LETTER OF OFFER

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

This Letter of Offer is sent to you as a shareholder of Mudra Lifestyle Limited. If you require any clarifications about the action to be taken, you should consult your stockbroker or investment consultant or the Manager/Registrar to the Offer. In case you have recently sold your Shares, please hand over this Letter of Offer, the accompanying Form of Acceptance cum Acknowledgement, Form of Withdrawal and Transfer Deed to the Member of the Stock Exchange through whom the said sale was effected.

CASH OFFER AT Rs. 60/- (RUPEES SIXTY ONLY)
PER FULLY PAID-UP EQUITY SHARE OF Rs. 10/- (RUPEES TEN ONLY) EACH
("OFFER PRICE")

Pursuant to Regulation 10 and 12 of the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 1997 and subsequent amendments thereto ("Takeover Regulations"/ "SEBI (SAST) Regulations")

TO ACQUIRE

upto 9,598,094 (Nine Million Five Hundred and Ninety Eight Thousand and Ninety Four) fully paid-up Equity Shares of face value Rs. 10/- each,
representing upto 20.00% (Twenty Percent) of the Existing Voting Capital
("OFFER")

OF

Mudra Lifestyle Limited ("Target Company")

having its registered office at
5129-41, D-wing, 5th Floor, Oberoi Garden Estates, Chandivali Farms Road,
Chandivali, Andheri (E), Mumbai – 400 072, India.
Tel: +91 22 2847 2600 / +91 22 4097 2601; Fax: +91 22 2847 2603

BY

E-Land Fashion China Holdings, Limited ("Acquirer")

having its registered office at
Walker House, 87 Mary Street, George Town,
Grand Cayman KY1-90005, Cayman Islands.
and having its corporate office at
Flat/Room no.401, 4/F, Printing House, 6, Duddell Street, Central, Hong Kong
Tel. No. (852) 2526 5023, Fax. No. (852) 2526 5025

MANAGER TO THE OFFER	REGISTRAR TO THE OFFER
SBI Capital Markets Limited 202 Maker Tower 'E', Cuffe Parade, Mumbai – 400 005. **Tel:** +91–22-2217 8300 **Fax:** +91–22-2218 8332 **Website:** www.sbicaps.com **E-mail:** mudra.openoffer@sbicaps.com **Contact Person: Mr. Anish Shrimankar/ Ms. Sylvia Mendonca** **SEBI Reg. No.: INM000003531**	**Bigshare Services Private Limited** E/2, Ansa Industrial Estate, Sakivihar Road, Sakinaka, Andheri (E), Mumbai - 400 072 **Tel:** +91-22-4043 0200 **Fax:** +91-22-2847 5207 **Website:** www.bigshareonline.com **E-Mail:** openoffer@bigshareonline.com **Contact Person: Mr. Babu Rapheal** **SEBI Reg. No.: INR000001385**
OFFER OPENS ON : June 10, 2011	**OFFER CLOSES ON : June 29, 2011**

SCHEDULE OF MAJOR ACTIVITIES OF THE OFFER

Activity	Original Dates	Revised Dates
Public Announcement Date	Thursday, October 21, 2010	Thursday, October 21, 2010
Last date for a competitive bid	Thursday, November 11, 2010	Thursday, November 11, 2010
Specified Date*	Friday, November 19, 2010	Friday, November 19, 2010
Date by which individual Letter of Offer will be dispatched to the Shareholders	Monday, November 29, 2010	Monday , June 6, 2011
Offer Opening Date	Wednesday, December 15, 2010	Friday, June 10, 2011
Last date for revising the offer price/number of Equity Shares by the Acquirer	Thursday, December 23, 2010	Monday, June 20, 2011
Last date for withdrawal of acceptances by the shareholder	Wednesday, December 29, 2010	Friday, June 24, 2011
Offer Closing Date	Monday, January 3, 2011	Wednesday, June 29, 2011
Date by which acceptance/ rejection would be intimated and the corresponding payment for the acquired Equity Shares and/or the share certificates for the rejected/withdrawn Equity Shares will be dispatched and/or credited to the beneficiary account in case of dematerialised Equity Shares	Tuesday, January 18, 2011	Thursday, July 14, 2011

* Specified Date is only for the purpose of determining the names of the Public Shareholders as on such date to whom the Letter of Offer will be sent. All eligible owners (registered or unregistered and including beneficial owners) of the equity shares of the Target Company, other than the Acquirer and the Promoters, are eligible to participate in the Open Offer anytime before the Offer Closing Date.

ATTENTION:

This open offer is being made by the Acquirer pursuant to and in accordance with the provisions of Regulation 10 and 12 of the SEBI (SAST) Regulations.

a) The Open Offer is subject to the approval of the RBI under the Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder.

b) The Acquirer had filed an application with the Reserve Bank of India ("**RBI**") on October 28, 2010, seeking its approval for acquisition of Shares tendered in the Open Offer and for the acquisition of shares under the Share Purchase Agreement (as defined in paragraph 3.1.e) from the resident promoters of the Target Company, under the Foreign Exchange Management Act, 1999 and the rules and regulations thereunder ("**FEMA**"). The RBI has vide its letter dated February 3, 2011 conveyed its approval for the acquisition of Shares under the Open Offer subject to *inter alia* the following conditions (a) the acquisition being carried out in accordance with provisions of A.P. (Dir Series) Circular No. 16 dated October 4, 2004 as amended from time to time, read with A.P. (Dir Series) Circular No.63 dated April 22, 2009 except pricing and reporting requirements specified thereunder may be complied with; (b) the acquisition of any non-repatriable Shares tendered by NRIs or any Shares tendered by OCBs in the Open Offer shall be subject to the specific approval of the RBI; and (c) prior to the acquisition, the Acquirer may ensure that the Shares tendered in the Open Offer are being held by the tendering shareholder in accordance with applicable foreign exchange laws . In the said letter, the RBI has also conveyed its approval for the acquisition of the Shares under the Share Purchase Agreement subject to the same being carried out in accordance with applicable pricing and reporting requirements.

If any other approvals are/or become applicable, the Open Offer will also be subject to obtaining such other approvals. Regulation 27 of the SEBI (SAST) Regulations provides that no public offer, once made, shall be withdrawn except under the following circumstances (a) the statutory approvals required have been refused; (b) the sole acquirer, being a natural person, has died; and (c) in such circumstances as in the opinion of the Board merit withdrawal. In the event of withdrawal of the Open Offer, a public announcement shall be made in the same newspapers in which the Public Announcement ("**PA**") has been made.

In case of delay in receipt of any statutory approvals, SEBI has the power to grant an extension of time to the Acquirer for payment of consideration to shareholders of the Target Company, if it is satisfied that non-receipt of requisite statutory approvals was not due to any willful default or neglect of the Acquirer or failure of the Acquirer to diligently pursue the applications for such approvals and subject to the Acquirer paying interest for the delayed period as directed by the SEBI in terms of Regulation 22(12) of the SEBI (SAST) Regulations. Further, if the delay occurs on account of the willful default or neglect or inaction of the Acquirer in obtaining the requisite approvals, the amount held in the escrow account may be subject to forfeiture and be dealt with in the manner provided in Regulation 22(13) read with Regulation 28(12) of the SEBI (SAST) Regulations.

c) The Shareholders who have accepted the Open Offer by tendering the requisite documents in terms of PA and the LoF can withdraw the same up to 3 (Three) working days prior to the date of the closure of the Open Offer i.e., up to Friday, June 24, 2011.

d) This is not a competitive bid.

e) In terms of Regulation 25(6) and Regulation 26 of the SEBI (SAST) Regulations, the Acquirer reserves the right to revise the Offer Price upwards up to 7 (Seven) working days prior to the closing of the Open Offer (i.e. by Monday, June 20, 2011). If there is any upward revision in the Offer Price prior to or on the last date for revising the Offer Price of Rs.60/- (Rupees Sixty Only), i.e. Monday, June 20, 2011, or if the Offer is withdrawn, you will be informed by way of another public announcement in the same newspapers where the PA had appeared. The revised offer price would be paid for all the Equity Shares validly tendered at any time before the Offer Closing Date and accepted under the Open Offer.

f) This Open Offer is not conditional on any minimum level of acceptance by the Shareholders.

g) This document has not been filed, registered or approved in any jurisdiction outside India. The Form of Acceptance-cum-Acknowledgement may be downloaded and used to accept the Open Offer only in jurisdictions where legally permissible. Recipients of this document resident in jurisdictions outside India should inform themselves of and observe any relevant restrictions.

h) As of the date of this Letter of Offer, there has been no competitive bid.

i) The Form of Acceptance cum Acknowledgement, Form of Withdrawal and Transfer Deed are enclosed with the Letter of Offer.

j) The Public Announcement and the Letter of Offer, Form of Acceptance and Form of Withdrawal would also be available on SEBI's website (www.sebi.gov.in).

RISK FACTORS

I. Relating to the Open Offer

i. In the event that either (a) the statutory approvals as stated in paragraph 8.1(a) of this Letter of Offer are not received; or (b) there is any litigation leading to stay on the Open Offer; or (c) SEBI instructs the Acquirer not to proceed with the Open Offer, the Open Offer process may be delayed beyond the Schedule of Activities indicated in the Letter of Offer. Consequently, the payment of consideration to those Shareholders of the Target Company whose Equity Shares have been accepted in the Open Offer as well as the return of Shares not accepted by the Acquirer may be delayed. Shareholders should note that after the last date for withdrawal of acceptances under the Open Offer (i.e. Friday, June 24, 2011), Shareholders who have lodged the Equity Shares will not be able to withdraw them even if the acceptance of Equity Shares under the Open Offer and dispatch of consideration gets delayed.

ii. Except for the specific approval from the RBI as mentioned above in case of non-repatriable Shares tendered by non-resident Indians ("**NRIs**") and Shares tendered by Overseas Corporate Bodies ("**OCBs**"), as of the date of this Letter of Offer, no other statutory approval is required to acquire the equity shares tendered pursuant to this Open Offer. However, the Open Offer would be subject to all statutory approvals that may become applicable at a later date. Regulation 27 of the SEBI (SAST) Regulations provides that no public offer, once made, shall be withdrawn except under the following circumstances (a) the statutory approvals required have been refused; (b) the sole acquirer, being a natural person, has died; and (c) in such circumstances as in the opinion of SEBI merit withdrawal.

iii. The Shares tendered in the Open Offer will be held in trust for the Acquirer, by the Registrar to the Offer till the completion of the Open Offer formalities and the Shareholders will not be able to trade in such tendered Shares. During such period there may be fluctuations in the market price of the Shares. The Acquirer makes no assurance with respect to the market price of the Shares that would prevail both during the Offer period and after completion of the Open Offer and disclaims any responsibility with respect to any decision by the Shareholders on whether or not to participate in the Open Offer.

iv. If the number of Shares of the Target Company tendered in the Open Offer exceeds the Offer Size, then the Acquirer shall accept Shares of the Target Company tendered in the Open Offer, in accordance with Regulation 21(6) of the SEBI (SAST) Regulations, i.e. on a proportionate basis, to be decided in a fair and equitable manner, in consultation with the Manager to the Offer, irrespective of whether the tendered Shares are in physical or dematerialized form. Hence, there is no certainty that all Equity Shares tendered by the Shareholders in the Open Offer will be accepted, in the event that the number of Equity Shares of the Target Company tendered in the Open Offer exceeds the Offer Size. The unaccepted Equity Shares will be returned to the Shareholders in accordance with the Schedule of Activities for the Open Offer.

In the event that the approval from the RBI is refused for one or more Shareholders in respect of whom prior approval from the RBI is required, the basis of acceptance will be revised and additional Equity Shares will be accepted by the Acquirer from resident Shareholders and such non-resident Shareholders in respect of whom RBI approval is required and is received and consideration shall be paid for such accepted Equity Shares. In case of delay in receipt of RBI approval in respect of any Shareholders in respect of whom prior approval from the RBI is required, the Acquirer shall have the option to make payment to resident Shareholders and non-resident Shareholders in respect of whom RBI approval is received as per the basis of acceptance. However, in such cases, if the Open Offer is oversubscribed, the Registrar will hold in trust the Equity Shares tendered in the Open Offer by Shareholders in respect of whom RBI approval is received till the approval of the RBI is received or rejected for acquiring Shares tendered in the Open Offer from Shareholders for whom RBI approval has not been received or rejected and payment of consideration shall be made thereafter as per the revised basis of acceptance

v. The Acquirer and the Manager to the Offer accept no responsibility for the statements made, otherwise than in the PA or the Letter of Offer or in the advertisement or any materials issued by, or at the instance of the Acquirer and the Manager to the Offer, and anyone placing reliance on any other source of information (not released by the Acquirers or the Manager to the Offer) would be doing so at his / her / their own risk.

II. Relating to the Transaction

vi. The acquisition of the Sale Shares is subject to compliance with the terms of the RBI approval dated February 3, 2011 which requires that the acquisition of the Sale Shares be undertaken in accordance with applicable pricing and reporting requirements.

III. Relating to the Acquirer

vii. The Acquirer is an investment holding company having its Corporate Office in Hong Kong. The Acquirer does not have the experience of managing operations in India.

viii. The subsidiaries of the Acquirer are engaged in the design and sale of women's apparel products in the People's Republic of China (**"PRC"**) having a portfolio of women's apparel brands, which includes the design, raw materials procurement, outsourced manufacturing and distribution of their products. As such, they rely on sales of women's apparel in the PRC as their main source of revenue. Rapid changes in fashion trends, consumer preferences and spending patterns in the PRC may affect their business. The subsidiaries may face intense competition in the women's apparel market in the PRC. The businesses are subject to risks associated with the PRC legal system. Political and economic conditions of the PRC government could affect their business and results of operations. Any such material adverse effect may impact the ability of the Acquirer to manage the operations of the Target Company. Additionally, there is no assurance with respect to the continuance of the past trend in the financial performance of the Target Company.

ix. The Acquirer does not provide any assurance with respect to the market price of the equity shares of the Target Company before, during or after the Open Offer and expressly disclaims any responsibility or obligation of any kind (except as required by applicable law) with respect to any decision by any shareholder on whether to participate or not to participate in the Open Offer.

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

10.1.1.1.1.1 CURRENCY OF PRESENTATION

In this Letter of Offer, reference to "**Rs./ INR**" is to Indian Rupees and references to "**RMB**" is to Renminbi and references to "**USD**" is to United States Dollars**.** Unless otherwise stated, the Rupee equivalent in each case is calculated in accordance with the Exchange Rate as on Tuesday, October 19, 2010 namely RMB 1 = Rs. 6.675 ; USD 1 = Rs. 44.35 and USD 1 = RMB 6.445. (Source: Bloomberg)

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1. DEFINITIONS

Acquirer	E-Land Fashion China Holdings, Limited
Business	The existing textile business of Mudra Lifestyle Limited which has facilities for woven fabrics for suiting and shirting and garments manufacturing, weaving, processing, design development and sampling excluding home furnishing and denims
Board	Board of Directors
BSE	Bombay Stock Exchange Limited
CDSL	Central Depository Services (India) Limited
CIP	Construction-in-progress
Companies Act	Companies Act, 1956, as amended
Completion Date	The date of allotment of the Investor Shares to the Acquirer
DoA	Date of Appointment
Dhanlaxmi Bank	Dhanlaxmi Bank Limited, a banking corporation incorporated under the laws of India and carrying on business as a banking company under the Banking Regulation Act, 1949 having one of its branch offices at Janmabhoomi Bhavan, Janmabhoomi Marg, Fort, Mumbai 400 001
DLoF/ Draft Letter of Offer	The Draft Letter of Offer filed with SEBI on November 4, 2010
DP	Depository Participant
NECS	National Electronic Clearing System
Eligible Person(s) for the Offer	All owners (registered or unregistered and including beneficial owners) of Shares of Mudra Lifestyle Limited, excluding the Promoters and the Acquirer
Emerging Voting Capital	The total emerging voting capital of the Target Company is 47,990,469 (Forty Seven Million Nine Hundred and Ninety Thousand Four Hundred and Sixty Nine only) equity shares of the face value of Rs.10/- each. Consequent to issuance of Investor Shares to the Acquirer, and as on the date of this Letter of Offer, the Emerging Voting Capital is same as the Existing Voting Capital
Existing Voting Capital	The existing voting capital of the Target Company as on the date of this Letter of Offer, being 47,990,469 (Forty Seven Million Nine Hundred and Ninety Thousand Four Hundred and Sixty Nine only) equity shares of the face value of Rs.10/- each.
Escrow Agreement	The escrow agreement entered into by the Acquirer, the Manager to the Offer and Dhanlaxmi Bank Limited, for the Open Offer on Saturday, October 16, 2010 in accordance with Regulation 28 of the SEBI (SAST) Regulations.
FEMA	Foreign Exchange Management Act, 1999 and the rules and regulations thereunder
Free Float Shares	Such number of shares as is equal to (a) 30% of the shares held by the Promoters in the aggregate after (i) transferring the Sale Shares to the Acquirer in terms of the SPA; and (ii) complying with their divestment obligation under the SHA ; less (b) such number of Shares forming a part of the 30% referred to above, as would ensure that together with the balance 70% of the shares held by the Promoters in the aggregate, the Promoters would hold at least 9% of the Equity Share capital of the Target Company as on the Share Sale Closing Date
Form of Acceptance	Form of Acceptance cum Acknowledgement
IAS	International Accounting Standards
ICAI	Institute of Chartered Accountants of India

ICDR Regulations	Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 and subsequent amendments thereto
IFRS	International Financial Reporting Standards
IFSC	Indian Financial System Code
Investor Shares	12,000,000 (Twelve Million) fully paid up equity shares of the Target Company constituting 25.005% (Twenty Five Point Zero Zero Five Percent) of the Emerging Voting Capital of the Target Company to be issued pursuant to the SSA through preferential allotment to the Acquirer for a cash price of Rs 60/- per share, in accordance with the provisions of, inter alia, the ICDR Regulations
Investor Subscription Consideration	The aggregate consideration to be paid by the Acquirer to the Target Company for the Investor Shares being Rs. 720,000,000/-
JMD	Joint Managing Director of the Target Company
Letter of Offer / LoF	The Letter of Offer dated June 2, 2011 to be dispatched to the Shareholders of Mudra Lifestyle Limited.
Lock-in Period	A period of 3 years from the date of allotment of the Investor Shares to the Acquirer, during which the Promoters shall not be entitled to transfer the shares held by them in the Target Company, without the prior written consent of the Acquirer.
Listing Agreement	Listing Agreement with NSE and BSE as amended from time to time
Manager/ Manager to the Offer	SBI Capital Markets Limited
Mn	Million (1 Million = 10 lacs)
MICR	Magnetic Ink Character Recognition
MPCB	Maharashtra State Pollution Control Board
NEFT	National Electronic Fund Transfer
NSE	National Stock Exchange of India Limited
NSDL	National Securities Depository Limited
OCB	Overseas Corporate Bodies as defined in the Foreign Exchange Management [Withdrawal of General Permission to Overseas Corporate Bodies (OCBs)] Regulations, 2003
Offer or Open Offer	The Offer for the acquisition by the Acquirer to acquire upto 9,598,094 (Nine Million Five Hundred and Ninety Eight Thousand And Ninety Four) equity shares of face value Rs. 10/- (Rupees Ten only) each of the Target Company (the "Offer Shares") forming 20% (Twenty Percent) of the Existing Voting Capital of the Target Companyas set out in this document
Offer Price	Rs.60 /- (Rupees Sixty only) per fully paid-up equity share of Rs. 10/- each of Mudra Lifestyle Limited.
Paid up Equity Share Capital of the Target Company	47,990,469 fully paid-up Shares of Rs. 10/- each as on date
Promoters	The following persons are collectively referred to as 'Promoters' of the Target Company: a) Mr. Murarilal Agarwal b) Mr. Ravindra Agarwal and c) Mr. Vishwambharlal Bhoot
Public Announcement/ PA	Announcement of the Offer made by the Acquirer on Thursday, October 21, 2010 in Financial Express - English national daily, Jansatta - Hindi national daily and Navshakti - Marathi regional language daily
Public Shareholders	Holders of Equity Shares of Mudra Lifestyle Limited other than

	the Promoters and the Acquirer
RBI	Reserve Bank of India
Registrar/ Registrar to Offer	BigShare Services Private Limited
RTGS	Real Time Gross Settlement
SEBI	Securities and Exchange Board of India
SHA	Shareholders Agreement dated October 15, 2010, entered into between the Target Company, the Promoters and the Acquirer
SSA	Share Subscription Agreement dated October 15, 2010, entered into between the Target Company, the Promoters and the Acquirer
SPA	Share Purchase Agreement dated October 15, 2010, entered into between the Promoters and the Acquirer
Share Sale Closing Date	Date of consummation of the sale and purchase of the Sale Shares
SPA Conditions Precedent	The conditions precedent on satisfaction (or waiver by the Acquirer at its sole discretion) of which the sale and purchase of the Sale Shares by the Acquirer is based.
SSA Conditions Precedent	The conditions precedent on satisfaction (or waiver by the Acquirer at its sole discretion) of which the consummation of the transactions contemplated in the SSA is based.
SEBI Act	Securities and Exchange Board of India Act, 1992, as amended
SEBI (SAST) Regulations/ Regulations	Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 1997 and subsequent amendments thereto
Share(s) or Equity Shares	Fully paid-up equity shares of face value of Rs. 10/- each of Mudra Lifestyle Limited
Specified Date	Friday, November 19, 2010
Stock Exchanges	BSE and NSE
Transaction Documents	SSA, SPA and SHA are collectively referred to as the Transaction Documents
w.e.f.	With effect from
Target Company/Company	Mudra Lifestyle Limited

Note: All terms beginning with a capital letter used in this Letter of Offer, but not otherwise defined in this Letter of Offer, shall have the meaning ascribed thereto in the Regulations.

2. DISCLAIMER CLAUSE

"IT IS TO BE DISTINCTLY UNDERSTOOD THAT FILING OF THE DRAFT LETTER OF OFFER WITH SEBI SHOULD NOT IN ANY WAY BE DEEMED OR CONSTRUED THAT THE SAME HAS BEEN CLEARED, VETTED OR APPROVED BY SEBI. THE DRAFT LETTER OF OFFER HAS BEEN SUBMITTED TO SEBI FOR A LIMITED PURPOSE OF OVERSEEING WHETHER THE DISCLOSURES CONTAINED THEREIN ARE GENERALLY ADEQUATE AND ARE IN CONFORMITY WITH THE SEBI (SAST) REGULATIONS. THIS REQUIREMENT IS TO FACILITATE THE SHAREHOLDERS OF MUDRA LIFESTYLE LIMITED TO TAKE AN INFORMED DECISION WITH REGARD TO THE OFFER. SEBI DOES NOT TAKE ANY RESPONSIBILITY EITHER FOR FINANCIAL SOUNDNESS OF THE ACQUIRER OR THE COMPANY WHOSE SHARES ARE PROPOSED TO BE ACQUIRED OR FOR THE CORRECTNESS OF THE STATEMENTS MADE OR OPINIONS EXPRESSED IN THE DRAFT LETTER OF OFFER. IT SHOULD ALSO BE CLEARLY UNDERSTOOD THAT WHILE THE ACQUIRER IS PRIMARILY RESPONSIBLE FOR THE CORRECTNESS, ADEQUACY AND DISCLOSURE OF ALL RELEVANT INFORMATION IN THIS DRAFT LETTER OF OFFER, THE MANAGER TO THE OFFER IS EXPECTED TO EXERCISE DUE-DILIGENCE TO ENSURE THAT THE ACQUIRER DULY DISCHARGES ITS RESPONSIBILITIES ADEQUATELY. IN THIS BEHALF, AND TOWARDS THIS PURPOSE, THE MANAGER TO THE OFFER, SBI CAPITAL MARKETS LIMITED, HAS SUBMITTED A DUE-DILIGENCE CERTIFICATE DATED THURSDAY, NOVEMBER 4, 2010 TO SEBI IN ACCORDANCE WITH THE SEBI (SAST) 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".

3. DETAILS OF THE OFFER

3.1 Background of the Offer

a. This Offer is being made by E-Land Fashion China Holdings Limited, a company incorporated and registered under the laws of Cayman Islands having its registered office located at Walker House, 87 Mary Street, George Town, Grand Cayman KY1-90005, Cayman Islands and its Corporate Office at Flat/RM no.401, 4/F, Printing House, 6, Duddell Street, Central Hong Kong (Tel. No. (852) 2526 5023, Fax No. (852) 2526 5025) being the Acquirer within the meaning of Regulation 2(1)(b) of the SEBI (SAST) Regulations, to the Public Shareholders of Mudra Lifestyle Limited, a public limited company incorporated in India under the Companies Act, 1956 having its registered office at 5129-41, D-wing, 5th Floor, Oberoi Garden Estates, Chandivali Farms Road, Chandivali, Andheri (E), Mumbai – 400 072, India (Tel: +91 22 2847 2600 / +91 22 4097 2601; Fax: +91 22 2847 2603). This Offer is being made under regulations 10 and 12 of the SEBI (SAST) Regulations.

b. The Acquirer is a subsidiary of Eland World Limited incorporated in the Republic of Korea which is the flagship company of the Eland Group. The Acquirer is 80% (Eighty Percent) owned by E-Land World Limited and 20% (Twenty Percent) owned by E-Land Asia Holdings Pte. Ltd. The E-Land Group, through Eland World Limited and its other subsidiaries, is engaged in the businesses of restaurants, interior design, furniture, advertising, construction, real estate development, hotel and resort management, supermarkets, hypermarkets, department stores, discount stores, stand-alone fashion stores, software development, information technology services and ecommerce. The E-Land Group is also engaged in the design, manufacture and sale of a wide range of apparel and other apparel products. The E-Land Group operates in the Republic of Korea, the People's Republic of China, Singapore, the United States, the United Kingdom, Hong Kong, Sri Lanka and Vietnam.

c. The Acquirer is desirous of acquiring a minimum of 51% (Fifty One Percent) and a maximum of 67% (Sixty Seven Percent) of the Emerging Voting Capital (as defined in paragraph 6.i below) of the Target Company. The Acquirer, the Target Company and Mr. Murarilal Agarwal (residing at 703-704, Minaxi Apartments, Filmcity Road, Gokuldam, Goregaon (East), Mumbai – 400 063), Mr. Ravindra Agarwal (residing at 803-804, Orchid Building, Vasant Valey, Malad (East), Near Dindoshi Depot, Mumbai – 400 098.) and Mr. Vishwambharlal Bhoot (residing at 302, Rajnigandha Appartments, Film City Road, Gokuldham, Goregaon (East), Mumbai 400 063) (Mr. Murarilal Agarwal, Mr. Ravindra Agarwal and Mr. Vishwambharlal Bhoot are hereinafter collectively referred to as the **"Promoters"**) have agreed that the Acquirer will achieve this acquisition by way of (i) subscribing to the Equity Shares constituting 25.005% (Twenty Five Point Zero Zero Five Percent) of the Emerging Voting Capital of the Target Company pursuant to a Share Subscription Agreement dated Friday, October 15, 2010 (**"SSA"**) as detailed in paragraph 3.1.d below; (ii) acquiring up to 20% (Twenty Percent) of the Emerging Voting Capital (now same as the Existing Voting Capital) of the Target Company in this Open Offer made to the Public Shareholders of the Target Company and (iii) acquiring the Sale Shares (as defined hereinafter) from the Promoters pursuant to a Share Purchase Agreement dated Friday, October 15, 2010 (**"SPA"**) as detailed in paragraph 3.1.e below. The Promoters, the Target Company and the Acquirer have also entered into a Shareholders Agreement dated Friday October 15, 2010 to provide for the inter se rights and obligations of the parties in the management of the Target Company (the SSA, SPA and SHA are hereinafter collectively referred to as the "**Transaction Documents**"). The acquisition of the Equity Shares of the Target Company as contemplated above will result in a substantial acquisition of Equity Shares accompanied with a change of control of the Target Company as per the SEBI (SAST) Regulations. It is the intention of the Acquirer and the Promoters that they shall be co-promoters following the consummation of the transactions above.

d. Pursuant to the SSA, 12,000,000 (Twelve Million) fully paid up Equity Shares of the Target Company constituting 25.005 % (Twenty Five Point Zero Zero Five Percent) of the Emerging Voting Capital of the Target Company (**"Investor Shares"**) are to be issued through preferential allotment to the Acquirer for a cash price of Rs 60/- (Rupees Sixty only) per Share, in accordance with the provisions of inter alia, the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 and subsequent amendments thereto (the "**ICDR Regulations**"). The Investor Shares were issued to the Acquirer on November 27, 2010.

e. In addition to the SSA, the Acquirer, has entered into the SPA with the Promoters, wherein the Promoters shall sell and transfer to the Acquirer and the Acquirer shall purchase from the Promoters the "Sale Shares" which are to be the higher of (i) 10,000,000 (Ten Million) Equity Shares; or (ii) such number of Equity Shares as would, together with the Investor Shares and the Equity Shares acquired under the Open Offer, constitute 51% (Fifty One Percent) of the Emerging Voting Capital of the Target Company as on the Share Sale Closing Date. The Sale Shares shall in no event exceed 12,475,139 (Twelve Million Four Hundred and Seventy Five Thousand One Hundred and Thirty Nine) Equity Shares and shall be acquired from the Promoters pro rata to their shareholding. Pursuant to the allotment of the Investor Shares to the Acquirer, the acquisition of up to 20% (Twenty Percent) of the Emerging Voting Capital pursuant to the Open Offer and the acquisition of the Sale Shares, the Acquirer would hold between 51% (Fifty One Percent) and 67% (Sixty Seven Percent) of the Emerging Voting Capital of the Company.

f. A summary of some of the salient features of the SSA is as follows:

1) The aggregate consideration to be paid by the Acquirer to the Target Company for each Investor Share is Rs. 60/- (Rupees Sixty only) amounting to an aggregate consideration of Rs. 720,000,000/- (Rupees Seven Hundred and Twenty Million only) ("**Investor Subscription Consideration**"). The Investor Subscription Consideration shall not be deployed without the prior written consent of the Acquirer. The Investor Subscription Consideration shall be deposited in the account of the Target Company and used in the ordinary course of business. The Investor Subscription Consideration shall be kept as working capital and not used for payments of any extraordinary nature, including but not limited to the prepayment or accelerated payment of debts.

2) The consummation of the transactions contemplated in the SSA is subject to the satisfaction (or waiver by the Acquirer at its sole discretion) of certain conditions precedent ("**SSA Conditions Precedent**") including inter alia (i) the receipt of all necessary corporate and third party approvals required for subscription to the Investor Shares (including receipt of approvals from lenders for a change in the capital structure of the Target Company), (ii) there not having been a law (whether enacted or made effective) or any proceeding, order, injunction, arbitration or other action issued, pending , which (a) involves a challenge to or seeks to or which prohibits, prevents, restrains, restricts, delays, makes illegal or otherwise interferes with the consummation of any of the transactions contemplated under the Transaction Documents, or (b) seeks to impose conditions upon the ownership or operations of the Target Company; or (c) which affects the ability of the Acquirer to invest in the Target Company; (iii) there having occurred no material adverse change since March 31, 2010 and no event having occurred that shall result in a material adverse change. The SSA shall terminate if the SSA Conditions Precedent are not satisfied (or waived by the Acquirer at its sole discretion) on or before November 28, 2010 or on such later date as may be specified by the Acquirer. Further, any non defaulting party may terminate the SSA at any time in the event of a material breach by the other defaulting party of any of its/their representations, warranties, covenants or other obligations under the SSA, which material breach or failure, if capable of cure or remedy, has not been cured or remedied by the defaulting party by November 28, 2010.

3) Subject to Regulation 22(7) of the Takeover Regulations and pending the appointment of the Acquirer's nominees to the board of directors ("**Board"**) of the Target Company on the Share Sale Closing Date (as defined hereinafter), the Acquirer has the right to nominate (a) 1 (One) director to the Board as an additional director and (b) 1 (One) person to attend all meetings of the Board and each committee of the Board as an observer.

4) In the period intervening the date of execution of the SSA and the date of allotment of the

Investor Shares to the Acquirer ("**Completion Date**"), the Target Company shall not except as expressly permitted or required by the SSA, or as required by applicable law, undertake any of the following actions without the prior written consent of the Acquirer: (i) mergers, demergers, spin-offs, amalgamations, consolidations, divestment or sale of the assets (including but not limited to a lease or exchange), capital expenditures or acquisition of assets or businesses, creation of joint ventures / partnerships, or any investments exceeding 10% (Ten Percent) of the consolidated net worth of the Target Company on a cumulative basis in a financial year; (ii) increase, decrease, or other alteration or modification in authorized or issued share capital, or creation or issuance or delisting of securities (including equity shares, preference shares, non-voting shares, warrants, options, etc.), or determining the timing, pricing, and place / exchange of any public offering or any offering of equity / equity linked securities; (iii) assumption of debt that would increase the aggregate gross debt to equity ratio beyond the debt to equity ratio of the Target Company as of Tuesday, August 31, 2010 provided that for the purpose of determining the aggregate gross debt to equity ratio beyond the debt equity ratio of the Target Company as of Tuesday, August 31, 2010 herein, the following shall not be taken into account: (a) additional debt of upto Rs. 150,000,000/- (Rupees One Hundred and Fifty Million only) towards working capital obtained by the Target Company beyond August 31, 2010, such amount being reduced to the extent of any subsidies received from Governmental Authorities under the Technology Upgradation Fund; and (b) the Investor Subscription Consideration; (iv) enter into transactions with any affiliate / related party; (v) amendments to the Memorandum of Association or Articles of Association of the Target Company; (vi) approval or amendment to the annual business plan, annual budget, and commencement of any new business; (vii) making changes to material accounting or tax policies, including any change in the financial year for preparation of audited accounts; (viii) declaration of any dividend; (ix) entry into, amendment, or termination of any agreement or commitment (except agreements or commitments pertaining to the purchase of raw materials or the sale of finished products by the Target Company) that imposes or is likely to impose obligations on the Target Company, including settlement of litigation, giving or renewing of security for, or the guaranteeing of debts of the Target Company or any third party, in excess of Rs. 20,000,000/- (Rupees Twenty Million only); (x) entry into, amendment, or termination of any agreement or commitment that imposes or is likely to impose obligations on the Target Company, including settlement of litigation, giving or renewing of security for, or the guaranteeing of debts of the Target Company or any third party, in excess of Rs. 50,000,000/- (Rupees Fifty Million only) in the case of contracts pertaining to the purchase of raw materials or the sale of finished products by the Target Company; (xi) creating an encumbrance or charge on the assets of the Target Company in excess of Rs. 20,000,000/- (Rupees Twenty Million only) except in respect of the working capital facility of upto Rs. 150,000,000/- (Rupees One Hundred and Fifty Million only) referred to in Item(iii) above; (xii) any sale, transfer of brand-names or trademarks or any other intellectual property used by the Target Company; (xiii) winding up and / or liquidation of the Target Company; (xiv) approval of the terms of any stock option plans for employees or directors of the Target Company and the allocation of options there under; and (xv) delegation of authority or any of the powers of the Board to any individual (collectively the "**Pre- Completion Actions**").

5) The Promoters and the Target Company have undertaken that they shall, at any time prior to the allotment of the Investor Shares to the Acquirer, refrain from taking, directly or indirectly, any action to seek or encourage any offer or proposal from any person to acquire or subscribe to shares or share equivalents or other securities of the Target Company, or to reach any agreement or understanding (whether or not such agreement or understanding is absolute, revocable, contingent, conditional, oral, written, binding or otherwise) in relation to the issue of any shares or share equivalents or other securities of the Target Company to any person.

Completion under the SSA occurred on November 27, 2010 and the Acquirer has acquired the Investor Shares by way of preferential allotment on November 27, 2010

g. A summary of some of the salient features of the SPA are as follows:

1) The Sale Shares shall be acquired at a price of Rs. 75/- (Rupees Seventy Five only) per share which is inclusive of a non-compete fee of Rs. 15/- (Rupees Fifteen only) payable in consideration of the non-compete obligations of the Promoters summarized below.

2) The Promoters have undertaken that they shall not (and shall ensure that their affiliates shall not), for a period which is the later of (a) 3 (Three) years from the Share Sale Closing Date, and (b) 2 (Two) years from the date upon which the aggregate shareholding of the Promoters falls below 5% (Five Percent) of the total equity share capital of the Company as on the Share Sale Closing Date ("**Non-Compete Period**"), and shall ensure that none of their affiliates shall, *inter alia*, singly or jointly, directly or indirectly, for their own account or as agent, employee, officer, director, consultant, or shareholder or equity owner of any other person, engage or attempt to engage or assist any other person (including their relatives and non-dependant children) to engage in the business of the Target Company.

3) The sale and purchase of the Sale Shares by the Acquirer is subject to the satisfaction (or waiver by the Acquirer at its sole discretion) of certain conditions precedent ("**SPA Conditions Precedent**") including *inter alia* (i) the Investor Shares having been issued and allotted to the Acquirer in terms of the SSA, (ii) receipt of approval from the Reserve Bank of India ("**RBI**") for the acquisition of the Sale Shares and the shares under the Open Offer. The RBI has vide its letter dated February 3, 2011 conveyed its approval for the acquisition of the Sale Shares subject to compliance with applicable pricing and reporting requirements; (iii) receipt of all other necessary consents, licenses, registrations, approvals and certificates by the Target Company (including the receipt of approvals from the lenders of the Target Company for the transactions contemplated in the SPA); (iv) there not having been a law (whether enacted or made effective) or any proceeding, order, injunction, arbitration or other action issued, pending , which (a) involves a challenge to or seeks to or which prohibits, prevents, restrains, restricts, delays, makes illegal or otherwise interferes with the consummation of any of the transactions contemplated under the Transaction Documents, or (b) seeks to impose conditions upon the ownership or operations of the Target Company; or (c) which affects the ability of the Acquirer to acquire the Sale Shares; (vi) the Open Offer having been completed in accordance with the provisions of the SEBI (SAST) Regulations and the Manager to the Offer having

submitted the final report to SEBI under the provisions of Regulation 24(7) of the SEBI (SAST) Regulations. In this behalf, please note that pursuant to Regulation 22(16) of the SEBI (SAST) Regulations, the parties to the SPA may not act on the SPA in the event of non-compliance by the Acquirer of any of the provisions of the SEBI (SAST) Regulations; and (vi) there having occurred no material adverse change since March 31, 2010 and no event having occurred that shall result in a material adverse change.

4) During the period intervening the date of execution of the SPA and the consummation of the sale and purchase of the Sale Shares ("**Share Sale Closing Date**"), the Target Company shall not, except as expressly permitted or required by the SPA, or as required by applicable law, undertake any of the Pre- Completion Actions without the prior written consent of the Acquirer.

5) The Promoters and the Target Company have undertaken that they shall, at any time prior to the Share Sale Closing Date, refrain from taking, directly or indirectly, any action to seek or encourage any offer or proposal from any person to acquire or subscribe to shares or share equivalents or other securities of the Target Company, or to reach any agreement or understanding (whether or not such agreement or understanding is absolute, revocable, contingent, conditional, oral, written, binding or otherwise) in relation to the issue of any shares or share equivalents or other securities of the Target Company to any person.

6) The Acquirer has the right to cancel the SPA if (i) any of the Promoters is adjudged insolvent; (ii) the SPA Conditions Precedent are not satisfied by Saturday, April 30, 2011; or (iii) there is any material breach, default or non-compliance of the terms of this SPA by the Promoters, which is not cured within 30 (Thirty) days of the receipt of notice of the same by the Promoters from the Acquirer. In the event that the SPA is so terminated by the Acquirer, the Acquirer has the right (subject to satisfaction of certain conditions) to require the Promoters to purchase (either by themselves or through their affiliates or nominees) all of the Investor Shares and the shares acquired under the Open Offer at the price paid by the Acquirer for such shares. In case, the said purchase by the Promoters triggers the provisions of the SEBI (SAST) Regulations, the Promoters will be required to make another open offer in addition to the instant Open Offer in terms of the SEBI (SAST) Regulations. If the Promoters do not honor their obligation to purchase the shares held by the Acquirer, the Acquirer has the right to transfer the shares to any third person. In case, the said purchase by the third party triggers the provisions of Chapter III of the SEBI (SAST) Regulations, such third person will be required to make another open offer in addition to the instant Open Offer in terms of the SEBI (SAST) Regulations.

7) In the event that the Share Sale Closing cannot occur on account of (i) any legal restrictions; (ii) a material breach, default or non-compliance of the terms of the SPA by the Acquirer, which is not cured within 30 (Thirty) days of the receipt of notice of the same by the Acquirer from the Promoters; or (iii) the SPA Conditions Precedent not being satisfied by Saturday, April 30, 2011 due to any material breach, default or non-compliance of the Acquirer, then the Promoters have the right to sell the Sale Shares to a third party. In the event the said transfer triggers the provisions of Chapter III of the Takeover Regulations, the third party will be required to make another open offer in addition to the instant Open Offer in terms of the Takeover Regulations. If the Share Sale Closing does not occur on account of any of the reasons specified in (ii) and (iii) above, then the Promoters also have a right to purchase the Investor Shares and the shares

acquired under the Open Offer from the Acquirer at the actual purchase price at which these shares were acquired in such circumstances. In case, the said purchase by the Promoters triggers the provisions of the SEBI (SAST) Regulations, the Promoters will be required make another open offer in addition to the instant Open Offer in terms of the SEBI (SAST) Regulations.

h. The salient features of the SHA are as follows:

1) From the Sale Share Closing Date and thereafter, the Board shall consist of 12 (Twelve) directors of which not more than 3 (Three) shall be directors not liable to retire by rotation, and of which 6 (Six) directors shall be independent directors appointed. 4 (Four) members of the Board shall be executive directors in the full employment of the Target Company, and the remaining members shall be non-executive directors. The Acquirer shall have the right to appoint 4 (Four) members on the Board. 2 (Two) of the Acquirer nominees shall not be liable to retire by rotation. The Acquirer shall be entitled to appoint the non-executive Chairman and the Vice- Chairman to the Board. The Promoters shall have the right to appoint 2 (Two) members on the Board of Directors of which 1 (One) shall not be liable to retire by rotation. 4 (Four) of the independent directors shall be selected by the Acquirer and 2 (Two) independent directors of the Target Company shall be jointly selected by the Promoters.

2) Each of the Acquirer on the one hand and the Promoters on the other hand shall have the right to appoint 1 (One) Joint Managing Director of the Target Company ("**JMD**"). The JMD nominated by the Promoters shall be responsible for production and development, the JMD nominated by the Acquirer shall be responsible for administration (including financial and human resources administration of the Target Company) and development of new business and both JMDs shall together be jointly responsible for sales and purchases. The JMD nominated by the Promoter will have no powers to bind the Target Company through signature or agreement with any third party, without the prior written consent of the Acquirer or the JMD nominated by the Acquirer. The Board shall not have the power to change the role, powers and duties of the Promoter JMD. If the Promoters intend to change any of the directors appointed by them (on account of death, retirement, resignation, removal or otherwise) then this shall only be undertaken after prior discussions with the Acquirer, provided that any change of JMD (save for a change from Mr. Muralilal Agarwal to Mr. Ravindra Agarwal and vice versa) shall require the prior written consent of the Acquirer.

3) For a period of 3 (Three) years from the date of allotment of the Investor Shares to the Acquirer (the "**Lock-in Period**"), the Promoters shall not be entitled to transfer the shares held by them in the Target Company, without the prior written consent of the Acquirer, provided that this restriction shall not apply to the Free Float Shares which shall be freely transferable by the Promoters subject to satisfaction of certain conditions.

4) Pursuant to the SHA, a transfer of shares by the Promoters or the Acquirer to their affiliates is freely permitted subject to satisfaction of certain conditions. However, other transfers are subject to certain restrictions as specified below:

(i) the Acquirer has a right of first refusal in any sale of shares by the Promoters;

(ii) the Promoters have a right of first offer in any sale of shares by the Acquirer;

(iii) the Promoters have a full tag along right or pro rata tag along right (as applicable) in any sale of shares by the Acquirer subject to the satisfaction of certain conditions.

(iv) the Acquirer has a drag along right on the Promoters in any sale of shares by the Acquirer subject to the satisfaction of certain conditions.

5) The Promoters have a put option on the Acquirer for a period of 6 (Six) months after the 3rd anniversary of the Completion Date whereby they may require the Acquirer to acquire all the shares held by them in the Target Company. This put option is not available to the Promoters if they have not complied with their divestment obligations under the SHA or if the exercise of the put option would result in the Acquirer being required to make a public offer for acquisition of shares of the Target Company (including an open offer pursuant to the provisions of the SEBI (SAST) Regulations). This put option of the Promoters shall survive any termination of the SHA.

6) The Acquirer has a call option on the Promoters for a period of 6 (Six) months following the 4th anniversary of the Share Sale Closing Date whereby it may purchase all the shares held by the Promoters. This call option of the Acquirer shall survive any termination of the SHA. In case, the exercise of the said call option by the Acquirer triggers the provisions of the SEBI (SAST) Regulations, the Acquirer will be required make another open offer in addition to the instant Open Offer in terms of the SEBI (SAST) Regulations.

7) In the event that the combined shareholding of the Acquirer and the Promoters upon consummation of the transactions under the Transaction Documents (including the shares acquired by the Acquirer under the Open Offer) results in the minimum level of public shareholding required by the Target Company being breached, then the Promoters shall divest their shares to bring the Target Company back into compliance within the time period and as required by, applicable laws.

   In the event that the sale and consummation of the Sale Shares cannot occur in the manner contemplated, then it is the intention of the parties that the Acquirer shall not be a co-promoter of the Target Company together with the Promoters and the parties shall cooperate to seek to ensure that the Acquirer is not deemed to be a "promoter" under applicable law in such circumstances. However, if the Acquire is nevertheless deemed to be a "promoter" of the Target Company under applicable laws, and the minimum public shareholding level required to be maintained by the Target Company is breached on this account, then: (i) the Promoters shall divest their shares to bring the Target Company back into compliance if the non-consummation of the SPA is due to a material breach, default or non-compliance of the Promoters or is relatable to the Promoters as specified in the SPA; (ii) the Acquirer shall divest its shares to bring the Target Company back into compliance if the non-consummation of the SPA is due to a material breach, default or non-compliance of the Acquirer or is relatable to the Acquirer as specified in the SPA; or (iii) the Promoters and the Acquirer shall divest their shares pro rata if the non-consummation of the SPA is on account of a legal restriction or due to any other reason.

8) The SHA shall stand terminated automatically at the earlier of (i) 3 (Three) years from the date of allotment of the Investor Shares to the Acquirer; or (ii) when the aggregate shareholding of the Promoters falls below 5% (Five Percent) of the total share capital of the Target Company as on the Share Sale Closing Date. The SHA may also be terminated by a non-defaulting party on a material breach of the SHA or the other Transaction Documents by the other party if the defaulting party does not remedy that breach within 30 (Thirty)

business days after receiving a written notice of such breach from the non-defaulting party, requiring such breach to be remedied.

i. Pursuant to the substantial acquisition of equity shares and change of control, this mandatory Offer is being made by the Acquirer in compliance with regulations 10 and 12 and other applicable provisions of SEBI (SAST) Regulations (the "**Offer**" or "**Open Offer**"). The Acquirer hereby makes this Offer to the shareholders of the Target Company (other than the parties to the SPA) to acquire up to 9,598,094 (Nine Million Five Hundred and Ninety Eight Thousand And Ninety Four) Equity Shares of the Target of face value of Rs.10 each representing in aggregate up to 20.00% (Twenty Percent) of the Emerging Voting Capital (now same as the Existing Voting Capital) of the Target at a price of Rs. 60/- (Rupees Sixty only) per fully paid up equity share ("**Offer Price**") payable in cash subject to the terms and conditions mentioned in the PA and in this Letter of Offer and Form of Acceptance-cum-Acknowledgement that will be sent to the shareholders in accordance with the SEBI (SAST) Regulations. This Offer is not subject to any minimum level of acceptance.

j. There are no "persons acting in concert" with the Acquirer for the purpose of this Offer within the meaning of Regulation 2(1)(e) of the SEBI (SAST) Regulations.

k. No action has been taken by SEBI against the Acquirer, its promoters, its existing directors or the Target Company, its promoters and its existing directors under the SEBI Act or any regulations framed thereunder.

l. As of date of the Public Announcement and this Letter of Offer, the Manager to the Offer held/holds nil shares in the Target Company.

m. The Manager to the Offer shall not deal in the shares of the Target Company during the period commencing from the date of its appointment in terms of Regulation 13 of the SEBI (SAST) Regulations till the expiry of the 15 (Fifteen) days period from the date of Closure of the Offer.

n. None of the sellers being the Promoters, or the Acquirer, or the Target Company have been prohibited by SEBI from dealing in securities under directions issued pursuant to Section 11B of Securities Exchange Board of India Act, 1992 or under any other regulation made under the SEBI Act.

o. The Acquirer has deposited an amount in excess of 100% (Hundred Percent) of the consideration payable under this Open Offer in the Escrow Account, details of which are set out in paragraph 7.2.b below. In accordance with Regulation 22(7) of the SEBI (SAST) Regulations, the Acquirer is permitted to appoint its nominees on the Board of Directors of the Target Company after a period of 21 (twenty one) days from the PA. Accordingly, the Acquirer has nominated Mr. Eung Kyun Shin as a director on the Board of Directors of the Target Company on November 27, 2010. Further, Mr.Hong Jung Ho has been approved as an observer on November 27, 2010 to attend and observe meetings of the Board of Directors and its committees but shall not have any voting rights.

p. The Board was reconstituted on November 27, 2010 whereby Mr. Eung Kyun Shin, a nominee of the Acquirer was appointed as a director and Mr. Vishwambharlal Bhoot resigned as a director. Further, Mr.Hong Jung Ho has been approved as an observer on November 27, 2010 to attend and observe meetings of the Board of Directors and its committees but shall not have any voting rights The Board shall be reconstituted on the Share Sale Closing Date in accordance with the SHA as mentioned in Paragraph 3.1h above once Share Sale Closing occurs. The initial directors nominated by the Acquirer on Share Sale Closing shall be (i) Mr. Lee, Eun Hong; (ii) Mr. Shin, Eung Kyun; (iii) Mr. Hong, Jung Ho; and (iv) Mr. Choi, Kwang Hyuk. Mr. Lee, Eun Hong shall be appointed as the non-executive Chairman of the Board whereas Mr. Shin, Eung Kyun shall be the executive Vice-Chairman and a JMD. Notwithstanding the foregoing, the Acquirer has the right under the SHA to appoint individuals other than those specified above as the initial directors, Chairman, Vice-Chairman and JMD of the Target Company.

3.2 Details of the proposed Offer

a) The Public Announcement was made in the following newspapers, in accordance with Regulation 15 of the SEBI (SAST) Regulations:

Publication	Language	Publication Date	Editions
Financial Express	English	Thursday, October 21, 2010	Ahmedabad, Bangalore, Mumbai, Kolkata, Chandigarh, Kochi, New Delhi, Hyderabad, Lucknow, Chennai and Pune
Jansatta	Hindi	Thursday, October 21, 2010	Kolkata, Chandigarh, New Delhi, Lucknow
Navshakti	Marathi	Thursday, October 21, 2010	Mumbai

(The Public Announcement is also available on the SEBI website, www.sebi.gov.in)

b) The Offer is made to all Public Shareholders of the Target Company (being a Shareholder other than a party to the aforesaid SPA) in terms of Regulations 10 and 12 of the SEBI (SAST) Regulations to acquire upto 9,598,094 (Nine Million Five Hundred and Ninety Eight Thousand And Ninety Four) Equity Shares of face value Rs. 10 (Rupees Ten only) each of the Target Company forming upto 20.00% (Twenty Percent) of the Emerging Voting Capital as computed under paragraph 6.i herein which is now same as Existing Voting Capital of the Target Company at the Offer Price to be paid in cash in accordance with the SEBI (SAST) Regulations, and subject to the terms and conditions mentioned hereinafter and as set out in this Letter of Offer aggregating to a total consideration of Rs.575,885,640/- (Rupees Five hundred and Seventy Five Million Eight Hundred and Eighty Five Thousand Six Hundred and Forty only) (the "**Offer Size**").

c) The Offer is not conditional upon any minimum level of acceptance i.e. the Acquirer will acquire all the Equity Shares of the Target Company that are validly tendered by any Shareholder other than a party to the aforesaid SPA, in terms of the Offer subject to a maximum of 9,598,094 (Nine Million Five Hundred and Ninety Eight Thousand And Ninety Four) Equity Shares forming 20.00% (Twenty Percent) of Emerging Voting Capital of the Target Company as computed under paragraph 6.i herein, which is now same as the Existing Voting Capital, subject to the conditions specified in the PA, Letter of Offer and Form of Acceptance-cum-Acknowledgement.

d) There are no partly paid up Shares in the Target Company as on date.

e) This is not a competitive bid. As of the date of this Letter of Offer, there has been no competitive bid. This Offer is not pursuant to any global acquisition resulting in an indirect acquisition of shares of the Target Company.

f) As the Offer Price cannot be revised in the period commencing 7 (Seven) working days prior to the closing date of the offers/bids, it would, therefore, be in the interest of Public Shareholders to wait till the commencement of that period to know the final Offer Price of each bid and tender their equity shares accordingly. In case the Offer Price is revised, the same shall be given to all Public Shareholders whose Shares have been validly tendered and accepted in the Offer.

g) None of the directors of the Acquirer has acquired any Shares in the Target Company during the 12 (Twelve) month period prior to the date of the PA and from the date of PA till the date of this Letter of Offer.

h) The Acquirer may purchase additional Shares of the Target Company from the open market or through negotiated purchases or otherwise, after the date of the PA in accordance with Regulation 20(7) and other applicable regulations of the SEBI (SAST) Regulations and the details of such acquisition, if any, will be disclosed by the Acquirer within 24 (Twenty Four) hours of such acquisition to the Stock Exchanges where the Shares of the Target Company are listed and to the Manager to the Offer in terms of Regulation 22(17) of the SEBI (SAST) Regulations.

i) The Shares of the Target Company will be acquired by the Acquirer under the Offer, free from all liens, charges and encumbrances and together with all rights attached thereto, including the rights to all dividends, bonuses and rights offer declared thereof. Shares that are subject to any charge, lien or encumbrance, any court order/any other attachment/dispute are liable to be rejected in the Offer. The tender by any Shareholder of any Shares in the Offer must be absolute, unconditional and unqualified. Applications in respect of Shares that are the subject matter of litigation wherein the Shareholders may be prohibited from transferring the shares during the pendency of such litigation are liable to be rejected if the directions/orders permitting transfer of these Shares are not received together with the Shares tendered under the Offer.

3.3. OBJECT OF THE OFFER

(a) This Offer is made on account of the Acquirer having entered into the Transaction Documents, pursuant to which the Acquirer has agreed to acquire Equity Shares constituting a minimum of 51% (Fifty One Percent) and a maximum of 67% (Sixty Seven Percent) of the Emerging Voting Capital and also to acquire control of the Target Company and be a co-promoter of the Target Company together with the Promoters upon the consummation of the transactions contemplated under the Transaction Documents. Accordingly, this Offer is being made in compliance with Regulations 10 and 12 of the SEBI (SAST) Regulations.

(b) On completion of the Offer (assuming full acceptance), the Acquirer will hold, in the aggregate up to 32,153,614 Equity Shares representing 67% of the Emerging Voting Capital of the Target Company. In terms of the SPA, the Acquirer is desirous of acquiring a minimum of 51% and a maximum of 67% of the Emerging Voting Capital. Assuming full acceptances of 9,598,094 Equity Shares in the Open Offer, and 10,555,520 Equity Shares under the SPA constituting 22% of the Emerging Voting Capital, the Acquirer's holding after the SSA, Open Offer and SPA reaches a maximum of 67% of the Emerging Voting Capital. This acquisition will result in a change in control of the Target Company.

(c) The Acquirer is desirous of foraying into the textiles industry in India by acquiring the Equity Shares and control of the Target Company pursuant to the Transaction Documents and would like to actively promote the Target Company. There will be no change in the position of the Acquirer in terms of market positioning, capacity utilization, etc as a result of this Offer.

4. BACKGROUND OF THE ACQUIRER

ACQUIRER

4.1 E-Land Fashion China Holdings Limited (the "Acquirer")

a) The Acquirer is a company with limited liability, existing under the Companies Law of the Cayman Islands, incorporated on September 12, 2007. The Acquirer is registered with the Cayman Islands Registrar of Companies under number 194994 and its principal place of business is Hong Kong.

b) The Registered Office of the Acquirer is located at Walker House, 87 Mary Street, George Town, Grand Cayman KY1-9005, Cayman Islands and its Corporate Office has been shifted to Flat/Room no.401, 4/F, Printing House, 6, Duddell Street, Central, Hong Kong, from its earlier location i.e. Room 1101, 11/F, Parker House, 72 Queen's Road Central, Hong Kong, Tel. No. (852) 2526 5023, Fax No. (852) 2526 5025.

c) The Acquirer is a subsidiary of E-Land World Limited incorporated in the Republic of Korea which is the flagship company of E-Land Group. The Acquirer is 80% (Eighty Percent) owned by E-Land World Limited and 20% (Twenty Percent) owned by E-Land Asia Holdings Pte. Ltd. E-Land Asia Holdings Pte. Ltd. is a wholly owned subsidiary of E-Land World Limited.

   E-Land World Limited is 72% (Seventy Two Percent) owned by Mr. Park, Song Soo, a citizen of Korea; 13.9% (Thirteen Point Nine Percent) owned by Mr Kwak, Sook Jae, a citizen of Korea; 10.2% (Ten Point Two Percent) owned by E-Land Welfare Foundation (incorporated in Korea); 1.1% (One Point One Percent) owned by E.Land Foundation (incorporated in Korea) and 2.8% (Two Point Eight Percent) owned by other Shareholders.

   The E-Land Group, through E-Land World Limited and its other subsidiaries, is engaged in the businesses of restaurants, interior design, furniture, advertising, construction, real estate development, hotel and resort management, supermarkets, hypermarkets, department stores, discount stores, stand-alone fashion stores, software development, information technology services and ecommerce. The E-Land Group is also engaged in the design, manufacture and sale of a wide range of apparel and other apparel products. The E-Land Group operates in the Republic of Korea, the People's Republic of China, Singapore, the United States, the United Kingdom, Hong Kong, Sri Lanka and Vietnam.

d) The Acquirer is an investment holding company. Its subsidiaries are engaged in the design and sale of women's apparel products in the People's Republic of China having a portfolio of women's apparel brands, which includes the design, raw materials procurement, outsourced manufacturing and distribution of their products. Their core brands are "E.Land", "Scofield" and "Teenie Weenie", and their other brands are "Roem", "Prich", "Scat" and "Teresia".

e) As on financial year ended December 31, 2009, the authorized share capital of the Acquirer was USD 30,000,000 consisting of 3,000,000,000 (Three Billion) ordinary shares of USD 0.01 each The issued and fully paid share capital of the Acquirer consists of 5,625,005 (Five Million Six Hundred and Twenty Five Thousand and Five) ordinary shares of USD 0.01 each. As on date of the PA, E-

Land World Limited, a Korea based company having its registered office at 19-8 Changjeon-dong, Mapo-Gu, Seoul, Korea, Tel no. +82-(0)2-2012-5121, Fax no. +82-(0)325-5688, held 4,500,004 shares and E-Land Asia Holdings Pte. Ltd. a Singapore based company having its registered office at 50 Raffles Places, #32-01, Singapore Land Tower, 048623 Singpapore, Tel no. +65 8333 4432, Fax no. +65 6536 1360, held 1,125,001 shares of the Acquirer. There are no partly paid-up shares in the Acquirer.

f) The shares of the Acquirer are not listed on any stock exchange.

g) The provisions of Chapter II of SEBI (SAST) Regulations were not applicable to the Acquirer as on the date of PA as it did not hold any Shares in the Target Company. However, upon acquisition of the Investor Shares under the SSA on November 27, 2010, the Acquirer has made the relevant disclosures under Chapter II of the SEBI (SAST) Regulations within the prescribed timelines.

h) Upon the allotment of the Investor Shares and pursuant to Regulation 22(7) of the SEBI (SAST) Regulations, Mr. Eung Kyun Shin, a nominee of the Acquirer, has been appointed as a director on the board of the Target Company on November 27, 2010. Further, Mr. Hong Jung Ho has been approved as an observer on November 27, 2010 to attend and observe meetings of the Board of Directors and its committees but shall not have any voting rights.

i) None of the directors of the Acquirer has acquired any Shares of the Target Company during the 12 (Twelve) months prior to the date of the PA and from the date of PA till the date of this Letter of Offer.

j) The details of the board of directors of the Acquirer as on the date of PA are as below:

Sr. No.	Name of Director	Designation and date of appointment as Director	Qualification and Experience	Nature of Experience	Residential Address
1	Mr. Jongrang Choi	Chairman and Executive Director October 23, 2007	Bachelor of Chemical Engineering	24 years experience in the retail industry both in the People's Repulic of China and Korea	Eun-Bit Town 603-304, Hwajungdong Dunyan-Gu, Goyang City, Kyungido, Korea
2	Mr. Hyun Jun Kim	Executive Director December 3, 2007	Master in Business Administration	17 years experience in investor relations matters, financing and treasury management	Flat B, 5/F., Tung Shan Mansion, 11 Taikoo Shing Road, Taikoo Shing, Hong Kong
3	Mr. Eun Hong Lee	Executive Director December 3, 2007	Bachelor of Electrical Engineering	20 years experience in strategic planning and operations of apparel manufacturing	Shinsigaji Apt 224-603, Mokdong, Yangchungu, Seoul, Korea

None of the Directors of the Acquirer were on the Board of Directors of the Target Company as on date of the PA. Upon the allotment of the Investor Shares and pursuant to Regulation 22(7) of the SEBI (SAST) Regulations, Mr. Eung Kyun Shin, a nominee of the Acquirer, has been appointed as a director on the board of the Target Company on November 27, 2010. Further, Mr. Hong Jung Ho has been approved as an observer on November 27, 2010 to attend and observe meetings of the Board of Directors and its committees but shall not have any voting rights.

k) Based on the audited consolidated financial statements of the Acquirer for the years ended December 31, 2007, 2008 and 2009; limited review consolidated financial statements for the period from January 1, 2010 to March 31, 2010; and consolidated financial information for the period from April 1, 2010 to August 31, 2010 certified by the statutory auditor, the financial highlights of the Acquirer are as follows:

Profit & Loss Statement	For the year ended December 31,						For the period January 1, 2010 to March 31, 2010		For the period April 1, 2010 to August 31, 2010	
	2007		2008		2009					
	RMB'000	INR (lacs)	RMB'000	INR (lacs)	RMB'000	INR (lacs)	RMB'000	INR (lacs)	RMB'000	INR (lacs)
Income from Operations	1,963,039	131,033	2,845,177	189,916	3,695,206	246,655	1,056,742	70,538	1,345,996	89,845
Other Income	0	0	1,086	72	2,877	192	648	43	1,932	129
Gross Income	1,963,039	131,033	2,846,263	189,988	3,698,083	246,847	1,057,390	70,581	1,347,927	89,974
Total Expenditure (excluding Depreciation and Interest)	1,501,713	100,239	2,250,509	150,221	2,858,138	190,781	755,937	50,459	849,977	56,736
Profit Before Depreciation, Interest and Tax	461,326	30,794	595,754	39,767	839,945	56,066	301,453	20,122	497,950	33,238
Depreciation	61,923	4,133	138,197	9,225	85,299	5,694	14,801	988	43,133	2,879
Interest & Finance Costs	0	0	26,335	1,758	18,443	1,231	2,761	184	3,102	207
Profit Before Tax	399,403	26,660	431,222	28,784	736,203	49,142	283,891	18,950	451,716	30,152
Provision for tax	109,430	7,304	114,454	7,640	191,134	12,758	75,398	5,033	87,876	5,866
Profit/ (Loss) after Income Tax	289,973	19,356	316,768	21,144	545,069	36,383	208,493	13,917	363,840	24,286

Balance Sheet	For the year ended December 31,						For the period January 1, 2010 to March 31, 2010		For the period April 1, 2010 to August 31, 2010	
	2007		2008		2009					
	RMB'000	INR (lacs)	RMB'000	INR (lacs)	RMB'000	INR (lacs)	RMB'000	INR (lacs)	RMB'000	INR (lacs)
Sources of Funds										
Paid-up Capital:										
Equity Share Capital	415	28	415	28	415	28	415	28	415	28
Reserves and Surplus (excluding revaluation reserves)	74,920	5,001	341,430	22,790	820,025	54,737	1,028,620	68,660	1,250,037	83,440
Shareholders' Funds	75,335	5,029	341,845	22,818	820,440	54,764	1,029,035	68,688	1,250,452	83,468
Secured Loans	0	0	200,000	13,350	100,000	6,675	100,000	6,675	140,000	9,345
Unsecured Loans	0	0	217,087	14,491	100,000	6,675	99,836	6,664	109,644	7,319
Total	75,335	5,029	761,432	50,826	1,020,440	68,114	1,231,027	82,171	1,500,096	100,131
		0		0		0		0		0
Uses of funds		0		0		0		0		0
Fixed Assets	67,329	4,494	108,840	7,265	149,980	10,011	125,020	8,345	116,557	7,780
Investments	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
Net Current Assets	6,591	440	643,764	42,971	836,597	55,843	1,077,261	71,907	1,356,284	90,532
Miscellaneous expenditure/Preliminary expenses	1,415	94	7,606	508	18,579	1,240	18,062	1,206	16,351	1,091

not written off										
Total	75,335	5,029	761,432	50,826	1,020,440	68,114	1,231,027	82,171	1,500,096	100,131

Other Financial Data	**Year Ending December 31,**						**For the period**		**For the period**	
	2007		**2008**		**2009**		**Jan 1, 2010 to March 31, 2010**		**April 1, 2010 to August 31,2010**	
	RMB' 000	**INR'000**	**RMB' 000**	**INR'000**	**RM B'00 0**	**INR'000**	**RMB'000**	**INR'0 00**	**RMB'000**	**INR'00 0**
Dividend (%) *(including Interim Dividend)*	NIL		NIL		16250.12%		NIL		NIL	
Networth	75,335	5,029	341,845	22,818	820,440	54,764	1,029,035	68,688	1,250,452	83,468
Earnings per share: (diluted) (currency units)	51.55	344.10	56.31	375.90	96.90	646.81	37.07	247.41	64.68	431.76
Book Value per share (currency units)	13.39	89.40	60.77	405.66	145.86	973.59	182.94	1,221.12	222.30	1,483.87
Return on Net worth (%)	384.91%		92.66%		66.44%		20.26%		29.10%	

Note: The secured loans increased to RMB 200,000 thousand and the unsecured loans increased to RMB 217,087 thousand during the period April 1, 2010 to August 31, 2010, from RMB 100,000 thousand and RMB 99,836 thousand respectively as compared to balance as on March 31, 2010, on account of funds borrowed for increased working capital requirement. This was because of increase in the scale of operation of the main subsidiary, Eland International Fashion (Shanghai) Co Ltd, which was reflected by a corresponding sharp increase in the sales of said subsidiary)

l) As indicated in the Consolidated Financial Statements of the Acquirer for the years ended December 31, 2007, 2008 and 2009, there are no contingent liabilities.

m) Reason for rise/fall in income and profitability:

- ***Year ended December 31, 2009 compared to the year ended December 31, 2008***

Revenue

Revenue increased by RMB 850.0 million, or 29.9% (Twenty Nine Point Nine Percent),, from approximately RMB 2,845.2 million for the year ended December 31, 2008 to approximately RMB 3,695.2 million for the year ended December 31, 2009. This increase was primarily attributable to the increased sales volume derived from the expansion of our sales network and higher same-store sales as a result of our top-line growth strategy and increased recognition of our brand portfolio. Between December 31, 2008 and December 31, 2009, the number of our concessions increased from 1,442 to 1,878. Our three core brands, "*E-Land",* "*Scofield*" and "*Teenie Weenie*" jointly contributed 78.1% (Seventy Eight Point One Percent) of the Group's sales in 2009, decreasing from an aggregate of 80.3% in the prior period. "*Prich*" increased from 177 to 239 concessions and sales grew from 275 million to RMB 373.5 million. "*Scat*" grew from 166 to 216 concessions and sales grew from RMB 191.0 million to RMB 253.7 million. "*Roem*" grew from 77 to 127 concessions, and sales grew from RMB 88.3 million to RMB 171.1 million.

Cost of sales

Cost of sales increased by RMB 174.1 million, or 25.1% (Twenty Five Point One Percent), from approximately RMB 693.4 million for the year ended December 31, 2008 to approximately RMB 867.6 million for the year ended December 31, 2009. This increase is attributable to costs associated with increased sales resulting from the expansion of our sales network and costs incurred in connection with the discontinuation of our "*Teresia*" product line.

Gross profit

Gross profit increased by RMB 675.9 million, or 31.4% (Thirty One Point Four Percent), from approximately RMB 2,151.8 million for the year ended December 31, 2008 to approximately RMB 2,827.7 million for the year ended December 31, 2009. Gross profit margin for the year ended December 31, 2008 increased from 75.6% (Seventy Five Point Six Percent) to 76.5% (Seventy Six Point Five Percent) for the year ended December 31, 2009.

Selling and marketing costs

Selling and marketing costs increased by RMB 378.2 million, or 23.3%, (Twenty Three Point Three Percent) from approximately RMB 1,622.3 million in the year ended December 31, 2008 to approximately RMB 2,000.5 million in the year ended December 31, 2009. As a percentage of revenue, selling and marketing costs decreased from 57.0% (Fifty Seven Percent) in the year ended December 31, 2008 to 54.1% (Fifty Four Point One Percent) in the year ended December 31, 2009. The increase in selling and marketing costs was primarily driven by an increase in promotion expenses as we pursued a top-line growth strategy.

Administrative expenses

Administrative expenses increased by RMB 15.7 million, or 49.4% (Forty Nine Point Four Percent), from approximately RMB 31.8 million in the year ended December 31, 2008 to approximately RMB 47.5 million in the year ended December 31, 2009. This increase was attributable to increased head office management salary expenses, social insurance, travel costs, as well as an increase in bad debt provision and trade payable write-offs.

Income tax expenses

Income tax expenses increased by RMB 76.7 million, or 67.0% (Sixty Seven Percent),, from approximately RMB 114.5 million for the year ended December 31, 2008 to approximately RMB 191.1 million for the year ended December 31, 2009. Our effective tax rate decreased from 26.5% (Twenty Six Point Five Percent) to 26.0% (Twenty Six Percent).

Profit for the year

Profit for the year increased by RMB 228.3 million, or 72.1% (Seventy Two Point One Percent),, from approximately RMB 316.8 million in the year ended December 31, 2008 to approximately RMB 545.1 million in the year ended December 31, 2009.

- ***Year ended December 31, 2008 compared to the year ended December 31, 2007***

Revenue

Revenue increased by RMB 882.1 million, or 44.9% (Forty Four Point Nine Percent),, from approximately RMB 1,963.0 million for the year ended December 31, 2007 to approximately RMB 2,845.2 million for the year ended December 31, 2008. This increase was primarily attributable to the increased sales volume derived from the expansion of our sales network and higher same-store sales as a result of increased recognition of our brand portfolio. Between December 31, 2007 and December 31, 2008, the number of our concessions increased from 1,084 to 1,442. Our three core brands, "*E-Land",* "*Scofield*" and "*Teenie Weenie*" jointly contributed 80.3%

(Eighty Point Three Percent) of the Group's sales in 2008, decreasing from an aggregate of 86.4% (Eighty Six Point Four Percent) in the prior period. Of the three core brands, "*Teenie Weenie*" experienced the greatest growth, over the prior period. Among the remaining brands, "*Prich*" and "*Scat*" each experienced substantial growth. "*Prich*" increased from 108 to 177 concessions and sales grew from RMB 110.0 million to RMB 275.0 million. "*Scat*" grew from 99 to 166 concessions and sales grew from RMB 77.6 million to RMB 191.0 million. "*Roem",* grew from 59 to 77 concessions and sales grew from RMB 78.7 million to RMB 88.3 million.

Cost of sales

Cost of sales increased by RMB 191.7 million, or 38.2% (Thirty Eight Point Two Percent),, from approximately RMB 501.8 million for the year ended December 31, 2007 to approximately RMB 693.4 million for the year ended December 31, 2008. This increase is attributable to costs associated with the increased sales resulting from the expansion of our distribution sales network. Cost of sales was also affected by the recent introduction of the "*Prich*" and "*Scat*" brands, and their corresponding lower production volumes, which resulted in higher unit costs for those products. We launched our "*Prich*" and "*Scat*" brands in the latter part of 2006 and, as new brand launches which occurred towards the end of the year, they did not have a strong effect on our overall cost of sales for 2006. In 2007, as their respective contributions to Group sales increased, the relatively higher brand cost of sales for these newer brands contributed to a temporary increase in our overall cost of sales. We anticipate that this factor will be attenuated in the future, as the "*Prich*" and "*Scat*" brands become better established and their respective cost of sales fall in line with our established brands.

Gross profit

Gross profit increased by RMB 690.5 million, or 47.3% (Forty Seven Point Three Percent),, from approximately RMB 1,461.3 million for the year ended December 31, 2007 to approximately RMB 2,151.8 million for the year ended December 31, 2008. Gross profit margin for the year ended December 31, 2007 increased from 74.4% (Seventy Four Point Four Percent) to 75.6% (Seventy Five Point Six Percent) for the year ended December 31, 2008.

Other losses, net

Other losses, net, increased by RMB 20.4 million, from approximately RMB 5.0 million in the year ended December 31, 2007 to approximately RMB 25.4 million in the year ended December 31, 2008. The increase in other losses, net, in this period was primarily attributable to an increase in donations, primarily to the Red Cross Sichuan earthquake relief effort, of RMB 16.5 million, from RMB 9.7 million in the year ended December 31, 2007 to RMB 26.2 million in the year ended December 31, 2008, of RMB 16.5 million, from RMB 9.7 million in the year ended December 31, 2007 to RMB 26.2 million in the year ended December 31, 2008.

Selling and marketing costs

Selling and marketing costs increased by RMB 596.9 million, or 58.2% (Fifty Eight Point Two Percent),, from approximately RMB1,025.4 million in the year ended December 31, 2007 to approximately RMB 1,622.3 million in the year ended December 31, 2008. As a percentage of revenue, selling and marketing costs increased from 52.2% in the year ended December 31, 2007 to 57.0% (Fifty Seven Percent) in the year ended December 31, 2008. The increase as a percentage of revenue was primarily driven by the expansion of the "*Prich*" and "*Scat*" brands and increases in average concession rates of department stores from 30.1% (Thirty Point One Percent) in 2007 to 31.9% (Thirty One Point Nine Percent) in 2008.

Administrative expenses

Administrative expenses increased slightly by RMB 0.3 million, from approximately RMB 31.5 million in the year ended December 31, 2007 to approximately RMB 31.8 million in the year ended December 31, 2008.

Income tax expenses

Income tax expenses increased by RMB 5.0 million, or 4.6% (Four Point Six Percent),, from approximately RMB 109.4 million for the year ended December 31, 2007 to approximately RMB 114.5 million for the year ended December 31, 2008. Our effective tax rate decreased from 27.4% (Twenty Seven Point Four Percent) to 26.5% (Twenty Six Point Five Percent).

Profit for the year

Profit for the year increased by RMB 26.8 million, or 9.2% (Nine Point Two Percent),, from approximately RMB 290.0 million in the year ended December 31, 2007 to approximately RMB 316.8 million in the year ended December 31, 2008.

Secured and Unsecured

The Acquirer was incorporated in September of 2007. The Secured Loans increased to RMB 200,000 thousand and the unsecured loans increased to RMB 217,087 thousand as on December 31, 2008, as the Acquirer borrowed funds to open new retail shops and invest in working capital for new brands.

n) Significant Accounting policies of the Acquirer as mentioned in the financial statements for Financial Year ending on December 31, 2009:

1. Basis of preparation

The audited consolidated financial statements of the Group have been prepared in accordance with International Financial Reporting Standards ("**IFRS**") including International Accounting Standards ("**IAS**"). These audited consolidated financial statements have been prepared under the historical cost convention.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group's accounting policies.

(i) New and amended standards adopted by the group

The Group has adopted the following new and amended IFRS as of January 1, 2009:

Relevant to the Group's operations:

- IFRS 7 'Financial Instruments – Disclosures' (amendment) – effective January 1, 2009. The amendment requires enhanced disclosures about fair value measurement and liquidity risk. In particular, the amendment requires disclosure of fair value measurements by level of a fair value measurement hierarchy. As the change in accounting policy only results in additional disclosures, there is no impact on the comprehensive income.

- IFRS 8, 'Operating segments' - effective January 1, 2009. IFRS 8 replaces IAS 14, 'Segment reporting', and aligns segment reporting with the requirements of the US standard SFAS 131, 'Disclosures about segments of an enterprise and related information'. The new standard requires a 'management approach', under which segment information is presented on the same basis as that used for internal reporting purposes. This has resulted in an increase in the number of reportable segments presented. In addition, the segments are reported in a manner that is more consistent with the internal reporting provided to the chief operating decision-maker.

- IAS 1 (revised). 'Presentation of financial statements' – effective January 1, 2009. The revised standard prohibits the presentation of items of income and expenses (that is, 'non-owner changes in equity') in the statement of changes in equity, requiring 'non-owner changes in equity' to be presented separately from owner changes in equity in a statement of comprehensive income. As a result the group presents in the consolidated statement of changes in equity all owner changes in equity, whereas all non-owner changes in equity are presented in the consolidated statement of comprehensive income. Comparative information has been re-presented so that it also is in conformity with the revised standard. Since the change in accounting policy only impacts presentation aspects, there is no impact on comprehensive income.

- IAS 23, 'Borrowing costs' – effective January 1, 2009. In respect of borrowing costs relating to qualifying assets for which the commencement date for capitalisation is on or after January 1, 2009, the Group capitalises borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset as part of the cost of that asset. The group previously recognised all borrowing costs as an expense immediately. The change in accounting policy had no material impact on the Group's or Company's financial statements.

Not relevant to the Group's operations:

- IFRS 2 (amendment), 'Share-based payment' - effective January 1, 2009. The amendment deals with vesting conditions and cancellations. It clarifies that vesting conditions are service conditions and performance conditions only. Other features of a share-based payment are not vesting conditions. These features would need to be included in the grant date fair value for transactions with employees and others providing similar services; they would not impact the number of awards expected to vest or valuation there of subsequent to grant date. All cancellations, whether by the entity or by other parties, should receive the same accounting treatment.

(ii) Standards, amendments and interpretations to existing standards that are not yet effective and have not been early adopted by the Group

The following standards and amendments to existing standards and interpretations have been published and are mandatory for the Group's accounting periods beginning on or after January 1, 2010 or later periods, and the Group has not early adopted them. Management of the Company is in the process of assessing of the effect to the Group's operating results and financial position.

		Effective date - periods beginning on or after

IAS 24 (Revised)	Related party disclosures	January 1, 2011
IAS 27 (Revised)	Consolidated and separate financial statements	July 1, 2009
IAS 32 (Amendment)	Classification of rights issues	February 1, 2010
IAS 39	Financial Instruments: recognition and measurement – amendments for eligible hedged items	July 1, 2009
IFRS 1 (Amendment)	Presentation of financial statements	January 1, 2010
IFRS 2 (Amendment)	Group cash-settled share-based payment transactions	January 1, 2010
IFRS 3 (Revised)	Business combinations	July 1, 2009
IFRS 9	Financial instruments: classification and measurement	January 1, 2013
IFRIC 14	Prepayments of a minimum funding requirement	January 1, 2011
IFRIC 17	Distributions of non-cash assets to owners	July 1, 2009
IFRIC 19	Extinguishing financial liabilities with equity instruments	July 1, 2010
Improvements to IFRS published in May 2009:		
• IAS 1 (Amendment)	Presentation of financial statements	January 1, 2010
• IAS 7 (Amendment)	Statement of cash flow	January 1, 2010
• IAS 17 (Amendment)	Lease	January 1, 2010
• IAS 18 (Amendment)	Revenue	January 1, 2010
• IAS 36 (Amendment)	Impairment of assets	January 1, 2010
• IAS 38 (Amendment)	Intangible assets	January 1, 2010
• IAS 39 (Amendment)	Financial instruments: Recognition and measurement	January 1, 2010
• IFRS 2 (Amendment)	Share-based payment	January 1, 2010
• IFRS 5 (Amendment)	Non-current assets held for sale and discontinued operations	January 1, 2010
• IFRS 8 (Amendment)	Operating segments	January 1, 2010
• IFRIC 9 (Amendment)	Reassessment of embedded derivatives	January 1, 2010
• IFRIC 16 (Amendment)	Hedges of a net investment in a foreign operation	January 1, 2010

(iii) Change in accounting estimation

Piror to 2009, the estimated useful lives used for the amortisation of leasehold improvements for retail shops of the Group were around one year. During the year ended December 31, 2009, the directors of the Company decided to change the estimated useful lives of leasehold improvements for retail shops to two years in order to reflect the change in economic usage of the leasehold improvements for retail shops. The Company's directors are of the view that the change in the estimated useful lives of leasehold improvements for retail shops can provide more comparable and relevant information to the users of the accounts of the Group.

The effect of the change in accounting estimation leads to the increase in profit before income tax of the Group by around RMB 56,770,584 in the consolidated financial statements for the year ended December 31, 2009.

2. <u>Consolidation</u>

Subsidiaries are all entities (including special purpose entities) over which the Group has the power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

The purchase method of accounting is used to account for the acquisition of subsidiaries by the Group except for common control combinations where merger accounting is adopted. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any minority interests. The excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill. If the cost of acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognised directly in the consolidation income statement.

Inter-company transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated.

Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

3. <u>Segment reporting</u>

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of Directors that make strategic decisions.

4. <u>Foreign currency translation</u>

(a) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The consolidated financial statements are presented in Renminbi ("RMB"), which is the functional currency of the Company and majority of its subsidiaries and the presentation currency of the financial statements of the Company and the Group.

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the income statement.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the consolidated income statement within 'finance income or cost'. All other foreign exchange gains and losses are presented in the consolidated income statement within 'other (losses)/gains' net.

(c) Group companies

The results and financial position of all the Group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

(i) assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;
(ii) income and expenses for each consolidated income statement are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions); and
(iii) all resulting exchange differences are recognised as a separate component of equity.

On consolidation, exchange differences arising from the translation of the net investment in foreign operations, and of borrowings and other currency instruments designated as hedges of such investments, are taken to shareholders' equity. When a foreign operation is partially disposed of or sold, exchange differences that were recorded in equity are recognised in the consolidated income statement as part of the gain or loss on sale.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity, if any, are treated as assets and liabilities of the foreign entity and translated at the closing rate.

5. Property, plant and equipment

Property, plant and equipment, comprising leasehold improvements for retail shops, machinery, computers and equipment and motor vehicles are stated at historical cost less depreciation and impairment losses, if any. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Construction-in-progress (the "**CIP**") represents assets under construction and is stated at cost less impairment, if any. Cost includes construction of plant and equipment and other direct costs. . No depreciation is made on CIP until such time as the relevant assets are completed and ready for intended use. When the assets concerned are available for use, the costs are transferred to property, plant and equipment and depreciated in accordance with the policy as stated below.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are charged in the consolidated income statement during the financial period in which they are incurred.

Depreciation of property, plant and equipment is calculated using the straight-line method to allocate the cost less impairment loss (if any), other than CIP, to their residual values over their estimated useful lives, as follows:

Nature of Property	**Estimated Useful Life**
Leasehold improvements for retail shops	estimated useful lives (refer to 1 – Basis of Preparation)
Machinery, computers and equipment	3-10 years
Motor vehicles	5 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (note 7).

Gains and losses on disposals are determined by comparing the proceeds with carrying amount. These are included in the income statement.

6. Intangible assets

Acquired computer software is recognised on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortised over their estimated useful lives of 5 years.

7. Impairment of non-financial assets

Assets that have an indefinite useful life are at least tested annually for impairment. Assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

8. Financial assets

The Group's financial assets comprise only loans and receivables. The classification depends on the purpose for which the financial assets are acquired. Management determines the classification of its financial assets at initial recognition.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for those with maturities greater than 12 months after the balance sheet date. These are classified as non-current assets. The Group's loans and receivables are classified as "trade and other receivables" and "cash and cash equivalents" in the balance sheet (notes 10 and 11).

Regular purchases and sales of financial assets are recognised on the trade-date - the date on which the Group commits to purchase or sell the asset. Loans and receivables are initially recognised at fair value and then subsequently carried at amortised cost using the effective interest method.

The Group assesses at each balance sheet date whether there is objective evidence that a financial asset or a group of financial assets is impaired. Impairment test of trade receivables is described in note 10.

9. Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the weighted average method. The cost of finished goods and work in progress comprises design costs, raw materials and processing fees. Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable distribution costs.

10. Trade and other receivables

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for impairment of trade and other receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments are considered indicators that the trade receivable is impaired. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. The carrying amount of the assets is reduced through the use of an allowance account, and the amount of the loss is recognised in the consolidated income statement within 'administrative expenses'. When a trade receivable is uncollectible, it is written off against the allowance account for trade receivables. Subsequent recoveries of amounts previously written off are credited against 'administrative expenses' in the consolidated income statement.

11. Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks and other short-term highly liquid investments with original maturities of three months or less.

12. Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds.

13. Trade payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

14. Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the income statement over the period of the borrowings using the effective interest method.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

15. Current and deferred income tax

The tax expense for the year comprises current and deferred tax. Tax is recognised in the consolidated income statement.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Company and its subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred income tax is provided on temporary differences arising on investments in subsidiaries, except where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes assets and liabilities relate to income taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

16. Employee benefits

(a) Pension obligations

The Group's companies participate in various defined contribution retirement benefit plans administered by the relevant governments in the PRC and Korea. The relevant governments undertake to assume the retirement benefit obligation payable to all existing and future retired employees under these plans and the Group has no further obligation for post-retirement benefits beyond the contributions made. The Group's monthly contributions to the defined contribution retirement benefits plans are expensed in the income statement as incurred.

(b) Other social security and benefits for PRC employees

The Chinese employees of the PRC subsidiaries of the Group participate in employee social security plans, including pension as mentioned above, medical, housing and other welfare benefits, organised and administered by the governmental authorities. According to the relevant regulations, the premiums and welfare benefit contributions that should be borne by the PRC subsidiaries of the Company are calculated based on percentages of the total salary of employees, subject to a certain ceiling, and are paid to the labour and social welfare authorities. Contributions to the plans are expensed as incurred.

17. Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for the sale of goods in the ordinary course of the Group's activities. Revenue is shown net of value-added tax, returns, rebates and discounts and after eliminating sales within the Group.

The Group recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and specific criteria have been met for each of the Group's activities as described below. The amount of revenue is not considered to be reliably measurable until all contingencies relating to the sale have been resolved. The Group bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

(a) Sales of goods

Revenue from the sales of goods is recognised when the risk and reward of the goods has been transferred to the customer, which is usually at the date when a group entity has delivered products to the customer, the customer has accepted the products, and there is no unfulfilled obligation that could affect the customer's acceptance of the products.

(b) Interest income

Interest income is recognised on a time-proportion basis using the effective interest method.

18. Operating leases

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor), including upfront payment made for leasehold land and land use rights, are charged to the consolidated income statement on a straight-line basis over the period of the lease.

When an operating lease is terminated before the lease period has expired, any payment required to be made to the lessor by way of penalty is recognised as an expense in the period in which termination takes place. The definition of a lease includes contracts for the hire of an asset which contain a provision giving the hirer an option to acquire title to the asset upon the fulfillment of agreed conditions. These contracts are sometimes known as hire purchase contracts.

19. Provisions

Provisions are recognized when the Group has a present obligation or constructive obligation as a result of past transactions or events, it is more likely than not that an outflow of resources will be required to settle the obligation, and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

20. Dividend distribution

Dividend distribution to the Company's equity holders is recognised as a liability in the Group's and Company's financial statements in the period in which the dividends are approved by the Company's shareholders or directors, when appropriate.

o) Shareholding Pattern of the Acquirer is as follows:

	Shareholder's Category	Total number of shares	% Shareholding
	Promoters		
(a)	E-Land Asia Holdings Pte. Ltd.	1,125,001	20.00%
(b)	Eland World Limited	4,500,004	80.00%
	Total Paid up Capital	**5,625,005**	**100.00%**

p) As on date of the PA, the Acquirer does not hold any Equity Shares in the Target Company,. The Acquirer has not acquired any Equity Shares of the Target Company during the 12 (Twelve) months preceding the date of the PA i.e. Thursday, October 21, 2010.

q) The Acquirer has not promoted any company in India. However, E-Land Fashion India Private Limited is a group company of the Acquirer based in Chennai and 100% owned by E-Land Asia Holdings Pte. Ltd.

r) As of date of the PA, the Acquirer does not have any plans to dispose off or otherwise encumber any assets of the Target Company in the next 2 (Two) years, except in the ordinary course of business of the Target Company. Further, the Acquirer undertakes that it shall not sell, dispose off or otherwise encumber any substantial assets of the Target Company except with the prior approval of the shareholders of the Target Company.

5. DISCLOSURE IN TERMS OF REGULATION 21(2)

a) The Target Company is required to maintain minimum public shareholding of 25% (Twenty Five Percent) pursuant to the listing agreement with the stock exchanges and the notifications of the Central Government dated June 4, 2010 and August 9, 2010 amending the Securities Contracts (Regulation) Rules, 1957.

b) Upon the consummation of the transactions contemplated under the Transaction Documents, the public shareholding in the Target Company would fall below 25% (Twenty Five Percent). In such event, pursuant to the SHA (please see paragraph 3.1.h above for further details), the Promoters shall divest their shares to bring the Target Company back into compliance within the time period and as required by, applicable laws. In compliance with clause 40A of the listing agreement, the Promoters will adopt any of the following modes to bring the public shareholding to the minimum level within the time limit specified in Rule 19A of the Securities Contracts (Regulation) Rules, 1957 :

- issuance of shares to public through prospectus; or
- offer for sale of shares held by the Promoters to public through prospectus; or
- sale of shares held by the Promoters through the secondary market.

An appropriate decision in this behalf will be taken within the prescribed period based on commercial considerations and taking into account the prevailing market conditions and the interests of the Target Company and its shareholders, in order to comply with the requirement of Clause 40A and all applicable laws.

c) The Acquirer shall take necessary steps to facilitate compliance of the Target Company with the relevant provisions under applicable law pertaining to maintenance of the minimum level of public shareholding. The Acquirer does not presently intend to delist the Target Company from the Stock Exchanges in the next 3 years.

6. INFORMATION ABOUT THE TARGET COMPANY

a) The Target Company was originally incorporated under the name Bombay Fine Fabrics Private Limited as a private limited company vide certificate of incorporation no. 11-106945 of 1997, dated March 31, 1997 issued by the RoC, Maharashtra. Subsequently on October 10, 2001, the Target Company changed its name from Bombay Fine Fabrics Private Limited to Mudra Textiles Private Limited and received a fresh certificate of incorporation in this regard. On December 1, 2005, vide a special resolution passed in a general meeting held on November 26, 2005, the Target Company converted itself into a public limited company and changed its name from Mudra Textiles Private Limited to Mudra Textiles Limited. Finally on December 2, 2005, the Target Company changed its name from Mudra Textiles Limited to its present name Mudra Lifestyle Limited.

b) The Target Company's registered office is located at 5129-41, D-wing, 5th Floor, Oberoi Garden Estates, Chandivali Farms Road, Chandivali, Andheri (E), Mumbai – 400 072, India. Tel: +91 22 2847 2600 / +91 22 4097 2601; Fax: +91 22 2847 2603. The registered office address and the corporate office address of the Target Company is the same.

c) As per the shareholding pattern filed with the Stock Exchanges for the quarter ended on September 30, 2010, the Promoters comprise of Mr. Murarilal Agarwal, Mr. Ravindra Agarwal, and Mr. Vishwambharlal Bhoot.

d) The Target Company is engaged in the existing textile business having facilities for woven fabrics for suiting and shirting and garments manufacturing, weaving, processing, design development and sampling excluding home furnishing and denims (the "**Business**"). The Target Company manufactures fabrics and garments for the domestic and export market.

e) The Target Company is engaged in the textile business having facilities for woven fabrics for suiting and shirting and garments manufacturing, weaving, processing, design development and sampling excluding home furnishing and denims. The Target Company manufactures fabrics and garments for the domestic and export market. The details of the Target Company's manufacturing facilities and their locations are as follows:

Process	Location	No of Units
Weaving	Daman	4
	Bhiwandi	3
	Tarapur	3
Processing	Tarapur	1
	Navi Mumbai	1
Garmenting	Daman	1
	Bangalore	4

Activity	Existing Capacity
Yarn Dyeing	6000 kg per day
Weaving	398 looms
Processing	1,80,000 per day
Garment Manufacturing	24,000 pieces per day

f) The Equity Shares of the Target Company are listed on BSE and NSE. As per Regulation 20 of the

SEBI (SAST) Regulations, the shares of the Target are frequently traded on the BSE.

g) For the financial year ended March 31, 2010, the authorized share capital of the Target Company was Rs. 600,100,000/- (Rupees Six Hundred Million and Hundred Thousand only) comprising of 60,010,000 (Sixty Million Ten Thousand) Equity Shares having a face value of Rs. 10/- (Rupees Ten only) each. As on the date of the PA, the issued and paid up capital was Rs 359,904,690/- (Rupees Three Hundred and Fifty-Nine Million, Nine Hundred and Four Thousand Six Hundred and Ninety only) comprising of 35,990,469 (Thirty Five Million, Nine Hundred and Ninety Thousand Four Hundred and Sixty Nine) Equity Shares of Rs 10/- (Rupees Ten only) each. 11,816,184 (Eleven Million Eight Hundred and Sixteen Thousand One Hundred and Eighty Four) fully paid up Equity Shares were issued for consideration other than cash in pursuance of the scheme of amalgamation approved by High Court, Mumbai. However, upon allotment of 12,000,000 Equity Shares on November 27, 2010 to the Acquirer in terms of the SSA, the issued and paid up capital has increased to Rs.479,904,690/- (Rupees Four Hundred and Seventy-Nine Million Nine Hundred and Four Thousand Six Hundred and Ninety only) comprising of 47,990,469 (Forty-Seven Million, Nine Hundred and Ninety Thousand Four Hundred and Sixty Nine) Equity Shares of Rs.10/- each.

h) The share capital structure of the Target Company as on date of this Letter of Offer is as follows:

Paid-up Equity Shares of the Target Company	No. of Shares/Voting Rights	% of Shares/Voting Rights
Fully paid up Shares	47,990,469	100%
Total paid up Shares	**47,990,469**	**100%**
Total Voting Rights	**47,990,469**	**100%**

i) Emerging voting capital of the Target Company (at the expiry of 15 (Fifteen) days from closure of the Open Offer) is computed as below:

Instrument	Voting Capital equivalent
Total fully paid-up Equity Shares as on the date of PA (prior to the allotment of Shares pursuant to the Preferential Allotment) (A)	35,990,469
Add: Equity Shares allotted to the Acquirer pursuant to the Preferential Allotment in terms of the SSA (B)	12,000,000
Total Emerging Voting Capital of Target Company (A+B)	**47,990,469**

As on the date of this letter of offer, the Emerging Voting Capital is the same as the Existing Voting Capital pursuant to the Preferential Allotment post the Public Announcement.

j) Current capital structure of the Target Company since inception and the disclosure status of compliance with applicable provisions of SEBI (SAST) Regulations/other applicable regulations under the SEBI Act and other statutory requirements as applicable :

Date of allotment	No of Shares issued	% of Shares issued in aggregate (on date of allotment)	Cumulative Paid up Capital (Rs)	Mode of allotment	Identity of allottees (promoters, ex-promoter, others)	Status of compliance
March 31, 1997	40	0.00%	400	Allotment to Subscribers to Memorandum of Association of the Company	Promoters and Ex-Promoters	Not Applicable
March 28, 2002	167,520	0.47%	1,675,600	Further Allotment	Promoters, Ex- Promoters and Non Promoters	Not Applicable
March 29, 2002	293,700	0.82%	4,612,600	Further Allotment	Promoters and Ex-Promoters	Not Applicable
June 7, 2002	125,000	0.35%	5,862,600	Further Allotment	Promoters and Ex-Promoters	Not Applicable
July 3, 2002	120,000	0.33%	7,062,600	Further Allotment	Promoters and Ex-Promoters	Not Applicable
November 1, 2004	5,110,412	14.20%	58,166,720	Further Allotment	Promoters and Ex-Promoters	Not Applicable
December 19, 2004	2,600,000	7.22%	84,166,720	Further Allotment	Promoters and Ex-Promoters	Not Applicable
March 31, 2005	460,188	1.28%	88,768,600	Further Allotment	Promoters, Ex- Promoters and Non Promoters	Not Applicable
February 28, 2006	11,816,184	32.83%	20,693,0440	Pursuant to Scheme of of Amalgamation	Promoters and Non Promoters	Not Applicable
March 1, 2006	1,596,875	4.44%	222,899,190	Preferential Allotment	Non Promoters	Not Applicable
March 30, 2006	431,688	1.20%	227,216,070	Preferential Allotment	Non Promoters	Not Applicable
March 31, 2006	368,862	1.02%	230,904,690	Preferential Allotment	Non Promoters	Not Applicable
April 25, 2006	700,000	1.94%	237,904,690	Preferential Allotment	Non Promoters	Not Applicable
May 31, 2006*	700,000	1.94%	244,904,690	Preferential Allotment	Non Promoters	Not Applicable

January 16, 2007	1,920,000	5.33%	264,104,690	Preferential Allotment	Non Promoters	Not Applicable
February 28, 2007	9,580,000	26.62%	359,904,690	Initial Public Offering	Non Promoters	Not Applicable
November 27, 2010	12,000,000	25.005%	479,904,690	Preferential Allotment	Acquirer	Complied With

*the Equity Shares issued were initially partly paid up at Rs. 7 per Equity Share and were made fully paid on August 28, 2006

k) The Target Company has complied with all the provisions of the listing agreements entered into with the BSE and NSE where its Shares are listed and no actions, penal or otherwise, have been initiated by these Stock Exchanges against the Target Company. There has been no suspension of trading of the Shares in any of these Stock Exchanges.

l) As confirmed and certified by the Target Company, its promoters, sellers and major shareholders have complied with provisions of Chapter II of the SEBI (SAST) Regulations.

m) As on the date of the Public Announcement, the Board of the Target Company comprised of 6 (Six) directors.

The details of the Board of the Target Company as on the date of this Letter of Offer, subsequent to certain appointments/ resignations of directors are as below:

Sr. No	**Name of Director**	**Designation and date of appointment as Director**	**Qualifications**	**Nature of Experience**	**Residential Address**
1	Mr. Murarilal Agarwal	Chairman and Managing Director DoA: Saturday, April 1, 2006	B.Com from Mumbai University	Over 26 years in the textile industry	703-704, Minaxi Apartments, Filmcity Road, Gokuldam, Goregaon (East), Mumbai – 400 063.
2	Mr. Ravindra Agarwal	Joint Managing Director DoA: Saturday, April 1, 2006	M.A. from Mumbai University	Over 20 years in the textile industry	803-804, Orchid Building, Vasant Valey, Malad (East), Near Dindoshi Depot, Mumbai – 400 098.
3	Mr. Eung Kyun Shin*	Additional Director DoA: Saturday, November 27, 2010	B.D. from Yonsei University in Korea	Over 20 years in fashion and retail industry	1105, B Wing Oberoi Woods Gokuldham, Goregaon (East), Mumbai 400 063
4	Mr. S.C. Bhargava	Independent Director DoA: Friday, April 28, 2006	F.C.A (Fellow of the Institute of Chartered Accountant of India, B.Com (Hons) from Delhi University	Over 39 years of experience as Financial Expert	1305, B-wing, 13th Floor, Dosti Aster, New UPHIL, Limk Road OFF, S M Road, Antop Hill, Vadala (E), Mumbai.

Sr. No	Name of Director	Designation and date of appointment as Director	Qualifications	Nature of Experience	Residential Address
5	Dr. G.P.Nair	Independent Director DoA: Wednesday, May 11, 2011	M.Sc., Ph.D. (Texttiles: ATIRA), D.M.S. (Bomaby University), P.M.Text.Assn .(India), M.Text.Inst.(Manchester, U.K.)	Many years of work experience in R & D, Quality Control, Production and Management in large textile mills/process houses at senior technical and managerial positions.	B-2/12, Technocraft Off, V.Savarkar Marg, Prabhadevi, Mumbai: 400 025
6	Mr. Sivabalan P. Pandian	Independent Director DoA: Wednesday, April 29, 2007	M.Sc. (Tech.) from Mumbai University	Over 20 years of experience in the manufacturing areas of leading textile mills . He has also published more than 100 technical papers in leading Textile Journals and visited various universities as visiting faculty	J-293, Tarapore Garden, Link Road, Andheri (W), Mumbai : 400 053.

*Mr. Vishwambharlal Bhoot resigned as a director from the Board of the Target Company on November 27, 2010 and Mr. Eung Kyun Shin, a nominee of the Acquirer, was appointed to the Board of the Target Company on November 27, 2010 in compliance with Regulation 22(7) of the SEBI (SAST) Regulations.

n) The Target Company board has 6 (Six) Directors and the Chairman of the Board is an Executive Director. In compliance with the requirements of Clause 49 of the listing agreements, at least half the Board of the Company comprises of independent directors. At the Board Meeting held on Wednesday, May 11, 2011, the following committees were reconstituted consequent upon the resignation of Dr.S.A. Dave from directorship of Target Company and appointment of Dr. G.P.Nair as professional Independent Director on the Board:

o) **Audit Committee:** The Audit Committee was originally constituted by the Board at a meeting held on Monday, December 05, 2005 and reconstituted at the Board meeting held on Friday, April 28, 2006. The purpose of the Audit Committee is to ensure the objectivity, credibility and correctness of the Company's financial reporting and disclosure processes, internal controls, risk management policies and processes, tax policies, compliance and legal requirements and associated matters.

The constitution of the Audit Committee as of date is as follows:

Sr. No.	Name of Director	Designation
1.	Mr. S.C. Bhargava	Chairman and Independent Director
2.	Dr. G.P. Nair	Independent Director
3.	Mr. Ravindra B. Agarwal	Director

p) **Shareholders Investor Grievance Committee:** The Shareholders Investor Grievance Committee was constituted by the Board at a meeting held on Friday, April 28, 2006. The Shareholders/Investors Grievance Committee is responsible for the redressal of investor grievances.

The constitution of the Shareholders/Investors Grievance Committee as of date is as follows:

Sr. No.	Name of Director	Designation
1.	Dr. G.P. Nair	Chairman and Independent Director
2.	Mr. S.C. Bhargava	Independent Director
3.	Mr. Murarilal Agarwal	Director
4.	Mr. Ravindra Agarwal	Director

The committee has been formed to look into redressal of shareholders / investors complaints relating to transfer of shares, non receipt of balance sheet, non-receipt of dividend or any other matters, as also to approve requests requiring issue of new share certificates.

q) **Remuneration (Compensation) Committee:** The Remuneration Committee was originally constituted by the Board at a meeting held on Wednesday, August 25, 2010.

The constitution of the Remuneration Committee as of date is as follows:

Sr. No.	Name of Director	Designation
1.	Dr. G.P. Nair	Chairman and Independent Director
2.	Mr. S.C. Bhargava	Independent Director

Sr. No.	Name of Director	Designation
3.	Mr. Murarilal Agarwal	Director

The Committee has been formed to (i) review the Company's remuneration policy on specific remuneration packages to executive directors including pension rights and any compensation payment while striking a balance with the interest of the Company and the shareholders; and (ii) approve annual remuneration plan of the Company.

r) As on the date of the PA, none of the directors of the Acquirer were on the Board of the Target Company. Upon the allotment of the Investor Shares and pursuant to Regulation 22(7), Mr. Eung Kyun Shin, a nominee of the Acquirer, was appointed as a director on the Board of the Target Company on November 27, 2010. Further, Mr. Hong Jung Ho has been approved as an observer on November 27, 2010 to attend and observe meetings of the Board of Directors and its committees but shall not have any voting rights.

s) The Target Company has not undergone any restructuring/merger/de-merger/spin off of business during the last 3 (Three) years involving the Target Company.

t) Based on the audited financial statements prepared in accordance with the guidelines issued by the Institute of Chartered Accountants of India ("**ICAI**") for the last 3 (Three) financial years ended March 31, 2008, 2009 and 2010, and the three month period ended June 2010 as certified by V.K. Beswal & Associates vide its certificate dated Friday, August 13, 2010; the financial highlights of the Target Company are as follows:

Profit & Loss Statement	Year Ending March 31, 2008 (Audited)	Year Ending March 31, 2009 (Audited)	Year Ending March 31, 2010 (Audited)	3 Months Ending June 30, 2010 (Reviewed)
	INR (in lacs)	INR (in lacs)	INR (in lacs)	INR (in lacs)
Income from Operations	26,406	30,448	36,010	11,141
Other Income	843	995	382	69
Increase/(Decrease) in Stock	3,881	-358	4,342	419
Gross Income	**31,130**	**31,085**	**40,734**	**11,629**
Total Expenditure (excluding Depreciation and Interest)	26,505	26,941	35,207	9,886
Profit Before Depreciation, Interest and Tax	**4,624**	**4,144**	**5,527**	**1,743**
Depreciation	576	798	1,615	575
Interest	875	1,290	2,222	860
Profit Before Tax	**3,173**	**2,056**	**1,689**	**308**
Provision for tax	825	638	683	61
Profit/ (Loss) after Income Tax	**2,348**	**1,418**	**1,005**	**247**

Balance Sheet Statement	Year Ending March 31, 2008 (Audited)	Year Ending March 31, 2009 (Audited)	Year Ending March 31, 2010 (Audited)	3 Months Ending June 30, 2010 (Reviewed)
	INR (in lacs)	INR (in lacs)	INR (in lacs)	INR (in lacs)
Sources of Funds				
Paid-up Capital:				
Equity Share Capital	3,599	3,599	3,599	3,599
Reserves and Surplus (excluding revaluation reserves)	12,996	14,065	15,234	15,480
Money Pending Allotment	360	360	0	0
Shareholders' Funds	**16,955**	**18,024**	**18,833**	**19,079**
Revaluation Reserve	0	0	0	0
Secured Loans	15,534	24,766	35,606	36,884
Unsecured Loans	3	206	223	206

Total	**32,491**	**42,997**	**54,661**	**56,169**
Uses of funds				
Net Fixed Assets	7,049	23,547	30,367	30,510
Capital Work-in-progress	3,856	2,815	4,593	6,321
Investments	120	97	24	124
Net Current Assets	21,701	17,207	20,742	20,279
Deferred Tax Asset (net)	-235	-669	-1,065	-1,065
Total	**32,491**	**42,997**	**54,661**	**56,169**

Other Financial Data	**Year Ending March 31, 2008 (Audited)**	**Year Ending March 31, 2009 (Audited)**	**Year Ending March 31, 2010 (Audited)**	**3 Months Ending June 30, 2010 (Reviewed)**
	INR (in lacs)	**INR (in lacs)**	**INR (in lacs)**	**INR (in lacs)**
Dividend (%) *(including Interim Dividend)*	10.00%	6.00%	7.00%	NIL
Networth	16,595	17,664	18,833	19,079
Earnings per share (Rs): Basic	6.52	3.81	2.95	0.69
Earnings per share (Rs): Diluted	6.41	3.52	2.95	0.69
Book Value per share (Rs)	46.11	49.08	52.33	53.01
Return on Net worth (%)	14.15%	8.03%	5.34%	1.29%

Source: Annual Reports of the Target Company for the financial year ended March 31, 2010, March 31, 2009 and March 31, 2008 and Limited Review Financial Statements for the 3 month period ended June 30, 2010.

u) Contingent Liabilities

	Year Ending March 31, 2008 (Audited)	**Year Ending March 31, 2009 (Audited)**	**Year Ending March 31, 2010 (Audited)**
	INR (in lacs)	**INR (in lacs)**	**INR (in lacs)**
Interest Payable	NIL	2.62	NIL
Disputed Income Tax Liability	NIL	3.19	37.38

v) Reason for rise/fall in income and profitability:

- ***Year ended March 31, 2010 compared to the year ended March 31, 2009***

The sales registered an increase of about 18% compared to previous year – reaching a figure of Rs.36,010 lacs in FY 2010 as compared to Rs.30,448 lacs in the previous year. The improvement was on account of increased volume of sales in fabrics and garments.

EBITDA for FY 2010 was Rs. 5,527 lacs as against Rs. 414.42 lacs in the previous year. This was primarily due to increase in sales and marginal decline in administrative and other expenses.

The Net Profit for the FY 2010 was Rs.1,005 lacs as against Rs.1,418 lacs in the previous year. The primary reasons for decrease in the PAT were:

a) Increase in depreciation charges from Rs. 798 lacs in FY 2009 to Rs. 1,615 lacs in FY 2010
b) Increase in interest expenses from Rs. 1,290 lacs in FY 2009 to Rs. 2,222 lacs in FY 2010

During the year ended March 31, 2010 secured loans increased to Rs. 35,606 lacs from Rs. 24,766 lacs as on March 31, 2009. This increase is due to increase in term loans outstanding which increased from Rs. 11,858 lacs to Rs. 23,469 lacs. This increase in term loan is due to the loans taken for Mega Expansion Project as during the same period fixed assets increased to Rs. 34,959 lacs as on March 31, 2010 from Rs. 26,361 lacs as on March 31,2009. During FY 2009, the Company had fully completed the Phase I of the Mega Expansion Programme ("MEP") undertaken for increase in the existing weaving, garmenting and processing/dyeing capacity and commissioned the same from March 2009. The Phase II of the MEP was partly completed in FY 2010 and same was fully completed in Fy 2011. The total cost of the Phase II was estimated at Rs.13,400 lacs and it is fully tied-up as under:-

Segment/Activity	**Phase I**	**Phase II**	**Total**
Weaving (Nos looms)	84	44	128
Garmenting(No of pcs p d)	25,000	----	25,000
Processing(No of mtrs p d)	1,00,000	40,000	1,40,000
Dyeing(No of Kgs p d)	2,000	1,312	3,312
Particulars (In Rs. Lacs)			
Total Cost	17,884	13,400	31,284
Means of Finance			
Term Loans	10,084	10,100	20,184
IPO	7,800	0	7,800
Internal Accruals		3,300	3,300
Total Means	**17,884**	**13,400**	**31,284**

The completion of the both Phases of the MEP has substantially increased the capacity of the Company's various segments. Hence it is clear that the increase in the secured loans from FY 2009 to FY 2010 is due to increase in term loans outstanding which increased from Rs. 11,858 lacs to Rs. 23,469 lacs.

- ***Year ended March 31, 2009 compared to the year ended March 31, 2008***

The total revenues registered an increase of about 15.4% compared to previous year – reaching a figure of Rs. 31,443 lacs in FY 2009 as compared to Rs. 27,249 lacs in previous year. The improvement was on account of higher fabric and garment quantities sold (Fabrics quantity grew by 10% while garments quantity grew by 40%) as well as higher processing income.

EBITDA for FY 2009 was Rs. 4,144 lacs as against Rs. 4,624 lacs in the previous year. This was primarily due to inventory movement of Work-in-Progress ("WIP") and Finished Goods.

The Net Profit after Tax (PAT) for the FY 2009 was Rs. 1,418 lacs as against PAT of Rs. 2,348 lacs in the previous year. The PAT margin for FY2009 was 5.2% as against 8.6% in FY2008. The primary reasons for decrease in the PAT were:

a) Reduction in gross margin by 4% due in most part to inventory movement of WIP and Finished Goods.
b) Increase in interest costs by from Rs. 875 lacs in FY2009 to Rs. 1290 lacs in FY2010.
c) Increase in depreciation and amortization from Rs. 576 lacs in FY2008 to Rs. 797 lacs in FY2009.

w) The pre and post Offer shareholding pattern of the Target Company as on date of Letter of Offer is as follows:

Shareholders' category	Shareholding and voting rights prior to the Open Offer (as at date of Letter of Offer)		Shares/voting rights agreed to be acquired under SPA*		Shares/voting rights to be acquired in the Open Offer (assuming full acceptances)		Shares/voting rights after the Acquisition Open Offer (assuming full acceptances)	
	No.	**% of the existing voting capital**	**No.**	**% of existing capital**	**No.**	**% of existing capital**	**No.**	**% of existing capital**
1 Promoters								
a) Parties to agreement, if any	19,611,589	40.86	(10,555,520)	-22.00%	-	-	9,056,069	18.86%
b) Promoters other than (a) above	-	-			-	-	-	-
Sub-total	**19,611,589**	**40.86**	**(10,555,520)**	**-22.00%**			**9,056,069**	**18.86%**
2 a. Acquirer	-							
E-Land Fashion China Holdings, Limited	12,000,000 -	25.00	10,555,520^	22.00%	9,598,094	20.00%	32,153,614	67.00%
3. Parties to the agreement other than 1 (a) and 2	-	-			-	-	-	-
4 Public (Other than parties to the agreement, Acquirer)								
(a) Mutual Funds and UTI	445,050	0.93						
(b) Financial Institutions/ Banks	847,282	1.76						
(c) Insurance Companies	-	-						
(d) Foreign Institutional Investors	1,167,739	2.43				**-20.00%**	6,780,786	14.13%
(e) Venture Capital Funds	986,665	2.06			**(9,598,094)**			
(e) Bodies Corporate	6,263,453	13.05						
(f)Individuals	6,444,969	13.43						
(g) Any Others:								
(g) (i) Trusts	1	-0.00						
(g) (ii) Overseas	121,655	0.25						

Corporate Bodies/NRIs									
(g) (iii) Clearing Members	102,066	0.21							
(h) Shares held by Custodians and against which Depository Receipts have been issued	-	-							
Sub - total 4 [(a) to (h)]	**16,378,880**	34.13							
Grand total	**47,990,469**	**100.00**	**-**	**-**	**-**	**-**	**47,990,469**	**100.00%**	

* In terms of the SPA, the Acquirer is desirous of acquiring a minimum of 51% and a maximum of 67% of the emerging voting capital (same as the existing voting capital). Assuming full acceptances in the open offer, the Acquirer will acquire 10,555,520 equity shares under the SPA constituting 22% of the emerging voting capital so that the acquirer's holding after the SSA, Open Offer and SPA reaches a maximum of 67% of the emerging voting capital.

^ Depending upon the response to the open offer, number of shares to be acquired under the SPA could be increased to a maximum 12,475,139, since the Acquirer is desirous of acquiring a minimum of 51% and a maximum of 67%

x) As on Friday, May 27, 2011, there are 14,468 public shareholders in the Target Company.

y) As per the information provided and certified by the Target Company, the details of the change in shareholding of the Promoters as and when it happened in the Target Company and the status of compliance with the provisions of Chapter II of the SEBI (SAST) Regulations/other applicable regulations under the SEBI Act and other statutory requirements, as applicable, appear as under:

Name of the Promoter: Mr. Murarilal Agarwal

Date of transaction (allotment / purchase / transfer)	Particulars	Shares alloted / acquired / purchased	Shares Sold / transferred	Total Holding	% to total shares of the Company	Applicable provisions of the SEBI (SAST) Regulations and status of compliance
31-Mar-97	Subscription to MOA	10	-	10	25%	N.A.
28-Mar-02	Further Allotment	50,000	-	50,010	29.85%	N.A
29-Mar-02	Further Allotment	1,03,700	-	1,53,710	33.32%	N.A
7-Jun-02	Further Allotment	97,500	-	2,51,210	42.85%	N.A
1-Nov-04	Further Allotment	14,33,563	-	16,84,773	28.96%	N.A
20-Dec-04	Further Allotment	11,00,000	-	27,84,773	33.09%	N.A
31-Mar-05	Further Allotment	1,60,128	-	29,44,901	33.18%	N.A
30-Jan-06	Interse Transfer	-	3,05,986	26,38,915	29.73%	N.A
28-Feb-06	Under the Scheme of Amalgamation	58,42,407	-	84,81,322	40.99%	N.A

Name of the Promoter: Mr. Ravindra Agarwal

Date of transaction (allotment / purchase / transfer)	Particulars	Shares alloted / acquired / purchased	Shares Sold / transferred	Total Holding	% to total shares of the Company	Applicable provisions of the SEBI (SAST) Regulations and status of compliance
31-Mar-97	Subscription to MOA	10	-	10	25%	N.A.
28-Mar-02	Further Allotment	42,500	-	42,510	25.37%	N.A
29-Mar-02	Further Allotment	80000	-	1,22,510	26.56%	N.A
3-Jun-02	Further Allotment	50,000	-	1,72,510	24.43%	N.A
1-Nov-04	Further Allotment	15,12,890	-	16,85,400	28.98%	N.A
20-Dec-04	Further Allotment	14,65,000	-	31,50,400	37.43%	N.A
March 31 ,2005	Further Allotment	1,70,000	-	33,20,400	37.41%	N.A
25-Nov-05	Purchased	20	-	33,20,420	37.41%	N.A
30-Jan-06	Purchased	8,58,389	-	41,78,809	47.08%	N.A
30-Jan-06	Interse Transfer	-	3,03,318	38,75,491	44%	N.A
28-Feb-06	Under the Scheme of Amalgamation	45,75,272	-	84,50,763	40.84%	N.A

Name of the Promoter: Mr. Vishwambharlal Bhoot

Date of transaction (allotment / purchase / transfer)	Particulars	Shares alloted / acquired / purchased	Shares Sold / transferred	Total Holding	% to total shares of the Company	Applicable provisions of the SEBI (SAST) Regulations and status of compliance
12-Oct-01	Purchased	10	-	10	25%	N.A
28-Mar-02	Further Allotment	25,000	-	25,010	14.93%	N.A
29-Mar-02	Further Allotment	50000	-	75010	16.26%	N.A
7-Jun-02	Further Allotment	5,000	-	80010	13.65%	N.A
3-Jul-02	Further Allotment	20000	-	1,00,010	14.16%	N.A
1-Nov-04	Further Allotment	6,53,080	-	7,53,090	12.95%	N.A
30-Jan-06	Interse Transfer	6,09,304	-	13,62,394	15.35%	N.A
28-Feb-06	Under the Scheme of Amalgamation	13,17,110	-	26,79,504	12.95%	N.A

Corporate Governance:

The Target Company has confirmed that it is complying with all the provisions of Clause 49 (in regard to the corporate governance) of the Listing Agreement entered with the Stock Exchanges where the Target Company's Shares are listed. Further, Mr. Mukesh Jhunjhunwala (Membership No. 125511), Partner, M/s Churiwala & Co., Chartered Accountants, the Statutory Auditors of the Target Company, vide their Certificate dated Wednesday, November 3, 2010, have certified that the Target Company has complied with the conditions of Corporate Governance as stipulated in Clause 49 of the Listing Agreements with the Stock Exchanges.

z) Outstanding Litigations:

(i) Based on the information provided by the Target Company, the Acquirer understands that there are no pending cases filed against the Target Company.

(ii) Based on the information provided by the Target Company, the Acquirer understands that the following pending case has been filed by the Target Company:

11.

Sr. No.	Appeal No./Case No. and Dated	Applicant/Appellant	Respondents	Name & Address of the Court/Arbitration Panel	Amount Under Consideration	Brief Description of Case	Status
1	Appeal Order 853/2004 dated September 22, 2004	Abhishek Processors Private Limited (merged into the Target Company with effect from April 1, 2005) ("**Applicant**")	Maharashtra Industrial Development Corporation and others	Bombay High Court	Rs. 20.14 lacs	The Applicant is disputing invoices amounting to Rs. 20,14,698/- issued by the MIDC pertaining to consumption of water by the Applicant's factory.	Pending adjudication before the Bombay High Court.
2	ITA/2096 /Mum/2010 filed on 15th March 2010	Mudra Lifestyle Limited	Income Tax Officer 8(2)(3). Mumbai.	Income Tax Appellant Triunal (I.T.A.T) CGO Annexe Building,,	Rs. 10.96 lacs	The appellant has preferred an appeal before the Hon'Ble Mumbai I.T.A.T for levying of penalty for delayed payment of Self Assessment	The matter is pending before the I.T.A.T.

				M.K. Road, Mumbai-400040.		Tax .	

aa) The Target Company, it's Promoters and Directors of the Company have not been prohibited by SEBI from dealing in securities in terms of directions issued under section 11B of SEBI Act or under any other regulation.

bb) The compliance officer of the Target Company is:

Mr. Mahesh Poddar
Company Secretary
Mudra Lifestyle Ltd.
5129-41, D-wing, 5th Floor,
Oberoi Garden Estates,
Chandivali Farms Road,
Chandivali, Andheri (E),
Mumbai – 400 072, India
(Tel: +91 22 2847 2600 / +91 22 4097 2601; Fax: +91 22 2847 2603)
Tel: +91-22-2847 2600 / +91-22-4097 2601
Fax: +91-22-2847 2603
E-mail: maheshpoddar@mudralifestyle.com

7. OFFER PRICE AND FINANCIAL ARRANGEMENTS

7.1 Justification of Offer Price

a) The Equity Shares of the Target Company are presently listed on the BSE and the NSE.

b) The minimum marketable lot for the Equity Shares of the Target Company is 1 (One) Equity Share.

c) The annualized trading turnover of the Equity Shares of the Target Company during the 6 (Six) calendar months preceding the month in which the PA was made (April 2010 - September 2010) on the BSE and the NSE on which the Equity Shares of the Target Company are listed is detailed below:

Name of Stock Exchange	**Total no. of Equity Shares traded during the 6 calendar months prior to the month in which the PA was made**	**Total no. of listed Equity Shares as on March 31, 2010**	**Annualised trading turnover (in terms of % of total listed Equity Shares)**
BSE	43,232,096	35,990,469	240.24%
NSE	40,714,907	35,990,469	226.25%

(Source: www.bseindia.com and www.nseindia.com)

d) Accordingly, based on the information available, the Equity Shares of the Target Company are not infrequently traded, are frequently traded on the BSE and the NSE (within the meaning of explanation (i) of Regulation 20(5) of the SEBI (SAST) Regulations) and are most frequently traded on BSE.

e) As on date of the PA and the Draft Letter of Offer, there have been no instances of non-listing of some and/or all Shares of the Target Company at any Stock Exchange(s) as applicable.

f) The details of closing prices and volume on BSE for the 26-week period prior to the date of the Board Meeting are as under:

Sr. No.	Week Ending	Weekly Closing High (Rs)	Weekly Closing Low (Rs)	Average (Rs)	Total Volume
1	Thursday, October 14, 2010	54.60	51.55	53.08	2,731,808
2	Thursday, October 07, 2010	53.80	49.75	51.78	5,122,311
3	Thursday, September 30, 2010	49.75	47.30	48.53	1,683,179
4	Thursday, September 23, 2010	50.25	46.95	48.60	6,450,491
5	Thursday, September 16, 2010	46.05	45.40	45.73	809,234
6	Thursday, September 09, 2010	46.30	41.00	43.65	1,521,116
7	Thursday, September 02, 2010	41.85	40.05	40.95	837,047
8	Thursday, August 26, 2010	45.75	41.95	43.85	979,651
9	Thursday, August 19, 2010	47.25	45.95	46.60	723,763
10	Thursday, August 12, 2010	48.30	45.80	47.05	2,938,290
11	Thursday, August 05, 2010	47.15	45.20	46.18	686,488
12	Thursday, July 29, 2010	46.80	44.80	45.80	889,748
13	Thursday, July 22, 2010	45.85	45.00	45.43	735,530
14	Thursday, July 15, 2010	47.15	44.75	45.95	903,461
15	Thursday, July 08, 2010	47.95	45.90	46.93	2,148,393
16	Thursday, July 01, 2010	46.45	43.00	44.73	1,770,864
17	Thursday, June 24, 2010	41.45	39.25	40.35	1,274,716
18	Thursday, June 17, 2010	41.00	36.45	38.73	1,535,612
19	Thursday, June 10, 2010	37.25	36.40	36.83	197,578
20	Thursday, June 03, 2010	38.35	37.10	37.73	207,359
21	Thursday, May 27, 2010	38.45	37.20	37.83	268,418
22	Thursday, May 20, 2010	41.10	37.30	39.20	699,705
23	Thursday, May 13, 2010	42.65	41.65	42.15	2,173,945
24	Thursday, May 06, 2010	44.40	41.10	42.75	963,307
25	Thursday, April 29, 2010	46.00	44.05	45.03	941,134
26	Thursday, April 22, 2010	44.85	43.75	44.30	1,725,316
26-week Average				**44.22**	**1,573,787**

(Source: www.bseindia.com)

The details of intra-day price and volume on BSE for the 2-week period prior to the date of the Board Meeting are as below:

Sr. No.	Date	Daily High Price	Daily Low Price	Daily High/Low Average	Volume (no. of shares)

Sr. No.	Date	Daily High Price	Daily Low Price	Daily High/Low Average	Volume (no. of shares)
1	Thursday, October 14, 2010	55.80	53.50	54.65	635,886
2	Wednesday, October 13, 2010	54.60	53.00	53.80	790,713
3	Tuesday, October 12, 2010	54.55	51.15	52.85	585,470
4	Monday, October 11, 2010	52.90	51.25	52.08	288,189
5	Friday, October 08, 2010	53.40	51.00	52.20	431,550
6	Thursday, October 07, 2010	53.55	50.75	52.15	688,266
7	Wednesday, October 06, 2010	54.60	52.05	53.33	433,741
8	Tuesday, October 05, 2010	55.30	53.00	54.15	1,493,443
9	Monday, October 04, 2010	54.00	50.15	52.08	1,998,545
10	Friday, October 01, 2010	51.00	49.50	50.25	508,316
	2-week average			**52.75**	**785,412**

(Source: www.bseindia.com)

The details of closing prices and volume on BSE for the 26-week period prior to the date of the PA are as under:

Sr. No.	Week Ending	Weekly Closing High (Rs)	Weekly Closing Low (Rs)	Weekly Average (Rs)	Total Volume
1	Wednesday, October 20, 2010	56.95	52.35	54.65	4,485,283
2	Wednesday, October 13, 2010	53.85	51.30	52.58	2,784,188
3	Wednesday, October 06, 2010	53.80	49.75	51.78	4,995,754
4	Wednesday, September 29, 2010	48.75	46.95	47.85	1,343,690
5	Wednesday, September 22, 2010	50.25	45.50	47.88	6,666,057
6	Wednesday, September 15, 2010	46.30	45.40	45.85	1,589,708
7	Wednesday, September 08, 2010	45.45	40.80	43.13	1,101,952
8	Wednesday, September 01, 2010	42.15	40.05	41.10	917,210
9	Wednesday, August 25, 2010	46.05	43.10	44.58	951,745
10	Wednesday, August 18, 2010	48.30	46.10	47.20	843,330
11	Wednesday, August 11, 2010	47.70	45.55	46.63	3,065,154
12	Wednesday, August 04, 2010	45.95	44.80	45.38	448,479
13	Wednesday, July 28, 2010	46.80	44.85	45.83	897,639
14	Wednesday, July 21, 2010	45.60	44.75	45.18	754,144
15	Wednesday, July 14, 2010	47.80	45.90	46.85	1,855,942
16	Wednesday, July 07, 2010	47.95	45.70	46.83	1,425,617
17	Wednesday, June 30, 2010	45.70	40.85	43.28	1,478,737
18	Wednesday, June 23, 2010	41.45	39.25	40.35	1,428,171
19	Wednesday, June 16, 2010	40.75	36.45	38.60	1,349,015
20	Wednesday, June 09, 2010	37.25	36.40	36.83	201,813
21	Wednesday, June 02, 2010	38.35	37.20	37.78	181,918

22	Wednesday, May 26, 2010	38.45	37.25	37.85	405,277
23	Wednesday, May 19, 2010	41.65	40.00	40.83	727,818
24	Wednesday, May 12, 2010	42.65	41.10	41.88	2,322,416
25	Wednesday, May 05, 2010	44.80	42.60	43.70	743,546
26	Wednesday, April 28, 2010	46.00	43.75	44.88	1,398,630
26-week Average				**44.58**	**1,706,278**

(Source: www.bseindia.com)

The details of intra-day price and volume on BSE for the 2-week period prior to the date of the PA are as below:

Sr. No.	Date	Daily High Price	Daily Low Price	Daily High/Low Average	Volume (no. of shares)
1	Wednesday, October 20, 2010	53.70	52.00	53.30	3,47,266
2	Tuesday, October 19, 2010	54.90	52.60	54.90	5,07,653
3	Monday, October 18, 2010	58.50	54.05	56.28	1,453,610
4	Friday, October 15, 2010	58.00	54.25	56.13	2,395,787
5	Thursday, October 14, 2010	55.80	53.50	54.65	635,886
6	Wednesday, October 13, 2010	54.60	53.00	53.80	790,713
7	Tuesday, October 12, 2010	54.55	51.15	52.85	585,470
8	Monday, October 11, 2010	52.90	51.25	52.08	288,189
9	Friday, October 08, 2010	53.40	51.00	52.20	431,550
10	Thursday, October 07, 2010	53.55	50.75	52.15	688,266
	2-week average			**53.83**	**908,684**

(Source: www.bseindia.com)

g) The Offer Price of Rs. 60.00/- (Rupees Sixty only) per equity share is justified in terms of Regulation 20(4) of the SEBI (SAST) Regulations as it is the highest of the following (excluding the non compete fee component pursuant to the SPA in lieu of the non-compete obligations summarized in paragraph 3.1.g above):

Sr. No.	Particulars	SSA	SPA
I	Negotiated Price to be paid by Acquirer	Rs.60/-	Rs.60/- . Separately, a sum of Rs. 15/- per Equity Share is payable as non-compete fee
II	Highest price paid by the Acquirer for acquisition of any equity shares during the 26 week period prior to the date of PA*	Not Applicable	Not Applicable

III	Average of the weekly high and low of the closing prices of the equity shares of the Target Company on BSE during the 26 week period preceding the date of the Board meeting authorizing the issue and allotment of the Investor Shares ("**Board Meeting Date**") or the date of the PA, as applicable	Board Meeting	44.22	Not Applicable
		PA	Not Applicabl e	44.58
IV	Average of the daily high and low of equity shares of the Target Company on BSE during the 2 week period preceding the Board Meeting Date or the date of the PA, as applicable	Board Meeting	52.75	Not Applicable
		PA	Not Applicabl e	53.83

** The Acquirer has not acquired any equity shares of the Target Company during the 26 week period prior to the date of PA.*

The price paid under the SPA is inclusive of payment of a non-compete fee of Rs. 15/- (Rupees Fifteen only) per share which is within the limits prescribed by Regulation 20(8) of the SEBI (SAST) Regulations. The SEBI had vide its observation letter dated January 28, 2011 required the non-compete fee of Rs. 15/- per share to be added to the Offer Price. Being aggrieved by this order, the Acquirer preferred an appeal before the Securities Appellate Tribunal which, vide its order dated May 24, 2011, held that the non-compete fee of Rs. 15/- per share is not required to be added to the Offer Price.

h) The Offer Price of Rs. 60.00/- (Rupees Sixty only) per Equity Share offered by the Acquirer to the Shareholders of the Target Company under the proposed Offer is justified in terms of Regulation 20(4) of the SEBI (SAST) Regulations.

i) If the Acquirer acquires Equity Shares of the Target Company after the date of the PA and up to 7 (Seven) working days prior to the closure of the Open Offer at a price higher than the Offer Price, then the highest price paid for such acquisition shall be payable for all the valid applications received under the Open Offer.

7.2 Financial Arrangements

a) The total funding requirement assuming full acceptance of the Open Offer of 9,598,094 (Nine Million Five Hundred and Ninety Eight Thousand and Ninety Four) Equity Shares held by the Public Shareholders of the Target Company at Rs 60/- (Rupees Sixty only) per equity share is Rs 575,885,640/- (Rupees Five Hundred and Seventy Five Million Eight Hundred and Eighty Five Thousand Six Hundred and Forty only).

b) The Acquirer, the Manager to the Offer and Dhanlaxmi Bank Limited, a banking corporation incorporated under the laws of India and carrying on business as a banking company under the Banking Regulation Act, 1949 having one of its branch offices at Janmabhoomi Bhavan, Janmabhoomi Marg, Fort, Mumbai 400 001 ("**Dhanlaxmi Bank**"), have entered into an escrow agreement for the Open Offer dated Saturday, October 16, 2010 (the "**Escrow Agreement**") in accordance with Regulation 28 of the SEBI (SAST) Regulations. In terms thereof, the Acquirer has deposited Rs. 581,082,513.60 (Rupees Five Hundred and Eighty One Million Eighty Two Thousand Five Hundred and Thirteen Rupees and Sixty Paise only) in an escrow account named "MLL Open Offer Escrow Account", which is more than the prescribed escrow amount in terms of Regulation 28 of the SEBI (SAST) Regulations being in excess of 100% of the total maximum consideration payable in the Open Offer.

c) The Manager to the Offer has been duly authorized by the Acquirer to issue instructions to the Escrow Bank and to realize the value of the amount deposited in the escrow account in terms of Regulation 28 of the SEBI (SAST) Regulations.

d) Further, firm arrangement for financial resources required to implement the offer are already in place. The Acquirer has raised funds by the issue of Guaranteed Senior Notes with an amount of USD 30,000,000 (Thirty Million only) to KDB Asia, a subsidiary of Korea Development Bank, which is the source of funds for the purposes of this Open Offer.

e) Samil PricewaterhouseCoopers, (signing through Mr. Hun-Soo Do, Engagement Partner having Membership no. 4280) located at LS Yongsan Tower, 191, Hangangno 2-ga, Yongsan-gu, Seoul 140-702, Korea (Tel no.: +82-(0)2-709-0743, Fax no.: +82-(0)2-792-7003) have vide their letter dated Saturday, October 16, 2010, certified that the Acquirer has sufficient means to fulfill its financial obligations under the Open Offer to be made by the Acquirer in accordance with SEBI (SAST) Regulations.

f) Accordingly, the Manager to the Offer is satisfied with the ability of the Acquirer to implement the Open Offer in accordance with the SEBI (SAST) Regulations as firm financial arrangement for funds required to implement the Open Offer at the Offer Price are in place to fulfill the Acquirer's obligations under the SEBI (SAST) Regulations.

8. TERMS AND CONDITIONS OF OFFER

8.1 Statutory Approvals required for the Offer

a) The acquisition of the Sale Shares and the Equity Shares tendered in the Open Offer by the Acquirer is subject to the approval of the RBI under the Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder.

b) The Acquirer has filed an application with the RBI on October 28, 2010 seeking its approval for acquisition of the Sale Shares and the Equity Shares tendered in the Offer. The RBI has vide its letter dated February 3, 2011 conveyed its approval for the acquisition of Shares under the Open Offer subject to *inter alia* the following conditions (a) the acquisition being carried out in accordance with provisions of A.P. (Dir Series) Circular No. 16 dated October 4, 2004 as amended from time to time, read with A.P. (Dir Series) Circular No.63 dated April 22, 2009 except pricing and reporting requirements specified thereunder may be complied with; (b) the acquisition of any non-repatriable Shares tendered by NRIs or any Shares tendered by OCBs in the Open Offer shall be subject to the specific approval of the RBI; and (c) prior to the acquisition, the Acquirer may ensure that the Shares tendered in the Open Offer are being held by the tendering shareholder in accordance with applicable foreign exchange laws . In the said letter, the RBI has also conveyed its approval for the acquisition of the Shares under the Share Purchase Agreement subject to the same being carried out in accordance with applicable pricing and reporting requirements.

c) As of the date of the PA, there are no other statutory approvals required to implement the Offer other than the approval of the RBI referred to in paragraphs 8.1(a) and 8.1(b) above. If any other statutory approvals become applicable prior to completion of the Offer, the Offer will also be subject to obtaining such other statutory approvals. Regulation 27 of the SEBI (SAST) Regulations provides that no public offer, once made, shall be withdrawn except under the following circumstances (a) the statutory approvals required have been refused; (b) the sole acquirer, being a natural person, has died; and (c) in such circumstances as in the opinion of the Board merit withdrawal. In the event of withdrawal of the Offer, , a public announcement shall be made in the same newspapers in which the PA has been made.

d) In case of delay in receipt of any statutory approval(s), SEBI has the power to grant an extension of time to the Acquirer for payment of consideration to Shareholders, subject to the Acquirer agreeing to pay interest for the delayed period as directed by SEBI in terms of Regulation 22(12) of the SEBI (SAST) Regulations. Further, if the delay occurs on account of the willful default or neglect or inaction or non-action by the Acquirer in obtaining the requisite approvals, Regulation 22(13) of the SEBI (SAST) Regulation will also become applicable.

e) The Acquirer does not require any approvals from financial institutions and banks or from any other creditor for undertaking the Open Offer.

f) Subject to receipt of the necessary statutory approvals, the Acquirers shall within 15 (Fifteen) days from the date of the closure of the Open Offer complete all the procedures relating to the Open Offer including payment of consideration to the shareholders who have accepted the Open Offer.

8.2 Others

a) The Letter of Offer together with a Form of Acceptance-cum-Acknowledgement, Form of Withdrawal and Transfer Deed will be mailed on or before Monday, June 6, 2011 to all the Shareholders of the Target Company including persons resident outside India (except the parties to the Share Purchase Agreement) whose names appear in the Register of Members of the Target Company and the beneficial owners of the Equity Shares of the Target Company in dematerialised form, whose names appear on the beneficial records of the respective depositories, in each case at the close of business hours on Friday, November 19, 2010 (the "**Specified Date**").

b) All registered and unregistered Public Shareholders (except the Acquirer and the Promoters) who own the equity shares of the Target Company are eligible to participate in the Open Offer at any time before the closure of the Open Offer i.e. Wednesday, June 29, 2011. Unregistered owners can send their application in writing to the Registrar to the Offer, on a plain paper stating the Name, Address, Number of Equity Shares held, Number of Equity Shares offered, Distinctive Numbers, Folio Number, together with the original share certificate(s), valid transfer deeds and the original contract notes issued by the broker through whom they acquired their Equity Shares. No indemnity is required from the unregistered owners.

c) The acceptance of locked-in Equity Shares by the Acquirer, if any, is subject to the continuation of the residual lock-in period in the hands of the Acquirer.

d) The acceptance of the Offer is entirely at the discretion of the Public Shareholders of the Target Company. The Acquirer will not be responsible in any manner for any loss of share certificate(s) and Offer acceptance documents during transit and the Public Shareholders of the Target Company are advised to adequately safeguard their interest in this regard.

e) Applications in respect of Equity Shares that are subject to any charge, lien or encumbrance are liable to be rejected. The Equity Shares of the Target Company will be acquired by the Acquirer under the Offer, free from all liens, charges and encumbrances and together with all rights attached thereto, including the right to all dividend, bonus and rights offer hereafter.

f) Each Public Shareholder of the Target Company to whom this Offer is being made is free to offer his/her shareholding in the Target Company in whole or in part while accepting this Offer. The acceptance must be unconditional and should be absolute and unqualified.

9. PROCEDURE FOR ACCEPTANCE AND SETTLEMENT

Shareholders of the Target Company who wish to accept this Offer are free to offer their shareholding in whole or in part and should forward the under mentioned documents to the Registrar to the Offer at their office at Bigshare Services Private Limited, (**"Registrar to the Offer"**), at E/2, Ansa Industrial Estate, Sakivihar Road, Sakinaka, Andheri (E), Mumbai - 400 072. Tel: +91-22-404 30 200, Fax: +91-22-2847 5207 either by hand delivery or by registered post, on or before the Offer Closing Date, i.e., no later than Wednesday, June 29, 2011 in accordance with the instructions specified in this Letter of Offer and in the Form of Acceptance-cum-Acknowledgement. Shareholders are advised to ensure that the Form of Acceptance-cum-Acknowledgement and other documents are complete in all respects, otherwise the same is liable to be rejected. In the case of Shares in dematerialized form, Shareholders are advised to ensure that their Shares are credited in favour of the Special Depository Account before the Offer Closing Date i.e. Wednesday, June 29, 2011. The Form of Acceptance cum Acknowledgement of such Shares in dematerialised form, not credited in favour of the Special Depository Account before the closure of the Offer, will be rejected.

i. For Shares held in physical form:

Registered Shareholders should enclose:

- Form of Acceptance-cum-Acknowledgment duly completed and signed in accordance with the instructions contained therein, by all Shareholders whose names appear on the share certificates;
- Original share certificate(s); and

- Valid share transfer forms duly signed as transferors by all registered Shareholders (in case of joint holdings) in the same order and as per specimen signatures registered with the Target Company and duly witnessed at the appropriate place. A blank share transfer form is enclosed along with this Letter of Offer.

Unregistered owners should enclose:

- Form of Acceptance-cum-Acknowledgment duly completed and signed in accordance with the instructions contained therein;
- Original share certificate(s);
- Original broker contract note; and
- Valid share transfer form(s) as received from the market, duly stamped and executed as the proposed transferee(s) along with share transfer form signed as transferor(s) by the said proposed transferee(s) and witnessed at the appropriate places.

The details of buyer should be left blank failing which the same will be invalid under the Offer. The details of the Acquirer as buyer will be filled upon verification of the Form of Acceptance-cum-Acknowledgment and the same being found valid. All other requirements for valid transfer will be preconditions for valid acceptance.

ii. For Shares held in dematerialised form:

Beneficial owners should enclose:

- Form of Acceptance-cum-Acknowledgment duly completed and signed in accordance with the instructions contained therein, as per the records of the DP; and
- Photocopy of the delivery instruction in "Off-market" mode or counterfoil of the delivery instruction in "Off-market" mode, duly acknowledged by the DP. For each delivery instruction, the beneficial owner should submit separate Form of Acceptance-cum-Acknowledgement.
- For Public Shareholders holding equity shares in dematerialised form, the Registrar to the Offer has opened a special depository account with National Securities Depository Limited ("**NSDL**"). Beneficial owners who wish to accept the Open Offer are requested to fill in the following details in the delivery instructions for the purpose of crediting their equity shares in the special depository account:

DP Name	HDFC Bank Limited
DP ID	IN301549
Client ID	31317862
ISIN	INE311H01018
Account Name	BSPL ESCROW A/C - MLL Open Offer
Depository	National Securities Depository Limited

Public Shareholders having their beneficiary account in Central Depository Services (India) Limited ("**CDSL**") must issue inter-depository delivery instruction slip for the purpose of crediting their equity shares in favour of the special depository account with NSDL. CDSL and NSDL are collectively referred to as Depositories.

General

a) The share certificate(s), share transfer form(s) and the Form of Acceptance-cum-Acknowledgment should be sent only to the Registrar to the Offer and not to the Manager to the Offer, the Acquirer or the Target Company.

b) In case of non-receipt of the Letter of Offer, the eligible persons may send their consent to the Registrar to the Offer on a plain paper stating acceptance of the Offer along with documents as mentioned herein, so as to reach the Registrar to the Offer on or before the Offer Closing Date, i.e., no later than on Wednesday, June 29, 2011. The failure of the Letter of Offer to reach one or more Shareholders shall not invalidate the Offer. Public Shareholders holding equity shares in physical form should state their name, address, folio number, number of equity shares held, distinctive numbers, number of equity shares offered, bank particulars along with original share certificate(s), duly signed & witnessed transfer form(s). Public Shareholders holding Shares in dematerialized form should state their name, address, number of equity shares held, number of equity shares tendered, bank particulars, DP name, DP ID, beneficiary account number duly signed by all the holders and send the same along with a photocopy of the delivery instructions in "Off-market" mode or counterfoil of the delivery instructions in "Off-market" mode duly acknowledged by the DP in favour of the Special Depository Account. Eligible persons can also write to the Manager to the Offer requesting for the Letter of Offer and Form of Acceptance cum Acknowledgment and fill up the same in accordance with the instructions given therein, so as to reach the Registrar to the Offer on or before the Offer Closing Date, i.e. Wednesday, June 29, 2011. Unregistered owners should not sign the transfer deed and the transfer deed should be valid for transfer.

   The acceptance should be signed by all the Public Shareholders as per the registration details available with the Target Company/Depositories and should be sent to the Registrar to the Offer in an envelope clearly marked "Mudra Lifestyle Ltd - Open Offer" on or before 5:00 p.m. on the Offer Closing Date. All beneficial holders maintaining an account with CDSL are requested to obtain, complete and submit an additional inter-depository slip together with the instructions to their respective DPs.

c) Alternatively, Public Shareholders may also download the Letter of Offer, Form of Acceptance-cum-Acknowledgement and Form of Withdrawal placed on the SEBI website http://www.sebi.gov.in from the Offer Opening Date and send in their acceptance by filling the same.

d) Equity Shares, if any, that are the subject matter of litigation or are held in abeyance due to pending court cases / attachment order(s) / restriction from other statutory authorities, wherein the shareholder(s) may be precluded from transferring the Equity Shares during the pendency of the said litigation are liable to be rejected in case directions/ orders from competent authority permitting transfer of these Equity Shares are not received together with the Equity Shares tendered under the Open Offer. The Acquirer, at its sole discretion, in such cases, may forward the Letter of Offer to the concerned competent authority for further action at their end.

e) Shareholders of the Target Company who have sent their Equity Shares for dematerialization need to ensure that the process of getting the Equity Shares dematerialized is completed well in time so that the credit in the Special Depository Account should be received on or before the date of Offer Closing Date, i.e Wednesday, June 29, 2011, else the application would be rejected.

f) In case the number of Equity Shares tendered in the Offer are more than the Equity Shares agreed to be acquired under the Offer, the Acquirer shall accept the Equity Shares tendered from the Shareholders on a proportionate basis as per Regulation 21(6) of the SEBI (SAST) Regulations in consultation with the Manager to the Offer, taking care to ensure that the basis of acceptance is decided in a fair and equitable manner and in such a way that the acquisition from any Shareholder shall not be less than the minimum marketable lot. As the Shares trade in the compulsory dematerialized settlement segment of BSE and NSE, the minimum marketable lot for the Shares is 1(One).

g) In case of delay in receipt of any statutory approval(s) as stated in paragraph 8.1(a) and 8.1(b) above, SEBI has the power to grant an extension of time to the Acquirer for payment of consideration to Shareholders, subject to the Acquirer agreeing to pay interest for the delayed period as directed by SEBI in terms of Regulation 22(12) of the SEBI (SAST) Regulations. Further, if the delay occurs on account of the willful default or neglect or inaction or non-action by the Acquirer in obtaining the requisite approvals, Regulation 22(13) of the SEBI (SAST) Regulation will also become applicable.

h) In the event that the approval from the RBI is refused for one or more Public Shareholders in respect of whom prior approval from the RBI is required, the basis of acceptance will be revised and additional Equity Shares will be accepted by the Acquirer from resident Public Shareholders and such non-resident Public Shareholders in respect of whom RBI approval is required and is received and consideration shall be paid for such accepted Equity Shares. In case of delay in receipt of RBI approval in respect of any Public Shareholders in respect of whom prior approval from the RBI is required, the Acquirer shall have the option to make payment to resident Public Shareholders and non-resident Public Shareholders in respect of whom RBI approval is received as per the basis of acceptance. However, in such cases, if the Offer is oversubscribed, the Registrar will hold in trust the Equity Shares tendered in the Offer by Public Shareholders in respect of whom RBI approval is received till the approval of the RBI is received or rejected for acquiring Shares tendered in the Offer from Public Shareholders for whom RBI approval has not been received or rejected and payment of consideration shall be made thereafter as per the revised basis of acceptance.

i) While tendering Equity Shares under the Offer, NRIs, OCBs and other non-resident Public Shareholders will be required to submit RBI's approval (specific or general) which they would have obtained for acquiring the Equity Shares of the Target Company, failing which the Acquirer reserve the right to reject the Equity Shares tendered.

j) The Public Shareholders who wish to avail of and accept the Open Offer can submit their completed Form of Acceptance-cum-Acknowledgement and the relevant documents, in accordance with the terms of the PA and the Letter of Offer to the Registrar to the Offer at their office at E/2, Ansa Industrial Estate, Sakivihar Road, Sakinaka, Andheri (E), Mumbai - 400 072, either by hand delivery or by registered post on or before the Offer Closing Date. i.e. Wednesday, June 29, 2011. ***(The documents should not be sent to the Manager to the Offer or the Acquirer or the Target Company.)***

Withdrawal of acceptances

In accordance with Regulation 22(5A) of the SEBI (SAST) Regulations, Public Shareholders who have accepted the Open Offer by tendering the requisite documents in terms of this PA and Letter of Offer can withdraw the same up to 3 (Three) working days prior to the Offer Closing Date i.e. Wednesday, June 29, 2011. The withdrawal option can be exercised by submitting the documents as per the instructions below, so as to reach the Registrar to the Offer at their office either by hand delivery on weekdays or by registered post on or before Friday, June 24, 2011.

The withdrawal option can be exercised by submitting the Form of Withdrawal as enclosed with this Letter of Offer.

Tendering Public Shareholders should enclose the following:

For Shares held in dematerialized form:

Beneficial owners should enclose:

- Duly signed and completed Form of Withdrawal;
- Acknowledgement slip in original/copy of the submitted Form of Acceptance cum Acknowledgement in case delivered by Registered A.D.; and
- Photocopy of the delivery instruction in "Off-market" mode or counterfoil of the delivery instruction in "Off-market" mode, duly acknowledged by the DP.

For Shares held in physical form:

Registered Shareholders should enclose:

- Duly signed and completed Form of Withdrawal;
- Acknowledgement slip in original/ copy of the submitted Form of Acceptance cum Acknowledgement in case delivered by Registered A.D.; and
- In case of partial withdrawal, valid share transfer form(s) duly signed as transferors by all registered Shareholders (in case of joint holdings) in the same order and as per specimen signatures registered with Mudra and duly witnessed at the appropriate place.

Unregistered owners should enclose:

- Duly signed and completed Form of Withdrawal; and
- Acknowledgement slip in original/copy of the submitted Form of Acceptance cum Acknowledgement in case delivered by Registered A.D.

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

- In case of physical Shares: name; address; distinctive numbers; folio number; number of Shares tendered; and
- In case of Shares in dematerialised form: name; address; number of Shares offered; DP name; DP ID; beneficiary account number and a photocopy of the delivery instruction in "Offmarket" mode or counterfoil of the delivery instruction in "Off-market" mode, duly acknowledged by the DP, in favour of the Special Depository Account.

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

The intimation of returned Shares to the Shareholders will be at the address as per the records of Mudra or the respective depositories as the case may be.

The Form of Withdrawal should be sent only to the Registrar to the Offer.

In case of partial withdrawal of Shares tendered in physical form, if the original share certificates are required to be split, the same will be returned on receipt of share certificates from Mudra.

In case of partial withdrawal, the earlier Form of Acceptance cum Acknowledgment will stand revised to that effect.

Shareholders holding Shares in dematerialized form are requested to issue the necessary standing instruction for receipt of the credit in their DP account.

Settlement

- ♦ Shareholders must note that the Acquirer on the basis of name of the Shareholders, Depository Participant's name, DP ID, Beneficiary Account number provided by them in the Form of Acceptance-cum-Acknowledgement, the Registrar to the Offer will obtain, from the respective depositories, the Shareholders' demographic details including address, bank account details, the nine digit Magnetic Ink Character Recognition ("**MICR**") code as appearing on a cheque leaf and occupation. These bank account details will be used to make payment to the Shareholders. Hence Shareholders are advised to immediately update their bank account details as appearing on the records of the Depository Participant. Please note that failure to do so could result in delays in despatch of payment or electronic transfer of funds, as applicable, and any such delay shall be at the Shareholders' sole risk and neither the Acquirer, the Manager to the Offer, Registrar to the Offer nor Dhanlaxmi Bank. shall be liable to compensate the Shareholders for any losses caused to the Shareholder due to any such delay or liable to pay any interest for such delay.

- **Electronic Clearing System ('ECS')** – Payment would be done through ECS for Shareholders having an account at any of the following centers: Bangalore, Kolkata, Chennai, Hyderabad, Mumbai, New Delhi, Thiruvananthapuram (managed by RBI); Panaji, Surat, Trichy, Trichur, Raipur, Calicut,Tirupur, Tirupati (Non-MICR), Nellore (Non-MICR), Mysore, Erode, Pune, Salem Visakhapatnam (managed by Andhra Bank); Mangalore (managed by Corporation Bank); Coimbatore; Kochi/Ernakulum (managed by State Bank of Travancore); Bhopal (managed by Central Bank of India) and Madurai (managed by Canara Bank). This mode of payment would be subject to availability of complete bank account details including the MICR code as appearing on a cheque leaf, from the Depositories. The payment through ECS is mandatory for Public Shareholders having a bank account at any of the abovementioned centers, except where the Public `Shareholder, being eligible, opts to receive payment through direct credit or RTGS.

  The payment may be made through NECS (National Electronic Clearing System) subject to operational feasibility cost and process efficiency. Ahmedabad, Bangalore, Bhubaneshwar, Kolkata, Chandigarh, Chennai, Guwahati, Hyderabad, Jaipur, Kanpur, Mumbai, Nagpur, New Delhi, Patna, Thiruvananthapuram (managed by RBI); Baroda, Dehradun, Nashik, Panaji, Surat, Trichy, Trichur, Jodhpur, Gwalior, Jabalpur, Raipur, Calicut, Siliguri (Non-MICR), Pondicherry, Hubli, Shimla (Non-MICR), Tirupur, Burdwan (Non-MICR), Durgapur (Non-MICR), Sholapur, Ranchi, Tirupati (Non-MICR), Dhanbad (Non-MICR), Nellore (Non-MICR) and Kakinada (Non-MICR) (managed by State Bank of India); Agra, Allahabad, Jalandhar, Lucknow, Ludhiana, Varanasi, Kolhapur, Aurangabad, Mysore, Erode, Udaipur, Gorakpur and Jammu (managed by Punjab National Bank); Indore (managed by State Bank of Indore); Pune, Salem and Jamshedpur (managed by Union Bank of India); Visakhapatnam (managed by Andhra Bank); Mangalore (managed by Corporation Bank); Coimbatore and Rajkot (managed by Bank of Baroda); Kochi/Ernakulum (managed by State Bank of Travancore); Bhopal (managed by Central Bank of India); Madurai (managed by Canara Bank); Amritsar (managed by Oriental Bank of Commerce); Haldia (Non-MICR) (managed by United Bank of India); Vijaywada (managed by State Bank of Hyderabad); and Bhilwara (managed by State Bank of Bikaner and Jaipur). This mode of payment would be subject to availability of complete bank account details including the MICR code as appearing on a cheque leaf, from the Depositories.

- **Direct Credit** – Shareholders having bank accounts with Dhanlaxmi Bank, as mentioned in the Acceptance cum Acknowledgement Form, shall be eligible to receive payments through direct credit. Charges, if any, levied by Dhanlaxmi Bank for the same would be borne by the Acquirer.

- **Real Time Gross Settlement ('RTGS')** – Shareholders having a bank account at any of the abovementioned centres and whose amount exceeds Rs. 5,000,000,000 (Five Million), have the option to receive the payment through RTGS. Such eligible Shareholders who indicate their preference to receive payment through RTGS are required to provide the IFSC code in the Acceptance-cum-acknowledgement form. In the event the same is not provided, payment shall be made through ECS. Charges, if any, levied for the same would be borne by the Acquirer. Charges, if any, levied by the Shareholder's bank receiving the credit would be borne by the Shareholder.

- **National Electronic Fund Transfer ('NEFT')** – Payment shall be undertaken through NEFT wherever the Shareholder's bank has been assigned the Indian Financial System Code ('**IFSC**'), which can be linked to a MICR, if any, available to that particular bank branch. IFSC Code will be obtained from the website of RBI as on a date immediately prior to the date of payment, duly mapped with MICR numbers. Wherever the Shareholders have registered their nine digit MICR number and their bank account number while opening and operating the demat account, the same will be duly mapped with the IFSC Code of that particular bank branch and the payment will be made to the Shareholder through this method. The process flow in respect of payments by way of NEFT is at an evolving stage and hence use of NEFT is subject to operational feasibility, cost and process efficiency. In the event that NEFT is not operationally feasible, the payment would be made through any one of the other modes as discussed above.

For all other Public Shareholders, including physical shareholders and those who have not updated their bank particulars with the MICR code, the payments will be despatched under certificate of posting for value upto Rs. 1,500 and through Speed Post/ Registered Post for payments above Rs. 1,500. Such payments will be made by way of a crossed account payee cheque, pay order or demand draft drawn on Dhanlaxmi Bank and payable at par at places where acceptance forms are received. Bank charges, if any, for cashing such cheques, pay orders or demand drafts at other centres will be payable by such shareholders. All cheques/ pay orders/ demand drafts will be drawn in the name of the first holder, in case of joint holder(s). In case of unregistered owners of Equity Shares, payment will be made in the name of the person stated in the contract note.

- The Registrar to the Offer will hold in trust the equity shares/share certificates, equity shares lying in credit of the Special Depository Account Form of Acceptance and the transfer form(s), if any, on behalf of the Public Shareholders who have accepted the Open Offer till the Acquirer complete their obligations under the Open Offer in accordance with the SEBI (SAST) Regulations. Unaccepted Equity Shares with accompanying documents will be returned by Registered Post to the respective Public Shareholders.

10. TAX TO BE DEDUCTED AT SOURCE

10.1 General

10.1.1 As per the provisions of section 195(1) of the I-T Act, any person responsible for paying to a non-resident any sum chargeable to tax is required to deduct tax at source (including surcharge and education cess as applicable). Since the consideration payable under the Offer would be chargeable to capital gains under section 45 of the I-T Act, 1961 or as business profits, as the case may be, the Acquirer is required to deduct tax at source (including surcharge and education cess).

10.1.2 In view of provisions of section 206AA of I.T. Act, 1961 Resident and non-resident Shareholders (including FII) are required to submit their Permanent Account Number ("PAN") and copy of PAN Card or letter from NSDL / I.T. Department intimating allotment of PAN. In case PAN is not submitted or is invalid or does not belong to the Shareholder, Acquirer will arrange to deduct tax at the rate of 20% (twenty percent) or at the rate in force or at the rate specified in the relevant provisions of the I-T Act, whichever is higher on the entire gross consideration.

10.1.3 In case of ambiguity, incomplete or conflicting information or the information not being provided to the Acquirer, it would be assumed that the Shareholder is a non-resident Shareholder and tax shall be deducted at the maximum rate as may be applicable to the relevant category to which the Shareholder belongs under the I-T Act, 1961 on the entire consideration, payable to such Shareholder.

10.1.4 Securities transaction tax will not be applicable to the Shares accepted in this Offer.

10.1.5 Any shareholder claiming benefit under any Double Taxation Avoidance Agreement between India and any other foreign country should furnish 'Tax Residence Certificate' provided to him / it by the Income Tax Authority of such other foreign country of which he / it claims to be a tax resident.

10.1.6 The provisions contained under clause (1.1.2) and (1.1.3) above shall apply notwithstanding anything contrary contained in other paragraphs.

10.2 Tax to be Deducted in Case of Non-resident Shareholders (other than FII)

10.2.1 All non – resident shareholders, who desire that no tax should be deducted at source or tax should be deducted at lower rate or on lesser amount, shall be required to submit certificate from the Income-tax Authorities under Section 195(3) or Section 197 of the I-T Act along with the Form of Acceptance-cum-Acknowledgement indicating the extent to which the tax is required to be deducted at source by the Acquirer before remitting the consideration. The Acquirer will arrange to deduct tax at source in accordance with such certificate.

10.2.2 In case the aforesaid certificate is not submitted, the Acquirer will arrange to deduct tax at the applicable rate as may be applicable to the relevant category to which the Shareholder belongs under the I-T Act, on the entire gross consideration payable to such Shareholder. The acquirer will not take into consideration any other details and documents submitted by the shareholder for deducting lower amount of tax at source.

10.2.3 In case of an individual non – resident shareholder, who is either a citizen of India or a person of Indian Origin, and who has himself / herself acquired equity shares of the target company with convertible foreign exchange and has also held such shares for at least twelve months prior to the date on which shares, if any, are accepted under the present open offer, the applicable rate of tax deduction at source would be 10.30% of entire gross consideration. However, to be eligible for this lower rate of tax deduction at source the shareholder will have to furnish copy of his / her demat a/c. clearly reflecting the fact that share held in that a/c. are in repatriable mode. Further, copy of the demat a/c. should also reflect that the shares were held for more than twelve months prior to the date on which shares, if any, are accepted under the present open offer. In case of shares held in physical mode the shareholder will have to furnish certificate from his / her bank to the effect that the purchase consideration of these shares was paid out of non resident external a/c of the shareholder concerned.

10.3 Withholding tax implications for FII

10.3.1 As per provisions of section 196D(2) of the I-T Act, no deduction of tax at source will be made from any income by way of capital gains arising from transfer of securities referred to in section 115AD of the I-T Act to a FII as defined in section 115AD of the I-T Act.

10.3.2 A FII should certify ("FII Certificate") the nature of its income arising from the sale of shares in the Target Company as per the I-T Act (whether capital gains or otherwise) by tick marking on the appropriate option provided in the acceptance form for this purpose. In the absence of FII Certificate to the effect that their income from sale of shares is in the nature of capital gains, the Acquirer will deduct tax at the maximum rate applicable to the category to which such FII belongs on the entire gross consideration payable to such FII. Should FII submit a certificate u/s. 195 (3) or 197 from the Income-tax authorities while tendering the Shares, indicating the amount of tax to be deducted by the Acquirer under the I-T Act, the Acquirer will deduct tax in accordance with the same.

10.4 Tax to be deducted in case of resident Shareholders

In absence of any specific provision under the I-T Act, Acquirer will not deduct tax on the consideration payable to resident Shareholders for acquisition of Shares.

10.5 Issue of withholding tax certificate

The Acquirer will issue a certificate in the prescribed form to the Shareholders who have been paid the consideration, after deduction of tax on the same, certifying the amount of tax deducted and other prescribed particulars.

10.6 Withholding taxes in respect of overseas jurisdictions

10.6.1 Apart from the above, the Acquirer will be entitled to withhold tax in accordance with the tax laws applicable in the overseas jurisdiction where the non-resident Shareholder is a resident for tax purposes ("Overseas tax").

10.6.2 For this purpose, the non-resident Shareholder shall duly represent in the Form of Acceptance-cum Acknowledgement the quantum of the overseas tax to be withheld as per the relevant tax laws of the country in which the non-resident Shareholder is a tax resident, and the Acquirer will be entitled to rely on this representation at their/its sole discretion.

10.6.3 The indicative rates of tax on long term capital gains, short term capital gain, business income and interest for the assessment year 2012-2013 as applicable to non resident shareholders are as follows:

TYPE OF RECEIPIENT	LONG TERM CAPITAL GAIN					SHORT TERM CAPITAL GAIN / BUSINESS INCOME				
	BASIC TAX RATE	SURCHARGE	EDUCATION CESS	SECOND HIGHER EDUCATION CESS	TOTAL	BASIC TAX RATE	SURCHARGE	EDUCATION CESS	SECOND HIGHER EDUCATION CESS	TOTAL
1) OTHER THAN F.I.I.										
1.1) NON - RESIDENT INDIANS (INDIVIDUALS)										
(a) SHARES AQUIRED BY THE INDIVIDUAL HIMSELF WITH CONVERTIBLE FOREIGN EXCHANGE	10.00%	0.00%	0.20%	0.10%	**10.30%**	30.00%	0.00%	0.60%	0.30%	**30.90%**
(b) SHARES AQUIRED IN ANY OTHER MANNER	20.00%	0.00%	0.40%	0.20%	**20.60%**	30.00%	0.00%	0.60%	0.30%	**30.90%**
1.2) OVERSEAS CORPORATE BODIES / NON DOMESTIC COMPANY										
(i) CONSIDERATION EXCEEDING INR 1,00,00,000	20.00%	0.40%	0.408%	0.204%	**21.012%**	40.00%	0.80%	0.816%	0.408%	**42.024%**
(ii) CONSIDERATION NOT EXCEEDING INR 1,00,00,000	20.00%	0.00%	0.40%	0.20%	**20.60%**	40.00%	0.00%	0.80%	0.40%	**41.20%**
1.3) NON - RESIDENT NOT COVERED BY (1.1), (1.2) and (2)	20.00%	0.00%	0.40%	0.20%	**20.60%**	30.00%	0.00%	0.60%	0.30%	**30.90%**

TYPE OF RECEIPIENT	LONG TERM CAPITAL GAIN / SHORT TERM CAPITAL GAIN					BUSINESS INCOME				
	BASIC TAX RATE	SURCHARGE	EDUCATION CESS	SECOND HIGHER EDUCATION CESS	TOTAL	BASIC TAX RATE	SURCHARGE	EDUCATION CESS	SECOND HIGHER EDUCATION CESS	TOTAL
2) F.I.I.										
(a) REGISTERED AS COMPANY										
(i) CONSIDERATION EXCEEDING INR 1,00,00,000	NIL	NIL	NIL	NIL	**NIL**	40.00%	0.80%	0.816%	0.408%	**42.024%**
(ii) CONSIDERATION NOT EXCEEDING INR 1,00,00,000	NIL	NIL	NIL	NIL	**NIL**	40.00%	0.00%	0.80%	0.40%	**41.20%**
(b) REGISTERED AS OTHER THAN COMPANY I.e. TRUST e.t.c.…	NIL	NIL	NIL	NIL	**NIL**	30.00%	0.00%	0.60%	0.30%	**30.90%**

Shareholders are advised to consult their tax advisors for the treatment that may be given by their respective Assessing Officers in their case, and the appropriate course of action that they should take. The Acquirer and the Manager to the Offer do not accept any responsibility for the accuracy or otherwise of such advice.

The tax rate and other provisions may undergo changes.

11. DOCUMENTS FOR INSPECTION

The following material documents are available for inspection by Shareholders of Target Company at the Mumbai office of the Manager to the Offer, SBI Capital Markets Limited, from 10.30 a.m. to 1.00 p.m. on any day, except Saturdays, Sundays and Holidays, until the Offer closes:

1. Copy of the Certificate of Incorporation and Memorandum and Articles of Association of the Acquirer.
2. Copy of the Certificate of Incorporation, Memorandum and Articles of Association of the Target Company
3. Financial statements of the Acquirer for the financial year ended on December 31, 2009, December 31, 2008, December 31, 2007, and certified financial information for 8 months ended August 31, 2010 as certified by the Statutory Auditors of the Acquirer.
4. Audited financial statements of the Target Company for the financial years ended March 31, 2010, March 31, 2009 and March 31, 2008 and Limited Review financial statements for the Three Month period ended June 30, 2010.
5. The Share Subscription Agreement, Share Purchase Agreement and Shareholders Agreement dated Friday, October 15, 2010 by and among the promoters of the Target Company, the Target Company and the Acquirer.
6. Copy of the Escrow Agreement dated Saturday, October 16, 2010 entered into between SBI Capital Markets Limited, Dhanlaxmi Bank Limited and E-Land Fashion China Holdings, Limited in accordance with Regulation 28 of the SEBI (SAST) Regulations.
7. Bank Statement received from Dhanlaxmi Bank Limited showing balance lying to the credit of Escrow Account.
8. Copy of the agreement with Depository Participant for opening a special depository Escrow account.
9. Published copy of Public Announcement dated Thursday, October 21, 2010.
10. Letter from Samil PricewaterhouseCoopers dated Saturday, October 16, 2010, certifying that the Acquirer has made adequate financial arrangements to meet the obligations under the Offer.
11. RBI approval vide its letter no.FE.CO.FID/18422/10.21.221/2010-11 dated February 3, 2011.
12. SEBI Observations vide its letter no.CFD/DCR/SKS/SG/OW/3442/2011 dated January 28, 2011.
13. SAT order dated May 24, 2011

12. DECLARATION BY ACQUIRER

The directors of the Acquirer accept responsibility for the information contained in this Letter of Offer (except for the information regarding the Target Company), Form of Acceptance cum Acknowledgment and Form of Withdrawal. The Acquirer is responsible for fulfillment of its obligations under the SEBI (SAST) Regulations.

Pursuant to the powers given by the Articles of Association of the Acquirer, Mr. Jongrang Choi, Mr. Hyun Jun Kim and Mr. Eun Hong Lee, Directors of the Acquirer are individually authorized by the Acquirer to sign this Letter of Offer.

<table>
<tr><td colspan="2" align="center">For E-Land Fashion China Holdings, Limited

Sd/-
Authorized Signatory</td></tr>
<tr><td>Date: June 2, 2011</td><td align="right">Place : Hong Kong</td></tr>
</table>

Encl:
1. Form of Acceptance-cum-Acknowledgement.
2. Form of Withdrawal
3. Transfer Deed for Shareholders holding shares in physical form.

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

FORM OF ACCEPTANCE-CUM-ACKNOWLEDGEMENT

Mudra Lifestyle Limited - Open Offer

From

Folio No./DP ID No./
Client ID No.:________________________

Name:

Full Address :

OFFER OPENS ON : Friday, June 10, 2011	
OFFER CLOSES ON : Wednesday, June 29, 2011	

Tel No.

Cell No

Fax No.

Email:

Please tick (√) shareholders status (For taxation/TDS purpose)	
	Person resident in India who is an individual/HUF/Association of Persons,
	Person resident in India which is a partnership firm
	Person resident in India which is a domestic company
	Person resident outside India which is a company
	Person resident outside India who is an individual/association of persons
	Domestic venture capital fund and mutual Fund which is a domestic company
	International venture Capital Fund which is a domestic Company
	International venture Capital Fund which is a foreign Company
	Person resident outside India which is a Partnership firm
	Non-Resident Indian(s)
	Foreign Institutional Investors
	Multilateral Agency
	Bilateral Development Financial Institution
	Financial Institutions
	Banks
	Insurance Company
	Others (Specify _________________________)

To,

The Acquirer: Mudra - Open Offer
C/o Bigshare Services Private Limited
E/2, Ansa Industrial Estate, Sakivihar Road,
Sakinaka, Andheri (E), Mumbai - 400 072.

Dear Sirs,

Sub : Open Offer to acquire 95,98,094 equity shares of Rs.10/- each representing 20% of the existing paid-up equity capital of Mudra Lifestyle Limited by E-Land Fashion China Holdings, Limited ("E-Land Fashion" or the "Acquirer") in compliance with Regulations 10 and 12 and other applicable provisions of the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 1997 and subsequent amendments thereto.

I/We refer to the Letter of Offer datedJune 2, 2011 for acquiring the equity shares held by me/us in ***Mudra Lifestyle Limited.*** I/We, the undersigned have read the Letter of offer and understood their contents including the terms and conditions as mentioned therein.

☐ **SHARES IN DEMATERIALIZED FORM**

I/We, holding Shares in the dematerialised form, accept the Offer and enclose the photocopy of the Delivery Instruction in "Off-market" mode, duly acknowledged by the Depository Participant ("DP") in respect of my shares as detailed below:

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

Depository Name	**National Securities Depository Limited (NSDL)**
DP Name	**HDFC Bank Limited**
DP ID	**IN301549**
Client ID	**31317862**
Beneficiary Account Name	**BSPL ESCROW A/C - MLL Open Offer**
ISIN	**INE311H01018**
Market	**Off market**

-- TEAR ALONG THIS LINE --

ACKNOWLEDGEMENT SLIP

Mudra Lifestyle Limited- Open Offer

Received from Mr./Ms./ M/s. ____

residing at ____ a Form of Acceptance cum Acknowledgement for _______________ shares along with :

☐ Copy of delivery instruction slip from DP ID _________________________________ Client ID ___________________________________

☐ _________ Share Certificate(s) ________ transfer deed(s) under folio number (s) ________________ for accepting the Offer made by the Acquirer

Stamp of Collection Centre:		**Signature of Official:**		**Date of Receipt :**	

I/ We note and understand that the Shares would lie in the special depository account until the time the Acquirer dispatches the purchase consideration as mentioned in the Letter of Offer. I/We also note and understand that the Acquirer will pay the purchase consideration only after verification of the documents and signatures.

☐ **SHARES IN PHYSICAL FORM**

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

S. No.	Ledger Folio No(s).	Certificate No(s)	Distinctive No(s)		No. of Shares
			From	To	
1					
2					
3					
4					
5					
(In case the space provided is inadequate, please attach a separate sheet with details) **Total No. of Equity Shares**					

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

For NRIs / OCBs / FIIs / Foreign Shareholders:

I / We have enclosed the following documents:

- ☐ Self attested copy of PAN card or letter from NSDL / IT department intimating PAN.
- ☐ Nil / lower withholding tax certificate from the Indian Income tax authorities u/s 195(3) or u/s 197 under the Income Tax Act, 1961 (applicable for consideration amount whether it is treated as capital gain or as business income)
- ☐ Tax residency certificate if the shareholder intends to avail the beneficial provisions under a Tax Treaty
- ☐ Certificate of no permanent establishment in India under the Income Tax Act, 1961 and a Tax Treaty
- ☐ For shares held in physical form, Banker certificate certifying inward remittance
- ☐ For shares held in dematerialized form, Demat a/c. copy (including the portion that shows that shares are held on repatriable basis, wherever applicable) in case shares are claimed to have been held for more than twelve months
- ☐ SEBI Registration Certificate for FIIs including certificate for sub – accounts, wherever applicable

For NRIs / OCBs / Foreign Shareholders:

I / We, confirm that the tax deduction on account of equity shares of Mudra Lifestyle Limited held by me / us is to be deducted on (tick whichever is applicable):

- ☐ Long-term capital gains
- ☐ Short-term capital gains
- ☐ Trade Account

In case shares tendered comprise both long term capital assets and short term capital assets, then please provide a break-up of the same. For shares held in dematerialized form, attach copy of Demat a/c. in case shares are claimed to have been held for more than twelve months.

In order to avail the benefit of lower rate of tax deduction under the applicable Double Taxation Avoidance Agreement ("DTAA"), if any, kindly enclose a certificate stating that you are a tax resident of your country of incorporation in terms of the DTAA entered into between India and your country of residence. Where the tax is to be deducted on account of long-term capital gains, the shareholders should submit a certificate from a Chartered Accountant (along with proof such as demat account statement) certifying that the Shares have been held for more than one year. In order to claim the benefit of computation of tax liability on the net capital gains (i.e. after reducing the cost of acquisition of shares), the shareholder should obtain a tax certificate from the appropriate income tax authorities certifying the net income chargeable to capital gains tax. In the absence of the tax certificate, tax would be deducted at the appropriate rate on the entire consideration paid to the shareholders.

For the purpose of determining as to whether the capital gains are short-term or long-term in nature, the Acquirer shall take actions based on the certification submitted along with this Form of Acceptance-cum-Acknowledgment by the shareholders. NRI / OCB / other non-resident shareholders should provide certification as to their residential status along with this Form of Acceptance-cum-Acknowledgment.

For FII Shareholders:

I / We, confirm that the equity shares of Mudra Lifestyle Limited are held by me / us on (select whichever is applicable):

- ☐ Investment / Capital Account
- ☐ Trade Account

In case the shares are held on trade account and you claim any benefits under DTAA, kindly enclose a certificate stating that you are a tax resident of your country of residence/incorporation and that you do not have a permanent establishment in India in terms of the DTAA entered

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All future correspondence, if any, should be addressed to the Registrar to the Offer at the following address quoting your reference Folio No. / DP ID /Client ID

Bigshare Services Private Limited
(Unit: **Mudra Lifestyle Limited** - Open Offer)
E/2, Ansa Industrial Estate, Sakivihar Road, Sakinaka, Andheri (E), Mumbai - 400 072.
Tel: +91-22-4043 0200; **Fax:** +91-22-2847 5207

into between India and your country of residence. The shareholder should obtain a tax certificate from the appropriate income tax authorities certifying the net income chargeable to capital gains tax. In the absence of the tax certificate, tax would be deducted at the appropriate rate on the entire consideration paid to the shareholders.

All non-resident shareholders would be required to submit their Permanent Account Number (PAN) for Income tax purposes. Non-submission of PAN would result in a higher withholding being applied as prescribed in section 206AA of the Income Tax Act, 1961.

Declarations in this Form of Acceptance cum Acknowledgment as to the fact whether the shares are held, by the NRI / OCB / other non-resident shareholders, on investment / capital account or on trade account and whether the Shares are held as long-term capital asset or short-term capital asset should be accompanied with appropriate evidences. In case the Acquirer is of the view that the information /documents provided by the shareholder is inaccurate or incomplete or insufficient, then tax may be deducted at source at the applicable maximum marginal rate on the entire consideration paid to the shareholders.

PAN allotted under the Income tax Act, 1961 is as under:

	First/Sole Holder	**Joint Holder 1**	**Joint Holder 2**
PAN			

I/ We do hereby declare that to the best of my/ our knowledge and belief what is stated above is correct, complete and is truly stated.

Bank Details

So as to avoid fraudulent encashment in transit, the shareholder(s) holding Shares in physical form should provide details of bank account of the first/sole shareholder and the consideration cheque or demand draft will be drawn accordingly. For Shares that are tendered in demat form, the Bank account as obtained from the beneficiary download to be provided by the depositories will be considered and the warrants will be issued with the said Bank particulars, and not any details provided herein.

Name of the Bank		Branch	
Account No.		Current/Savings/ (Others : please specify)	
IFSC Code:		MICR Code:	

Details for RTGS / NEFT

In addition to the above Bank Details, Shareholders opting for the RTGS / NEFT option should provide the following details:

Payment through RTGS (Yes / No)____

Payment through NEFT (Yes /No) ____

I/We confirm that the equity shares of Mudra Lifestyle 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 authorize the Acquirer to accept the Shares so offered which it may decide to accept in consultation with the Manager to the Offer and in terms of the Letter of Offer and I/We further authorize the Acquirer to return to me/us, Share certificates(s)/Shares in respect of which the Offer is not found valid/not accepted without specifying the reasons thereof.

I/We authorize the Acquirer and the Registrar to the Offer and the Manager to the Offer to send by Registered Post as may be applicable at my/ our risk, the draft/cheque/warrant, in full and final settlement of the amount due to me/us and/or other documents or papers or correspondence to the sole/first holder at the address mentioned below. In case I have tendered my Shares in dematerialised form, I authorize Acquirer and the Registrar to the Offer and the Manager to the Offer to use my details regarding my address and bank account details as obtained from my depository participant for the purpose of mailing the aforementioned instruments.

I/We authorize the Acquirer to accept the Shares so offered or such lesser number of Shares that it may decide to accept in terms of the Letter of Offer and I/We authorize the Acquirer to split / consolidate the share certificates comprising the Shares that are not acquired to be returned to me/us and for the aforesaid purposes the Acquirers is hereby authorized to do all such things and execute such documents as may be found necessary and expedient for the purpose.

Yours faithfully,

Signed and Delivered

	FULL NAME(S) OF THE SHAREHOLDERS	**SIGNATURE(S)**
First / Sole Holder		
Joint Holder 1		
Joint Holder 2		

Place: Date:

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FORM OF WITHDRAWAL

Mudra Lifestyle Limited Open Offer

From

Folio No./DP ID No./Client ID No.:

Name:

Address:

Tel No : Email Id:

OFFER OPENS ON: Friday, June 10, 2011	
LAST DATE OF WITHDRAWAL: Friday, June 24, 2011	
OFFER CLOSES ON: Wednesday, June 29, 2011	

To,

The Acquirer: Mudra – Open Offer
C/o Bigshare Services Private Limited
E/2, Ansa Industrial Estate, Sakivihar Road,
Sakinaka, Andheri (E), Mumbai – 400 072.

Dear Sir,

Sub : Open Offer to acquire 95,98,094 equity shares of Rs.10/ – each representing 20% of the existing paid-up equity capital of Mudra Lifestyle Limited by E-Land Fashion China Holdings, Limited ("E-Land Fashion" or the "Acquirer") in compliance with Regulations 10 and 12 and other applicable provisions of the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 1997 and subsequent amendments thereto.

I/We refer to the Letter of Offer dated June 2, 2011 for acquiring the equity shares held by me/us in Mudra Lifestyle Limited. I/We, the undersigned have read the Letter of offer and understood their contents including the terms and conditions as mentioned therein.

I/We hereby consent unconditionally and irrevocably to withdraw my/our Shares from the Offer and I/we further authorize the Acquirer to return to me / us, the tendered Share Certificate(s) / Share (s) 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 Acquirer / Manager to the Offer / Registrar to the Offer.

I / We note that this Form of Withdrawal should reach the Registrar to the Offer on or before the last date of withdrawal i.e.Friday, June 24, 2011.

I / We note the Acquirer / Manager to the Offer / Registrar to the Offer shall not be liable for any postal delay / loss in transit of the Shares held in physical form and also for the non-receipt of Shares held in the dematerialised form in the DP account due to inaccurate / incomplete particulars / instructions.

I/ We also note and understand that the Acquirer will return the original share certificate(s), share transfer deed(s) / Shares in dematerialised form only on completion of verification of the documents, signatures and beneficiary position as available with the depositories from time to time.

The particulars of tendered original share certificate (s) and duly signed transfer deed(s) are detailed below:

S. No.	Ledger Folio No(s).	Certificate No(s)	Distinctive No(s)		No. of Shares
			From	To	
1					
2					
3					
4					
5					
(In case the space provided is inadequate, please attach a separate sheet with details) **Total No. of Equity Shares**					

--TEAR ALONG THIS LINE --

ACKNOWLEDGEMENT SLIP
Mudra Lifestyle Limited – Open Offer

Received from Mr./Ms./ M/s. ____

residing at____ ________________________

a Form of Withdrawal for _______________ shares along with :

☐ Copy of depository instruction slip from DP ID __________________________________ Client ID ________________________________

☐ Copy of acknowledgement slip issued when depositing dematerialised Shares

☐ Copy of acknowledgement slip issued when depositing physical Shares for withdrawing from the Offer made by the Acquirers.

Stamp of Collection Centre:		**Signature of Official:**		**Date of Receipt :**	

I/ We hold the following Shares in dematerialised form and had executed an off-market transaction for crediting the Shares to the "BSPL ESCROW A/C – MLL Open Offer". Please find enclosed a photocopy of the depository delivery instruction(s) duly acknowledged by DP. The particulars of the account from which my / our Shares have been tendered are as follows:

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

I / We note that the Shares will be credited back only to that depository account, from which the Shares have been tendered and necessary standing instructions have been issued in this regard.

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

In case of dematerialised Shares, I / we confirm that the signatures have been verified by the DP as per their records and the same have been duly attested.

Yours faithfully,
Signed and Delivered

	FULL NAME(S) OF THE SHAREHOLDERS	SIGNATURE(S)
First / Sole Holder		
Joint Holder 1		
Joint Holder 2		

Date:

Place:

---TEAR ALONG THIS LINE ---

All future correspondence, if any, should be addressed to the Registrar to the Offer at the following address quoting your reference Folio No. / DP ID /Client ID

Bigshare Services Private Limited
(Unit: **Mudra Lifestyle Limited –** Open Offer)
E/2, Ansa Industrial Estate, Sakivihar Road, Sakinaka, Andheri (E), Mumbai – 400 072.
Tel: +91-22-4043 0200; **Fax:** +91-22-2847 5207

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