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 **Vertex Securities Limited (VSL).** If you require any clarification about the action to be taken, you may consult your Stock Broker or Investment consultant or Manager to the Offer/ Registrar to the Offer. In case you have 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 Stock Exchange through whom the said sale was effected.

TRANSWARRANTY FINANCE LIMITED

Regd. Office : 403, Regent Chambers, Nariman Point, Mumbai 400 021
Tel No. (022) 6630 6090/91, 2204 7965/66 Fax Nos. (022) 6630 6655, 4001 0888
E Mail ID: mail@transwarranty.com, Website: www. transwarranty.com)

&

SHRI. KUMAR NAIR

29B, 29th Floor, Belvedre Court, Sane Guruji Marg, Mahalakshmi, Mumbai 400 011
Tel No. (022) 2301 3074, E Mail ID: kumar@transwarranty.com

(hereinafter referred to as "the Acquirers")

MAKES A CASH OFFER AT RS. 31/- (RUPEES THIRTY ONE ONLY)
PER FULLY PAID EQUITY SHARE TO ACQUIRE

10, 35,601 Equity Shares of Rs. 10/- each, representing 20 % of the paid up and voting capital of
the Target Company

VERTEX SECURITIES LIMITED (VSL)

Regd. Office: Thottathil Towers, IInd Floor, Market Road, Ernakulam, Kochi 682 018
Tel. No. (0484) 2384848 Fax No. (0484) 2394209
E-mail ID: ranjanverghese@hotmail.com, Website: www.vertexbroking.com

Notes:

- This Offer is made pursuant to and in compliance with Regulations 10 & 12 of SEBI (Substantial Acquisition of Shares & Takeovers) Regulations 1997 and subsequent amendments thereof.
- This Offer is not conditional as to any minimum level of acceptance.
- This is not a competitive bid.
- There has been no revision of Offer price, till the date of this Letter of Offer
- As on the date of this Letter of Offer, no approvals are required to acquire the Equity Shares that are tendered pursuant to the Offer. However, the Offer would be subject to all statutory approvals that may become applicable at a later date.
- **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 3 working days prior to the date of closure of the Offer. The Last date for such withdrawal is Wednesday, July 02, 2008.**
- The Acquirers can revise the Offer price upto 7 working days prior to the date of closure of the Offer. The last date for such revision is Thursday, June 26, 2008. Any upward revision or withdrawal of the Offer would be informed by way of a Public Announcement in the same Newspapers where the original Public Announcement had appeared. **Consideration at the same rate will be paid for all Equity Shares tendered anytime during the Offer period**.
- Details of Competitive bids, if any: **There is no competitive bid**
- **If there is a competitive bid; the public offers under all the subsisting bids will 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**
- The Registration of all the Intermediaries associated with the Offer, viz. Fedex Securities Ltd, Manager to the Offer and Intime Spectrum Registry Ltd, Registrar to the Offer are valid and no action has been initiated by SEBI or any other Government body against them.
- A copy of this Letter of Offer (including the Form of Acceptance and Acknowledgement, Form of Withdrawal) and Copies of the Public Announcement and Corrigendum to the Public Announcement are available on SEBI's web-site: www.sebi.gov.in

MERCHANT BANKER TO THE OFFER	REGISTRARS TO THE OFFER
FEDEX SECURITIES LIMITED SEBI Regn. No. 1NM 000010163 3rd Floor, Jay Chambers Service Road, Adj. Western Express Highway Vile Parle (East), Mumbai 400 057 Tel. Nos. (022) 26136460/61, Fax No. (022) 2618 6966 E Mail Id: fedex@vsnl.com **Contact Person: Shri. R. Ramakrishnan**	**INTIME SPECTRUM REGISTRY LIMITED** SEBI Regn No: INR 000003761 C-13, Pannalal Silk Mills Compound, L B S Marg, Bhandup (W), Mumbai – 400 078 Telephone No. (022) 25963838 Fax No. (022) 25960329/28 Email id : vertex-offer@intimespectrum.com **Contact Person: Shri. Sachin Achar**

THE SCHEDULE OF ACTIVITIES IS AS FOLLOWS

Activity	Original	Revised
Public Announcement (PA)	Monday, November 05, 2007	Monday, November 05, 2007
Corrigendum to Public Announcement		Thursday, June 12, 2008
Specified date	Friday, November 30, 2007	Friday, November 30, 2007
Last date for a competitive bid	Monday, November 26, 2007	Monday, November 26, 2007
Letter of Offer to be posted to shareholders	Saturday, December 15, 2007	Saturday, June 14, 2008
Date of opening of the Offer	Thursday, December 20, 2007	Wednesday, June 18, 2008
Last date for withdrawing acceptance from the Offer	Thursday, January 03, 2008	Wednesday, July 02, 2008
Date of closing of the Offer	Tuesday, January 08, 2008	Monday, July 07, 2008
Last date for revising the Offer price/ number of shares.	Friday, December 28, 2007	Thursday, June 26, 2008
Last date of communicating rejection/acceptance and payment of consideration for applications accepted	Wednesday, January 23, 2008	Tuesday, July 22, 2008

Risk Factors relating to the transaction, the proposed Offer and probable risks involved in associating with the Acquirers

1. The Acquirers proposes to take control of the Target Company. The likely changes in the management /taking control by the Acquirers shall be subject to successful completion of the Open Offer formalities, including despatch of consideration for the Shares accepted. The likely changes in the management of the Target Company shall also be subject to compliance with Regulation 23(6) of the Regulations.

2. Association of the Acquirers with VSL/taking control of VSL by the Acquirers does not warrant any assurance with respect to the future financial performance of VSL.

3. TFL, one of the Acquirers is also in Share broking business and as such there is potential conflict of interest between the Acquirers and Target Company.

4. The acquisition of Shares and taking control by the Acquirers is subject to Stock Exchange guidelines relating to change in Dominant Promoter Group as stipulated by BSE, NSE and CSE.

5. Shareholders accepting this Offer will be tendering their Equity Shares before getting payment of consideration as the Acquirers has 15 days time from date of closure of offer to make payment of consideration. Further, they will not be able to take advantage of any favorable price movements in the market.

6. As on date of this Letter of Offer, apart from what is stated under (4) above, no statutory approvals are required to acquire the Equity Shares that are tendered pursuant to the Offer. However, the Offer would be subject to all statutory approvals that may become applicable at a later date. The despatch of consideration can be delayed beyond 15 days from date of closure of offer, in case any statutory approval, which becomes so applicable on a later date, is not received. In terms of Regulation 22(12) of the Regulations, in the case of non-receipt of statutory approvals, SEBI has the power to grant extension of time for the purpose of making payment, subject to, the Acquirers agreeing to pay interest to the Shareholders for delay beyond 15 days from date of closure of Offer.

7. Among the other Companies/Ventures promoted by the Acquirers, (1) Transwarranty Capital Pvt. Ltd had net loss in the Year 2006-07 (2) Transwarranty Credit Care Pvt. Ltd is yet to commence any activity (3) Transwarranty Forex & Commodities Pvt. Ltd had incurred net losses during the years 2004-05, 2005-06 and 2006-07 (4) Transwarranty Advisors Pvt. Ltd is yet to commence any activity and has Incurred net losses during the years 2004-05, 2005-06 and 2006-07 and has negative Net worth (5) Transwarranty Private Ltd is yet to commence business activity and has incurred net losses during the years 2004-05, 2005-06 and 2006-07 and has negative Net worth & (6) Transwarranty Forex & Commodities DMCC, UAE, incorporated in Dubai and a member in Dubai Gold and Commodities Exchange has not commenced business .

8. **M/s. Kookada & Associates, Advocates**, on behalf of their clients Ami Share and Stock Brokers Private Ltd, vide letter dated November 5, 2007, addressed to Fedex Securities Ltd, Merchant Banker to the Offer, have made allegations/complaints against the promoter group Shareholders of VSL who are parties to the Agreement, TFL , its subsidiary Tranwarranty Capital Private Ltd . They have also sent similar letters to SEBI/SEs etc. making complaints/allegations. The details are given in paragraphs 2.1.8.1 and 2.1.8.2 on pages 8-10 of this Letter of Offer.

9. **Jurix Matrix**, Advocates & Solictors, on behalf of Ami Share and Stock Brokers Private Ltd vide their letter dated 22.11.2007, have made similar allegations as made by Kookada & Associates and have stated that their client is moving an application against the Target Company and Tranwarranty Capital Private Ltd before an appropriate Court for grant of Injunction/Urgent relief.

TABLE OF CONTENTS

DEFINITIONS/ABBREVIATIONS

1	VSL/Target Company	Company whose Equity Shares are proposed to be acquired viz. Vertex Securities Limited
2	Acquirers	Transwarranty Finance Limited & Shri. Kumar Nair., who are offering to acquire shares through this Offer
3	RBI	Reserve Bank of India
4	SEBI/Board	Securities and Exchange Board of India
5	Merchant Banker/ Manager to the Offer	Fedex Securities Limited
6	Registrar to the Offer	Intime Spectrum Registry Limited
7	PA/ Public Announcement	Announcement of the Offer made by the Acquirers, published in the dailies, on Monday, November 5, 2007
8	Corrigendum to Public Announcement	Corrigendum to the Public Announcement made on Thursday, June 12, 2008.
9	Offer	Cash offer being made by the Acquirers to the Shareholders of the Target Company
10	Shares	Equity Shares
11	EPS	Earnings Per Equity Share, for the period under reference and annualized
12	Book Value	Book Value of each Equity Share as on the date referred to
13	Regulations/Takeover Regulations/ SEBI(SAST) Regulations	SEBI (Substantial Acquisition of Shares & Takeovers) Regulations, 1997 as amended till date
14	NAV	Net Asset Value per Equity Share
15	Persons not eligible to participate in the Offer	Parties to the Agreement, promoter group Shareholders of the Target Company & the Acquirers
16	Persons eligible to participate in the Offer	All Equity Shareholders of the Target Company, other than the Acquirers, parties to the Agreement and promoter group Shareholders of the Target Company. Both registered and unregistered Shareholders can participate in the Offer
17	BSE	Bombay Stock Exchange Ltd
18	CSE	Cochin Stock Exchange Ltd
19	CbSE	Coimbatore Stock Exchange
20	MSE	Madras Stock Exchange Ltd.
21	RNW	Return on Net Worth
22	FIIs	Foreign Institutional Investors
23	NRIs	Non Resident Indians and persons of Indian origin residing abroad
24	FIs	Financial Institutions
25	SFIs	State level Financial Institutions
26	UTI	Unit Trust of India
27	NBFC	Non Banking Finance Company, registered with RBI
28	PAT	Profit After Tax
29	Agreement/SPA	Share Purchase Agreement entered into between the Acquirers and promoter group Shareholders of VSL

1. **DISCLAIMER CLAUSE**

IT IS TO BE DISTINCTLY UNDERSTOOD THAT FILING OF DRAFT LETTER OF OFFER WITH SECURITIES AND EXCHANGE BOARD OF INDIA (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 VERTEX SECURITIES LIMITED (VSL), THE TARGET COMPANY, TO TAKE AN INFORMED DECISION WITH REGARD TO THE OFFER. 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 MERCHANT BANKER IS EXPECTED TO EXERCISE DUE DILIGENCE TO ENSURE THAT THE ACQUIRERS DULY DISCHARGES THEIR RESPONSIBILITY ADEQUATELY. IN THIS BEHALF, AND TOWARDS THIS PURPOSE, THE MERCHANT BANKER (MANAGER) TO THE OFFER M/S. FEDEX SECURITIES LIMITED HAS SUBMITTED A DUE DILIGENCE CERTIFICATE DATED NOVEMBER 16, 2007 TO SEBI IN ACCORDANCE WITH THE SEBI (SUBSTANTIAL ACQUISITION OF SHARES AND TAKEOVERS) REGULATIONS, 1997 AND SUBSEQUENT AMENDMENT (S) THEREOF.

2. **DETAILS OF THE OFFER**

2.1 Background of the Offer

2.1.1. This Offer is in compliance with Regulations 10 & 12 of SEBI (Substantial Acquisition of Shares & Takeovers) Regulations 1997 and subsequent amendments thereof (hereinafter referred to as the “Regulations”).

2.1.2. Transwarranty Finance Limited, a Company incorporated under the Companies Act 1956 and having its Registered Office and principal place of business at 403, Regent Chambers, Nariman Point, Mumbai 400 021 (Tel Nos.(022) 6630 6090/91, 2204 7965/66 Fax Nos. (022) 6630 6655, 4001 0888 E Mail ID: mail@transwarranty.com, Website: www: transwarranty.com) and Shri. Kumar Nair, S/o. Shri. C. Chandran, residing at 29B, 29th Floor, Belvedre Court, Sane Guruji Marg, Mahalakshmi, Mumbai 400 011 (Tel No. (022) 2301 3074, E Mail ID: kumar@ transwarranty.com) (hereinafter collectively referred to as “the Acquirers”) are making an Open Offer to the public Shareholders (i.e. Shareholders other than the Acquirers, promoter group Shareholders of VSL and parties to the Agreement) of Vertex Securities Limited (“VSL”, “the Target Company”) to acquire 10, 35,601 Equity Shares of Rs. 10/- each representing 20 % of issued, subscribed, paid up and voting Capital of VSL. The Offer is at a price of Rs. 31/- (Rupees Thirty one only) per Equity Share fully paid up (“the Offer Price”), payable in cash (“the Offer”), subject to the terms and conditions mentioned hereinafter. There are no partly paid Shares.

2.1.3. The Acquirers have entered into Share Purchase Agreement (“Agreement”), on November 2, 2007 with Shri. Ranjan Verghese, residing at 19D, Link Heritage, Kacheripadi, Kochi 682 018 (Tel No. (0484) 3211131, Fax No (0484) 2394209 E Mail Id: ranjanverghese@hotmail.com) one of the promoters of VSL and representing the entire promoter group shareholders (the transferors) of VSL to acquire 28, 50,343 Equity Shares, each fully paid up, representing 55.05% of the present voting capital of the Target Company, at a price of Rs.25/- (Rupees Twenty five only) per fully paid Share for cash consideration. This Agreement has necessitated the Open Offer in terms of Regulation 10 and 12 of SEBI (Substantial Acquisition of Shares & Takeovers) Regulations 1997. The Offer is subject to the provisions of the Companies Act 1956, SEBI (SAST) Regulations as amended and listing agreement of the Target Company with the Stock Exchanges and other applicable Laws and Regulations in force.

The Agreement provides that

(i) The Acquirers, through the Merchant Banker, shall ensure compliance of SEBI Regulations (Defined as "SEBI (Substantial Acquisition of Shares and Takeovers) Regulations 1997 as amended") in its letters and spirit

(ii) The Transferors shall deposit with an Escrow Agent, appointed jointly by the Transferors and Transferee, delivery instructions addressed to DP with respect to the Transfer Lots

(iii) The Acquirer shall deposit with the Escrow Agent such number of Bankers Cheques, of a scheduled commercial bank, of the such value in the name of the Transferors

(iv) The Escrow Agent will hold the Delivery Instructions as well as the Cheques in trust for the Transferors and Acquirers

(v) Within two working days of issuance of a Certificate by the Merchant banker certifying the fulfillment of all obligations by the Acquirers of the SEBI Regulations, the Escrow agent will facilitate transfer of the Shares in favor of the Acquirers and hand over the Cheques towards consideration to the Transferors

(vi) Within two days of the issuance of certificate of completion of formalities of SEBI Guideline by the Merchant Banker, the Target Company shall inform the same in writing to all the Stock Exchange and shall also convene a meeting of the Board of Directors of the Target Company by giving 7 days advance written notice to all the Directors and the Stock Exchange, if necessary, for securing the resignation of Directors representing the promoter group from the Board of the Target Company and in such meeting shall procure the resignation of these persons and in place thereof shall ensure the appointment of nominees of the Acquirer and file the appropriate Form No 32 with the Registrar of Companies for such resignations and appointments.

(vii) The change in Board in favor of Acquirers / Transfer of control in favor of Acquirers shall be subject to compliance with Regulation 22(7) of Takeover Regulations

(viii) In case of non-compliance with any of the provisions of the Takeover Regulations, the Agreement for acquisition of Shares and change in control shall not be acted upon by the sellers or the Acquirers.

2.1.4 The Acquirers propose to take control over the Target Company. Upon completion of the Offer formalities and Certification by Merchant Banker, the nominees of the present promoters will resign from the Board of Directors and the Acquirers or their nominees will be inducted in their place.

2.1.5 The Acquirers, the promoters and Directors of TFL, one of the Acquirers, the Target Company, its promoters/ Directors and the sellers under the Share Purchase Agreement 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 regulations made under the SEBI Act. No other action has been taken against them by SEBI.

2.1.6 There is no person in the Board of the Target Company, representing the Acquirers.

2.1.7 Subject to satisfaction of the provisions under the Companies Act, 1956 and /or any other Regulation(s), the Acquirers intend to make changes in the management of VSL. It is proposed to induct new Directors on the Board of VSL. The persons who will be so inducted to the Board of Directors of VSL by the Acquirers are Shri. Kumar Nair, Shri. Raghu R Palat, Shri. N R Achan and Shri. G K Prem Kumar. During the offer period i.e. from date of signing the Agreement, till date of payment of consideration and certification from Merchant Banker that the Acquirers have complied with all the requirements under the SEBI (SAST) Regulations, the Acquirers or their nominees will not be appointed on the Board of Directors of the Target Company. The likely changes in the management of VSL shall be subject to compliance with Regulation 23(6) of the Regulations.

2.1.8 Disputes/allegations/complaints relating to or in connection with the transaction

2.1.8.1 **M/s. Kookada & Associates**, Advocates, 208, 2nd Floor, Hamam House, 36, Ambalal Doshi Marg, Fort, Mumbai 400 023, vide their letter dated 4th November 2007, to Shri. Ranjan Verghese and other promoter group shareholders of VSL, inter alia, have stated that (1) their client, Ami Stock and Share Brokers Pvt. Ltd (AMI) had entered into MoU with Shri. Ranjan Verghese representing himself and other promoter group shareholders of VSL on 4th February 2007 and that AMI had agreed to acquire the whole shareholding of the promoters of VSL (2) Thereafter, a meeting was held at Ahmedabad on 10th July 2007 to ascertain the progress and various obligations remaining to be complied with were discussed and the proceedings were minuted (3) Despite various requests and demand by AMI, Shri. Ranjan Verghese and other promoter group shareholders of VSL failed, neglected and avoided compliance with their obligations (4) On the assurance of Shri. Ranjan Verghese AMI proceed with the transaction and engaged the services of Transwarranty Capital Pvt. Ltd (TCPL) through one Ravi Kapoor & Associates, Ahmedabad (5) AMI was shocked and surprised when they came to know that Shri. Ranjan Verghese and other promoter group shareholders of VSL have agreed to sell their shareholding to TFL of the group or holding Company of TCPL and initiate necessary steps towards this, despite the MoU with AMI and that the MoU was existing, valid and not terminated or cancelled by AMI (6) that there is criminal breach of trust and that AMI is entitled to initiate applicable civil and criminal proceedings against Shri. Ranjan Verghese and other promoter shareholders of VSL. The notice also states that the MoU is still existing and valid and binding and that Kookada and associates, on behalf of their clients require the promoter group shareholders of VSL to comply with the MoU, to restrain from proceeding with any dealings in the shares with TFL or any other persons except with AMI and to forthwith cancel/terminate all documents, agreements executed either with TFL or any other person and to withdraw all documents and papers submitted to BSE, NSE and SEBI in respect of selling the Shares to TFL etc.

M/s. Khaitan & Co, Advocates and Solicitors, Meher Chambers, 4th & 5th floors, R K Marg, Ballard Estate, Mumbai 400 038, on behalf of Shri. Ranjan Verghese and other promoter shareholders vide their letter dated 15th November 2007, have replied that (1) while admitting the MoU dated 04.02.1007, the meeting on 10th July 2007 was held at their clients' (Shri. Ranjan Verghese and other promoter group Shareholders) initiative and their clients were concerned on the delay on the part of AMI in completing their obligations as per the said MoU. (2) Their clients are not aware of the alleged engagement of TCPL by AMI in respect of merchant banking services (3) Their clients, pursuant to the MoU, had obtained approvals to reduce their shareholding in VSL from 73 to 45% and AMI was well aware of the said approval from BSE was time bound, being valid upto 31st August 2007 (4) Their clients took other necessary steps to comply with the MoU and minuted the discussions (5) The MoU in question was signed on February 4, 2007 and Clause 3 the MoU states that " Both the parties would on completion of the audited Balance Sheet of the Company for the financial year ended 31 March 2007, enter into agreement to acquire 23,30,100 equity shares" and that the Profit and Loss Account and Balance Sheet of VSL was approved by its Board of Directors on June 29, 2007 and Director Report and Notice of General Meeting was approved on July 31, 2007 and immediately on approval of the same , adequate copies were handed over to representatives of AMI and the copies were submitted to BSE and so available in BSE website and AMI is well aware of . (5) Even after the above mentioned actions by their clients, and even after repeated requests AMI failed and neglected to enter to any agreement to acquire shares and the aforesaid delay on AMI's part (6) As far as the validity of the MoU is concerned, Shri. Ranjan Verghese, in a meeting with one of the representatives of AMI on October 1, 2007 drew attention to Clause 3 of the MoU and requested to execute the agreement contemplated therein. (7) Their clients had given 15 days time, through a letter dated October 3, 2007 to perform obligations of AMI of entering into agreement and also notifying that upon failure, the MoU will be terminated. AMI neither replied nor took any steps during these 15 days period and their clients finally terminated the MoU on October 25, 2007 by proper written communication. (8) Because of the delay and lapses on the part of AMI, Shri. Ranjan Verghese and other promoter group shareholders were left with no alternative but to terminate the MoU and that this action is justified, sufficient time was given to AMI to perform their obligations (9) The allegations made by AMI in the notice through Kookada & Associates is denied.

2.1.8.2. **M/s. Kookada & Associates**, Advocates, 208, 2nd Floor, Hamam House, 36, Ambalal Doshi Marg, Fort, Mumbai 400 023, vide letter dated 4th November 2007, informed Fedex Securities Ltd by copy of a compliant letter, in which, apart from referring to the MoU dated February 4, 2007 and the details thereof, by Ami Stock and Share Brokers Pvt. Ltd (AMI) states that (1) Transwarranty Capital Pvt. Ltd (TCPL) was engaged by their clients through one Ravi Kapoor & Associates, Ahmedabad. (2) TCPL had agreed to act as Merchant Bankers for their clients AMI and one Shri. Ravi Kapoor had represented AMI in various meetings, discussions and conferences with TCPL and its executives (3) AMI had provided TCPL with confidential information, documents etc to TCPL /its representatives. Apart from the discussions various e-mails were exchanged between AMI's representatives and TCPL/its officials/ representatives (4) AMI was shocked and are surprised when on November 3, 2007, they came to know that the promoters of VSL had agreed to sell their stake in VSL to Transwarranty Finance Ltd, a group or holding Company of TCPL and TCPL had proceeded with the transaction by applying to Stock Exchanges, SEBI etc. despite knowing the fact that MoU with AMI still exists and the same has not been terminated or cancelled by AMI (5) they, on behalf of their clients has on 3rd November 2007 addressed to Chairman, Securities and Exchange Board of India, have complained of professional misconduct by TCPL and that similar letters have been addressed to Stock Exchanges etc. (6) M/s. Kookada & Associates , in the letter , has alleged that TCPL had agreed to act as Merchant Bankers for AMI and TCPL has taken undue and illegal advantage of the information/details provided by AMI/its representatives and there is gross professional misconduct and the act of TFL/TCPL is illegal, bad in law and void ab initio and are liable for breach of trust, paying damages, criminal action etc. (7) TCPL has not maintained any standard of integrity , dignity and fairness in their conduct of business and have not fulfilled obligations in an ethical or professional manner and have misrepresented and misled their clients. They have also requested SEBI/SEs not to (a) give NOC/permission/approval to TCPL/TFL/promoters of VSL to proceed with dealings in the Shares of VSL (b) to direct TFL/TCPL/promoters to cancel/terminate all the documents/ agreements, if any, executed with TFL/TCPL (c) to direct TFL/TCPL /promoters of VSL to cancel all documents submitted to BSE, NSE, SEBI etc (d) requesting SEBI to cancel TCPL's registration as a Merchant Banker and to properly deal with TCPL.

Transwarranty Finance Ltd, in reply has submitted to Fedex Securities Ltd, copy of letter dated 15th November 2007, addressed by Transwarranty Capital Pvt. Ltd to SEBI, Stock Exchanges etc. In the said reply Transwarranty capital Pvt. Ltd denies having dealt with AMI in any transaction or matter involving VSL. TCPL had only replied or given clarifications to Shri. Ravi Kapoor on routine matters and generic in nature as a matter of professional courtesy. TCPL was subsequently informed by Ravi Kapoor that he was representing a Company called Benko Trading Private Ltd. The information given to Shri. Ravi Kapoor by TCPL was of generic nature only. TFL has complied with all legal provisions related to its proposed takeover of VSL, including complying with SEBI Takeover Code and have proceeded on the express representation that no agreement or memorandum prohibiting such a transfer of Shares/control existed or pending at present. TCPL denies having been engaged by AMI or TCPL agreeing to act as Merchant banker to AMI through Ravi Kapoor & Associates for takeover of Vertex Securities Ltd. No agreement was signed between AMI and TCPL or was there any intention. TCPL denies having received from AMI/Ravi Kapoor any confidential information, documents or explanations, which were not in public domain. TCPL was not interested in acting as Merchant Banker from the beginning, has not received any mandate for acting as Merchant Banker for AMI, has not invoiced or received any consideration for the information given out of professional courtesy. TFL was not aware of any valid memorandum, binding and effective on the promoters of VSL. TCPL has expressly denied that the actions of TCPL were unwarranted, unjustified or amounted to, in any way, cheating fraud or a gross violation of any code of conduct. TCPL was not aware of the alleged MoU or the minutes of 10th July 2007.

2.1.9 **Jurix Matrix**, Advocates & Solictors, on behalf of Ami Share and Stock Brokers Private Ltd vide their letter dated 22.11.2007, have made similar allegations as made by Kookada & Associates and have stated that their client is moving an application against the Target Company and Tranwarranty Capital Private Ltd before an appropriate Court for grant of Injunction/Urgent relief.

2.2 Details of the proposed Offer

2.2.1. A Public Announcement, as per Regulation 15 (1) of the Regulations, was made in all editions of one English language daily with wide circulation, one Hindi national daily with wide circulation, one Marathi daily published at Mumbai, the place where the Equity Shares of the Target Company are most actively traded and one vernacular daily published at the place where the registered office of the Target Company is situated in the following Newspapers, as detailed below. A corrigendum to the Public Announcement was also made in the said newspapers. The Public Announcement and Corrigendum to the PA are also available at SEBI's Website : www.sebi.gov.in

Newspaper	Language	Editions	Date of Original PA	Date of Corrigendum
Business Standard (covers all editions)	English	Mumbai, Delhi, Kolkatha, Bangalore, Chennai, Hyderabad, Lucknow, Chandigarh, Kochi & Ahmedabad editions	Monday, November 5, 2007	Thursday, June 12, 2008
Prathakaal (covers all editions)	Hindi	Mumbai Edition Udaipur Edition Jaipur Edition	Monday, November 5, 2007	Thursday, June 12, 2008
Navshakthi	Marathi	Mumbai	Monday, November 5, 2007	Thursday, June 12, 2008
Deepika	Malayalam	Kochi	Monday, November 5, 2007	Thursday, June 12, 2008

2.2.2 The Offer is to acquire 10, 35,601 Equity Shares of Rs. 10/- each, representing 20 % of the issued, subscribed and voting Capital of VSL.

2.2.3 The Offer price is Rs. 31/- (Rupees Thirty one only) per each fully paid up Equity Share. There are no partly paid Shares.

2.2.4 The consideration will be paid in Cash. There is no differential price since entire consideration is payable in cash.

2.2.5 This is not a competitive bid.

2.2.6 This Offer is not conditional as to any minimum level of acceptance.

2.2.7 The Acquirers have not made any further acquisition of Shares since the Public Announcement was made and till date of this Letter of Offer

2.2.8 Details of competitive bids, if any: **There is no competitive bid**

2.2.9 Fedex Securities Limited, Manager to the Offer does not hold any Equity Shares in the Target Company. They declare and undertake that they shall not deal in the Shares of the Target Company during the period commencing from the date of their appointment as Manager to the Offer till the expiry of fifteen days from the date of closure of the offer

2.2.10 There is no agreement by the Acquirers with any person/entity, in connection with this offer. The entire Shares proposed to be acquired under this Offer will be acquired by the Acquirers and no other person/entity proposes to take part in the acquisition. Between the Acquirers, Shri. Kumar Nair will acquire 2,00,000 Equity Shares (3.86%) out of the Shares covered under the Agreement. The balance 26,50,343 Equity Shares (51.18%) shall be acquired by TFL. The entire Shares accepted through the open offer shall be acquired by TFL.

2.2.11 The Acquirers have not acquired any Equity Share of VSL after the date of PA. In the event of any further acquisition of Equity Shares from the date of P.A. till 7 days prior to closure of Offer by the Acquirers at a price higher than the Offer Price, then the Offer price will be revised upwards to be equal to or more than the highest price paid for such acquisition. However, they shall not be acquiring any Equity Shares of VSL during the period of 7 working days prior to the date of closure of the Offer.

2.3 OBJECT AND PURPOSE OF ACQUISITION AND FUTURE PLANS

2.3.1 The objects of the acquisition are substantial acquisition of Shares of VSL followed by change in control.

2.3.2 Barring unforeseen circumstances, the Acquirers are confident of ensuring sustained growth. VSL is presently engaged in Stock Broking business and is also extending depository services as a Depository Participant. The Acquirers propose to continue with the existing activities. TFL is well versed with these activities as one of its subsidiaries is in same line of business. Further, the promoter of TFL and one of the Acquirers, Shri. Kumar Nair is a Chartered Accountant with experience in Investment Banking and holds certificate of NCFM, issued by Stock Exchanges, after successful completion of written test and interview. The Acquirers are confident of utilizing their experience to further the prospects of VSL and ensure steady business and growth.

2.3.3 Subject to satisfaction of the provisions under the Companies Act, 1956 and/or any other Regulation(s), the Acquirers intend to make changes in the management of VSL. It is proposed to induct new Directors on the Board of VSL by the Acquirers. The likely changes in the management /taking control by the Acquirers shall be subject to successful completion of the Open Offer formalities, including despatch of consideration for the Shares accepted and shall be subject to compliance with Regulation 23(6) of the Regulations.

2.3.4 The Acquirers do not have any plans to dispose off or otherwise encumber any assets of VSL in the succeeding two years from the date of closure of the Offer, except in the ordinary course of business as may be permissible. They undertake that they shall not sell, dispose off or otherwise encumber any substantial assets of the target company except with the prior approval of the shareholders.

3. BACKGROUND OF THE ACQUIRERS

3.1.1 The Acquirers are Transwarranty Finance Ltd, a Company incorporated in India and Shri. Kumar Nair, a resident individual.

3.1.2 Transwarranty Finance Ltd. (TFL) is a public limited Company incorporated on 09-08-1994 in the State of Maharashtra under the Companies Act 1956. The Registered Office of the Company is situated at 403, Regent Chambers, Nariman Point, Mumbai 400 021 (Tel No. (022) 6630 6090/91, 2204 7965/66 Fax No (022) 6630 6655, 4001 0888 E Mail ID: mail@transwrranty. com, Website: transwarranty.com).

TFL has, as its main objects, “to carry on the business of Leasing, Hire purchase, Finance Company, Venture Capital, to undertake bill discounting business, act as discount and acceptance house, trading in immovable property, to borrow, lend, negotiate loans etc, to carry on the business of Merchant banking, to act as Brokers for Stocks, Shares, Securities, Derivatives, to act as underwriters and sub underwriters” etc.

TFL is promoted by Shri. Kumar Nair.

TFL belongs to the Transwarranty Group of Mumbai. Apart from the Subsidiaries of TFL, the other Companies in the group are Transwarranty Private Ltd, & Transwarranty Advisors Pvt. Ltd, which are yet to commence any commercial activity.

TFL made its Initial Public Offer in January-February 2007 and got its Equity Shares listed at BSE and NSE on 26.02.2007.

The Directors of TFL are Shri. Suresh N Talwar (Chairman, Non Executive), Shri. Kumar Nair (Managing Director- Executive), Shri. Raghu R Palat (Non Executive, Independent), Shri. Pravin Khatau (Non Executive, Independent), Shri. N R Achan (Non Executive, Independent) and Shri. K Jay Chandran (Non Executive, Independent). Shri. Suresh N Talwar, aged 70 years, residing at 10, Shiv Shanti Bhuvan, 146, M K Road, Churchgate Reclamation, Mumbai 400 020 (Tel. No. (022) 6613 6900, Fax No (022) 6613 6901, Emil ID: suresh.talwar@thalwarthakore. com) is having over 40 years experience as a solicitor and corporate lawyer, Shri. Kumar Nair aged 44 years, B.Sc., ACA, residing at 29B, 29th Floor, Belvedre Court, Sane Guruji Marg, Mahalakshmi, Mumbai 400 011(Tel No. (022) 2301 3074 E Mail ID: kumar@transwarranty.com) is having about 21 years experience in Capital Market and Investment Banking. Shri. Raghu R Palat, aged 57 years, FCA (from India as well as England and Wales), residing at 5, Kamani House, 3D, Peddar Road, Mumbai 400 026 (Tel. No. (022) 2282 6463, Fax No. (022) 2351 2186, Emil ID: raghupalat@hotmail.com) is a Banking and Financial Consultant. Shri. Pravin Khatau, aged 45 years, residing at 1, Rue Des Genets, Le Millefiori, Monaco is an MBA from Wharton University, US and held senior level positions in Goldman Sachs. Shri. K Jay Chandran, aged 38 years, residing at 44, Woodlands Terrace, Singapore (Emil ID: k_jay_c@yahoo.com) is a Software professional. Shri. N R Achan, B Com CAIIB, aged 65 years, residing at D-8, Block 8, Sidharti Heights, 55, Arcot Road, Chennai 600 093 (Tel. No. (044) 6453 2162) is having over 42 years experience as a Banker and retired as Chairman of Catholic Syrian Bank Ltd.

The Equity Shares of TFL are listed at BSE and NSE. The Equity Shares are not admitted as a permitted security in any other Stock Exchange.

TFL has a paid up Capital of Rs. 1400 Lacs, divided into 1,40,00,000 Equity Shares of Rs. 10/- each. The closing price of Equity Shares of TFL on 02.11.2007, the immediately preceding trading date from date of PA was Rs.25.55 at BSE and Rs.25.15 at NSE

TFL is a Non Banking Finance Company (NBFC) and is engaged in fee based services for financing, investments, bill discounting etc. TFL also extends corporate advisory services & foreign exchange advisory services etc. to corporates, retail and institutional clients. TFL is registered with RBI as an NBFC vide Certificate of Registration No. 13.00971 dated 6.8.1998.

TFL's Subsidiaries are (i) Transwarranty Capital Pvt. Ltd (TCPL), engaged in Share broking business and Merchant Banking. TCPL is a member of BSE and NSE in Capital Market segment. TCPL is also registered as a Merchant Banker with SEBI and is extending services of a Merchant Banker. The relevant SEBI registration details are INM000010965 (Merchant Banker). No action has been taken by SEBI or Stock Exchanges against TCPL and no penalty imposed in the past. There are no arrears of fee payable to SEBI. (ii) Transwarranty Forex & Commodities Pvt. Ltd (TFCPL), is a member of Multi Commodity Exchange (MCX) and is engaged in extending services to clients for dealing in commodities (iii) Transwarranty Credit Care Private Ltd (TCCPL) is yet to commence any activity and is proposing to set up a Venture Capital Fund after obtaining necessary regulatory approvals (iv) Transwarranty Forex & Commodities DMCC, UAE, incorporated in Dubai is a member in Dubai Gold and Commodities Exchange as a member, after getting necessary approvals/registration.

TFL has no overdue liabilities to Banks/FIs /Deposit holders. There was no default in the past.

3.1.3 Shri. Kumar Nair, B Sc, ACA aged 43 years, S/o Shri. C Chandran, residing at 29B, 29th Floor, Belvedre Court, Sane Guruji Marg, Mahalakshmi, Mumbai 400 011 (Tel No. (022) 2301 3074, E Mail ID: kumar@transwarranty.com) has about 21 years experience in Capital Market and Investment Banking. Prior to promoting TFL, he was with Kotak Mahindra Finance Ltd as its Vice President. He served Kotak Mahindra Finance Ltd for about 9 years. He is well versed in Corporate Finance, Investment Banking, Money and Forex Research in Equities, Commodities trading etc. He is the promoter of Transwarranty Group and is Managing Director of TFL since 1994.

3.1.4 Shri. Kumar Nair, one of the Acquirers and Director of TFL is on the Board of Directors of (1) Menon Bearings Ltd & (2) Marksans Pharma Ltd, listed Companies, as Independent Director. He is also on the Board of Directors of Transwarranty Capital Pvt. Ltd, Transwarranty Forex & Commodities Pvt. Ltd, Transwarranty Credit Care Pvt. Ltd, Transwarranty Advisors Pvt. Ltd and Transwarranty Pvt. Ltd, unlisted Companies.

3.1.5 Among the Acquirers, Shri. Kumar Nair is promoter of TFL. None of the Directors of TFL are related to each other.

3.1.6 There are no persons on the Board of the Target Company, representing the Acquirers.

3.2.1. There are no persons acting in concert with the Acquirers.

3.2.2. The Acquirers do not have any representative on the Board of Directors of VSL. None of the Directors of VSL represent the Acquirers.

3.2.3. As per Certificate dated 2.11.2007 from Shri. U. Ramachandran (Membership No. 33269), Haridas Associates, Chartered Accountants, 3, Air View Society, Off. Nanada Patkar Road, Opp. Rane Hospital, Vile Parle (East), Mumbai – 400 0057 (Tel. No. (022) 26123749, Fax No (022) 2617 6995), Statutory Auditors of TFL, the Net worth of TFL as on 31.03.2007 is Rs. 3858.20 Lacs.

3.2.4. As per Certificate dated 2.11.2007 from Shri. U. Ramachandran (Membership No. 33269), Haridas Associates, Chartered Accountants, 3, Air View Society, Off. Nanada Patkar Road, Opp. Rane Hospital, Vile Parle (East), Mumbai – 400 0057 (Tel. No. (022) 26123749, Fax No (022) 2617 6995), the Net worth of Shri. Kumar Nair as on 31.03.2007 is Rs. 1591.11 Lacs.

3.2.5. Shri. U. Ramachandran (Membership No. 33269), Haridas Associates, Chartered Accountants, 3, Air View Society, Off. Nanada Patkar Road, Opp. Rane Hospital, Vile Parle (East), Mumbai – 400 0057 (Tel. No. (022) 26123749, Fax No (022) 2617 6995), vide two separate Certificates dated November 1, 2007 has certified that the Acquirers have adequate liquid resources to meet the funds requirements of the Offer. The liquid resources available with the Acquirers as per the certificate are TFL Rs. 2558.40 Lacs and Shri. Kumar Nair Rs. 2249.78 Lacs.

3.2.6. The applicable provisions of Regulations 6, 7 & 8 of Chapter II of SEBI (Substantial Acquisition of Shares and Takeovers) Regulations 1997 are not applicable to the Acquirers as they have not acquired any Shares of VSL till date of this Letter of Offer.

3.2.7. There are no pending litigations against Acquirers.

3.2.8. The Acquirers, the promoters/Directors of TFL, the Target Company, its promoters/Directors and the sellers 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 regulations made under the SEBI Act. No other action has been taken by SEBI against them.

3.2.9. BRIEF DETAILS OF THE ACQUIRERS AS ON DATE OF LETTER OF OFFER ARE TABULATED BELOW:

Name , address and contact details	Relationship, if any, with any other Acquirer	Net Worth as certified by Chartered Accountant	Companies in which is a full time Director
Transwarranty Finance Limited **Regd. Office :** 403, Regent Chambers Nariman Point, Mumbai 400 021 Tel No.(022) 6630 6090/91, 2204 7965/66 Fax Nos. (022) 6630 6655, 4001 0888 E Mail ID: mail@transwarranty.com Website: www. transwarranty.com	Promoted by Shri. Kumar Nair, the other Acquirer	As on 31.03.2007 Rs. 3858.20 Lacs. (Certificate dated 02.11.2007)	**N.A.**
Shri. Kumar Nair 29B, 29th Floor, Belvedre Court, Sane Guruji Marg, Mahalakshmi, Mumbai 400 011 Tel No. (022) 2301 3074, E Mail ID: kumar@transwarranty.com	Promoter of TFL	As on 31.03.2007 Rs. 95.32 Lacs (Certificate dated 02.11.2007)	**Listed** Transwarranty Finance Ltd Menon Bearings Ltd Marksons Pharma Ltd **Unlisted** Transwarranty Capital Pvt. Ltd Transwarranty Forex & Commodities Pvt. Ltd Transwarranty Credit Care Pvt. Ltd Transwarranty Advisors Pvt. Ltd Transwarranty Pvt. Ltd

3.2.10 Brief profile of Board of Directors of TFL as on Monday, November 5, 2007, the date of Public Announcement:

Name	Date of appointment	Age, Qualification, Experience	Residential Address	Designation
Shri. Suresh N Talwar	27.12.1999	Age: 70 years Bachelors Degree in Law. Admitted as a Solicitor in 1966. Renowned Lawyer and Solicitor with over 45 years experience. Retired as Senior Partner, Crawford Bayley & Company and presently its Special Advisor. Is on the Board of Directors of several listed and unlisted Companies (52 Companies).	10, Shiv Shanti Bhuvan 146, M K Road, Churchgate Reclamation Mumbai 400 020 Tel. No. (022) 6613 6900 Fax No (022) 6613 6901 Emil ID: suresh.talwar@thalwarthak ore.com	Independent Director and Non Executive Chairman
Shri. Kumar Nair	09.08.1994	Age: 43 years. B Sc, ACA 21 years in Capital Market and Investment Banking., Corporate Finance, Trade Finance, Research , Project Finance and broking. Prior to promoting TFL, was Vice President, Kotak Mahindra Finance Ltd(KMFL). Served KMFL for 9 years.	29B, 29th Floor, Belvedre Court Sane Guruji Marg, Mahalakshmi Mumbai 400 011 Tel No. (022) 2301 3074 E Mail ID: kumar@transwarranty.com	Managing Director
Shri. Raghu R Palat	27.12.1997	Age: 57 years. FCA from Institute of Chartered Accountants from England and Wales & ACA from ICAI (India). He is a former banker , was with American Express Bank for 15 years. Was also Chief Executive Officer and Country Head (India operations) for three years for Bank International Indonesia. Currently Banking Advisor, Professional Trainer and Investment Advisor.	5, Kamani House, 3D, Peddar Road Mumbai 400 026 Tel. No. (022) 2282 6463 Fax No. (022) 2351 2186 Emil ID: raghupalat@hotmail.com	Director Independent – Non Executive.
Shri. K Jay Chandran	21.03.1995	Age: 38 years. Post Graduate Honors Diploma in Systems Management . Currently Director of United American Engineers Pt. Ltd, Singapore.	44, Woodlands Terrace Singapore Emil ID: k_jay_c@yahoo.com	Director Independent – Non Executive.
Shri. Pravin Khatau	13.04.2006	Age: 45 years MBA from Wharton University, US. Has held Senior positions in Goldman Sachs & Co. Presently a private Equity Investor.	1, Rue Des Genets Le Millefiori, Monaco	Director Independent – Non Executive.
Shri. N R Achan	12.06.2007	Age: 65 years B Com, CAIIB 42 years in Banking. Held senior positions in Bank of India and was with bank of India for 35 years and retired as its General Manager in 2000. From 2001 to 2007 was Chairman and Chief Executive Officer of Catholic Syrian Bank Ltd.	D-8, Block 8, Sidharti Heights 55, Arcot Road Chennai 600 093 Tel. No. (044) 6453 2162	Director Independent – Non Executive.

3.2.11 There is no change in Board of Directors, since the date of PA.

3.2.12 None of the Directors of TFL is on the Board of Directors of the Target Company

3.2.13 There are no PACs.

3.2.14 Shareholding pattern of TFL is as follows:

Category of Shareholders	No. of Shares	% to total paid Up capital
Promoter Group	78,65,650	56.18
Public – Institutions (FIs, Banks & FIIs)	14,17,617	10.13
Public – Non institutional (Body corporates, NRIs & resident individuals)	47,16,733	33.69
Total	1,40,00,000	100.00

3.2.15 The Compliance Officer of TFL is Shri. G K Prem Kumar, Company Secretary, residing at A/303-304, Greenfield Tower CHS, Kadamwadi, Vakola , Santacruz (East), Mumbai 400 055 (Tel No. (022) 26670450, E mail ID: premkumar@transwarranty.com, who will be available at the Registered Office of TFL and will attend to all investor grievances

3.2.16 AUDITED FINANCIALS OF TRANSWARRANTY FINANCE LIMITED

Brief Audited Financial data for the last three years and certified (by Auditor) financials as on 30.09.2007 are given hereunder:

(Rs. in Lacs)

Profit & Loss Statement	30.09.2007 (6 months)	31.03.2007	31.03.2006	31.03.2005
Income from main operations	277.56	555.24	521.97	184.31
Other Income	27.86	15.76	6.32	14.53
Total Income	**305.42**	**571.00**	**528.29**	**198.84**
Operating cost	146.64	175.66	148.26	142.28
Profit before Interest, Depn. & Tax	**158.78**	**395.34**	**380.03**	**56.56**
Interest/Fin. Expenses	6.62	10.93	1.18	4.95
Depreciation	4.46	5.90	3.82	5.51
Profit Before Tax	147.70	378.51	375.03	46.09
Less : Provision for Current Tax	51.56	128.20	127.19	16.15
Less: Deferred Tax	(0.43)	(0.57)	(0.05)	0.17
Profit After Tax.	**96.57**	**250.87**	**250.87**	**29.77**

Balance Sheet Statement (As on)	30.09.2007 (6 months)	31.03.2007	31.03.2006	31.03.2005
Sources of funds				
Paid up Equity Share Capital	1400.00	1400.00	800.00	91.63
Reserves & Surplus (excluding Revaluation Reserves, if any)	2942.67	2846.11	239.03	82.36
Less: Misc. Expenses not written off	387.91	387.91	0.00	0.00
Net Worth	**3954.76**	**3858.20**	**1039.03**	**173.99**
Share Application money	0.00	0.00	0.00	708.38
Secured Loans	150.99	146.32	6.70	0.00
Unsecured Loans	55.37	72.22	21.01	33.36
Deferred tax liabilities	1.17	1.60	2.16	2.22
Total	**4162.29**	**4078.34**	**1068.90**	**917.95**
Uses of funds				
Net Fixed Assets	28.99	14.41	16.77	11.97
Investments	2084.25	3036.08	1032.39	577.01
Net Current Assets	2049.05	1027.85	19.74	328.96
Total	**4162.29**	**4078.34**	**1068.90**	**917.94**
Other Financial Data				
Dividend (%)	NIL	10	10	7.50
Earnings per Share(Rs 10/-) (Net Profit/number of Shares (30.09.2007 annualized) (Fully diluted)	1.38	1.79	3.14	3.25
Return on Net Worth (%) (Net ProfitX100/Net Worth (30.09.2006 annualized)	4.88	6.50	24.14	11.36
Book Value Per Equity Share (F.V. Rs.10/-) Net Worth divided by number of subscribed Equity Shares	28.25	27.56	12.99	18.99

DETAILS OF OTHER INCOME DURING THE ABOVE PERIOD

(Rs. in Lacs)

OTHER INCOME	30.09.2007 (6 months)	31.03.2007	31.03.2006	31.03.2005
Dividend received	0.01	0.02	1.11	0.15
Profit on Share Trading	0.36	1.14	3.28	0.00
Profit on F&O	0.00	0.22	0.00	0.00
Profit on Commodities Trading	1.49			0.00
Interest received	9.95	1.22	0.42	1.00
Int./Div on MF investments	1.09	12.02	0.00	12.18
Arbitrage	13.67			
Recovery of bad Debts	0.00	0.00	0.00	0.73
Provision written back	1.29	1.14	0.32	
Profit on sale of Investments	0.00	0.00	1.19	0.47
Total of Other Income	**27.86**	**15.76**	**6.32**	**14.53**

Notes:

- There is no Extraordinary Income or Expenditure during the above period
- The Auditors have not made any significant qualifications which have a bearing on the Financial results
- The Investments during the above period are Investments in Subsidiaries, Quoted Investments, and Unquoted Investments & Investment in Mutual Funds etc.
- TFL made a Public Issue of 60,00,000 Equity Shares of F.V. Rs. 10/- at a premium of Rs.42/-, which opened for subscription on 23.01.2007 and closed for subscription on 02.02.2007. The allotment was made on 15.02.2007. Consequently, the Paid Equity Capital increased by Rs.600 Lacs and Reserves increased by Rs. 2520.00 Lacs. This is reflected in the Financials as on 31.03.2007 and 30.09.2007.
- **Significant Accounting Policies as on 31.03.2007, date of last audit**
  a. The Financial Statements are prepared and presented under the historical cost convention , on accrual, basis of accounting in accordance with the generally accepted accounting principles in India and comply with the Accounting Standards issued by the Institute of Chartered Accountants of India
  b. Fixed Assets have been stated at cost less depreciation
  c. Income from operations is accounted on accrual basis
  d. Service Income in recognized as per the terms of contract/agreements entered into
  e. Dividend Income is recognized when the right to receive Dividend is established
  f. Interest Income is recognized on the time proportion basis
  g. Long Term Investments are valued at cost
  h. Short Term Investments are valued at cost or fair value whichever is lower determined on an individual investments basis
- **Details of major contingent liabilities as on 31.03.2007, date of last audit**: Guarantees issued on behalf of Subsidiaries Rs. 350 Lacs

3.2.17 TFL has not promoted any listed Company. Apart from TFL, Shri. Kumar Nair has not promoted any listed Company nor has control over any listed Company.

3.3 BRIEF DETAILS VENTURES/UNLISTED COMPANIES PROMOTED BY THE ACQUIRERS/SUBSIDIARIES OF TFL.

Name of the Company	:	**Transwarranty Capital Private Limited**
Date of Incorporation	:	16.06.1992
Promoter	:	Transwarranty Finance Ltd (Subsidiary of TFL)
Board of Directors	:	Shri Kumar Nair Shri. K Unnikrishnan
Nature of activities	:	SEBI Registered Merchant Banker & Share broker attached to BSE, NSE and Cochin Stock Exchange. Also a Depository Participant with CDSL. Extending broking services to clients.

Brief financials based on Audited Accounts for the last three years and certified financials as on 30.09.2007 (Certified by Auditors) are given below:

(Rs. In Lacs)

Details	**30.09.2007** (6 months)	**31.03.2007**	**31.03.2006**	**31.03.2005**
Paid Up Equity Capital	947.17	947.17	947.17	95.50
Preference Share Capital	27.76	27.76	27.76	27.76
Reserves & Surplus (Net of Misc. expenses not written off)	9.60	37.34	52.83	24.35
Total Income	91.02	78.76	43.63	20.86
Profit after Tax (Loss in brackets)	(46.93)	(16.54)	6.35	6.85
Earnings per Share per Rs.10/- paid up Eq. Share (Rs.) (Negative figure in brackets) 30.09.2007 annualized	(1.00)	(0.17)	0.07	0.72
Net Asset Value per Equity Share of Rs.10/- each (Rs.)	10.10	10.39	10.56	12.55

The Company is not a Sick Industrial Company.

Name of the Company	:	**Transwarranty Credit Care Pvt. Ltd**
Date of Incorporation	:	18.06.1996
Promoter	:	Transwarranty Finance Ltd (Subsidiary of TFL)
Board of Directors	:	Shri. Kumar Nair
		Shri. Abraham Joshwa K
Nature of activities	:	Yet to commence any activity. Proposes to set up a Venture Capital Fund/Private Equity Fund

Brief financials based on Audited Accounts for the last three years and interim period ended 30.09.2007 (certified by Auditors) are given below:

(Rs. in Lacs)

Details	**30.09.2007** (6 months)	**31.03.2007**	**31.03.2006**	**31.03.2005**
Paid Up Equity Capital	501	501	501	1.00
Reserves & Surplus (Net of accumulated losses and Misc. expenses not written off) (Negative figure in brackets)	(5.68)	(5.83)	(6.34)	(3.57)
Total Income	8.30	13.36	11.24	20.78
Profit after Tax	0.15	0.01	1.76	11.72
Earnings per Share per Rs.10/- paid up Eq. Share (Rs.) (Negative figure in brackets) 30.09.2007 annualized	0.006	negligible	0.04	117.20
Net Asset Value per Share of Rs.10/- each (Rs.) (Negative figure in brackets)	9.89	9.88	9.87	(25.70)

The Company is not a Sick Industrial Company.

Name of the Company	:	**Transwarranty Forex & Commodities Pvt. Ltd**
Date of Incorporation	:	16.08.1996
Promoter	:	Transwarranty Finance Ltd (Subsidiary of TFL)
Board of Directors	:	Shri. Kumar Nair
		Shri. V T Haridas
		Shri. Ratnakar Venkappa Rai
Nature of activities	:	Forex and Commodities Broker

Brief financials based on Audited Accounts for the last three years and interim period ended 30.09.2007 (Certified by Auditors) are given below:

(Rs. in Lacs)

Details	30.09.2007 (6 months)	31.03.2007	31.03.2006	31.03.2005
Paid Up Equity Capital	467.75	467.75	467.75	26.00
Reserves & Surplus (Net of accumulated losses and Misc. expenses not written off) (Negative figure in brackets)	(32.04)	(26.28)	(26.61)	(15.14)
Total Income	1.30	0.99	0.66	0.64
Profit after Tax (Loss in brackets)	(5.77)	(0.49)	(4.10)	(0.26)
Earnings per Share per Rs.10/- paid up Eq. Share (Rs.) (Negative figure in brackets) 30.09.2007 annualized	(0.23)	(0.01)	(0.09)	(0.10)
Net Asset Value per Share of Rs.10/- each (Rs.)	9.31	9.44	9.43	4.18

The Company is not a Sick Industrial Company.

Name of the Company	:	**Transwarranty Advisors Pvt. Ltd**
Date of Incorporation	:	20.04.1999
Promoter	:	Shri. Kumar Nair
Board of Directors	:	Shri. Kumar Nair Shri. Prasad Varghese
Nature of activities	:	Yet to commence any activity

Brief financials based on Audited Accounts for the last three years are given below:

(Rs. in Lacs)

Details	31.03.2007	31.03.2006	31.03.2005
Paid Up Equity Capital	1.01	1.01	1.01
Reserves & Surplus (Net of accumulated losses and Misc. expenses not written off) (Negative figure in brackets)	(111.15)	(45.32)	(26.77)
Total Income	0.00	0.55	0.06
Profit after Tax (Loss in brackets)	(65.85)	(18.58)	(0.15)
Earnings per Share per Rs.10/- paid up Eq. Share (Rs.) (Negative figure in brackets)	(653.92)	(184.51)	(1.49)
Net Asset Value per Share of Rs.10/- each (Rs.) (Negative figure in brackets)	(1093.74)	(440.02)	(255.81)

The Company is not a Sick Industrial Company.

Name of the Company	:	**Transwarranty Private Limited**
Date of Incorporation	:	14.04.1972
Promoter	:	Shri. Kumar Nair
Board of Directors	:	Shri. Kumar Nair Shri. Haridas T V
Nature of activities	:	Yet to commence any activity.

Brief financials based on Audited Accounts for the last three years are given below:

(Rs. in Lacs)

Details (Year ending March 31)	**2007**	**2006**	**2005**
Paid Up Equity Capital	9.64	9.64	9.64
Reserves & Surplus (Net of accumulated losses and Misc. expenses not written off) (Negative figure in brackets)	(73.63)	(62.49)	(48.90)
Total Income	0.00	3.36	13.44
Profit after Tax (Loss in brackets)	(11.14)	(13.59)	(4.63)
Earnings per Share per Rs.10/- paid up Eq. Share (Rs.) (Negative figure in brackets)	(11.56)	(14.10)	(4.81)
Net Asset Value per Share of Rs.10/- each (Rs.) (Negative figure in brackets)	(66.42)	(54.86)	(40.75)

The Company is not a Sick Industrial Company.

3.4. **Compliance with Regulation 21(2) & Clause 40A of the Listing Agreement**:

The acquisition of 20 % of the voting capital of VSL under this offer together with the Shares being acquired through the Share Purchase Agreement will result in public shareholding falling marginally below the level required for continued listing. Assuming full acceptance under this Offer, the post offer holding of the Public shall be 24.95% of the voting Capital. If consequent to the shares proposed to be acquired under the Share Purchase Agreement, any further acquisition by the Acquirers and this Offer, the public shareholding falls below the level stipulated for continued listing, then the Acquirers will comply with the relevant provisions of Clause 40A of the listing agreement in this regard, within the time limits stipulated therein. The Acquirers undertake and declare that they do not have any intention to delist the Equity Shares of Target Company after this Open Offer. They also undertake that they will comply with the provisions of Clause 40A of the listing agreement, in this regard, within the time limits stipulated therein.

3.5 **FUTURE PLANS OF THE ACQUIRERS WITH RESPECT TO VSL**

The objects of the acquisition are substantial acquisition of Shares of VSL followed by change in control. The Acquirers propose to take control of VSL. Barring unforeseen circumstances, the Acquirers are confident of ensuring sustained growth. VSL is presently engaged in Stock Broking business and is also extending depository services as a Depository Participant. The Acquirers propose to continue with the existing activities. TFL is well versed with these activities as one of its subsidiaries is in same line of business. Further, the promoter of TFL and one of the Acquirers, Shri. Kumar Nair is a Chartered Accountant with experience in Investment Banking and holds certificate of NCFM, issued by Stock Exchanges, after successful completion of written test and interview. The Acquirers are confident of utilizing their experience to further the prospects of VSL and ensure steady business and growth.

4. BACKGROUND OF THE TARGET COMPANY

4.1.1 VSL was incorporated on 15.09.1993 as a private limited Company in the State of Kerala under the Companies Act, 1956. The Company was converted to Public limited Company on 3.2.1995. VSL made its initial public offer of Equity Shares in June 1996 and listed the same in Cochin, Coimbatore, Madras and Mumbai (BSE) Stock Exchanges.

The Registered Office of VSL is at Thottathil Towers, IInd Floor, Market Road, Ernakulam, Kochi 682 018. (Tel. No. (0484) 2384848 Fax No. (0484) 2394209, E-mail ID: ranjanverghese@ hotmail.com, Website: vertexbroking.com)

VSL is promoted by Shri. Ranjan Verghese and his associates Shri. K G Mohan & Dilip Verghese and their family members.

The Fixed Assets held by VSL are Land & Building, Furniture and Fixtures, Equipments, computer systems, V Sat, Air Conditioners, Software and membership rights.

The Directors of VSL are Shri. Ranjan Verghese (Managing Director), Shri. Dilip Verghese, Dr. George Varkey Thalody (Alternate Director: Dr. Thomas V. Thalody), Dr. Lucyamma Thalody (Alternate Director: Shri. Joseph Francis Xavier), Dr. Thomas Alappat, Shri. Ivan J. Coelho, Shri. Thomas J. Vayalat (Non Executive, Independent), Smt. Thressiamma Nemri, Shri. A Anup Kumar (Non Executive, Independent) and Shri. M. V. Satheesan (Non Executive, Independent).

4.1.2 The Authorized Capital of VSL is Rs. 944 Lacs, divided into 94,40,000 Equity Shares of Rs 10/- each .The paid up Equity Share Capital as on date is 51,78,001 Equity Shares of Rs.10/- each aggregating Rs. 517.80 Lacs. All the outstanding Equity Shares are fully paid up. All the Equity Shares are listed and admitted for trading. Post Public Issue, VSL had 49, 77,700 Equity Shares outstanding as partly paid Equity Shares. The members of VSL vide Special Resolution dated 15.01.2001 resolved to issue 1 fully paid Equity Share for every 4 partly paid Equity Share held. VSL moved petition before the Hon'ble High Court of Kerala for effecting the reduction/restructuring under Section 101 of the Companies Act and the Hon'ble Court, vide its order dated 19.7.2001 approved the proposed reduction in capital consequent to allotment of 1 fully Equity Share for every 4 partly paid Equity Shares. The same was given effect to and consequently the issued capital reduced to the present level.

4.1.3 As on date of this Public Announcement, the promoter group/persons in control, hold 30, 50,343 Equity Shares, each fully paid up, representing 58.91% of the listed Capital.

4.1.4 VSL has signed agreements with NSDL and CDSL for offering Shares in dematerialized form. The ISIN Number is INE 316D01016. The Marketable lot for the Shares of VSL for the purpose of this Offer shall be 1 (one only).

4.1.5 VSL has, as its main objects, "to carry on the business of an investment company, investment trust company, promoters, finance and stock brokers, sub brokers, dealers in financial securities etc."

4.1.6 VSL is presently engaged in Stock Broking business. VSL is a member of the National Stock Exchange of India Ltd (NSE) in the Capital Market and Derivative segments. VSL is also a member of The Bombay Stock Exchange Ltd (BSE) and Cochin Stock Exchange (CSE). VSL is registered with Securities and Exchange Board of India as a Share Broker and the registration numbers are INB090725935 (CSE), INB10725936 (BSE), and INB230725936 (NSE). The registration is valid as on date of this Public Announcement. VSL is also extending dematerialization facility and is a Depository Participant attached to National Securities Depository Ltd (NSDL). The relevant SEBI registration No. is In-DP-NSDL-146-2000. SEBI/Stock Exchanges has not taken any action against VSL with respect to conduct of its broking/DP business.

4.1.7 There has not been any merger or demerger or spin off of activity in the preceding 3 years.

4.1.8 VSL has one Subsidiary "Vertex Commodities And Finpro Private Ltd"/"VCFPL)". VCFPL is a member of MCX, NMCE and NCDEX, Commodity Exchanges and is engaged in commodity broking. On a standalone basis, VCFPL had a gross income of Rs.166.05 Lacs in the financial year 2006-07 and Net Profit of Rs.26.92 Lacs. VCFPL has a paid up capital of Rs.86.15 Lacs and Reserves and Surplus as on 31.3.2007 was Rs. 26.05 Lacs.

4.1.9 Except for interim Dividend of 5% in October 2006, VSL has not declared Dividend in the last 5 years.

4.1.10 None of the Directors of VSL represent the Acquirers.

4.1.11 The Marketable lot for the Shares of VSL is 1 (One only)

4.1.12 The Equity Shares of VSL are currently listed at BSE, MSE and CbSE. VSL had, at the time of initial public offer, got its Equity Shares listed at Cochin Stock Exchange also. After due resolution by members of VSL, VSL got itself delisted from Cochin Stock Exchange and CSE has confirmed delisting w.e.f from 27.09.2007, vide its letter No. SE/LIST/155/2007 dated October 11, 2007. The Shares are not admitted as a permitted security at any other Stock Exchange. All the outstanding issued Equity Shares of VSL are listed and admitted for trading. There are no partly paid Equity Shares or outstanding warrants or options or similar instruments, convertible into Equity Shares at a later stage. No Shares are subject to lock in.

4.1.13 VSL has no arrears of listing fee to BSE. VSL faced action of suspension of trading of its shares by the BSE from 14.09.1998 for non-compliance with Clause 15/16 of the listing agreement. Trading was reinstated w. e. from 18.01.2000. VSL is at present complying with various clauses of listing agreement. The listing fee with respect to Madras and Coimbatore Stock Exchanges are in arrears from 1999-2000.

4.1.14 VSL is complying with provisions of Clause 49 of the Listing Agreement.

4.1.15 The filing of returns under Chapter II of SEBI (SAST) Regulations were not made by VSL from 1997 to 2007. The filings under Reg. 6(2) & 6(4) for 1997 and 8(3) from 1998 to 2007 (except year 2006) were made late, on 25th May 2007. The filing under Reg. 8 for 2006 was made late on 15.11.2007. For non-compliance with the provisions of Chapter II of SEBI (SAST) Regulations, for the years 1997 to 2007, SEBI may initiate suitable action against VSL at a later stage. As regards promoters of VSL, filing under Reg.6 for 1997 and Reg.8 from 1998 to 2005 were made late, on 25.05.2007. For the year 2006, filing under Reg.8 was made late on 15.11.2007 and for the year 2007, filing was done late, on 25.05.2007. For non-compliance with the provisions of Chapter II by the promoters/promoter group Shareholders of VSL for the years 1998 to 2007, SEBI may initiate suitable actions against the promoters/promoter group Shareholders. For non-compliance with the provisions of Reg. 11 by the promoters/promoter group Shareholders on 30.10.1999 and 08.04.2006, SEBI may take suitable action against them at a later stage.

4.1.16 VSL is not a Sick Company.

4.1.17 VSL has no overdue liabilities to Banks/FIs. There are no pending litigations against VSL. Other than what is stated in para "4.1.13" above, no action has been taken by the Stock Exchanges, SEBI or any other authority against VSL, its promoters or Directors.

4.1.18 Ami Stock and Share Brokers Private Limited, having its registered office at 38, Old Market Area, Mithapur, had, vide Memorandum of Understanding dated 04.02.2007, agreed to purchase 45% Equity Shares from the promoters at an agreed price of Approx. Rs. 25/- per Share. Hence, on 04.02.2007, the said Ami Stock and Share Brokers Private Limited triggered Regulation 10 of the Regulations. For the said non compliance by Ami Stock and Share Brokers Private Limited, SEBI may initiate suitable action against Ami Stock and Share Brokers Private Limited in terms of the provisions the SEBI (Substantial Acquisition of Shares and Takeovers) Regulations as amended till date and other provisions of SEBI Act at a later stage.

4.1.19 The Cochin Stock Exchange Ltd, vide its letter No. SE/L/231/2008 dated 20th May 2008, has intimated the Target Company, prior approval for change in Shareholding pattern amounting to change in control by SEBI, subject to certain conditions. Similar intimations giving prior approval by SEBI and conditions thereof have been given by BSE vide their letter MSD/ MM/ AB/RBP/3089/2008 dated 21st May 2008 and NSE vide its letter NSE/MEM/613/73683-8 dated May 21, 2008.

4.1.20 Promoters/Promoter Group Shareholders of VSL

Shri. Ranjan Verghese 19-D, Link Heritage Chittor Road Kacherippady Kochi 682 018	Shri. Thomas Alappat 9, Manor Drive Warren NJ 07059 USA	Smt. Tessy Vergherse (W/o. Ranjan Verghese) 19-D, Link Heritage, Chittoor Road, Kacheripady, Kochi 682 018
Shri. Dilip Verghese 35, Jaret Court, Watchung NJ 07060, USA	Smt. Lucyamma Thalody 25, Kristy Lane Watchung NJ 07060, USA	Smt. Usha Jacob "Remya", C.S. Menon's Colony, Kalathilparambil Road, Kochi - 682 016
Mrs. Kunjumol Dilip 35, Jaret Court, Watchung NJ 07060, USA	Smt. Thressiamma Nemri 8340, Mountain View Dallas, Texas 75249, USA	Shri. George Varkey Thalody 25, Kristy Lane Watchung, NJ 07060, USA
Mr. Ivan J Coelho, 3671, Hudson Manor Terrace, Riverdale, NY 10463, USA		

Notes:

1. Of the above, promoter Shareholders Smt. Lucyamma Thalody, Smt. Thressiamma Nemri, Mr. Ivan J Coelho, Smt. Tessy Verghese and Smt. Usha Jacob presently do not hold any Shares in the Target Company. Smt. Luciyamma Thalody and Mr. Ivan J Coehlo exited on 30.08.2007 and Smt. Thresiyamma Nemri exited on 22.08.2007. Smt. Tessy Verghese was holding Shares till 30.10.1999 only. Smt. Usha Jacob was holding Shares from 30.10.1999 to 31.12.2005 only.
2. Some of the promoter Group Shareholders have acquired Shares/made inter se transfers among themselves which are in violation of Reg. 11 of the Regulations. The details are as under:
   a. On 30.10.1999, Smt. Usha Jacob acquired from Smt. Tessy Verghese 4,75,000 Shares through an inter se transfer among promoters/promoter group Shareholders. The same exceeds the limit under Reg. 11(1) and exemption under Reg. 3 is not applicable as all the conditions for exemption of Inters se transfers are not satisfied
   b. On 08.04.2006, Shri. Dilip Verghese acquired 6,30,250 Shares which is in excess of limits under Reg. 11(1).
   c. Calculation of Offer Price in respect of the above triggers

DATE OF ACQUISITION/TRANSFER	**30.10.1999**	**08.04.2006**
NUMBER OF SHARES ACQUIRED/TRANSFERRED	475000	630250
% TO VOTING CAPITAL	5.33	12.17
LIMIT UNDER REG 11(1)	2.00	5.00
ACQUISITION/TRANSFER PRICE (Rs. PER SHARE)	5.00	15.00
TRIGGER DATE FOR OPEN OFFER	30.10.1999	08.04.2006
INTEREST @ 15% P.A. FROM ACQUSITION DATE TILL DATE OF PAYMENT OF CONSIDERATION IN THE PRESENT OFFER, I.E TILL JULY 22, 2008	9.75	5.68
OFFER PRICE OUGHT TO BE	14.75	20.68

3. Further, there have been a few violations of reporting requirements under Reg. 7(1A). They are
   a. On 30.10.1999, Smt. Usha Jacob acquired from Smt. Tessy Verghese 4,75,000 Shares through an inter se transfer among promoters/promoter group Shareholders. Not reported under Reg. 7(1A)
   b. On 29.05.2000, Mr. Ivan J Coehlo transferred to Shri. Dilip Verghese, 2,15,000 Shares, which requires reporting under Reg. 7(1A), which has not been done.
   c. On 29.07.2000, Sri Ranjan Verghese acquired 4300 Shares. Reporting under Reg. 7(1A) was not done
   d. On 31.12. 2005, Smt. Usha Jacob sold 4,75,000 Shares to then Managing Director, Shri. J V Panicker. Shri. J V Panicker was not part of promoter group. Reporting of the sale under Reg. 7(1A) was not done.
   e. On 08.04.2006, Shri. Dilip Verghese acquired 6,30,250 Shares which is not reported under Reg. 7(1A).

   For the violations stated above, SEBI may initiate suitable action under the Regulations and/or under any other provisions/Regulations under SEBI Act 1992.

4.1.21 The Compliance Officer of VSL is Shri. K J Thomas, residing at E-56, Changampuzha Nagar, Kochi- 682 033 (Tel No. (0484) 2577202) who will be available at the registered office address of VSL and shall attend to all investor grievances.

4.2.1 Equity Share Capital Structure of VSL as on date of PA.

Paid up Equity Shares of VSL	No. of Shares	% of Shares	Voting Rights	% of voting rights.
Fully paid up Equity Shares	51,78,001	100	51,78,001	100
Partly paid up Equity Shares	0	0	0	0
Total paid up Equity Shares	51,78,001	100	51,78,001	100
Total voting rights in Target Company	51,78,001	100	51,78,001	100

4.2.2 Build Up of Current Capital

4.2.2.1.Build up of Authorized capital

(In Rs.)

Date	From	To	Authorized Capital after enhancement
On Incorporation	0	5,00,000	5,00,000
05.01.1994	5,00,000	30,00,000	30,00,000
20.04.1994	30,00,000	50,00,000	50,00,000
31.01.1995	50,00,000	3,00,00,000	3,00,00,000
01.08.1995	3,00,00,000	8,70,00,000	8,70,00,000
30.08.1995	8,70,00,000	9,00,00,000	9,00,00,000
09.01.1996	9,00,00,000	9,44,00,000	9,44,00,000

The Authorized Capital consist of Equity Share Capital only

4.2.2.2 Build up of Current paid up Capital

Date of allotment	No. and % of Shares Issued	Cumulative paid up capital (No of Shares)	Mode of allotment	Identity of allottees (e.g.-promoters /others	Status of compliance With SEBI (SAST) Regulations other Regulations under SEBI Act 1992
On Incorporation	200	200 0.004 % of current Capital	Signatories to the Memorandum, for cash	Signatories to the Memorandum (100 Shares to promoter group and balance 100 to outsiders, not forming part of the promoter group)	Provisions of Companies Act, complied with. SEBI Regulations/Guidelines issued by SEBI not applicable
21.03.94	2,69,800	2,70,000 5.21 % of current Capital	Allotted to promoters, friends, relatives & associates	promoters, friends, relatives & associates	Provisions of Companies Act, complied with. SEBI Regulations/Guidelines issued by SEBI not applicable
10.05.94	1,70,000	4,40,000 8.50 % of current Capital	Allotted to promoters, friends, relatives & associates	promoters, friends, relatives & associates	Provisions of Companies Act, complied with. SEBI Regulations/Guidelines issued by SEBI not applicable
04.02.95	15,09,853	19,49,853 37.66 % of current Capital	Allotted to promoters, friends, relatives & associates	promoters, friends, relatives & associates	Provisions of Companies Act, complied with. SEBI Regulations/Guidelines issued by SEBI not applicable
24.02.95	8,13,200	27,63,053 53.36 % of current Capital	Allotted to promoters, friends, relatives & associates	promoters, friends, relatives & associates	Provisions of Companies Act, complied with. SEBI Regulations/Guidelines issued by SEBI not applicable
04.05.95	2,500	27,65,553 53.41 % of current Capital	Allotted to promoters, friends, relatives & associates	promoters, friends, relatives & associates	Provisions of Companies Act, complied with. SEBI Regulations/Guidelines issued by SEBI not applicable
03.08.95	7,26,323	34,91,876 67.44 % of current Capital	Allotted to promoters, friends, relatives & associates	promoters, friends, relatives & associates	Provisions of Companies Act, complied with. SEBI Regulations/Guidelines issued by SEBI not applicable
26.08.95	80,000	35,71,876 68.98 % of current Capital	Allotted to promoters, friends, relatives & associates	promoters, friends, relatives & associates	Provisions of Companies Act, complied with. SEBI Regulations/Guidelines issued by SEBI not applicable
05.07.96	53,39,400	89,11,276 172.10 % of current Capital	Allotted to public as part of public offer	Public	Provisions of Companies Act, complied with. SEBI Clarifications on Public Issues complied with
14.09.2001	Reduced 37,33,275 Shares 72.10% of Current Capital.	51,78,001 100 % of current Capital	Public. Converted partly paid shares to fully paid	Public	As per Court order. Provisions of Companies Act complied with. This is reduction consequent top conversion of 4 partly paid Share to 1 fully paid Share.

4.2.2.3 Change in Shareholding of promoters and position of Compliance

Date of allotment/acquisition /sale	No. of Shares Issued /acquired/sold /reduced	Cumulative Shareholding (Shares)	Mode of allotment/ Acquisition	Identity of allottees (e.g.-promoters /others	Status of compliance with SEBI (SAST) Regulations other Regulations under SEBI Act 1992 & other statutory requirements, as applicable
On Incorporation	Allotted 100 Shares	100 0.002% of current listed Capital)	Allotment to promoters for cash	Promoters/ promoter group	SEBI Clarifications not applicable Complied with other statutory requirements
21.03.94	Allotted 2,70,000 Shares	2,70,100 5.21 % of current Capital	Allotment to promoters for cash	Promoters/ promoter group	SEBI Clarifications not applicable Complied with other statutory requirements
11.05.94	1,70,000 Shares Allotted	4,40,100 8.50 % of current Capital	Allotment to promoters for cash	Promoters/ promoter group	SEBI Clarifications not applicable Complied with other statutory requirements
04.02.95	15,09,753 Shares allotted	19,49,853 Shares 37.66 % of current Capital	Allotment to promoters for cash	Promoters/ promoter group	SEBI Clarifications on Public issue complied with. Complied with other statutory requirements
24.02.95	8,13,200 Shares allotted	27,63,053 Shares 53.36 % of current Capital	Allotment to promoters for cash	Promoters/ promoter group	SEBI Clarifications not applicable Complied with other statutory requirements
03.08.95	7,26,323 Shares allotted	34,89,376 Shares 67.39 % of current Capital	Allotment to promoters for cash	Promoters/ promoter group	SEBI Clarifications not applicable Complied with other statutory requirements
26.08.95	80,000 Shares allotted	35,69,376 Shares 68.93 % of current Capital	Allotment to promoters for cash	Promoters/ promoter group	SEBI Clarifications not applicable Complied with other statutory requirements
30.09.96	Bought 400 Shares 0.004 % of then Capital	35,69,376 Shares 68.94 % of current Capital	Market purchases	Promoters/ promoter group	Within limits under Reg. 11(1). No reporting required under Reg. 7(1A)
31.03.97	Bought 5000 Shares 0.06 % of then Capital	35,74,376 Shares 69.04 % of current Capital	Market purchases	Promoters/ promoter group	Within limits under Reg. 11(1). No reporting required under Reg. 7(1A)
16.08.97	Bought 47,500 Shares 0.53 % of then Capital	36,22,276 Shares 69.96 % of current Capital	Market purchases	Promoters/ promoter group	Within limits under Reg. 11(1). No reporting required under Reg. 7(1A)
30.06.98	Bought 8,100 Shares 0.09 % of then Capital	36,30,376 Shares 70.11 % of current Capital	Market purchases	Promoters/ promoter group	Within limits under Reg. 11(1). No reporting required under Reg. 7(1A)
Between 31.3.1998 & 31.3.99 (As reported u/r 8(3)	Sold 8600 Shares 0.08 % of then Capital and bought 2500 Shares 0.02% of then capital	36,24,276 Shares 69.99 % of current Capital	Market Sales	Promoters/ promoter group	Sale. No reporting required under Reg. 7(1A)

30.10.1999 (As reported under Reg. 8(3) and explanation given)	Sale by one promoter group shareholder 4,75,000 Shares. 5.33 % of then Capital Purchase by another promoter shareholder 4, 75,000 Shares. 5.33 % of then Capital	36,24,776 Shares 69.99 % of current Capital	Transfer between promoter group shareholders	Promoters/ promoter group	Inter se transfer among promoter group shareholders. Exceeds limit under Reg. 11(1). Reporting as required under Reg. 7(1A) not done. Not eligible for exemption under Reg. 3(e) as all the conditions for exemption of inter se transfer not satisfied. Prior intimation to SEs not done. Not reported to SEBI within 21 days.
29.05.2000 (As reported u/r 8(3)	Transfer of 2,15,000 Shares between promoters 2.41 % of then Capital	36,24,776 Shares 69.99 % of current Capital	Inter se transfer among promoters	Promoters/ promoter group	Reporting under Reg. 7(1A) not done.
29.07.2000 As reported u/r 8(3)	Bought 4300 Shares 0.05% of then capital	36,28,576 Shares 70.08 % of current Capital	Market purchase	Promoters/ promoter group	Reporting under Reg. 7(1A) not done.
31.12.2005	Sold 4,75,000 Shares 9.17 % of then Capital	31,53,576 Shares 60.90 % of current Capital	Off market transfer	Promoters/ promoter group	Sale only. Reporting as required under Reg. 7(1A) not done.
08.04.2006	Bought 6,30,250 Shares 12.17 % of then Capital	37,83,826 Shares 73.08 % of current Capital	Off market Transfer	Promoters/ promoter group	Exceeds the limits under Reg. 11(1). Reporting required under Reg. 7(1A) also not done. Reg. 11(2) also violated.
20.08.2007	Sold 95,328 Shares 1.84 % of then Capital	36,88,498 Shares 71.23 % of current Capital	Market sale	Promoters/ promoter group	Sale only. Reported under Reg. 7(1A).
21.08.2007	Sold 1,50,000 Shares 2.90 % of then Capital	35,38,498 Shares 68.34 % of current Capital	Market sale	Promoters/ promoter group	Sale only. Reported under Reg. 7(1A).
22.08.2007	Sold 15,672 Shares 0.30 % of then Capital	35,22,826 Shares 68.03 % of current Capital	Market sale	Promoters/ promoter group	Sale only. Reported under Reg. 7(1A).
22.08.2007	Sold 50,000 Shares 0.97 % of then Capital	34,72,826 Shares 67.07 % of current Capital	Market sale	Promoters/ promoter group	Sale only. Reported under Reg. 7(1A).
24.08.2007	Sold 50,200 Shares	34,22,626 Shares	Market sale	Promoters/ promoter group	Sale only. Reported under Reg. 7(1A).

28.08.2007	Sold 24,560 Shares 0.47 % of then Capital	33,30,516 Shares 64.32 % of current Capital	Market sale	Promoters/ promoter group	Sale only. Reported under Reg. 7(1A).
29.08.2007	Sold 45,027 Shares 0.87 % of then Capital	32,85,489 Shares 63.45 % of current Capital	Market sale	Promoters/ promoter group	Sale only. Reported under Reg. 7(1A).
27.08.2007	Sold 33,656 Shares 0.65 % of then Capital	32,51,833 Shares 62.80 % of current Capital	Market sale	Promoters/ promoter group	Sale only. Reported under Reg. 7(1A).
30.08.2007	Sold 2,01,490 Shares 3.89 % of then Capital	30,50,343 Shares 58.91 % of current Capital	Market sale	Promoters/ promoter group	Sale only. Reported under Reg. 7(1A).

Note : For non compliance with the provisions of Reg. 11 by the promoters/promoter group Shareholders on 30.10.1999 and 08.04.2006, as disclosed above, SEBI may take suitable action against them at a later stage

4.3 There are no outstanding warrants or options or similar instruments, convertible into Equity Shares at a later date.

4.4 All the present issued Equity Shares of VSL are listed at the Stock Exchanges.

4.5. Save and except for the actions disclosed under 4.1.13 above, the Stock Exchanges have not awarded any penalties/initiated action against the Target Company, its promoters/Directors.

4.6.1 **Board of Directors as on Monday, November 5, 2007 the date of PA:**

Name	Date of appointment	Residential Address	Designation
Shri. Ranjan Verghese	04.02.1995	19 D, Link Heritage Chittoor Road, Ernakulam Cochin 682 018	Managing Director
Shri. Dilip Verghse	05.01.1994	35, Jaret Court Watchung, NJ 07060 , USA	Director
Dr. George Varkey Thalody	03.08.1995	25, Kristy Lane Watchung, NJ 07060, USA	Director
Dr. Thomas V Thalody	15.06.1996	Thalody House Memuri P.O, Kottayam 686 617	Alternate Director
Dr. Luciyamma Thalody	03.08.1995	25, Kristy Lane Watchung, NJ 07060, USA	Director
Shri. Joseph Francis Xavier	22.06.1998	Kanakassery House Cardinal colony Road, BMC Post, Thrikkakara, Kochi 682 021	Alternate Director
Dr. Thomas Alappat	04.02.1995	9, Manor Drive, Warren NJ07060, USA	Director
Mr. Ivan J Coelho	24.02.1995	3671, Hudson Manor Terrace Riverdale, NY 10463, USA	Director
Shri. Thomas J Vayalat	12.01. 2006	6/4, 19/B, Vayalat House VTJ Enclave, Maraud, Kochi 682 304	Director – Non Executive Independent
Smt. Thressiamma Nemri	03.08.1995	8340, Mountain View Dallas, Texas 75249, USA	Director
Shri. A Anup Kumar	02.03.2002	Vaishnavi, 208, Girinagar Kochi 682 020	Director – Non Executive Independent
Shri. M V Satheesan	29.11.1996 vacated on 30.06.2004 reappointed on 21.12.2005	Mattathil House Nenmanikkara, Pudukad P.O Thrissur 680 301	Director – Non Executive Independent

4.6.2 Experience, Qualification etc. of the Board of Directors

Name	Age, Qualification, Occupation	Experience, in brief
Shri. Ranjan Verghese	Age: 56 years B Sc (Engg.) Managing Director of VSL	Started career In Kerala Solvent Extractions Ltd in 1973 as Factory Manager. Served for 4 years. IN 1977, joined as Project Engineer at Engineers Project Ltd, Kuwait. Left in 1979. Then worked as Factory Manager at ISOFOAM, Kuwait for 4 years, worked as Factory Manager at Alamdar Vapothem, Saudi Arabia for 4 years, worked as GM/Director (Operations) for Amalgam Group of Companies, Kochi for 3 years. Joined as a member of Cochin stock Exchange Ltd from January 1995 to September 1998. Promoted Vertex Securities Ltd and is its Managing Director.
Shri. Dilip Verghse	Age: 59 years B Sc. Engg. In construction business.	Started his career as an engineer in 1974 with Public Works Dept, Maharashtra. Left in 1977. Settled in the USA since 1977 and doing own construction business.
Dr. George Varkey Thalody	Age: 65 years MBBS, MD Physician in the USA	Physician, settled in USA. 30 years experience as a Doctor.
Dr. Thomas V Thalody	Age: 60 years PhD. Retired Professor	Academician. Retired as a Professor
Dr. Luciyamma Thalody	Age: 61 years MBBS, MD Physician settled in USA	22 years as a Physician in the USA.
Shri. Joseph Francis Xavier	Age: 54 years Graduate Business	Running own business at Kochi, Kerala
Dr. Thomas Alappat	Age: 62 years MBBS , MD Physician	24 years experience as a Doctor, in the USA.
Mr. Ivan J Coelho	Age: 67 years B.Sc, MBA Business	Settled in the USA. A businessman in the USA for 29 years.
Shri. Thomas J Vayalat	Age: 60 years B Com, LLB Business	About 20 years experience as a businessman. Doing business in marine products
Smt. Thressiamma Nemri	Age: 50 years B.Sc. Service	In the medical administration filed in the US with about 16 years experience.
Shri. A Anup Kumar	Age: 55 years Post Graduate Consultant	Started career as a Trainee Officer in Syndicate Bank in 1973 and rose to the position of Manager. Took Voluntary retirement in 1997. Later joined a Share Registry and Merchant banking Company. Presently acting as Financial Consultant.
Shri. M V Satheesan	Age: 57 years B Com Business	About 32 years experience in different fields. Now looking after own business.

4.6.3 There has been the following change in Board of Directors in the last three years.

Name	Date of change	Nature of change
Shri. J V Panicker	03.02.2006	Resigned as Director & CMD
Shri. Kochu Krishnan C	03.02.2006	Resigned as Director
Shri. Manoj T S	03.02.2006	Resigned as Alternate Director
Shri. Thomas J Vayalat	12.01.2006	Appointed as Director
Shri. Kochu Krishnan C	12.01.2006	Appointed as Director
Shri. Manoj T S	12.01.1006	Appointed as Alternate Director
Shri. M V Satheesan	21.12.2005	Appointed as Director
Smt. Usha Jacob	21.12.2005	Resigned as Director
Shri. J V Panicker	20.12.2005	Appointed as Director & CMD
Smt. Thalody Vimala George	30.06.2004	Vacated Office as a Director u/s 283(1)(g)
Dr. George V Koluthara	30.06.2004	Vacated Office as a Director u/s 283(1)(g)
Shri. M V Satheesan	30.06.2004	Vacated Office as a Director u/s 283(1)(g)

Note : None of the above appointees are related to the Acquirers or nominees of the Acquirers.

4.7 There has not been any mergers/demergers involving the Target Company nor was there any spin off of activity during the last three years. There has been no change of name since Incorporation.

4.8.1. **Brief published Audited Financial data for the last three years (on stand alone basis) and for the six months ended 30.09.2007 (Certified by Auditors) are given hereunder:**

(Rs. In Lacs)

Profit & Loss Statement	30.09.07 (6 months)	31.03.07	31.03.06	31.03.05
Income from Main activity (including sales)	387.65	608.81	781.60	553.18
Other Income	50.36	91.67	84.10	21.75
Extra ordinary /Exceptional Income – Income tax for earlier years written back	0.00	0.00	0.00	0.43
Closing stock	0.37	1.08	1.20	28.11
Total Income	**438.38**	**701.56**	**866.90**	**603.47**
Total Expenditure	395.70	589.30	682.59	544.46
Profit/Loss before Interest, Depn., Tax and extraordinary items	42.68	112.26	184.31	59.01
Finance Charges	11.44	13.37	5.84	10.80
Depreciation /non cash charges	14.41	25.13	41.75	35.59
Extraordinary expenditure (Prior period exp)	1.00	0.69	5.90	0.00
Profit Before Tax/Loss before extraordinary items	16.83	73.76	136.72	12.62
Profit Before Tax/Loss after extraordinary items	15.83	73.07	130.82	12.62
Provision for Current Taxes	6.39	21.95	47.33	12.61
Profit After Tax/Loss	**9.44**	**51.12**	**83.49**	**0.01**
Balance Sheet Statement	**30.09.07**	**31.03.07**	**31.03.06**	**31.03.05**
Sources of funds				
Paid up Equity Share Capital	517.80	517.80	517.80	517.81
Reserves & Surplus (Negative figure in brackets)	20.83	11.38	(10.22)	(93.72)
Less: Misc. Expenses not written off	0.00	0.00	0.00	4.70
Net Worth	**538.63**	**529.18**	507.58	**419.39**
Secured Loans	1.08	1.46	2.17	2.83
Deferred tax liability	23.42	21.49	15.01	14.05
Unsecured Loans	99.59	95.00	0.00	0.00
Total Source of funds	**662.72**	**647.13**	**524.76**	**436.27**

Uses of funds				
Net Fixed Assets	243.52	228.89	203.20	133.32
Investments	84.00	84.00	50.00	24.00
Net Current Assets	335.20	334.24	271.56	278.95
Total	**662.72**	**647.13**	**524.76**	**436.27**
Other Financial Data				
Dividend (%)	NIL	NIL	NIL	NIL
Earnings per Share (Rs.) (30.09.07 annualized)	0.36	0.99	1.61	Negligible
Return on Net Worth (%) (Negative in Brackets) (30.09.2007 annualized) (Profit after Tax X100/Net Worth)	3.51	9.66	16.45	Negligible
Book Value Per Share (Rs.) (Net Worth/No. of Shares)	10.40	10.22	9.80	8.10

Details of Other Income during the above period

(Rs. In Lacs)

OTHER INCOME	30.09.07	31.03.07	31.03.06	31.03.05
Dividend Received	0.04	0.03	0.44	0.86
Income from written off debtors	0.00	1.48	10.18	1.05
Interest received	10.86	13.98	12.40	4.35
Late payment charges	9.67	16.20	28.43	7.95
Software and AMC Charges	3.84	6.61	5.20	3.86
V Sat recurring charges	8.86	14.25	2.37	0.00
Training fee	0.00	0.02	1.16	2.28
Turnover Charge	16.24	25.09	22.75	0.00
Other sundry income	0.85	1.51	1.17	1.40
Income from Investments	0.00	12.50		
Total of Other Income	**50.36**	**91.67**	**84.10**	**21.75**

The above financials are furnished after

- Making adjustments/rectification for all incorrect accounting policies or failures to make provisions or other adjustments which resulted in Audit qualifications; Material amounts relating to adjustments for last three years, if any have been identified and adjusted in arriving at the profits of the years to which they relate.
- Where there has been a change in accounting policy during the last three years, the profits or losses of those years have been re-computed to reflect what the profits or losses of those years would have been if a uniform accounting policy was followed in each of these years. However, in respect of any incorrect accounting policy being followed, the re-computation of the financial statements have been made in accordance with correct accounting policies;
- Statement of profit or loss discloses both the profit or loss arrived at before considering extraordinary items and after considering the profit or loss from extraordinary items.
- The statement of assets and liabilities have been prepared after deducting the balance outstanding on revaluation reserve account from both fixed assets and reserves and the net worth arrived at after such deductions.
- Details of Extraordinary Income, Extraordinary Expenditure etc. are given in the above table itself.
- There is no unusual fall or rise in Total Income and PAT in the above period. However, the revenue and PAT have shown a decline in 2007 compared to 2006, because of adverse market sentiments and reduced trading

activity. For the 6 months ended 30.09.2007 also there is drop in PAT which is attributed to reduction in Brokerage rates and increased expenses.

- **Qualifications by Auditors as on 31.3.2007:** (i) There is disputed tax liability for the years 2001-02, 2002-03 and 2003-04. The Company has challenged the demands in appeal. (ii) There was an Income Tax search in the premises of VSL in Chennai on 20.12.2000. The settlement proceedings is in progress before the Settlement Commission. No provision has been made for the possible liability for the above.
- The Investments during the above period is in the Subsidiary Company.

4.8.2. **Brief published Audited Financial data of Vertex Commodities and Finpro Private Ltd, Subsidiary of VSL, for the last three years (on stand alone basis) and for the six months ended 30.09.2007 (certified by Auditors) are given hereunder:**

(Rs. In Lacs)

Profit & Loss Statement	30.09.07 (6 months)	31.03.07	31.03.06	31.03.05
Income from Main activity	78.67	157.73	55.15	368.25
Other Income	2.98	8.32	0.62	0.09
Extra ordinary Income	0.00	0.00	0.00	0.00
Total Income	**81.65**	**166.05**	**55.77**	**368.34**
Total Expenditure	65.43	118.62	29.47	366.39
Profit/Loss before Interest, Depn., Tax and extraordinary items	16.22	47.43	26.30	1.95
Finance Charges	1.39	2.15	1.82	3.01
Depreciation /non Cash charges	1.93	2.10	1.28	0.94
Extraordinary expenditure	0.00	0.00	0.00	0.00
Profit Before Tax/Loss before extraordinary items (Loss in brackets)	12.90	43.18	23.20	(2.00)
Profit Before Tax/Loss after extraordinary items(Loss in brackets)	12.90	43.18	23.20	(2.00)
Provision for Taxes (add back in brackets)	0.63	16.36	7.19	(0.06)
Profit After Tax/Loss (Loss in brackets)	12.27	26.92	16.01	(1.94)
Balance Sheet Statement	**30.06.07**	**31.03.07**	**31.03.06**	**31.03.05**
Sources of funds				
Paid up Equity Share Capital	86.15	86.15	52.15	26.15
Reserves & Surplus	38.30	26.05	13.99	(2.03)
Less: Misc. Expenses not written off	0.00	0.01	0.02	0.03
Net Worth	**124.45**	**112.19**	**66.12**	**24.09**
Secured Loans	2.09	2.53	3.74	4.77
Unsecured Loans	0.00	0.00	0.00	0.00
Deferred Tax liability	0.00	0.00	1.05	0.00
Total Source of funds	**126.54**	**112.72**	**70.91**	**28.86**
Uses of funds				
Net Fixed Assets	58.00	25.77	12.98	13.68
Deferred Tax Assets	11.87	10.10	0.00	0.06
Investments	0.00	0.00	0.00	0.00
Net Current Assets (Negative figure in brackets)	56.67	78.85	57.93	15.12
Total	**126.54**	**114.72**	**70.91**	**28.86**
Other Financial Data				
Dividend (%)	NIL	NIL	NIL	NIL
Earnings per Share (Rs.) (30.09.07 annualized) (Negative figure in brackets)	2.85	3.12	3.07	(0.74)
Return on Net Worth (%) (Negative in Brackets) (30.09.2006 annualized) (Profit after Tax X100/Net Worth)	19.72	24.00	24.21	(8.05)
Book Value Per Share (Rs.) (Net Worth/No. of Shares) (Negative figure in brackets)	14.45	13.02	12.68	9.21

The above financials are furnished after

- ❖ Making adjustments / rectification for all incorrect accounting policies or failures to make provisions or other adjustments which resulted in Audit qualifications; Material amounts relating to adjustments for last three years, if any have been identified and adjusted in arriving at the profits of the years to which they relate.
- ❖ Where there has been a change in accounting policy during the last three years, the profits or losses of those years have been re-computed to reflect what the profits or losses of those years would have been if a uniform accounting policy was followed in each of these years. However, in respect of any incorrect accounting policy being followed, the re-computation of the financial statements have been made in accordance with correct accounting policies;
- ❖ Statement of profit or loss discloses both the profit or loss arrived at before considering extraordinary items and after considering the profit or loss from extraordinary items.
- ❖ The statement of assets and liabilities have been prepared after deducting the balance outstanding on revaluation reserve account from both fixed assets and reserves and the net worth arrived at after such deductions.
- ❖ Details of Extraordinary Income, Extraordinary Expenditure etc. are given in the above table itself.
- ❖ There is no unusual fall or rise in Total Income and PAT/Loss in the above period, except to the extent of increase in business over the period.

4.9. Pre and Post- Offer Share holding pattern of VSL shall be as follows:

Shareholders' category	Shareholding prior to the agreement/ Acquisition and offer. (A)		Shares to be acquired which triggered off the Regulations (B)		Shares to be Acquired in Open Offer (Assuming full acceptances) (C)		Share holding after the acquisition and Offer. (D)	
	No	%	No	%	No	%	No	%
1. Promoter group **Parties to the Agreement**								
Shri. Ranjan Verghese	5,41,400	10.46	(3,41,400)	(06.59)			2,00,000	3.86
Shri. Dilip Verghese	8,60,750	16.62	(8,60,750)	(16.62)			0	0
Smt Kunjumol Dilip (Jointly with Dilip Verghese)	5,23,000	10.10	(5,23,000)	(10.10)			0	0
Dr. Thomas Alappat	4,05,340	7.83	(4,05,340)	(7.83)			0	0
Dr. George Varkey Thalody	7,19,853	13.90	(7,19,853)	(13.90)			0	0
Total 1	30,50,343	58.91	(28,50,343)	(55.05)	0	0	2,00,000	3.86
2. Acquirers								
Transwarranty Finance Ltd	0	0	26,50,343	51.19	10,35,601	20	36,85,944	71.19
Shri. Kumar Nair	0	0	2,00,000	3.86	0	0	2,00,000	3.86
Total of Acquirers	0	0	28,50,343	55.05	18,50,000	20	41,20,000	75.05
3 Public Holding								
a. Indian Public	21,27,658	41.09	0	0	(10,35,601)	(20)	10,92,057	21.09
b. FIIs/FIs/Mutual Funds	0	0						
c. NRIs	0	0						
Total 3 (a+b+c)	21,27,658	41.09	0	0	(10,35,601)	(20)	10,92,057	21.09
Total (1+2+3)	51,78,001	100					51,78,001	100

Notes:

a. There are no Shares, which are subject to Lock in.

b. There are no warrants, options or convertible instruments, convertible at a later stage.

c. The Acquirer has not acquired any Shares from the date of the Public Announcement till date of this Letter of Offer.

d. Post Offer, the residual shareholding of the erstwhile promoter group will be clubbed with public holding.

e. The number of Shareholders under Public Category, i.e. under 4 above, on the Specified Date is 565

5. OFFER PRICE AND FINANCIAL ARRANGEMENTS

5.1 Justification of Offer price

5.1.1 The Equity Shares of VSL are listed at The Bombay Stock Exchange Ltd.(BSE), The Madras Stock Exchange Assn Ltd (MSE) and The Coimbatore Stock Exchange Assn Ltd (CbSE). The Shares are not admitted as permitted Security in any other Stock Exchange.

5.1.2 The annualized trading turnover of Shares of VSL, during the preceding 6 calendar months prior to the month in which Public Announcement was made, i.e. during the months May, 2007 to October 2007 (both inclusive) is given below.

The trading data is given below:

Name of stock exchange(s)	Total no. of Shares traded during the 6 calendar months prior to the month in which the P A was made.	Total No. of listed Shares	Annualized Trading turnover (in terms of % to total listed Shares)
The Madras Stock Exchange Ltd, Chennai (MSE)	NIL	51,78,001	0
The Bombay Stock Exchange Ltd (BSE)	15,35,311	51,78,001	59.30
The Coimbatore Stock Exchange Assn Ltd (CbSE)	NIL	51,78,001	0

The trading volume data in respect of BSE have been taken from the BSE's website www.bseindia.com. In respect of other Stock Exchanges, there is no trading in the Exchange.

The Shares are thus not infrequently traded in terms of Regulation 20 (5), explanation (i) at the Bombay Stock Exchange Ltd (BSE)

5.1.3 Since the Equity Shares of the Target Company has not been infrequently traded as per explanation (i) to Regulation 20(5) at the Bombay Stock Exchange Ltd during the 6 calendar months preceding the month in which the Public Announcement is made, the Offer price has been justified, taking into account, the following parameters, as set out under Regulations 20(4):

1	Negotiated price paid by the Acquirer or persons acting in concert under any Agreement referred to in sub regulation (1) of Regulation 14.	Rs. 25/-
2	Highest price paid by the Acquirer or PACs for acquisition including by way of allotment in a Public or Rights issue, if any, during the twenty-six week period prior to the date of PA	N.A
3	The price at which any preferential allotment of Equity Shares is made to the Acquirer in the 26 weeks preceding the date of Public Announcement.	N.A.
4	The average of the weekly high and low of the closing prices at BSE in the 26 weeks preceding the date of Public Announcement	Rs 29/19
5	The average of the daily high and low of the traded prices at BSE in the 2 weeks preceding the date of Public Announcement	Rs. 30/51
6	Highest of the above	Rs. 30/51

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

5.1.3.1 Trading data at Bombay Stock Exchange Limited (BSE)

a. The Weekly High and Low of the closing prices of the Equity Shares of VSL at the Bombay Stock Exchange Limited during the 26 Weeks preceding the date of the Public Announcement is as under:

(Price in Rs.)

Week Nos.	Week ended	High	Low	Average	Volume
1	11-May-07	23.85	23.60	23.73	7350
2	18-May-07	25.60	24.50	25.05	9585
3	25-May-07	25.60	24.25	24.93	4606
4	1-Jun-07	25.00	24.25	24.63	33250
5	8-Jun-07	26.00	24.40	25.20	723
6	15-Jun-07	25.45	25.00	25.23	1000
7	22-Jun-07	25.45	24.00	24.73	215
8	29-Jun-07	25.95	24.00	24.98	2020
9	6-Jul-07	26.50	25.40	25.95	30824
10	13-Jul-07	25.85	25.10	25.48	7197
11	20-Jul-07	26.70	24.60	25.65	11614
12	27-Jul-07	26.00	25.20	25.60	14698
13	3-Aug-07	28.25	24.35	26.30	2206
14	10-Aug-07	35.95	29.65	32.80	13042
15	17-Aug-07	43.55	37.70	40.63	5743
16	24-Aug-07	41.45	35.30	38.38	511898
17	31-Aug-07	33.85	30.30	32.08	639248
18	7-Sep-07	34.05	31.90	32.98	120495
19	14-Sep-07	35.15	34.00	34.58	70666
20	21-Sep-07	35.85	33.30	34.58	11009
21	28-Sep-07	35.80	32.35	34.08	14155
22	5-Oct-07	32.50	32.40	32.45	3225
23	12-Oct-07	31.50	29.10	30.30	4440
24	19-Oct-07	28.10	26.55	27.33	3364
25	26-Oct-07	30.20	26.15	28.18	18250
26	2-Nov-07	35.70	30.55	33.13	24682
Total		**789.85**	**727.90**	**758.88**	**1565505**
	Average Price		**29.1875**	**29.19**	
	Total Volume				

b. The daily High and Low of the traded prices of VSL at Bombay Stock Exchange Limited in the two Weeks preceding the date of the Public Announcement is as under:

(Price in Rs.)

Day	Date	High	Low	Average	Volume
1	22-Oct-07	26.75	26.00	26.38	500
2	23-Oct-07	27.45	27.45	27.45	25
3	24-Oct-07	28.80	28.00	28.40	125
4	25-Oct-07	30.20	30.20	30.20	50
5	26-Oct-07	31.70	28.75	30.23	17550
6	29-Oct-07	30.90	30.50	30.70	90
7	30-Oct-07	32.05	32.05	32.05	758
8	31-Oct-07	33.65	30.45	32.05	1140
9	1-Nov-07	35.30	32.00	33.65	1102
10	2-Nov-07	35.70	32.35	34.03	21592
		312.50	**297.75**	**305.13**	**42932**
	AVERAGE		30.5125	**30.51**	

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

5.1.3.2 Since the Equity Shares of the Target Company has been infrequently traded as per explanation (i) to Regulation 20(5) at MSE and CbSE, during the 6 calendar months preceding the month in which the Public Announcement is made, the Offer price has been justified, taking into account, the following parameters, as set out under Regulations 20(5) (c):

1	Negotiated price paid by the Acquirers under the any Agreement referred to in sub regulation (1) of Regulation 14.	Rs. 25/-
2	Highest price paid by the Acquirers for acquisition including by way of allotment in a Public or Rights issue, if any, during the twenty-six week period prior to the date of Public Announcement.	N.A.
3	Price paid by the Acquirers under any Preferential allotment made to them any time during the twenty six weeks preceding the date of PA	N.A.
4	Book Value of the Equity Shares as on 31.03.2007 (audited)	Rs.10.22
5	Earrings Per Share (EPS) as on 31.03.2007	0.99
6	Return on Net Worth during the preceding Financial year ended 31.03.2007 (based on Audited results)	9.66%
7	EPS (Annualized) 6 months period ended 30.09.2007	0.36
8	Return on Net Worth (annualized) for 3 months period ended 30.06.2007	3.51%
9	Book Value as on 30.09.2007 (based on certified accounts)	10.40
10	Offer Price	Rs. 31/-

(**Source of Information:** (a) Audited Accounts as on 31.03.2007 published by VSL & results of VSL (Certified by Auditor) as on 30.09.2007 (b)Share Purchase Agreement dated November 2, 2007)

5.1.4. This is not an indirect acquisition/control.

5.1.5 **Non Compete Fee:** There is no non-compete agreement for payment to any person.

5.1.6 The promoters/promoter group Shareholders have acquired Equity Shares of VSL, in violation of the provisions of Reg. 11 of SEBI (Substantial Acquisition of Shares and Takeovers) Regulations 1997 as amended. The details are given below. The Offer price is also justified, taking into account the said violations as detailed below:

INTER SE TRANSFERS/ACQUISITIONS WHICH HAVE VIOLATED TAKE OVER CODE		
DATE OF ACQUISITION/TRANSFER	30.10.1999	08.04.2006
NATURE OF ACQUISITION	INTER SE TRANSFER AMONG PROMOTERS	OFF MARKET PURCHASE
NUMBER OF SHARES	475000	630250
% TO VOTING CAPITAL	5.33	12.17
LIMIT UNDER REG 11(1)	2.00	5.00
PRICE AT WHICH ACQUIRED/TRANSFERRED (Rs. PER SHARE)	5.00	15.00
TRIGGER DATE FOR OPEN OFFER	30.10.1999	08.04.2006
INTEREST @ 15% P.A. FROM ACQUSITION DATE TILL DATE OF PAYMENT OF CONSIDERATION IN THE PRESENT OFFER, I.E TILL JULY 22, 2008	9.75	5.68
OFFER PRICE OUGHT TO BE	14.75	20.68
PRESENT OFFER PRICE	**31.00**	**31.00**

Note: Of the above, acquisition on 08.04.2006 also violates Reg. 11(2)

5.1.7 The Offer price is justified in terms of Regulation 20 (11) of the Regulations. In the opinion of the Manager to the Offer and the Acquirers, the Offer price is justified. The Offer price of Rs. 31/- per Equity Share (fully paid up) is more than the price being paid for acquisition under the Share Purchase Agreement. The Offer price is also justified considering the Book Value of Equity Shares, EPS, PE Ratio of Industry, Return on Net Worth etc. The offer price is also higher than the price being paid by the Acquirers for the Shares under the Share Purchase Agreement. In respect of the other Stock Exchanges, the Equity Shares are infrequently traded and the Offer price has been determined considering Book Value, EPS, Return on Net worth etc. The Offer Price is also justified taking into account the price as per the Regulations and interest thereof @ 15% p.a. compounded annually till date of payment under this Offer, for the acquisitions made by the promoters in violation of Reg.11.

5.1.8 In the event of any further Acquisition by the Acquirers any time till Thursday, June 26, 2008 and in the event of such acquisition price being higher than the price offered under this Offer, the Offer price will be revised upwardly to ensure that the price offered under this Offer is not less than the highest price paid for any such acquisitions. Any such upward revision will be notified through an announcement in all dailies where the original Public Announcement was made. The last date for any upward revision is Thursday, June 26, 2008.

5.2 Financial arrangements:

5.2.1 Assuming full acceptance, the total funds requirements to meet this Offer is Rs.3,21,03,631/- (Rupees Three Crores twenty one lacs three thousand six hundred and thirty one only).

5.2.2 In accordance with Regulation 28 of the SEBI (SAST) Regulations, the Acquirers had created Escrow Account in the form of transfer of Certificate of Deposit with ICICI Bank Ltd in the name of Transwarranty Finance Ltd (one of the Acquirers) for Rs.1,00,00,000/- (Rupees One Crore only), which is more than 25 % of the total consideration payable under the Offer, to the Demat account of Fedex Securities Ltd., Manager to the Offer on 2nd November 2007. As the Certificates of Deposit matured for payment, the same were encashed by Manager to the Offer and a fresh Deposit for Rs. 1,00,00,000/- (Rupees One Crore only) was made with The Federal Bank Ltd, Wembley, Off. Nehru Road, Vile Parle (East), Mumbai 400 057 on 26.03.2008 and lien has been noted in favor of Fedex Securities Ltd, Manager to the Offer.

5.2.3 The Acquirers have authorized Fedex Securities Ltd., Managers to the Offer to realize the value of the Escrow Account

5.2.4 The Acquirers have adequate resources to meet the financial requirements of the Offer. The funds requirements will be met from own sources/Net Worth and no borrowings from Banks/ FIs or Foreign sources such as NRIs or otherwise is envisaged. The Acquirers hereby declares and confirms that they have adequate and firm financial resources to fulfill the obligations under the Offer.

5.2.5 As per Certificate dated 2.11.2007 from Shri. U. Ramachandran (Membership No. 33269), Haridas Associates, Chartered Accountants, 3, Air View Society, Off Nanada Patkar Road, Opp. Rane Hospital, Vile Parle (East), Mumbai – 400 0057 (Tel. No. (022) 26123749, Fax No (022) 2617 6995), Statutory Auditors of TFL, the Net worth of TFL as on 31.03.2007 is Rs.3858.20 Lacs.

5.2.6 As per Certificate dated 2.11.2007 from Shri. U. Ramachandran (Membership No. 33269), Haridas Associates, Chartered Accountants, 3, Air View Society, Off. Nanada Patkar Road, Opp. Rane Hospital, Vile Parle (East), Mumbai – 400 0057 (Tel. No. (022) 26123749, Fax No (022) 2617 6995), Auditors of TFL, the Net worth of Shri. Kumar Nair as on 31.03.2007 is Rs. 1591.11 Lacs.

5.2.7 Shri. U. Ramachandran (Membership No. 33269), Haridas Associates, Chartered Accountants, 3, Air View Society, Off. Nanada Patkar Road, Opp. Rane Hospital, Vile Parle (East), Mumbai – 400 0057 (Tel. No. (022) 26123749, Fax No (022) 2617 6995), vide two separate Certificates dated November 1, 2007 has certified that the Acquirers have adequate liquid resources to meet the funds requirements of the Offer. The liquid resources available with the Acquirers as per the certificate are TFL Rs. 2558.40 Lacs and Shri. Kumar Nair Rs. 2249.78 Lacs. The source of funds is as follows:

(Rs. in Lacs)

Source of Liquid Funds – TFL	
Investments in Mutual Funds	1051.01
Bank Fixed Deposits	100.00
Investments in Equity Shares (Quoted)	47.19
Investments in Arbitrages	76.25
Inter Corporate Deposits given	1283.95
Total	**2558.40**
Source of Liquid Funds – Shri. Kumar Nair	
Balance with Bank	55.37
Investments in quoted Securities	2194.41
Total	**2249.78**

5.2.8 Fedex Securities Limited, Manager to the Offer certify and confirm that firm arrangements for funds and money for payment through verifiable means are in place to fulfill the Offer obligations.

6. TERMS AND CONDITIONS OF THE OFFER

6.1 a. This Offer will open on Wednesday, June 18, 2008 and will close on Monday, July 07, 2008. The Equity Shares offered under this Offer should be free from all liens, charges, equitable interests, encumbrances and are to be offered together with, if any, of all rights of dividends, bonuses or rights from now on and hereafter.

b. This is not a conditional Offer and there is no stipulation as to the minimum level of acceptance.

c. The Specified date for this Offer is Friday, November 30, 2007.

d. Specified date is only for the purpose of determining the names of the Shareholders/ beneficial owners holding Shares in dematerialized form, as on such date, to whom the Letter of Offer would be sent and all owners (registered or unregistered) of Shares of VSL anytime before the closure of the Offer, are eligible to participate in the Offer.

e. The Acquirers will comply with the Takeover Regulations and complete the offer formalities irrespective of the compliance or fulfillment or outcome of the Agreement for purchase of Shares and Change in control and its related conditions.

f. In case of non-compliance with any of the provisions of the Takeover Regulations, Agreement for Purchase of Shares & change in Control shall not be acted upon by the Sellers or the Acquirers.

g. VSL has signed agreements with NSDL and CDSL for offering Shares in dematerialized form. The ISIN Number is INE 316D01016. The Marketable lot for the Shares of VSL for the purpose of this Offer shall be 1(one only).

6.2 **Locked in Shares:** There are no Shares, which are subject to lock in.

6.3. Eligibility for accepting the Offer

6.3.1 The Letter of Offer shall be mailed to all Equity Shareholders /beneficial owners (except the present promoters, parties to the agreement and the Acquirers) whose names appear in register of Target Company as on Friday, November 30, 2007, the Specified Date.

6.3.2 This Offer is also open to persons who own Equity Shares in VSL but are not registered Shareholders as on the “Specified date”.

6.3.3 All Equity Shareholders/beneficial owners (except the present promoters, parties to the Agreement and the Acquirers) who own Equity Shares of Target Company anytime before the closure of the Offer are eligible to participate in the Offer.

6.3.4 The Form of acceptance and other documents required to be submitted herewith, will be accepted by the Registrar to the Offer, M/s. Intime Spectrum Registry Ltd, C-13, Pannalal Silk Mills Compound, L B S Marg, Bhandup (W), Mumbai – 400 078 Telephone Nos. (022) 25963838 Fax No. (022) 25960329/28 email id: vertex-offer@intimespectrum.com **(Contact Person: Shri. Sachin Achar)** between 10 a.m. to 4 p.m. on working days and between 10. a.m. to 2 p.m. on Saturdays, during the period, the Offer is open.

6.3.5 The Public Announcement, Letter of Offer, the Form of Acceptance and Form of Withdrawal will also be available at SEBI’s website: www.sebi.gov.in. In case of non-receipt of Letter of Offer, all Shareholders including unregistered Shareholders, if they so desire, may download the Letter of Offer, the Form of Acceptance or Form of Withdrawal from the SEBI website for applying in the Offer or to withdraw from the Offer.

6.3.6 Unregistered Equity Shareholders who have sent the Share Certificates for transfer to VSL/its Share Transfer Agent, and not received them back or hold Shares of VSL without being submitted for transfer or those who hold in Street Name shall also be eligible to participate in this Offer.

6.3.7 Unregistered Equity Shareholders and those who apply in plain paper will not be required to provide any Indemnity.

6.3.8 Unregistered Shareholders may follow the same procedure mentioned above for registered Shareholders.

6.3.9 The acceptance of this Offer by the Equity Shareholders of VSL must be absolute and unqualified. Any acceptance to this Offer which is conditional or incomplete in any respect will be rejected without assigning any reason whatsoever.

6.3.10 The acceptance of this Offer is entirely at the discretion of the Equity Shareholders of VSL.

6.3.11 The Acquirers, Manager to the Offer or Registrar to the Offer accept no responsibility for any loss of Equity Share Certificates, Offer Acceptance Forms etc. during transit and the Equity Shareholders of VSL are advised to adequately safeguard their interest in this regard.

6.3.12 The acceptance of Shares tendered in the Offer will be made by the Acquirers in consultation with the Manager to the Offer.

6.3.13 The instructions, authorizations and provisions contained in the Form of Acceptance and Form of Withdrawal constitute part of the terms of the Offer.

6.3.14 The Manager to the Offer shall submit a final report to SEBI within 45 days of closure of the Offer in accordance with Regulation 24 (7) of the Regulations.

6.3.15 For any assistance please contact Fedex Securities Limited, Manager to the Offer or the Acquirers, or the Registrar to the Offer.

6.4 **Statutory Approvals:**

6.4.1 As on the date of this Letter of Offer, no approvals are required to acquire the Equity Shares that are tendered pursuant to the Offer. However, the Offer would be subject to all statutory approvals that may become applicable at a later date.

6.4.2 Barring unforeseen circumstances, the Acquirers would endeavor to obtain all approvals within 15 days from the date of closure of the Offer. In terms of Regulation 22(12) of the Regulations, in the case of non-receipt of statutory approvals, SEBI has the power to grant extension of time for the purpose of making payment subject to, the Acquirers agreeing to pay interest to the Shareholders for delay beyond 15 days from date of closure of the Offer.

6.4.3 In case the Acquirers fail to obtain requisite statutory approval in time, on account of any willful default or neglect or inaction or no-action, then action in terms of Regulation 22(13) will be initiated by SEBI.

6.4.4 The acquisition of Shares under the Agreement and taking control by the Acquirers is subject to Stock Exchange guidelines relating to change in Dominant Promoter Group as stipulated by BSE and NSE. The present promoters/Target Company/Acquirers declare and undertake that they have initiated steps to obtain necessary approvals for transfer of Shares/change in Dominant promoter group from the Stock Exchanges/ SEBI and that they have obtained letters intimating prior approval for the same from BSE, NSE and CSE. They undertake that the conditions/requirements stipulated by the respective Stock Exchanges/SEBI in this regard will be met in due course.

6.4.5 No approval is required to be obtained from Banks/Financial Institutions for the Offer.

7. PROCEDURE FOR ACCEPTANCE AND SETTLEMENT

ACCEPTANCE OF THE OFFER

7.1.1 Name and Address of the persons (Registrars to the Offer) to whom the Equity Shares along with documents required to be submitted therewith, should be sent including name of the contact person, telephone no., fax no. etc.

Registrars to the Offer	Working days and timings	Mode of delivery
Intime Spectrum Registry Ltd C-13, Pannalal Silk Mills Compound L B S Marg Bhandup(W), Mumbai – 400 078 Telephone No. (022) 25963838 Fax No. (022) 25960329/28 Email id : vertex-offer@intimespectrum.com **Contact Person: Shri. Sachin Achar**	**Monday to Friday** 11.00 a. m to 4.00 p.m. **Saturday** 11.00 a m to 2.00 p m	By Post/Courier/ Hand delivery

7.1.2 Share holders holding Equity Shares in physical form and wishing to tender their Equity Shares will be required to send their form of acceptance, original Share certificates and transfer deeds to the Registrar to the Offer: M/s. Intime Spectrum Registry Ltd, C-13, Pannalal Silk Mills Compound, L B S Marg, Bhandup(W), Mumbai – 400 078 Telephone Nos. (022) 25963838 Fax No. (022) 25960329/28 email id : vertex-offer@intimespectrum.com **(Contact Person: Shri. Sachin Achar)** either by hand delivery or by Registered Post, to reach them on or before the closure of the Offer, i.e. Monday, July 07, 2008 in accordance with the instructions specified in this Letter of Offer and in the Form of Acceptance. In case the Share Certificate(s) and Transfer Deeds are lodged with VSL/its Share Transfer Agent for transfer and have not been received back, then the acceptance shall be accompanied by (i) The Share Transfer Deed(s) and (ii) The acknowledgement of the lodgment with, or receipt issued by VSL/its transfer agents for the Share Certificate(s) so lodged. Where the Transfer Deeds are signed by a constituted Attorney, a certified copy of the Power of Attorney shall also be lodged. In the case of body corporate/limited Companies, certified copy of the Memorandum & Articles of Association and copy of the Board Resolution authorizing the signatory, shall also be sent along with.

7.1.3 Beneficial owners (holders of Equity Shares in Dematerialized Form) who wish to tender their Equity Shares will be required to send their Form of Acceptance-cum-acknowledgement along with a photocopy of the delivery instructions in "Off –market" mode or counterfoil of the delivery instruction in "Off –market" mode, duly acknowledged by the Depository Participant (DP) in favor of the Special Depository Account opened by the Registrar to the Offer, in accordance with instructions specified in this Letter of Offer and in the Form of Acceptance-cum-acknowledgement. The details of the Special Depository Account is given below:

DP Name	STOCK HOLDING CORPORATION OF INDIA LTD
DP ID	IN301330
Client Name	Escrow Account Vertex Securities Ltd
Client ID	20239727

7.1.4 The Acceptance Form along with Share Certificates/copy of delivery instruction to DP and other relevant documents shall be sent to the Registrars only. The same shall not be sent to the Acquirer, Target Company or Manager to the Offer.

7.2. Procedure for acceptance of the Offer by unregistered Shareholders/owners of Shares who have sent them for transfer or those who did not receive the Letter of Offer

7.2.1 Accidental omission to dispatch the Letter of Offer to any person will not invalidate the Offer in any way.

7.2.2 In case of non-receipt of the letter of Offer, the eligible person(s), holding Equity Shares of VSL in physical form, may send his/her/their consent on plain paper stating the name, address, number of Shares held, distinctive numbers, certificate numbers and the number of Equity Shares offered along with the Share certificates, duly signed transfer forms and other required documents to the Registrar to the Offer so as to reach them on or before the date of closure of the Offer.

7.2.3 In case of non receipt of the Letter of Offer, beneficial owners holding Equity Shares in dematerialized form, may send their applications in writing to The Registrar to the Offer, on a plain paper stating the name, address, number of Shares held, number of Shares offered, DP name, DP ID, beneficiary account number and photocopy of the delivery instruction in “Off-market”, or counterfoil of the delivery instruction in “Off-market” mode, duly acknowledged by the DP, in favor of the Special Depository account, so as to reach the Registrar to the Offer on or before the date of closure of the Offer.

7.2.4 In case the Share Certificate(s) and Transfer Deeds are lodged with VSL/its Share Transfer Agent for transfer and have not been received back, then the acceptance shall be accompanied by (i) The Share Transfer Deed(s) and (ii) The acknowledgement of the lodgment with, or receipt issued by VSL/its Share Transfer Agent, for the Share Certificate(s) so lodged. Where the Transfer Deeds are signed by a constituted Attorney, a certified copy of the Power of Attorney shall also be lodged. In the case of body corporate/limited Companies, certified copy of Memorandum & Articles of Association shall also be sent.

Unregistered owners holding Equity Shares in physical Form should enclose

a. Form of Acceptance-cum-acknowledgement duly completed and signed in accordance with instructions contained therein, by all Shareholders whose names appear on the Share certificates.

b. Original Share Certificates.

c. Original broker contract note of a registered broker of a recognized Stock Exchange

d. Valid Share transfer form as received from the market. The details of the buyer should be left blank. If the details of buyer are filled in, the tender will not be valid under the Offer. All other requirements for valid transfer will be pre-conditions for acceptance.

7.3 The Acquirer shall accept all valid fully paid up Shares tendered (except those which are withdrawn, within the date specified for withdrawal).

7.4 If the number of Equity Shares offered by the Shareholders are more than the Offer size, then the acquisition from each Shareholder will be as per Regulation 21 (6) of the SEBI (SAST) Regulations, on proportionate basis.

7.5 The market lot for VSL’s Shares is 1(one only).

7.6 Consideration for Equity Shares accepted will be paid by Crossed Account Payee Cheque drawn at Mumbai and sent by Registered Post/Under Certificate of Posting.

7.7 The Equity Shares Certificate(s) and the transfer form (s) or Shares transferred to the Special Depository Account together with the Acceptance Form submitted by the acceptors of the Offer, will be held by the Registrars in trust for the acceptors of the Offer until the Acquirer pays the Offer Price.

7.8 In terms of Regulation 22(12) of the SEBI (Substantial Acquisition of Shares and Takeovers) Regulations 1997, in case of non receipt of statutory approvals, SEBI has the power to grant extension of time beyond 15 days from the date of closure of offer, for the purpose of making payment, subject to, the Acquirer agreeing to pay interest to the Shareholders for delay beyond 15 days from date of closure of the Offer.

7.9 In case of acceptance on proportionate basis/or rejection for any reason, the unaccepted Share Certificates, Transfer deeds and other documents, if any, will be returned by Registered Post at the Share holder’s / unregistered holder’s sole risk as per the details furnished in the form of acceptance-cum-acknowledgement. Shares held in demat form to the extent not accepted will be returned to the beneficial owner to the credit of the beneficial owner’s DP Account with the respective DP as per the details furnished by the beneficial owner in the form of acceptance cum acknowledgement.

7.10 Shareholders who are desirous of withdrawing their acceptances tendered in the Offer can do so upto three working days prior to the date of closure of the Offer, in terms of Regulation 22(5A).

7.11 The Withdrawal option can be exercised by submitting the Form of Withdrawal attached to the Letter of Offer duly filled in, with relevant particulars, so as to reach the Registrar to the Offer on or before Wednesday, July 02, 2008.

7.12 The Withdrawal option can also be exercised by making an application on plain paper along with the following details:

a. Name, Address, Distinctive numbers, Folio nos., No. of Shares tendered/ withdrawn, if held in physical form

b. Name, Address, DP Name, DP ID, Beneficiary Account/Client ID No. of the Account from where Shares were tendered, photocopy of the delivery instruction in " Off Market Mode" duly acknowledged by the DP in favor of the Special Depository Account in the name of Registrar and number of Shares tendered /withdrawn.

7.13. The Shares withdrawn by Shareholders, which are in physical form will be returned by Registered Post. Shares tendered in dematerialized form and withdrawn will be returned by credit to the beneficial owner's DP Account with the respective DP as per the details furnished by the beneficial owner in the form of acceptance cum acknowledgement.

7.14 The Marketable Lot for the Target Company's Shares is 1(One only)

7.15 SETTLEMENT/ PAYMENT OF CONSIDERATION

7.15.1 The Acquirers shall arrange to pay the consideration on or before Tuesday, July 22, 2008. Payment will be made to the person named by the acceptors in the relevant box in the Acceptance Form by "Account Payee" crossed Cheque payable at Mumbai as indicated in the form of acceptance. If no such details are filled in by the acceptor(s), then the same will be sent by registered post/certificate of posting to the Sole/ First holder at their registered address at the Equity Share holder's own risk. Tax at applicable rate(s) will be deducted, in those cases where Tax Deduction at Source (TDS) is applicable.

7.15.2 Consideration for Equity Shares accepted will be paid by Cheque crossed "Account Payee" and drawn at Mumbai. Payment Cheques upto Rs. 1,500/- will be sent by Certificate of Posting and for amount of Rs.1,500/- and above by Registered Post.

7.15.3 In terms of Regulation 22(12) of the SEBI (Substantial Acquisition of Shares and Takeovers) Regulations 1997, in the case of non receipt of statutory approvals, SEBI has the power to grant extension of time for the purpose of making payment subject to the Acquirers agreeing to pay interest to the Shareholders for delay beyond the last date mentioned for payment of consideration.

8. DOCUMENTS FOR INSPECTION

Copies of the following documents will be available for inspection at 403, Regent Chambers, Nariman Point, Mumbai 400 021, the place of Office of TFL, one of the Acquirers. The documents can be inspected during normal business hours (10.00 A.M. to 5.00 P.M.) on all working days (except Saturdays and Sundays) during the period from the date of this Letter of Offer, till date of closure of the Offer.

1. Certificate dated 2.11.2007 from Shri. U. Ramachandran (Membership No. 33269), Haridas Associates, Chartered Accountants, 3, Air View Society, Off. Nanada Patkar Road, Opp. Rane Hospital, Vile Parle (East), Mumbai – 400 0057 (Tel. No. (022) 26123749, Fax No (022) 2617 6995), Auditors of TFL certifying the Net worth of TFL as on 31.03.2007.

2. Certificate dated 2.11.2007 from Shri. U. Ramachandran (Membership No. 33269), Haridas Associates, Chartered Accountants, 3, Air View Society, Off. Nanada Patkar Road, Opp. Rane Hospital, Vile Parle (East),

Mumbai – 400 0057 (Tel. No. (022) 26123749, Fax No (022) 2617 6995) certifying the Net worth of Shri. Kumar Nair as on 31.03.2007.

3. Certificates (2 nos.) from Shri. U. Ramachandran (Membership No. 33269), Haridas Associates, Chartered Accountants, 3, Air View Society, Off. Nanada Patkar Road, Opp. Rane Hospital, Vile Parle (East), Mumbai – 400 0057 (Tel. No. (022) 26123749, Fax No (022) 2617 6995) certifying the adequacy of liquid resources.

4. Published Audited accounts of VSL for the years 2004 –2005, 2005-2006, 2006-07 & certified (by Auditor) results for the half year ended 30.09.2007

5. Copy of Share Purchase Agreement dated November 3, 2007 between the Acquirers & present promoters of VSL for purchase of Shares and change in control of VSL.

6. Copy of statement of Beneficiary Account No. 10158596 maintained with IL&FS by Fedex Securities Ltd as on 3rd November 2007, wherein Certificate of Deposit for Rs. 1,00,000/- (100 Certificates of Deposits of Rs. 1,00,000/- each) has been transferred by TFL being Escrow Account created originally.

7. Copy of Fixed Deposit, Rt. No. C 430308, Deposit A/c No. 13930400053040 dated 13-03-2008 with The Federal Bank Ltd, Vile Parle (East), Mumbai 400057 for Rs. 1,00,00,000/- being new Escrow Account created out of proceeds of original Escrow Account.

8. Copy of Letter No. BBF/2008 dated 26-03-2008 from The Federal Bank Ltd, Vile Parle (East) Branch, Mumbai confirming opening of Escrow Account as detailed in 7 above and certifying that lien has been noted in favor of Fedex Securities Ltd, Manager to the Offer.

9. Letter dated 3rd November 2007 from TFL addressed to Fedex Securities Ltd, authorizing Fedex Securities Ltd, to realize the value of Escrow Account, in terms of the Regulations

10. Audited Accounts/Certified Accounts, Memorandum & Articles of Association, Certificate of Incorporation & Certificate for Commencement of Business of TFL

11. Audited Accounts/Certified Accounts, Memorandum & Articles of Association, Certificate of Incorporation & Certificate for Commencement of Business etc. of all Companies promoted by the Acquirers/its subsidiaries, details of which are given in this Letter of Offer.

12. Published Copies of the Public Announcement made in newspapers on November 5, 2007.

13. Published Copy of Corrigendum to the Public Announcement, made on Thursday, June 12, 2008

14. Copies of SEBI registration Certificates of VSL, pertaining to registration as a Share Broker/Trading member & Depository Participant.

15. Copy of SEBI registration Certificates of TFL pertaining to registration as a Share Broker/Trading Member & Merchant Banker.

16. Agreement entered with Stock Holding Corporation of India Ltd, by Registrar to the Offer for opening the Special Depository Account.

17. Copy of letter dated 5.11.2007 addressed to manager to the Offer by Kookada & Associates, Advocates with enclosures therein.

18. Copy of letter dated 15th November 2007 addressed to Manager to the Offer by TFL with enclosures therein.

19. Copy of letter dated 4th November 2007, received by Shri. Ranjan Verghese & Transwarranty Capital Private Ltd. from Kookada & Associates, Advocates with enclosures therein.

20. Copies of reply by Khaitan & Co. dated 15th November 2007, on behalf of Shri. Ranjan Verghese to letter from Kookada & Associates, Advocates.

21. Copy of a Public Notice, published by Kookada & Associates in Business Standard on 9th November 2007, on behalf of their clients, AMI Stock and Sharebrokers Pvt. Ltd.

22. Copy of letter dated 22.11.2007 from Jurix Matrix.

23. Due Diligence letter dated November 16, 2007 submitted to SEBI by Fedex Securities Ltd., Manager to the Offer

24. Certified Copies of Certificate of Incorporation and Certificate for Commencement of Business of VSL, the Target Company.

25. Copy of MOU dated November 3, 2007 between the Acquirers and Manager to the Offer.

26. Copy of MOU dated November 2, 2007 between the Acquirers and the Registrar to the Offer

27. Copy of Letter No. SE/L/231/2008 dated 20th May 2008, from The Cochin Stock Exchange Ltd, intimating prior approval for change in Shareholding pattern amounting to change in control.

28. Copy of Letter No. MSD/MM/AB/RBP/3089/2008 dated 21st May 2008 from The Bombay Stock Exchange Ltd, intimating prior approval for change in Shareholding pattern amounting to change in control.

29. Copy of Letter No.NSE/MEM/613/73683-8 dated May 21, 2008 from The National Stock Exchange of India Ltd, intimating prior approval for change in Shareholding pattern amounting to change in control.

30. SEBI Observation letter No. CFD/DCR/AG/TO/126712/08 dated May 26, 2008.

9. DECLARATION

The Acquirers and each of the Directors of TFL, one of the Acquirers, jointly and severally accepts full responsibility for the information contained in this Letter of Offer and Form of Acceptance. All information contained in this document is as on the date of the Public Announcement, unless stated otherwise.

The Acquirers shall be responsible for ensuring compliance of the Regulations.

The Acquirers

For Transwarranty Finance Ltd

Kumar Nair
Managing Director

Kumar Nair

Place: Mumbai
Date: June 12, 2008

Encl.:

1. Form of Acceptance cum Acknowledgement
2. Form of Withdrawal
3. Share Transfer Deed

FORM OF ACCEPTANCE CUM ACKNOWLEDGEMENT
THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION
(Please send this Form with enclosures to the Registrars to the Offer)

OFFER OPENS ON	Wednesday, June 18, 2008
OFFER CLOSES ON	Monday, July 07, 2008

From :

Unique identification No. under MAPIN, if applicable __________

To :

Intime Spectrum Registry Ltd
C-13, Pannalal Silk Mills Compound
L B S Marg
Bhandup(W), Mumbai – 400 078 Telephone No. (022) 25963838
Fax No. (022) 25960329/28
Email id : vertex-offer@intimespectrum.com
Contact Person: Shri. Sachin Achar

Dear Sir,

Sub: Open Offer to acquire 10, 35,601 Equity Shares of Vertex Securities Limited representing 20 % of the Issued, Subscribed paid up and voting Equity Capital by Transwarranty Finance Ltd & Kumar Nair

I/We refer to the Letter of Offer dated June 12, 2008 for acquiring the Equity Shares held by me/us in **Vertex Securities 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, hold Equity Shares of Vertex Securities Limited in physical from, accept the offer and enclose the original Share certificate(s) and duly signed transfer deed(s) in repect of my/our Shares as detailed below:

(In the case of Shares in physical form)

Sl. No	Ledger Folio No.	No. of Shares	Share Certificate Nos.	No. of Share Certificates	Distinctive Numbers From	To

(In case of insufficinet space, please attach a seperate sheet.)

I/We confirm that the Equity Shares of Vertex Securities Limited which are being tendered herewith by me/us under this offer, are free from liens, charges and encumbrances of any kind whatsoever.

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 Registrars to the Offer until the time the Acquirers makes payment of the purchase consideration as mentioned in the Letter of Offer. I/We also note and understand that the Aquirers will pay the consideration only after verification of the documents and signatures.

I/We hold the following Equity Shares of Securities Vertex Securites Limited in Dematerialized Form and accept the Offer and enclose a photocopy of the Depositry Delivery instruction(s) duly acknowledged by the DP in respect of my/our Equity Shares, details of which are given below:

-- **(Tear here)** --

ACKNOWLEDGEMENT SLIP

Received from Mr./Ms./M/s.. Form of acceptance cum acknowledgement in connection with open offer to Shareholders of Vertex Securities Limited.

Ledger Folio No. _______________ No. of Share Certificates /photocopy of delivery instructions to DP for _____________ Shares of **Vertex Securities Limited**

Stamp of Registrar	In case of physical Shares, verify the number of Share certificate / number of Shares
	In case of dematerialized Shares, ensure that copy of the delivery instruction to the DP and duly acknowledged by the DP is submitted with the tender / offer form.

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

I/We have done an Off market transaction for crediting the Shares to the Special Depositary Account noted below:

DP Name	STOCK HOLDING CORPORATION OF INDIA LTD
DP ID	IN301330
Client Name	Escrow Account Vertex Securities Ltd
Client ID	20239727

I/We note and understand that the Shares transferred to the above Special Depositry Account will be held in trust for me/us by the Registrars to the Offer until the time the Acquirer makes payment of the purchase consideration as mentioned in the Letter of Offer. I/We also note and understand that the Acquirers will pay the consideration only after verification of the documents and signatures.

I/We confirm that the Equity Shares of Vertex Securities Limited which are transferred by me/us under this offer, are free from liens, 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 Manager 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 or the Registrars to the Offer to send by registered post/under certificate of posting, the Cheque, in settlement of the amount to the sole/first holder at the address mentioned below:

The permanent Account No. (PAN/GIR No.) Allotted under the Income Tax Act 1961 is as under

	PAN / GIR No.
1st Shareholder	
2nd Shareholder	
3rd Shareholder	
4th Shareholder	

Yours faithfully

Signed and delivered

	Full Name	Holder's Signature
Sole / First Holder		
Joint Holder 1		
Joint Holder 2		
Joint Holder 3		
Joint Holder 4		

Place: ----------------------

Date: ----------------------

So as to avoid fraudulent encashment in transit, the applicants are requested to provide details of Bank account of the sole/first Shareholder and the consideration Cheque will be drawn accordingly.

Name of the Bank	
Full address of the Branch	
Nature of Account	
Account Number	

--- **(Tear here)** ---

Note: All future correspondence, if any, should be addressed to the Registrars to the Offer, at the following address:

Intime Spectrum Registry Ltd
C-13, Pannalal Silk Mills Compound, L B S Marg,
Bhandup (W), Mumbai – 400 078
Telephone No. (022) 25963838, Fax No. (022) 25960329/28,
Email id : vertex-offer@intimespectrum.com
Contact Person: Shri. Sachin Achar

FORM OF WITHDRAWAL

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

(Please send this Form with enclosures to the Registrars to the Offer)

OFFER OPENS ON	Wednesday, June 18, 2008
OFFER CLOSES ON	Monday, July 07, 2008

From :

Unique identification No. under MAPIN, if applicable ___________

To :

Intime Spectrum Registry Ltd
C-13, Pannalal Silk Mills Compound
L B S Marg
Bhandup(W), Mumbai – 400 078 Telephone No. (022) 25963838
Fax No. (022) 25960329/28
Email id : vertex-offer@intimespectrum.com
Contact Person: Shri. Sachin Achar

Dear Sir,

Sub: Open Offer to acquire 10, 35,601 Equity Shares of Vertex Securities Limited representing 20 % of the Issued, Subscribed paid up and voting Equity Capital by Transwarranty Finance Ltd & Kumar Nair

I/We refer to the Letter of Offer dated June 12, 2008 for acquiring the Equity Shares held by me/us in **Vertex Securities Limited.**

II/We, hereby consent to unconditionally and irrevocably to withdraw my/our Shares from the Offer and I/We further authorize the Acquirers to return to me/us, the tendered Equity Shares at my/our sole risk.

I/We note that upon withdrawal of my/our 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 the Acquirers/Manager to the Offer/Registrar to the Offer shall not be liable for any postal delay /loss in transit of the Share Certificate(s) due to incomplete or inaccurate particulars.

I/We also note and understand that the Acquirers will return the original Share Certificate(s) , Share Transfer Deed(s) 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 Share Certificate(s) tendered and duly signed Transfer Deeds which are wished to be withdrawn from the Offer are as given below:

(In the case of Shares in physical form)

Sl. No	Ledger Folio No.	No. of Shares	Share Certificate Nos.	No. of Share Certificates	Distinctive Numbers From	To

-- **(Tear here)** --

ACKNOWLEDGEMENT RECEIPT

Received from Mr./Ms./M/s.. Form of acceptance cum acknowledgement in connection with open offer to Shareholders of Vertex Securities Limited.

Ledger Folio No. ________________ No. of Share Certificates /photocopy of delivery instructions to DP for ______________ Shares of **Vertex Securities Limited**

Stamp of Registrar	In case of physical Shares, verify the number of Share certificates / number of Shares	In case of dematerialized Shares, ensure that copy of the delivery instruction to the DP is submitted with the withdrawal form

The particulars of Shares held in Dematerialized Form, which were transferred to Special Depository account noted below

DP Name	STOCK HOLDING CORPORATION OF INDIA LTD
DP ID	IN301330
Client Name	Escrow Account Vertex Securities Ltd
Client ID	20239727

The Shares proposed to be withdrawn are as follows. I wish to withdraw the under noted Shares so transferred.

Sl. No	DP Name.	DP ID	Client ID	Name of beneficiary	No. of Shares

(In case of insufficient space, please attach a separate sheet.)

I/We confirm that the Equity Shares of **Vertex Securities Limited,** which were tendered by me/us under this offer, are free from liens, charges and encumbrances of any kind whatsoever.

Please find a photocopy of the Delivery instructions duly acknowledged by the DP.

I/We confirm that the particulars given above are true and correct.

Yours faithfully,

Signed and delivered

	Full Name	Holder's Signature
Sole / First Holder		
Joint Holder 1		
Joint Holder 2		
Joint Holder 3		
Joint Holder 4		

Place : _______________

Date : _______________

-- **(Tear here)** --

Note : All future correspondence, if any, should be addressed to the Registrars to the Offer, at the following address:

Intime Spectrum Registry Ltd
C-13, Pannalal Silk Mills Compound, L B S Marg, Bhandup (W), Mumbai – 400 078
Telephone No. (022) 25963838,
Fax No. (022) 25960329/28,
Email id : vertex-offer@intimespectrum.com
Contact Person: Shri. Sachin Achar