 20(5) the offer price of Rs.3/- per share is determined taking into account the other parameters as per Regulation 20(5) as follows:

a.	Negotiated price under the agreement	:	Not Applicable	
b.	Highest price paid by the Acquirer for acquisitions including by way of allotment in a public or rights or preferential issue, if any, during the twenty-six weeks period prior to the date of Public Announcement.	:	Rs. 3.00 (For preferential allotment on 25/07/2005)	
c.	Other Parameters:		*Based on audited accounts ended 31/03/2004*	*Based on unaudited accounts for the period ended 31/03/2005* (As certified by the Auditor)*
	Return on Networth(%)	:	(583.77)	(53.45)
	Book Value(Rs.)	:	(0.26)	(0.56)
	Earning Per Share (EPS)(Rs.)	:	(1.78)	(0.30)

* The financial year has been extended to 15 months ending 30/06/2005

Based on the audited accounts ended on 31/03/2004, the company has reported a negative Return on Networth (RONW), Book Value (BV) and also negative Earning Per Share. As per unaudited as certified by Sundarajan & Harish, Chartered Accuntant and Staturoty Auditors of VITL results for the year ended 31/03/2005 has reported a negative Return on Networth (RONW), Book Value(BV) and also negative Earning Per Share.

Based on unaudited results for the year ended 31/03/2005 the company has reported a net loss of Rs. 44.86 lacs and hence Book Value is Negative.

Taking all the above factors into consideration the offer price of Rs. 3/- per share offered is justified in terms of Regulation 20(4) and Regulation 20(5) of the regulations.

8. FINANCIAL ARRANGEMENT

a) Assuming full acceptance, the total monetary value of the offer would be Rs. 180.40 lacs. The Acquirer has opened an Escrow Account with the State Bank of India, New Tharagupet branch, Bangalore in the form of fixed deposit for an amount of Rs. 45.25 lacs being 25.08 % of the total monetary value of the offer. Acquirer has empowered the Manager to the Offer to realize the value of the aforesaid Escrow Account in terms of the Regulation 28(7). V.Sreenivasan, Chartered Accountant and Statutory Auditor of RIL having their office at 24, 5th Cross, Malleshwaram, Bangalore - 03 (Membership No. 27386) have certified vide their certificate dated 26/07/2005 that RIL has sufficient means to fulfill all the obligations under the regulations and has immediate access to liquid assets of atleast a sum of Rs. 243 lacs. The net worth of RIL as on 25/07/2005 is Rs. 463 lacs.

b) The financial obligation under the offer is being fulfilled through internal domestic resources of the Acquirer and will not be through any bank/financial institution and foreign funds.

c) In view of above, the Manager to the Offer is satisfied about the ability of the Acquirer to implement the offer as firm financial arrangement through verifiable means are in place to fulfill the offer obligation.

9. TERMS AND CONDITIONS OF THE OFFER

a) There are no equity shares of VITL under lock-in except 1,50,00,000 equity shares of Rs. 2/- each allotted under preferential allotment to RIL on 25/07/2005 which are locked-in upto one year as per the SEBI (DIP) Guide lines, 2000 on Preferential issue.

b) **Eligibility for accepting the Offer:** The offer is being made to the equity shareholders of VITL(other than the Acquirer) whose names appear on the Register of the Members of VITL at the close of business hours on 24/08/2005 (the **"Specified Date"**) and also to those persons who own the equity shares at any time prior to the closure of the offer, but are not the registered equity shareholders.

c) **Statutory Approvals:** Approval from RBI will be required for transfer of equity shares received from NRI shareholders. Other than this there are no approvals, statutory or otherwise, required under the Companies Act 1956, Monopolies and Restrictive Trade Practices Act, 1969, the Foreign Exchange Management Act. 1999 and /or any other applicable laws and from any bank(s) and/ or financial institution(s) for the said acquisition.

d) Subject to the conditions governing this Offer as mentioned herein, the acceptance of this offer by the equity shareholders of VITL must be absolute and unqualified. Any acceptance to this offer which is conditional and incomplete in any respect will be rejected without assigning any reason whatsoever.

10. PROCEDURE FOR ACCEPTANCE AND SETTLEMENT.

10.1 Procedure for accepting the offer by eligible persons

The equity shareholders of VITL who qualify and who wish to avail of this Offer (hereinafter referred to as "Acceptor") will have to deliver the relevant documents as mentioned at point (a), (b) and (c) below as applicable to the Registrar to the Offer Venture Capital and corporate Investments Limited,(SEBI Regn. No.: INR000001203) at the address mentioned on the cover page of this Letter of Offer by hand delivery or Registered Post between 10.30 am. to 4.30 pm on all working days i.e. other than Sundays and public holidays.

a) For equity shares held in dematerialized form:

For the purpose of the offer a Special Depository Account has been opened in the name and style of **"VCCL- Escrow A/c- Valuemart Open Offer"** with Stock Holding Corporation of India Limited as the Depository participant in National Securities Depository Limited (NSDL). Equity Shareholders holding the shares in dematerialized form will have to deliver the following documents:

i. Form of acceptance cum acknowledgement duly completed and signed in accordance with the instructions contained therein, as per the records of the Depository.

ii. Photocopy of the delivery instruction slip in "off-market" mode or counterfoil of the delivery instruction slip in "off-market" mode, duly acknowledged by the relevant Depository Participant (DP).

iii. For each delivery instruction the beneficial owner should submit separate Form of Acceptance.

iv. The details of the special depository account opened for this purpose are as under:

Name of Depository	National Securities Depository Limited (NSDL)
DP Name	Stock Holding Corporation of India Limited (SHCIL)
DP ID	IN 301022
Beneficiary ID	21097628
Name of Account	VCCL- Escrow A/c- Valuemart Open Offer

The ISIN no. allotted to the scrip of VITL is INE 996A01029.

v. Equity shareholders having their beneficiary account in Central Depository Services Ltd. (CDSL) will have to use inter depository delivery instructions slip for the purpose of crediting their equity shares in favour of the special depository account.

vi. Shareholders who have sent their physical equity shares for dematerialisation need to ensure that the process of getting equity shares dematerialised is completed well in time so that the credit in the Special Depository Account is received on or before closure of offer.

b) For equity shares held in physical form

Registered equity shareholders should enclose:

i. Form of Acceptance cum acknowledgement duly completed and signed in accordance with the instructions contained therein, by all equity shareholders whose name appears on the share certificates.

ii. Original share certificate(s)

iii. Valid share transfer form(s) duly signed as transferors by all registered equity shareholders (in case of joint holdings), in the same order and as per the specimen signatures registered with and duly witnessed at the appropriate place.

c) Unregistered owners of equity shares should enclose:

i. Form of acceptance cum acknowledgement duly completed and signed in accordance with the instructions contained therein.

ii. Original share certificate(s)

iii. Original broker contract note of a registered broker of a recognized stock exchange.

iv. Valid share transfer form(s) as received from the market. The details of the buyer should be left blank. If the details of the buyer are filled in, the tender will not be valid under the offer. Acquirer's name will be subsequently filled in upon verifying the validity of the share transfer form.

No indemnity is needed from unregistered equity shareholders.

NO DOCUMENT SHOULD BE SENT TO THE MANAGER TO THE OFFER, ACQUIRER OR TO VITL (THE COMPANY)

10.2 OFFER PERIOD

a) Offer period is the period between the date of Public announcement and the date of completion of offer formalities relating to the offer.

b) This Offer will remain open on all working days (i.e. excluding Sunday and Public Holidays) between 19/09/2005 to 08/10/2005 (both days inclusive). The equity shareholders of VITL who wish to avail of this offer shall be required to send their acceptance in the manner stated above so as to reach the Registrar to the Offer on or before 08/10/2005.

c) The form of acceptance along with the Share Certificate(s) and other documents delivered shall become acceptance on the part of the shareholder, but will become a fully valid and binding contract between shareholder and Acquirer only upon the fulfillment of all conditions mentioned herein.

d) On fulfillment of the conditions herein mentioned, the Acquirer will pay the Offer price by crossed Account Payee Pay Orders/ Demand Drafts which will be sent by Registered Post to the equity shareholders of VITL, whose acceptance to the offer are accepted by the Acquirer, at the address registered with the Company. The Pay Orders/ Demand Drafts will be drawn in the name of first named shareholder in case of joint shareholding. In case of unregistered owners of the shares, payment will be made as per mandate given by such owner. The unregistered owner may give a mandate for drawing the pay order / demand draft in the name of the person whose bank details may be furnished by him in the Form of Acceptance for incorporating in the Pay Order / Demand Draft.

e) In case the aggregate of the valid responses to the offer exceeds offer size, then the Acquirer shall accept the valid applications received on a proportionate basis in accordance with Regulation 21/(6) of the Regulations. The market lot of the shares is 1 (One).

10.3 WITHDRAWAL OPTION

a) The equity shareholders, who are desirous of withdrawing their acceptances tendered in the offer, can do so upto three working days prior to the date of the closure of the offer i.e. on or before 04/10/2005. The withdrawal option can be exercised by submitting the 'Form of Withdrawal' (separately enclosed with Letter of Offer) to the Registrar to the Offer, Venture Capital and corporate Investments Limited, so as to reach them on or before 04/10/2005.

b) In case of non-receipt of 'Form of withdrawal', the withdrawal option can be exercised by making an application on plain paper mentioning Name, Address, distinctive numbers, folio nos., number of shares tendered/withdrawn, and

c) The form of Withdrawal can also be downloaded from SEBI's website www.sebi.gov.in or obtained from the Manager/ Registrar to the Offer.

10.4 Procedure for acceptance of the offer by the equity shareholders who do not receive the Letter of Offer and procedure for settlement

In case of non-receipt of the offer document, the unregistered equity shareholders who wish to accept the offer should communicate their acceptance in writing on a plain paper stating the name, address, no. of shares held, distinctive numbers, folio number, no. of shares offered to the Registrar to the Offer together with all the documents mentioned in point no. 10.1 (a), (b), (c) whichever is applicable before the close of the Offer, i.e.08/10/2005. Such equity shareholders may also download a copy of the form of acceptance cum acknowledgement from SEBI's website at www.sebi.gov.in and use the same.

11. GENERAL

a) The Acquirer can revise the price upwards upto seven working days prior to closure of the offer and revision if any in the offer price would appear in the same news papers where the Public Announcement has appeared. The same price would be paid to all shareholders who tender their shares in the offer.

b) **Shareholders may note that if there is a competitive bid, the public offers under all the subsisting bids shall close on the same date. 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.**

c) If the aggregate of the valid responses to the offer exceeds offer size, then the acquirers shall accept the valid applications received on a proportionate basis in accordance with Regulation 21 (6) of the Regulations. The equity shares of VITL are being traded in compulsory demat mode and the market lot of the shares is 1 (One).

d) Acquirer shall acquire the equity shares from the shareholders of the Company who have validly tendered the equity shares under the Offer (i.e. equity shares and other documents are in order in accordance with the terms of the Offer) and remit the consideration in respect thereof on or before 22/10/2005 in cash by Account Payee Pay Order / Demand Draft. Any delay will attract interest in terms of Regulation 22(12) of SEBI (SAST) Regulations 1997. The information as to whether the equity shares tendered by them have been accepted (in full or in part) or rejected and consideration payable would be sent by Registered Post.

e) The unaccepted shares/documents will be returned to the shareholders by Registered Post.

f) Pursuant to the Regulation 13, the Acquirer has appointed Keynote Corporate Services Ltd. as the Manager to the Offer.

g) Keynote Corporate Services Limited, the Manager to the Offer, does not hold any equity shares of VITL. Further, they have undertaken not to deal in the equity shares of VITL upto a period of fifteen days after closure of the offer.

h) For any queries regarding the Offer the shareholders / applicants may contact the Registrar to the Offer at the address mentioned in on the cover page of this Letter of offer.

i) The board of directors of the acquirer accept full responsibility for the information contained in this Letter of Offer and also for the obligations of Acquirer as laid down in the Regulations.

12. DOCUMENTS FOR INSPECTION

The following documents are regarded as material documents and are available for inspection at the Registered office of the Acquirer i.e. being Ripple Investments Limited to the Offer from 11.00 a.m. to 3.00 p.m. on any working day until the Offer closes.

1. Copy of MOU dated 19/07/2005 between Keynote Corporate Services Ltd., Manager to the Offer and Acquirer.
2. Copy of MOU dated 11/04/2005 between Venture Capital and Corporate Investments Ltd., Registrar to the Offer and Acquirer.
3. Memorandum and Articles of Association of VITL.
4. Copies of Annual Report of VITL for the financial years 2001-02, 2002-03 and 2003-04 and unaudited financials for the year ended 31/03/2005 as certified by Sundarajan & Harish, Chartered Accuntant and Staturoty Auditors of the Company.
5. Copy of the resolution passed at the Board Meeting held on 17/02/2005 regarding approval for the preferential issue of equity shares to Ripple Investments Ltd.
6. Copy of notice of Extraordinary General Meeting of the shareholders of the company dated 17/02/2005
7. Copy of resolution passed at the Extraordinary General Meeting of the shareholders of the company dated 19/03/2005
8. Copy of shareholding pattern of VITL
9. Copy of the order of The High Court of Karnataka, Bangalore dated 31/01/2005 for the reduction in the face value of Equity shares of VITL from Rs. 10/- par share to Rs. 2/- par share.
10. Details of Board of Directors of VITL.
11. Copy of prospectus dated 27/03/2000 in respect of the public issue of equity shares of VITL.

12. Copy of letter no. DCS/SMG/RCG/2005/532338 dated 10/06/2005 received from BSE by VITL, pertaining to listing of equity shares of Rs. 2/- each issued pursuant to the scheme of reduction of capital of the company and granting permission of trading in the shares of the company from 14/06/2005.
13. Copy of letter no. List/sdm/rk/sum/2005 dated 13/07/2005 received from BSE in respect of prior in-principle approval for the issue/allotting the equity shares on preferential basis to Ripple Investments Ltd.
14. Copy of resolution revising the issue price for the preferential allotment dated 09/07/2005 passed at the Board meeting of VITL.
15. Copy of resolution dated 25/07/2005 passed at the Board meeting of VITL for the allotment of equity shares of VITL on preferential basis to Ripple Investments Ltd.
16. Memorandum and Articles of Association of RIL.
17. Copy of shareholding pattern of RIL
18. Details of Board of Directors of RIL
19. Copies of Annual Report of RIL for the financial years 2002-03 and 2003-04 and financials for the year ended 31/03/2005 as certified by V. Sreenivasan, Chartered Accountant and Statutory auditor of RIL
20. Copy of Networth certificate dated 26/07/2005 issued by V. Sreenivasan, Chartered Accountant and Statutory auditor of RIL
21. Copies of undertaking from Acquirer & Target Company.
22. Copy of Public Announcement as published in the newspaper on 27/07/2005.
23. Copy of Fixed Deposit Receipt issued by the State Bank of India, New Tharagupet Branch, Bangalore, in terms of the Escrow requirements.
24. Letter No. CFD/DCR/TO/HB/48260/05 dated 29/08/2005 received from Securities and Exchange Board of India in terms of provisions of Regulation 18(2) of the Regulations.

13. DECLARATION BY THE ACQUIRER

The Board of Directors of the Acquirer accept full responsibility for the information contained in the Public Announcement and Letter of Offer and will be responsible for ensuring compliance with the obligations of Acquirer as laid down in SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 1997 and subsequent amendments thereto.

For and on behalf of Ripple Investments Limited

Sd/-
Mr. Ranganath Iyengar
Managing Director

Place: Bangalore
Date: 03/09/2005

OFFER
OPENS ON : MONDAY, SEPTEMBER 19, 2005
CLOSES ON : SATURDAY, OCTOBER 8, 2005

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION
(Please send this form with enclosures to the Registrars to the Offer at their address given overleaf)
FORM OF ACCEPTANCE - CUM – ACKNOWLEDGEMENT

From:

Tel No. Fax No.: E-mail:

To,
Venture Capital and Corporate Investments Ltd.
6-2-913/914, 3rd Floor,
Progressive Towers,
Khairatabad, Hyderabad - 500004

Sub : Open offer to acquire upto 60,13,440 equity shares of Rs. 2/- each representing 20% of the paid up share capital of Valuemart Info Technologies Ltd. (VITL) by Ripple Investments Ltd. ('Acquirer') in terms of SEBI (Substantial Acquisition of Shares & Takeovers) Regulations, 1997.

Dear Sir,
I/We refer to the Letter of Offer dated 03/09/2005 for acquiring the equity shares held by me/us in Valuemart Info Technologies Ltd.
I/We, the undersigned, have read the Letter of Offer and understood its contents including the terms and conditions as mentioned therein.
For Shares held in Physical Form:
I/We accept the Offer and enclose the original share certificate(s) and duly signed transfer deed(s) in respect of my/our shares as detailed below:

Sr. No.	Certificate No.	Distinctive No(s)		No. of Shares
		From	To	
(In case the space provided is inadequate, please attach a separate sheet with the details)			Total number of equity shares	

I/We note and understand that the original share certificate(s) and valid share transfer deed will be held in trust for me/us by the Registrar to the offer until the time the Acquirer pay the purchase consideration as mentioned in the Letter of Offer. I/We also note and understand that the Acquirer will pay the purchase consideration only after verification of the documents and signatures.
For shares held in Demat Form:
I/We hold shares in demat form and accept the Offer and enclose photocopy of the Delivery Instruction Slip duly acknowledgement by DP in respect of my / our equity shares as detailed below:

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

I/We have done an off market transaction for crediting the shares to the Escrow Account named **"VCCL- Escrow A/c- Valuemart Open Offer"** with the following particulars:
Depository Participant Name: Stock Holding Corporation of India Limited, Beneficiary ID No.: 21097628 DP ID No.: IN 301022
Shareholders whose shares are held in a beneficiary account with "CDSL" should use an "Inter Depository Delivery Instruction" to transfer their shares to the Special Depository Account with NSDL
I/We note and understand that the shares would lie in the Special Depository Account until the time the Acquirer make payment of purchase consideration as mentioned in the Letter of Offer.
I/We authorise the Acquirer to accept the shares so offered which it may decide to accept in consultation with the Manager to the Offer and in terms of the Letter of Offer and
I/We authorise the Acquirer or the Manager to the Offer to send by registered post the draft/cheque, in settlement of the amount to the sole/first holder at the address mentioned below :
Address of First/Sole Shareholder ____

____

Place: Date:
Note: Incase of joint holdings, all holders must sign. A corporation must affix its common seal.
So as to avoid fraudulent encashment in transit, the shareholder(s) may provide details of bank account of the first/sole shareholder and the consideration cheque or demand draft will be drawn accordingly.

Name of the Bank ______________________________ Branch______________________________

Account Number ______________________ Savings/Current/Others (please specify) ______________________

Yours faithfully,
Signed and Delivered:

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

--TEAR HERE--

Folio No.: Sr. No.: **(Acknowledgement Slip)**

Venture Capital and Corporate Investments Ltd.
Unit : Valuemart Info Technologies Limited
6-2-913/914, 3rd Floor, Progressive Towers, Khairatabad, Hyderabad - 500004

Received from Mr./Ms. ____

Address ____

Form of acceptance cum acknowledgement, ______________________ Number of Share Certificates

for ______________ shares/# Copy of Delivery Instruction Slip to (DP) for ________________ shares

Delete whichever is not applicable.

Signature of Official and Date of Receipt	Stamp of Collection center

PLEASE USE THIS FORM ONLY IF YOU HAVE TENDERED THE SHARES AND WISH TO WITHDRAW YOUR APPLICATION

FORM OF WITHDRAWAL

You have an 'OPTION TO WITHDRAW' the acceptance tendered in response to the offer any time upto three working days prior to the date of closure of offer i.e. on or before Tuesday, 04/10/2005. In case you wish to withdraw your acceptance please use this form.	OFFER
	OPENS ON : MONDAY, SEPTEMBER 19, 2005
	CLOSES ON : SATURDAY, OCTOBER 8, 2005
	LAST DATE OF WITHDRAWAL : TUESDAY OCTOBER 4, 2005

From:

Tel No. Fax No.: E-mail:

To,
Venture Capital and Corporate Investments Ltd.
6-2-913/914, 3rd Floor,
Progressive Towers,
Khairatabad, Hyderabad - 500004

Sub : Open offer to acquire upto 60,13,440 equity shares of Rs. 2/- each representing 20% of the paid up share capital of Valuemart Info Technologies Ltd. (VITL) by Ripple Investments Ltd. ('Acquirer') in terms of SEBI (Substantial Acquisition of Shares & Takeovers) Regulations, 1997.

Dear Sir,

I/We refer to the Letter of Offer dated 03/09/2005 for acquiring the equity shares held by me/us in Valuemart Info Technologies Limited.
I/We, the undersigned, have read the Letter of Offer and understood its contents including the terms and conditions as mentioned therein.
I/We wish to withdraw our acceptance tendered in response to the said offer. We had deposited/sent our 'Form of Acceptance' to you on __________ alongwith original share certificate(s) and duly signed transfer deed(s) in respect of my/our shares as detailed below: **(Please enclose the Xerox copy of Acknowledgement received for 'Form of Acceptance')**

Sr. No.	Certificate No.	Distinctive No(s)		No. of Shares
		From	To	
(In case the space provided is inadequate, please attach a separate sheet with the details)			**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 and **authorize you not to remit** the consideration as mentioned in the Letter of Offer.

I/We authorise the Acquirer to reject the shares so offered which it may decide in consultation with Manager to the Offer and in terms of the Letter of Offer and,

I/We authorise the Acquirer or the Registrar to the Offer to send by registered post the original share certificate(s), transfer deed(s) and other documents tendered by me/us to the sole/first holder at the address mentioned below or credit the shares in demat form to my/our DP Account as mentioned below :

Address of First/Sole Shareholder

____

____

For Shares In Demat Form

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

Yours faithfully,

Signed

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

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

---TEAR HERE---

Folio No.: Sr. No.: **Venture Capital and Corporate Investments Ltd.** **(Acknowledgement Slip)**
Unit : Valuemart Info Technologies Limited
6-2-913/914, 3rd Floor, Progressive Towers, Khairatabad, Hyderabad - 500004

Received from Mr./Ms. ____

Address ____

Form of withdrawal in respect of ______________________ Number of Share Certificates representing

_______________ number of shares.

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