

# LETTER OF OFFER

## THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

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

### CASH OFFER AT A PRICE OF RS. 1.00 (RUPEE ONE ONLY) PER EQUITY SHARE

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

#### TO ACQUIRE

from existing equity shareholders upto 12,08,511 equity shares of Rs. 10/- each forming 20% of the paid-up equity share capital of the company at a price of Rs. 1.00 per share of

#### ASAHI FIBRES LIMITED

having its registered office at Unit No. 34A, 2nd Floor, Arsiwala Building, 57, Wodehouse Road, Colaba, Mumbai - 400 005

Tel: (022) 22029110 Fax: (022) 22043583

By

#### JAYBHARAT SAREES LTD.

having its registered office at Poonam Vinod Jagan Park, Chala Vapi, Gujarat-396195.

Tel:(0260) 2782532 Fax: (0260) 2643892

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

BIFR has ordered for the winding up of AFL and the appeal is pending against the same with AAIFR. (For details please refer to page no. 8 of this letter of offer)

**The shareholder(s) shall have the option to withdraw acceptance tendered by him/them upto three working days prior to the date of closure of the offer i.e. upto 11/04/2005.**

In case of any upward revision/withdrawal of the offer, the Public Announcement for the same would be made in the same newspapers where the original Public Announcement has appeared. The last date for such upward revision, if any, is 05/04/2005. Acquirer will pay the same price for all fully paid-up equity shares tendered during the offer period.

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

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

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

#### MANAGER TO THE OFFER

### KEYNOTE

CORPORATE SERVICES LIMITED

307, Regent Chambers,

Nariman Point, Mumbai - 400 021

Tel. : (022) 2202 5230 Fax : (022) 2283 5467

e-mail: [mbd@keynoteindia.net](mailto:mbd@keynoteindia.net)

Sebi Regn. No.: INM 000003606

AMBI Regn No: AMBI/040

Contact Person : Ms. Purvi Sheth

#### REGISTRAR TO THE ISSUE

### MONDKAR COMPUTERS PVT. LTD.

21, Shakil Niwas,

Mahakali Caves Road,

Andheri (East),

Mumbai-400 093

e-mail: [mcplrt@bom7.vsnl.net.in](mailto:mcplrt@bom7.vsnl.net.in)

Tel.: (022) 2836 6620 Fax: (022) 2836 9704

SEBI Regn. No.: INR000000114

Contact Person: Mr. Ravi Utekar

Activity	Original		Revised	
	Date	Day	Date	Day
Public Announcement	12/01/2005	Wednesday	12/01/2005	Wednesday
Last date for a competitive bid	02/02/2005	Wednesday	02/02/2005	Wednesday
Specified Date	10/02/2005	Thursday	10/02/2005	Thursday
Date by which the Letter of Offer will be despatched to shareholders	25/02/2005	Friday	25/03/2005	Friday
Date of opening the Offer	04/03/2005	Friday	30/03/2005	Wednesday
Last date for revising the offer price/ number of shares	14/03/2005	Monday	05/04/2005	Tuesday
Last date for withdrawal of acceptance by the shareholders	18/03/2005	Friday	11/04/2005	Monday
Date of closing the Offer	23/03/2005	Wednesday	18/04/2005	Monday
Date of communication of rejection, if any	30/03/2005	Wednesday	25/04/2005	Monday
Date of payment of consideration for applications accepted	06/04/2005	Wednesday	02/05/2005	Monday

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## DEFINITIONS

<b>Acquirer or JSL</b>	:	Jaybharat Sarees Ltd.
<b>Date of Public Announcement</b>	:	12/01/2005
<b>Letter of Offer/LOO</b>	:	This Letter of Offer dated 23/03/2005
<b>Persons Eligible to participate in the Offer</b>	:	Equity shareholders of Asahi Fibres Limited (other than Sellers, Acquirers, PAC and Parties to the share purchase agreement) whose names appear on the Register of the Members of Asahi Fibres Limited at the close of business hours on 10/02/2005 (the "Specified Date") and also to those persons who own the shares at any time prior to the closure of the offer, but are not the registered equity shareholders.
<b>SEBI</b>	:	Securities and Exchange Board of India
<b>SPA</b>	:	Share Purchase Agreement
<b>Specified Date</b>	:	10/02/2005
<b>The Regulations / SEBI (SAST) Regulations 1997</b>	:	Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations 1997 and subsequent amendments thereof.
<b>Target Company or AFL</b>	:	Asahi Fibres Limited.
<b>Manager to the Offer/ Merchant Banker</b>	:	Keynote Corporate Services Ltd.

## RISK FACTORS

- Relating to the Proposed Offer**

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

- In Associating with the Acquirer**

The Acquirer, Jaybharat Sarees Ltd. is engaged in the same line of business as permitted by the main objects of Asahi Fibres Limited. This may lead to conflict of interest between the two companies.

## 1. DISCLAIMER CLAUSE

IT IS TO BE DISTINCTLY UNDERSTOOD THAT FILING OF LETTER OF OFFER WITH SEBI SHOULD NOT IN ANY WAY BE DEEMED OR CONSTRUED THAT THE SAME HAS BEEN CLEARED, VETTED OR APPROVED BY SEBI. THE LETTER OF OFFER HAS BEEN SUBMITTED TO SEBI FOR A LIMITED PURPOSE OF OVERSEEING WHETHER THE DISCLOSURES CONTAINED THEREIN ARE GENERALLY ADEQUATE AND ARE IN CONFORMITY WITH THE REGULATIONS. THIS REQUIREMENT IS TO FACILITATE THE EQUITY SHAREHOLDERS OF ASAHI FIBRES LIMITED 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 THE ACQUIRER 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 ACQUIRER DULY DISCHARGES HIS RESPONSIBILITY ADEQUATELY. IN THIS BEHALF, AND TOWARDS THIS PURPOSE, THE MERCHANT BANKER KEYNOTE CORPORATE SERVICES LIMITED HAS SUBMITTED A DUE DILIGENCE CERTIFICATE DATED 24/01/2005 TO SEBI IN ACCORDANCE WITH THE SEBI (SUBSTANTIAL ACQUISITION OF SHARES AND TAKEOVERS) REGULATIONS 1997 AND SUBSEQUENT AMENDMENT(S) THEREOF. THE FILING OF THE LETTER OF OFFER DOES NOT, HOWEVER, ABSOLVE THE ACQUIRER FROM THE REQUIREMENT OF OBTAINING SUCH STATUTORY CLEARANCES AS MAY BE REQUIRED FOR THE PURPOSE OF THE OFFER.

## 2. DETAILS OF THE OFFER

### 2.1 Background of the offer

- a) Asahi Fibres Limited ("**AFL**" / **Target Company**), a public limited company whose equity shares are listed on The Stock Exchange, Mumbai (BSE), The Ahmedabad Stock Exchange, (ASE) and the Saurashtra Kutch Stock Exchange Limited (SKSE) was incorporated with the main object of carrying on the business of manufacturing cotton yarn, Viscose, Polyester, blended yarn, etc. Due to paucity of funds AFL ceased to conduct its business and the company sustained losses from 1996-97 onwards. By the year 1998-99 the networth was eroded and the company made a reference to the Board for Industrial & Financial Reconstruction ( BIFR) u/s 15 of Sick Industrial Companies (Special Provision) Act, 1985 ( SICA) in May 1999.
- b) After being declared a Sick Industrial Unit by BIFR vide its order dated 08/10/1999, Union Bank of India (UBI) was appointed as the Operating Agent and various rehabilitation proposals were forwarded by the company to BIFR. However BIFR has not accepted any of them and has ordered for winding up of the company on 11/11/2002. Subsequently, the company appealed to the Appellate Authority for Industrial and Financial Reconstruction (AAIFR) against the order passed by BIFR and the appeal is pending. Jaybharat Sarees Ltd. ( "**JSL**" / **Acquirer**), having their registered office at Poonam Vinod Jagan Park, Chala Vapi, Gujarat-396195, have agreed to clear the outstanding dues of UBI and acquire shareholding of the promoters of AFL alongwith management control of the Company. UBI has agreed to the proposal of JSL regarding clearing of outstanding dues as per the settlement and the outstanding dues to a large extent are already paid.
- c) AFL has informed the AAIFR about the change in management pursuant to the proposed acquisition by JSL and has also filed a copy of the Public Announcement dated 12/01/2005 with the appellate authority.
- d) Accordingly, JSL has entered into following Share Purchase Agreements (SPA) with persons in the promoter group:

Agreement I dated 08/01/2005

Name and address of Seller	Number of shares of AFL	% of paid up capital of AFL	Consideration (Rs. Per share)
<b>Ms. Sonal A. Shah</b> 1001,Dev Darshan, 50, Ridge Road, Mumbai-400006 Ph. No.- 2202 9110 Fax No.- 2204 3583	5,71,110	9.46	0.50
<b>Ms. Hetal A. Shah</b> 1001,Dev Darshan, 50, Ridge Road, Mumbai-400006 Ph. No.- 2202 9110 Fax No.- 2204 3583	5,000	0.08	0.50
<b>Ms. Indira A. Shah</b> 1001,Dev Darshan, 50, Ridge Road, Mumbai-400006 Ph. No.- 2202 9110 Fax No.- 2204 3583	10	Negligible	0.50
<b>Ms. Falguni A. Mehta</b> 1804, Wallace Apt., Slater Road, Mumbai Ph. No.- 2202 9110 Fax No.- 2204 3583	10	Negligible	0.50
<b>Shripal Estate Pvt. Ltd.</b> 21/24-B, Nariman Bhavan, 227, Nariman Point, Mumbai-400021 Ph. No.- 2202 9110 Fax No.- 2204 3583	1,100	0.02	0.50
<b>Shripal Trading Pvt. Ltd.</b> 21/24-B, Nariman Bhavan, 227, Nariman Point, Mumbai-400021 Ph. No.- 2202 9110 Fax No.- 2204 3583	5,41,010	8.95	0.50
<b>TOTAL</b>	<b>11,18,240</b>	<b>18.51</b>	

Mr. R. N. Shah is a shareholder of AFL holding 8,90,800 equity shares comprising of 14.74% of the equity share capital of AFL. Apart from above, promoters of AFL on behalf of Mr. R. N. Shah have agreed to deliver transfer deeds duly signed in favour of JSL and the original share certificates in respect of the 8,90,800 equity shares held by him. Mr. R. N. Shah has given his consent to the transfer of his holding in AFL to JSL and has authorized, promoters of AFL to deliver transfer deeds and original share certificates in respect of the 14.74% equity shares of AFL held by him.

Agreement II dated 08/01/2005

Name and address of Seller	Number of shares of AFL	% of paid up capital of AFL	Consideration (Rs. Per share)
<b>Mr. Amit A. Shah</b> 1001,Dev Darshan, 50, Ridge Road, Mumbai-400006 Ph. No.: 2202 9110 Fax No.: 2204 3583	3,710	0.06	0.50
<b>Mr. Amilal K. Shah</b> 1001,Dev Darshan, 50, Ridge Road, Mumbai-400006 Ph. No.: 2202 9110 Fax No.: 2204 3583	20	Negligible	0.50
<b>TOTAL</b>	<b>3,730</b>	<b>0.06</b>	

Pursuant to both the above agreements, Jaybharat Sarees Limited has agreed to acquire 20,12,770 equity shares together comprising of 33.31% of the total share holding in Asahi Fibres Limited, at a consideration of Re. 0.50 per share("The Acquisition").

As a part of the Agreement dated 08/01/2005, AFL has ensured delivery to JSL or its nominees of the original share certificates of 15,65,452 equity shares of AFL held by MTM Trading Pte. Ltd., amounting to 25.91% of the total issued and paid up share capital of AFL. AFL will hold the shares of MTM Trading Pte. Ltd. in trust and will deal with the same at the appropriate time.

- Pursuant to the aforesaid Agreements provisions of Regulation 10 read with Regulation 12 of the Regulations have been attracted. The Acquirer has announced an offer under the Regulations, to acquire by tender upto 12,08,511 fully paid-up equity shares of Rs.10/- each of AFL representing 20% of its paid up equity share capital from the remaining shareholders of AFL (other than "Sellers, acquirer, PAC and parties to SPA") in this Letter of Offer at a price of Re.1.00 ( Rupee One Only) per equity share (the "Offer Price") payable in cash (the "Offer").
- The offer is not subject to any minimum level of acceptance.
- Acquirer/Directors of Acquirer/Sellers/AFL/persons in control of AFL are not included in the list of persons/entities debarred from accessing the capital market and are not prohibited by SEBI from dealing in securities in terms of direction issued under Section 11 B of the SEBI Act, 1992 and there has been no action taken by SEBI under any other regulations made under the SEBI Act, 1992.
- The Acquirers propose to induct persons representing them on the Board of AFL after completion of the offer formalities.

## 2.2 Details Of The Proposed Offer

- The Acquirer has made a Public Announcement for the Offer to the existing equity shareholders of AFL which was published on 12/01/2005 in compliance with Regulation 15 of the Regulations in all editions of "Business Daily Standard" being English National Daily, "Pratahkal" being Hindi National Daily, and "Tarun Bharat" (Marathi) being Regional Language Daily of the place where the registered office of the company is located and also being the place of stock exchange where the equity shares of the company are listed and were last traded. A copy of the Public Announcement is also available on the SEBI website at [www.sebi.gov.in](http://www.sebi.gov.in).
- The Acquirer has announced an open offer under Regulation 10 read with Regulation 12 of the Regulations, to acquire by tender offer upto 12,08,511 fully paid-up equity shares of Rs.10/- each of AFL representing 20% of the paid-up equity share capital from the equity shareholders of AFL (other than the 'Sellers, acquirer, PAC and parties to SPA') on the terms and subject to the conditions set out in this Letter of Offer, at a price of Re. 1.00 (Rupee One Only) per fully paid-up equity share payable in cash.
- The equity shares of AFL are listed on The Stock Exchange, Mumbai (BSE), The Ahmedabad Stock Exchange, (ASE) and Saurashtra Kutch Stock Exchange Limited (SKSE). The equity shares of AFL are included by BSE in the 'Z' category. Trading in the equity shares of AFL has been suspended by BSE. The equity shares were last traded on February, 2001 on the BSE at a price of Rs. 1.05 per share. The equity shares of the company have not been traded on these Stock Exchanges for past six months. Thus the equity shares of AFL are termed as infrequently traded in terms of explanation (i) to Regulation 20(5) of the Regulations.
- The equity shares of AFL to be acquired, pursuant to the Offer, shall be free from all lien, charges and encumbrances and together with all rights attached thereto, including the rights to all dividends or other distributions hereinafter declared, made or paid.
- As on date Acquirer do not hold any equity shares of AFL other than those proposed to be acquired under the Agreements dated 08/01/2005 as disclosed under point no. 2.1.(d) of this Letter of Offer.

## 3. RATIONALE FOR THE OFFER

- JSL is primarily engaged in manufacturing of cotton yarn, speciality knitted fabrics, speciality yarn and garments. AFL has facilities for manufacturing open end cotton yarn. The purpose behind taking over AFL is to increase production capacity and to achieve economies of large scale production. This will in turn help JSL in strengthening its market presence within the existing line of business.
- The Acquirer has agreed to acquire 33.31% of the paid-up equity capital of AFL out of the total promoter holding in the company with the perspective of acquiring management control in the company. As a result of the Agreements the provisions of Regulation 10 read with Regulation 12 of the Regulations have been attracted. The present offer to the shareholders is pursuant to the Regulations.
- Acquirer do not have any plans to dispose off or otherwise encumber any of the assets of AFL in the next two years from the date of closure of the offer except in the ordinary course of business of AFL. The Acquirer has undertaken not to sell, dispose off or otherwise encumber any substantial assets of AFL except with the prior approval of the shareholders.

#### 4. BACKGROUND OF ACQUIRER

##### Jaybharat Sarees Ltd. (JSL)

- Jaybharat Sarees Ltd. was incorporated as Classic Synthetics & Silk Mills Ltd on 21/02/1985. The name of the company was changed to Jaybharat Sarees Ltd on 27/04/1989. The registered office of the company was changed from Near Krishna Mills, Dely Village, Sanjan Road, Bhilad, Valsad, Gujarat to Poonam Vinod Jagan Park, Chala Vapi - 396195 w.e.f. 05/09/2003. The company is engaged in the business of manufacturing open end yarn and doubling of yarn. The manufacturing unit is located at Samaravni, Silvassa, U.T. of Dadra and Nagar Haveli.
- JSL was taken over by Mr. Saurabh Tayal from the erstwhile promoters in the year 2003. The open offer to the equity shareholders of Jaybharat Sarees Limited (JSL) (other than the 'Sellers') was made for substantial acquisition of shares leading to a change in control of the Company. Mr. Saurabh Kumar Tayal along with his family members acquired 1,44,970 equity shares of Jaybharat Sarees Limited representing 57.01% of paid up equity share capital/voting rights at a price of Rs. 10/- per equity share. Accordingly to comply with the SEBI (SAST) Regulations, 1997, Public Announcement was made to acquire by tender upto 49,800 fully paid-up equity shares of Rs.10/- each of JSL representing 20% of its paid up equity share capital from the shareholders of JSL (other than Sellers) at a price of Rs. 14.50 per fully paid-up equity share. The offer remained open from 04/03/2003 to 02/04/2003. Pursuant to the open offer application were received for 28,710 shares and an amount of Rs. 4,16,295/- has been paid to the shareholders who have accepted the offer. All formalities in respect of the said takeover in terms of the Regulations have been complied with.
- The equity shares of the Jaybharat Sarees Ltd. are listed on the BSE. The equity shares are traded and the last traded price on the exchange was Rs. 99.25 as on 20/01/2005.
- The details of the Board of Directors of JSL as on date of this Letter of Offer are as follows:-

Name, Designation and Address	Experience	Age (Years)	Qualification	Other Directorship
<b>Mr. Saurabh Tayal</b> Chairman 101-102 Happy House, Old Sonapur Lane, Prabhadevi, Mumbai	5 years in execution of various projects in textile industry	24	B.Com., M.B.A.	KSL & Industries Ltd. Kalmeshwar textile Mills Ltd.
<b>Mr. Raman Aggarwal</b> Managing Director Dooker Khada R. No. 204, Silvassa	10 years in textile industry	31	Graduate	Asahi Fibres Ltd.
<b>Mr. Gaurav Thakur</b> Director At Post Kamleshwar , Dist. Nagpur	5 years in banking, compliance of I. Tax Act, Advance Tax, Secretarial work	27	I.C.W.A., M.Com.	Kalmeshwar textile Mills Ltd.
<b>Mr. Akhilesh Vora</b> Director Shree Krishna Mills Staff col. , Krishna Nagar, Samarvani	26 years in Fancy and Tyre yarn manufacture	53	B.S.C.	NIL
<b>Mr. Rajshekhar Ganiger</b> Director Bangar Galli Gokak, Dist. Belgum, Karnataka	16 years in specialization in double yarn, erection & servicing of all T.F.O.	40	D.T.T.	NIL
<b>Mr. Anil Dubey</b> Director Bldg No. D-1, Flat No. 13, Ambica Park, Lavacha Vapi, Silvassa Road, Silvassa	20 years in O.E. Spinning, R/F Spinning, Post Spinning S.Q.C. Post Spinning	46	B.S.C., D.T.T.	NIL
<b>Mr. Shubhas Chandra Nigam</b> Director Village Nayaram, Post Khaingarh, Firozabad, U.P.	16 years of specialization in double yarn, in O.E. Spinning, R/F Spinning	38	B.S.C., D.T.T.	NIL
<b>Mr. C. K. Porwal</b> Director 228, Swarraj Nagar, Panki, Kanpur (U.P.)	22 years in cotton and synthetic blended spinning and weaving grey and dyed yearn	48	B.Sc., B.Txt., P.G.D.B.M.	NIL
<b>Mr. Farinda Rai</b> Director MIDC complex, R.H.1/9A, Flat No.5, Dombivali (East)	16 years of specialization in spinning and knitting	41	D.T.T.	KSL & Industries Ltd.

Name, Designation and Address	Experience	Age (Years)	Qualification	Other Directorship
<b>Mr. Pravin Sharma</b> Director Type V/4 SPM Col. Hoshangabad M.P.	10 years in textile industry	33	B.E.(Elect.)	KSL & Industries Ltd.
<b>Mr. Sanjay Nimbalkar</b> Director Plot No.C/3, R. No. 3 S.V.P.Nagar, MHADA, Near Varsova Tele. Exch.	12 years in Finance and Accounts	35	M.Com.	KSL & Industries Ltd.

- e) Mr. Raman Agarwal is also on the Board of AFL and has recused himself from the offer and will not participate in any matter concerning or relating to the open offer including any preparatory steps leading to the offer. Other than this none of the Directors of JSL are on the Board of AFL.
- f) Shareholding Pattern of Jaybharat Sarees Limited as on 31/12/2004 is as follows:

Shareholder Category	No. of shares	% of Shares held
Promoter	6,99,829	68.55
FII/MF/Banks	—	—
Corporate Bodies	—	—
Others	3,21,071	31.45
<b>TOTAL</b>	<b>10,20,900</b>	<b>100.00</b>

The paid up equity share capital of JSL as on 31/03/2004 was Rs. 24.90 lacs comprising of 2,49,000 equity shares of Rs.10/- each. The company has allotted 7,71,900 equity shares of Rs. 10/- each as bonus in the ratio of 31:10 on 26/10/2004. Thus the paid up equity share capital of JSL is Rs. 102.09 lacs comprising 10,20,900 equity shares of Rs. 10/- each.

- g) The brief audited financial details of Jaybharat Sarees Limited for the past three years and unaudited financials for the nine months period ended 31/12/2004 as certified by M/s Sanjay & Vijay Associates, Chartered Accountants and statutory Auditors of the company are given below:-

(Rs. in Lacs)

PROFIT & LOSS STATEMENT FOR THE PERIOD ENDED ON MARCH 31	2002	2003	2004	Unaudited Results upto 31/12/2004 as certified by the auditor
Income from operations	25.50	195.52*	601.27*	3697.00*
Other Income	—	—	0.43	—
Increase in stock	—	—	4.85	45.00
Total Income	25.50	195.52	606.55	3742.00
Total Expenditure	21.10	188.84	501.47	3337.40
Profit Before Depreciation, Interest and Tax	4.40	6.68	105.08	404.60
Depreciation	—	—	9.85	15.35
Interest	3.38	0.01	0.01	—
Profit Before Tax	1.02	6.67	95.22	389.25
Provision for Tax	0.38	2.45	8.87	29.92
Deferred Tax Liability	—	—	2.62	—
<b>Profit After Tax</b>	<b>0.64</b>	<b>4.22</b>	<b>83.73</b>	<b>359.33</b>

\* After the takeover of JSL in 2003, the present management has reestablished the operations of the company resulting in increased turnover and profits.

BALANCE SHEET STATEMENT AS ON MARCH 31	2002	2003	2004	Unaudited Results for nine month ended 31/12/2004 as certified by the auditor
<b>Sources of funds</b>				
Paid up share capital	24.90	24.90	24.90	102.09
Profit and Loss A/c	4.50	8.72	92.45	374.59
<b>Networth</b>	<b>29.40</b>	<b>33.62</b>	<b>117.35</b>	<b>476.68</b>
Secured Loans	—	—	—	—
Unsecured Loans	—	5.00	—	—
Deffered Tax Liabilities	—	—	2.62	2.62
<b>Total</b>	<b>29.40</b>	<b>38.62</b>	<b>119.96</b>	<b>479.30</b>
<b>Uses of funds</b>				
Net fixed assets	—	—	165.66	163.51
Investments	—	—	—	—
Net Current Assets	29.40	38.62	(45.69)	315.79
<b>Total</b>	<b>29.40</b>	<b>38.62</b>	<b>119.96</b>	<b>479.30</b>



Other financial data	2001-02	2002-03	2003-04	Unaudited Results upto 31/12/2004 as certified by the auditor
Dividend (%)	—	—	—	—
Earning Per Share (Rs.)	0.21	2.00	33.63	79.76
Return on Networth (%)	2.18	12.55	71.35	75.00
Book Value Per Share (Rs.) (Face Value of Rs. 10/-)	11.81	13.50	47.13	46.73

h) The Company has been complying with the provisions of the listing agreement entered into with the Stock Exchange and is complying with the provisions of Chapter II of the SEBI (SAST) Regulations, 1997. There has been a delay of 338 days in complying with Reg 8(2) by promoters/ major shareholders of the company in the year 2002. There has been a delay of approximately 4 years in complying with Regulation 6(2), 6(4) & 8(3) of the Regulations. Company has made required Disclosures under SEBI (Regularization Scheme) 2002 in respect of the same.

i) There are no companies promoted by JSL.

## 5. BACKGROUND OF THE TARGET COMPANY/AFL

a) AFL was established as a public limited company on 02/08/1993. The registered office of the company was situated at 21/24-B, Nariman Bhavan, 227, Nariman Point, Mumbai- 400021. The registered office of the company has been changed to Unit No. 34A, 2nd Floor, Arsiwala Building, 57, Wodehouse Road, Colaba, Mumbai - 400 005 w.e.f. 30/10/2004. AFL was promoted by Mr. Amilal K. Shah and his son Mr. Amit A. Shah along with M/s MTM Trading Pte. Ltd. AFL was established as a 100% Export Oriented Unit engaged in manufacturing coarse cotton yarn. The manufacturing unit is located at village Salvav Taluka Pardi near Vapi, Gujarat.

b) The company made its first issue of equity shares to the public through a prospectus dated 28/10/1994. The equity shares of the company were listed on The Stock Exchange, Mumbai (BSE), The Ahmedabad Stock Exchange, (ASE) and the Saurashtra Kutch Stock Exchange Limited (SKSE). The paid up equity share capital of the Company is Rs. 604.25 lacs comprising of 60,42,552 equity shares of Rs. 10/- each. There are no partly paid up shares in the Company.

The details of the Equity Share capital of the company is as follows:

Paid-up Equity Shares	No. of shares/voting rights	% of paid up capital
Fully paid up equity shares	60,42,552	100
Partly paid up equity shares	—	—
Total paid up equity shares	60,42,552	100
Total voting rights in the company	60,42,552	100

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

Date of Allotment	No. & % of shares issued	Cumulative paid up capital	Mode of allotment	Identification of The allottees	Status of compliance
02/08/1993	70	70	Cash	Subscribers to the Memorandum	Capital Issued before Public Issue
01/07/1994	1,65,700	1,65,770	Cash	Promoters/Directors/ their Friends & Relatives	Capital Issued before Public Issue
04/02/1995	13,34,230	15,00,000	Cash	Promoters/Directors/ their Friends & Relatives	Issue of shares interms of Prospectus in 1994
04/02/1995	15,00,000	30,00,000	Cash	Foreign Promoters	Issue of shares interms of Prospectus in 1994
04/02/1995	29,77,100	59,77,100	Cash	Mutual Funds and Indian Public	Issue of shares interms of Prospectus in 1994
23/12/1997	65,452	60,42,552	Cash	Foreign Promoter	Preferential Allotment of shares*

\*The Preferential Allotment of 65,452 equity shares made to MTM Trading Pte. Ltd. was 1.08% of the Post Preferential allotment share capital of the company and hence exempt from applicability of any provisions of the Regulations.

AFL was incorporated by Mr. Amilal K. Shah, Mr. Amit A. Shah and their other family members on 06/08/1993. Other subscribers to the Memorandum of Association were Ms. Sonal Shah, Ms. Indira A. Shah, Ms. Falguni A. Shah, Mr. Atul Mehta and Mr. Ajit Shah. On 19/07/1994 first allotment after incorporation of 1,65,700 shares was made to above promoters. On completion of Public Issue out of total 13,34,230 shares allotted on 04/02/1995, 8,90,800 shares allotted to Mr. R.N. Shah. On 04/02/1995 15,00,000 equity shares were allotted to MTM Trading Pte. Ltd. out of promoter quota as Foreign Promoters. On 23/12/1997 preferential allotment of 65,452 equity shares was made to MTM Trading Pte. Ltd. After this period no equity shares were allotted to promoter group. However, certain sales/purchase transactions were made by the promoter group from time to time. Presently promoters holding consists of 35,78,222 equity shares of Rs. 10/- each.

c) The details of the Board of Directors of AFL are as follows:-

Name, Designation, & Address	Experience	Qualification	Date of Appointment
<b>Mr. Amit A. Shah</b> Managing director 1001 Dev Darshan, 50, Ridge Road, Mumbai	11 years experience of handling various Industrial Projects and has also worked with Mistubishi, New York	B.Com, M.B.A.	02/08/1993
<b>Mr. Narendra Prakash Shinde</b> Director 279, Shastri Nagar, Behind Anna Seth Chawl, Near Wilson Store, Mahim (E), Mumbai	5 years experience in HR Dept. of Various Industries	B.Com	20/11/2004
<b>Mr. Raman Aggarwal</b> Director Dooker Khada, R. No. 204, Silvassa	10 years experience in Textile Industry	Graduate	20/11/2004
<b>Mr. Shiv Prasad Shrivastava</b> Director Shree Anupam CHSL, R. No. 204, 2nd Floor, Wing A, Gijai Nagar, Gograswaadi	20 years experience in Textile Industry	Graduate	20/11/2004
<b>Mr. J. K. Mishra</b> Director Amit Niwas, House No. 1737, Netaji Nagar, Pisawali Road, Kalyan (E)	15 years experience in Textile Industry	Graduate	05/08/2004
<b>Mr. J. R. Dhaka</b> Director Bldg. No. RH-119, R. No. 6, New Power House, MIDC, Dombivali (E)	22 years experience in Textile Industry	Graduate	15/10/2004

Mr. Raman Aggarwal is also a director on the Board of JSL and has recused himself from the offer and will not participate in any matter concerning or relating to open offer including any preparatory steps leading to the offer. Other than this there are no directors representing the Acquirer on the Board of the Company

- d) Due to paucity of funds AFL ceased to conduct its business and the company sustained losses from 1996-97 onwards. By the year 1998-99 the networth was eroded and the company made a reference to the Board for Industrial & Financial Reconstruction ( BIFR) u/s 15 of Sick Industrial Companies (Special Provision) Act,1985 (SICA) in May 1999. The company is under lock-out since 11/12/1998 and there are no manufacturing activities. The workers have filed a case against the company which is pending in the labour court. Second appeal against order of Asst. Commissioner of sales tax for the assessment year 1996-97, 1997-98 & 1998-99 towards tax, penalty and interest amounting to Rs. 24,73,873 is pending before the Appellate Tribunal, Sales tax, Gujarat.
- e) After being declared a Sick Industrial Unit by BIFR vide its order dated 08/10/1999, Union Bank of India (UBI) was appointed as the Operating Agent and various rehabilitation proposals were forwarded by the company to BIFR. However BIFR has not accepted any of them and has ordered for winding up of the company vide its order passed on 11/11/2002. Subsequently, the company appealed to the Appellate Authority for Industrial and Financial Reconstruction (AAIFR) against the order and appeal is pending.
- f) The equity shares of AFL are listed on The Stock Exchange, Mumbai (BSE), The Ahmedabad Stock Exchange,(ASE) and the Saurashtra Kutch Stock Exchange Limited (SKSE). The equity shares have not been traded on any of the exchanges for the past few years and hence are infrequently traded on these exchanges in terms of Explanation (i) to Regulation 20(5). The equity shares of the company are included in 'Z' group by BSE and trading in the equity shares has been suspended by the exchange . The last traded price of the shares on BSE as on February, 2001 is Rs. 1.05 per share. The company has approached the Stock Exchange Mumbai (BSE), for regularizing the trading in equity shares of AFL informing them about open offer made by the Acquirer.
- g) There are no outstanding instruments in the nature of warrants / fully convertible debentures / partly convertible debentures etc. which are convertible into equity at any later date. There are no shares under lock-in period. There has been no merger/demerger or spin off in the company during the past three years. The equity shares of AFL are available only in physical form and the market lot of the shares is 100 (Hundred).
- h) The Company has not complied with the provisions of the listing agreement entered into with the Stock Exchange and also with the provisions of Chapter II of the SEBI (SAST) Regulations, 1997. The company had received letter no. CFD/DCR/RC/TO/13060/04 dated 21/07/2004 from SEBI, pertaining to Violation of Takeover Regulations 6(2) & 6(4) for 1997 & 8(3) for 1998, 2000, 2001 & 2002 and proposed that a consent order be filed with them for consideration by the Adjudicating Officer (A.O.). SEBI has levied a penalty of Rs. 1,50,000/- for the Violation u/s 15A of SEBI Act, 1992. The company in its reply dated 18/08/2004 has mentioned that, the company has been declared a sick industrial unit by BIFR and the company would not be liable to pay the penalty. Accordingly the company has requested SEBI to withdraw the said notice. The proposal of consent order need not be necessarily accepted by the A.O. and it is the discretion of the A.O. to accept or not to accept the proposal.
- i) There are 8 investor grievances against the company out of this 6 complaints were resolved by the company and remaining 2 pertaining to non receipt of share certificate are pending. No penal action has been taken by the exchange against the company for the non compliance of listing agreement and investor grievances.
- j) The Company does not have a compliance officer. The company has in compliance of Section 292A of the Companies Act, 1956 and constituted an audit committee. Besides this the company has not been following the provisions of clause 49A of the Listing Agreement entered with the stock exchange.



- k) Brief audited financial details of AFL for the last 3 financial years and unaudited financials for the nine months as certified by the statutory auditor of the company for period ended 31/12/2004 is as follows :

(Rs. in Lacs)

<b>PROFIT &amp; LOSS STATEMENT FOR THE PERIOD ENDED ON MARCH 31</b>	<b>2002</b>	<b>2003</b>	<b>2004</b>	<b>Unaudited Results upto 31/12/2004 as certified by the auditor</b>
Income from operations	—	—	—	—
Other Income	—	—	30.16	—
Total Income	—	—	30.16	—
Total Expenditure	13.20	52.06	6.30	1.30
Profit Before Depreciation, Interest and Tax	(13.20)	(52.06)	23.86	(1.30)
Depreciation	62.37	61.88	61.68	46.31
Interest	213.50	206.57	231.66	136.67
Profit/ (Loss) Before Tax	(289.07)	(320.51)	(269.48)	(184.28)
Provision for Tax	—	—	—	—
<b>Profit/ (Loss) After Tax</b>	<b>(289.07)</b>	<b>(320.51)</b>	<b>(269.48)</b>	<b>(184.28)</b>

**Reasons for fall in income:**

Due to recessionary market conditions for export for coarse cotton yarn AFL sustained losses from 1996-97 onwards and ceased to conduct its business.

(Rs. in Lacs)

<b>BALANCE SHEET STATEMENT AS ON MARCH 31</b>	<b>2002</b>	<b>2003</b>	<b>2004</b>	<b>Unaudited Results for nine months ended 31/12/2004 as certified by the auditor</b>
<b>Sources of funds</b>				
Paid up share capital	604.26	604.26	604.26	604.26
Profit and Loss A/c	(1631.16)	(1951.67)	(2221.14)	(2405.42)
<b>Networth</b>	<b>(1036.07)</b>	<b>(1354.01)</b>	<b>(1620.90)</b>	<b>(1805.18)</b>
Secured Loans	1442.89	1656.32	1892.97	2029.64
Unsecured Loans	559.30	565.57	555.38	555.38
<b>Total</b>	<b>2606.45</b>	<b>2826.14</b>	<b>3052.61</b>	<b>3189.28</b>
<b>Uses of funds</b>				
Net fixed assets	980.21	918.33	855.65	809.34
Investments	—	—	—	—
Net Current Assets	(14.09)	(50.46)	(28.22)	(29.50)
Profit & Loss Account	1631.16	1951.67	2221.14	2405.42
Total Miscellaneous Expenses not written off	9.17	6.60	4.02	4.02
<b>Total</b>	<b>2606.45</b>	<b>2826.14</b>	<b>3052.61</b>	<b>3189.28</b>

<b>Other financial data</b>	<b>2002</b>	<b>2003</b>	<b>2004</b>	<b>Unaudited Results upto 31/12/2004 as certified by the auditor</b>
Dividend (%)	—	—	—	—
Earning Per Share (Rs.)	(4.78)	(5.30)	(4.46)	(3.05)
Return on Networth (%)	(27.90)	(23.67)	(16.63)	(10.21)
Book Value Per Share (Rs.) (Face Value of Rs. 10/-)	(17.15)	(22.41)	(26.83)	(29.88)

N.A. - Not Applicable

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

Shareholders Category	Shareholding & voting rights prior to the offer		Shares / voting rights agreed to be acquired which triggered off the Regulations		Shares/Voting rights to be acquired in open offer (Assuming full acceptances)		Share holding / voting rights after the acquisition and offer	
	(A)		(B)		(C)		(D)	
	No.	%	No.	%	No.	%	No.	%
<b>1. Promoter Group</b>								
(a) Indian Promoters								
1. Ms. Sonal A. Shah	5,71,110	9.46	—	—	—	—	—	—
2. Ms. Hetal A. Shah	5,000	0.08	—	—	—	—	—	—
3. Ms. Indira A. Shah	10	Negligible	—	—	—	—	—	—
4. Ms. Falguni A. Mehta	10	Negligible	—	—	—	—	—	—
5. Mr. Amit A. Shah	3,710	0.06	—	—	—	—	—	—
6. Mr. Amilal K. Shah	20	Negligible	—	—	—	—	—	—
(b) Foreign Promoters								
1. Mr. R. N. Shah	8,90,800	14.75	—	—	—	—	—	—
2. MTM Trading Pte. Ltd.	15,65,452	25.91	—	—	—	—	15,65,452	25.91
(c) Persons Acting in Concert								
1. Shripal Estate Pvt. Ltd.	1,100	0.02	—	—	—	—	—	—
2. Shripal Trading Pvt. Ltd.	5,41,010	8.95	—	—	—	—	—	—
<b>Sub Total 1 (a+b+c)</b>	<b>35,78,222</b>	<b>59.22</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>15,65,452</b>	<b>25.91</b>
<b>2. Acquirer JSL</b>	—	—	20,12,770	33.31	12,08,511	20.00	32,21,281	53.31
<b>3. Parties to agreement other than (1) &amp; (2)</b>	—	—	—	—	—	—	—	—
<b>4. Public (other than Acquirer, Parties to the Agreement and persons in promoter group)</b>								
a) FIs/MFs/FIIs/Banks, SFIs	7,500	0.12	—	—	—	—	12,55,817	20.78
b) Others (No. of Share holders = 10,180)	24,56,830	40.66	—	—	—	—		
<b>Sub-total 4 (a + b)</b>	<b>24,64,330</b>	<b>40.78</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>		
<b>Total (1+2+3+4)</b>	<b>60,42,552</b>	<b>100.00</b>	<b>20,12,770</b>	<b>33.31</b>	<b>12,08,511</b>	<b>20.00</b>	<b>60,42,552</b>	<b>100.00</b>

## 6. OFFER PRICE

### Justification of Offer Price:

The equity shares of AFL are listed on The Stock Exchange, Mumbai (BSE), The Stock Exchange, Ahmedabad (ASE) and the Saurashtra Kutch Stock Exchange Limited (SKSE). The equity shares of the Company have not been traded on these stock exchanges for the past six months.

Name of stock exchange	Total Shares traded during the 6 calendar months prior to the month in which the public announcement was made	Total no. of listed Shares	Annualized Trading turnover (in terms of % to total listed shares)
BSE	Not Traded	60,42,552	—
ASE	Not Traded	60,42,552	—
SKSE	Not Traded	60,42,552	—

Thus the equity shares of AFL are infrequently traded on these exchanges in terms of Explanation (i) to Regulation 20(5) of the Regulations. The offer price of Re. 1.00 per share, has been determined as per Regulation 20(5) of the Regulations taking into account the following factors:

a) Negotiated price under the agreement	Rs. 0.50	
b) Highest price paid by the Acquirer for acquisition including by way of allotment in a public or rights issue, if any during the twenty six weeks prior to the date of Public Announcement	Not Applicable	
c) Other Parameters	<b>Based on audited accounts ended 31/03/2004</b>	<b>Based on figures for period ended 31/12/2004 (unaudited) as certified by the Auditor</b>
Return on Networth(%) :	Negative	Negative
Book Value(Rs.) :	Negative	Negative
Earning Per Share (EPS)(Rs.) :	Negative	Negative

As per the audited financials for the year ended 31/03/2004, AFL has reported a net loss of Rs.269.47 lacs. The company has a negative networth and Book Value as on 31/03/2004. As per the unaudited financials for the period ended 31/12/2004 as certified by the statutory auditor of the company, AFL has reported a loss of Rs. 184.28 lacs.

The last traded price of the shares on BSE was Rs. 1.05 as on February, 2001. The equity shares of AFL have been included in 'Z' category by BSE and are under suspension. The offer price of Re. 1.00 per share is more than the acquisition price i.e Re. 0.50 paid by the Acquirers for acquisition of 33.31% stake through the Agreements dated 08/01/2005.

Acquirers have not entered into any non compete agreement. It will be ensured that the offer price will not be less than the highest price paid by the acquirer (if any) for any acquisition of shares of the AFL from the date of Public Announcement upto 7 working days prior to the closure of the offer.

In view of the above the offer price of Re.1.00 per share is justified.

## 7. FINANCIAL ARRANGEMENT

- Assuming full acceptance, the total monetary value of the offer would be Rs. 12.09 lacs. The Acquirer has opened an Escrow Account with The Bank of Rajasthan Ltd., Lower Parel Branch, Mumbai in the form of fixed deposit for an amount of Rs. 12.09 lacs being 100 % of the total monetary value of the offer. Acquirer has empowered the Manager to the Offer to realize the value of the aforesaid Escrow Account in terms of the Regulation 28(7).
- The financial obligation under the offer is being fulfilled through internal domestic resources of the Acquirer and will not be through any bank/financial institution.
- In view of the above, the Manager to the Offer is satisfied about the ability of the Acquirer to implement the offer as firm financial arrangement through verifiable means are in place to fulfill the offer obligation.

## 8. TERMS AND CONDITIONS OF THE OFFER

- There are no equity shares of AFL under lock-in.
- Eligibility for accepting the Offer:** The offer is being made to the equity shareholders of AFL (other than Sellers, Acquirers, PAC and Parties to the Share Purchase Agreement) whose names appear on the Register of the Members of AFL at the close of business hours on 10/02/2005 (the "Specified Date") and also to those persons who own the equity shares at any time prior to the closure of the offer, but are not the registered equity shareholders.
- Statutory Approvals:** Approval from RBI will be required for transfer of equity shares received from NRI shareholders. Other than this there are no approvals, statutory or otherwise, required under the Companies Act 1956, Monopolies and Restrictive Trade Practices Act, 1969, the Foreign Exchange Management Act. 1999 and /or any other applicable laws and from any bank(s) and/ or financial institution(s) for the said acquisition.

Transfer of shares proposed to be received from Mr. R. N. Shah under agreement dated 08/01/2005 will also be subject to approval from RBI. However, the present open offer is not subject to receipt of the said approval.

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

## **9. PROCEDURE FOR ACCEPTANCE AND SETTLEMENT.**

### **9.1 Procedure for accepting the offer by eligible persons**

The equity shareholders of AFL who qualify and who wish to avail of this Offer (hereinafter referred to as "Acceptor") will have to deliver the relevant documents as mentioned at point (a) and (b) below as applicable to the Registrar to the Offer — Mondkar Computers Pvt. Ltd., (SEBI Regn. No.: INR000000114) at the address mentioned on the cover page of this Letter of Offer by hand delivery or Registered Post between 10.30 am. to 4.30 pm on all working days i.e. other than Sundays and public holidays.

#### **a) Registered equity shareholders should enclose:**

- i. Form of Acceptance cum acknowledgement duly completed and signed in accordance with the instructions contained therein, by all equity shareholders whose name appears on the share certificates.
- ii. Original share certificate(s)
- iii. Valid share transfer form(s) duly signed as transferors by all registered equity shareholders (in case of joint holdings), in the same order and as per the specimen signatures registered with and duly witnessed at the appropriate place.

#### **b) Unregistered owners of equity shares should enclose:**

- i. Form of acceptance cum acknowledgement duly completed and signed in accordance with the instructions contained therein.
- ii. Original share certificate(s)
- iii. Original broker contract note of a registered broker of a recognized stock exchange.
- iv. Valid share transfer form(s) as received from the market. The details of the buyer should be left blank. If the details of the buyer are filled in, the tender will not be valid under the offer. Acquirer's name will be subsequently filled in upon verifying the validity of the share transfer form.

**No indemnity is needed from unregistered equity shareholders.**

**NO DOCUMENT SHOULD BE SENT TO THE ACQUIRER OR TO AFL (THE COMPANY)**

### **9.2 OFFER PERIOD**

- a) Offer period is the period between the date of SPA (i.e. 08/01/2005) and the date of completion of offer (i.e. 02/05/2005).
- b) This Offer will remain open on all working days (i.e. excluding Sunday and Public Holidays) between 30/03/2005 to 18/04/2005 (both days inclusive). The equity shareholders of AFL who wish to avail of this offer shall be required to send their acceptance in the manner stated above so as to reach the Registrar to the Offer on or before 18/04/2005.
- c) The form of acceptance along with the Share Certificate(s) and other documents delivered shall become acceptance on the part of the shareholder, but will become a fully valid and binding contract between shareholder and Acquirer only upon the fulfillment of all conditions mentioned herein.
- d) On fulfillment of the conditions herein mentioned, the Acquirer will pay the Offer price by crossed Account Payee Pay Orders/ Demand Drafts which will be sent by Registered Post to the equity shareholders of AFL, whose acceptance to the offer are accepted by the Acquirer, at the address registered with the Company. The Pay Orders/ Demand Drafts will be drawn in the name of first named shareholder in case of joint shareholding. In case of unregistered owners of the shares, payment will be made as per mandate given by such owner. The unregistered owner may give a mandate for drawing the pay order / demand draft in the name of the person whose bank details may be furnished by him in the Form of Acceptance for incorporating in the Pay Order / Demand Draft.
- e) In case the aggregate of the valid responses to the offer exceeds offer size, then the Acquirer shall accept the valid applications received on a proportionate basis in accordance with Regulation 21 (6) of the Regulations. The market lot of the shares is 100 (Hundred).

### **9.3 WITHDRAWAL OPTION**

- a) The equity shareholders, who are desirous of withdrawing their acceptances tendered in the offer, can do so upto three working days prior to the date of the closure of the offer i.e. on or before 11/04/2005. The withdrawal option can be exercised by submitting the 'Form of Withdrawal' (separately enclosed with Letter of Offer) to the Registrar to the Offer, Mondkar Computers Pvt. Ltd., so as to reach them on or before 11/04/2005.
- b) In case of non-receipt of 'Form of withdrawal', the withdrawal option can be exercised by making an application on plain paper mentioning Name, Address, distinctive numbers, folio nos., number of shares tendered/withdrawn, and
- c) The form of Withdrawal can also be downloaded from SEBI's website [www.sebi.gov.in](http://www.sebi.gov.in) or obtained from the Manager/ Registrar to the Offer.

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

In case of non-receipt of Letter of Offer, the unregistered equity shareholders who wish to accept the offer should communicate their acceptance in writing on a plain paper stating the name, address, no. of shares held, distinctive numbers, folio number, no. of shares offered to the Registrar to the Offer together with relevant share certificate(s), the transfer deed(s) and the original contract note issued by share broker of a recognized stock exchange through whom they acquired the equity shares before the close of the Offer, i.e. 18/04/2005. Such equity shareholders may also download a copy of the form of acceptance cum acknowledgement from SEBI's website at [www.sebi.gov.in](http://www.sebi.gov.in) and use the same.

#### 10. GENERAL

- a) The Acquirer can revise the price upwards upto seven working days prior to closure of the offer and revision if any in the offer price would appear in the same news papers where the Public Announcement has appeared. The same price would be paid to all shareholders who tender their shares in the offer.
- b) **Shareholders may note that if there is a competitive bid, the public offers under all the subsisting bids shall close on the same date. As the offer price can not be revised during 7 working days prior to the closing date of the offers / bids, it would, therefore, be in the interest of shareholders to wait till the commencement of that period to know the final offer price of each bid and tender their acceptance accordingly.**
- c) For any queries regarding the Offer the shareholders / applicants may contact the Registrar to the Offer at the address mentioned on the cover page of this Letter of offer.
- d) If the aggregate of the valid responses to the offer exceeds offer size, then the acquirers shall accept the valid applications received on a proportionate basis in accordance with Regulation 21 (6) of the Regulations. The equity shares of AFL are being traded in physical mode and the market lot of the shares is 100.
- e) Acquirer shall acquire the equity shares from the shareholders of the Company who have validly tendered the equity shares under the Offer (i.e. equity shares and other documents are in order in accordance with the terms of the Offer) and shall complete all procedures relating to the offer and also remit the consideration in respect thereof on or before 02/05/2005 in cash by Account Payee Pay Order / Demand Draft. Any delay will attract interest in terms of Regulation 22(12) of SEBI (SAST) Regulations 1997. The information as to whether the equity shares tendered by them have been accepted (in full or in part) or rejected and consideration payable would be sent by Registered Post.
- f) The unaccepted shares/documents will be returned to the shareholders by Registered Post.
- g) Pursuant to the Regulation 13, the Acquirer has appointed Keynote Corporate Services Ltd. as the Manager to the Offer.
- h) Keynote Corporate Services Limited, the Manager to the Offer, does not hold any equity shares of AFL. Further, they have undertaken not to deal in the equity shares of AFL upto a period of fifteen days after closure of the offer.
- i) The share certificate tendered in the offer would be held in trust by the registrar to the offer, till the time acquirer completes the offer obligation in terms of Regulations.
- j) The board of directors of the acquirer accept full responsibility for the information contained in this Public Announcement and also for the obligations of Acquirer as laid down in the Regulations.

#### 11. DOCUMENTS FOR INSPECTION

The following documents are regarded as material documents and are available for inspection at the registered office situated at Poonam Vinod Jagan Park, Chala Vapi, Gujarat - 396195 of the Acquirer being Jaybharat Sarees Limited to the Offer from 11.00 a.m. to 3.00 p.m. on any working day until the Offer closes.

1. Copy of Agreements dated 08/01/2005 between Acquirer and the Sellers in respect of the proposed acquisition.
2. Copy of MOU dated 08/01/2005 between Keynote Corporate Services Ltd., Manager to the Offer and Acquirer.
3. Copy of MOU dated 08/01/2005 between Mondkar Computers Pvt. Ltd, Registrar to the Offer and Acquirer.
4. Memorandum and Articles of Association of AFL.
5. Copies of Annual Report of AFL for the financial years 2001-02, 2002-03 and 2003-04 and unaudited financials for the period ended 31/12/2004 as certified by the statutory auditor of the company.
6. Copy of shareholding pattern of AFL as on 30/09/2004

7. Copy of BIFR order dated 11/11/2002
8. Copy of Appeal dated 14/12/2002 filed with AAIFR, U/S 25 of SICA Act against BIFR order dated 11/11/2002
9. Copy of letter no. Ref.No.APB:AKJ:983:04 dated 01/11/2004 from Union Bank of India pertaining to release of sale deed and related documents.
10. Copy of Appeal no. 382 of 2002 dated 04/03/2005 filed with the Appellate Authority (AAIFR) informing them about the impending takeover and change in control pursuant to acquisition by JSL.
11. Copy of letter dated 22/03/2005 received from Mr. R.N. Shah in respect of his consent to the transfer of his holding in AFL and authorizing the promoters of AFL to deliver transfer deeds and original share certificates held by him.
12. Details of Board of Directors of AFL.
13. Copy of prospectus dated 28/10/1994 in respect of the public issue of AFL.
14. Copy of letter no. CFD/DCR/RC/TO/13060/04 dated 21/07/2004 received from SEBI by AFL, pertaining to Violation of Takeover Regulations 6(2) & 6(4) for 1997 & 8(3) for 1998, 2000, 2001 & 2002 and copy of letter dated 18/08/2004 written by AFL to SEBI in reply to the same.
15. Copy of letter dated 13/01/2005 received from BSE in respect of investor grievances pending against AFL.
16. Memorandum and Articles of Association of JSL.
17. Copies of Annual Report of JSL for the financial years 2001-02, 2002-03 and 2003-04 and unaudited results for the period ended 31/12/2004 as certified by Sanjay & Vijay Associates, Chartered Accountants.
18. Copies of undertaking from Acquirer & Target Company.
19. Copy of Public Announcement as published in the newspaper on 12/01/2005.
20. Copy of Fixed Deposit Receipt issued by The Bank of Rajasthan, Lower Parel Branch, Mumbai, in terms of the Escrow requirements.
21. Letter No. CFD/DCR/UJ/TO/36094/2005 dated 15/03/2005 received from Securities and Exchange Board of India in terms of provisions of Regulation 18(2) of the Regulations.

## 12. DECLARATION BY THE ACQUIRER

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

For and on behalf of Jaybharat Sarees Limited  
 Sd/-  
 Sanjay Nimbalkar  
 Director

Place: Mumbai  
 Date: 23/03/2005



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

<b>OFFER</b>
<b>OPENS ON : WEDNESDAY MARCH 30, 2005</b>
<b>CLOSES ON : MONDAY, APRIL 18, 2005</b>

From:

Tel No.

Fax No.:

E-mail:

To,  
**Mondkar Computers Pvt. Ltd.**  
Unit: **Asahi Fibres Ltd.**  
21, Shakil Niwas,  
Mahakali Caves Road,  
Andheri (E) Mumbai - 400 093

**Sub : Open offer to acquire upto 12,08,511 equity shares of Rs. 10/- each representing 20% of the paid up capital of Asahi Fibres Limited (AFL) by Jaybharat Sarees Ltd. ('Acquirer') in terms of SEBI (Substantial Acquisition of Shares & Takeovers) Regulations, 1997.**

Dear Sir,

I/We refer to the Letter of Offer dated 23/03/2005 for acquiring the equity shares held by me/us in Asahi Fibres Ltd.

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

I/We accept the Offer and enclose the original share certificate(s) and duly signed transfer deed(s) in respect of my/our shares as detailed below:

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

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

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

I/We authorise the Acquirers or the Manager to the Offer to send by registered post the draft/cheque, in settlement of the amount to the sole/first holder at the address mentioned below :

Yours faithfully,

Signed and Delivered:

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

Address of First/Sole Shareholder \_\_\_\_\_

Place:

Date:

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

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

Name of the Bank \_\_\_\_\_ Branch \_\_\_\_\_

Account Number \_\_\_\_\_ Savings/Current/Others (please specify) \_\_\_\_\_

-----TEAR HERE-----

Folio No.:

Sr. No.:

**Mondkar Computers Pvt. Ltd.**

**(Acknowledgement Slip)**

Unit: **Asahi Fibres Ltd.**

21, Shakil Niwas, Mahakali Caves Road, Andheri (E) Mumbai - 400 093

Received from Mr./Ms. \_\_\_\_\_

Address \_\_\_\_\_

Form of acceptance cum acknowledgement, \_\_\_\_\_ Number of Share Certificates

for \_\_\_\_\_ shares.

Signature of Official and Date of Receipt	Stamp of Collection center

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

<p>You have an 'OPTION TO WITHDRAW' the acceptance tendered in response to the offer any time upto three working days prior to the date of closure of offer i.e. on or before Monday, 11/04/2005. In case you wish to withdraw your acceptance please use this form.</p>	OFFER	
	OPENS ON	: WEDNESDAY MARCH 30, 2005
	CLOSES ON	: MONDAY, APRIL 18, 2005

From:

Tel No.

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E-mail:

To,  
**Mondkar Computers Pvt. Ltd.**  
Unit: **Asahi Fibres Ltd.**  
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Sub : Open offer to acquire upto 12,08,511 equity shares of Rs. 10/- each representing 20% of the paid up capital of Asahi Fibres Limited ( AFL) by Jaybharat Sarees Ltd. ('Acquirer') in terms of SEBI (Substantial Acquisition of Shares & Takeovers) Regulations, 1997.

Dear Sir,

I/We refer to the Letter of Offer dated 23/03/2005 for acquiring the equity shares held by me/us in Asahi Fibres Limited.

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

I/We wish to withdraw our acceptance tendered in response to the said offer. We had deposited/sent our 'Form of Acceptance' to you on \_\_\_\_\_ along with original share certificate(s) and duly signed transfer deed(s) in respect of my/our shares as detailed below: (Please enclose the Xerox copy of Acknowledgement received for 'Form of Acceptance')

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

I/We note and understand the terms of withdrawal of acceptance and request you to return the original share certificate(s) and valid share transfer deed and authorize you not to remit the consideration as mentioned in the Letter of Offer.

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

I/We authorise the Acquirers or the Registrar to the Offer to send by registered post the original share certificate(s), transfer deed(s) and other documents tendered by me/us to the sole/first holder at the address mentioned below:

Yours faithfully,

Signed

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

**Address of First/Sole Shareholder**

Place:

Date:

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

**-TEAR HERE-**

Folio No.: Sr. No.: **Mondkar Computers Pvt. Ltd.**  
Unit: **Asahi Fibres Ltd.**  
21, Shakil Niwas, Mahakali Caves Road, Andheri (E) Mumbai - 400 093

(Acknowledgement Slip)

Received from Mr./Ms. \_\_\_\_\_

Address \_\_\_\_\_

Form of withdrawal in respect of \_\_\_\_\_ Number of Share Certificates  
for \_\_\_\_\_ shares.

Signature of Official and Date of Receipt	Stamp of Collection center