LETTER OF OFFER

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

This Letter of Offer is being sent to you as a shareholder(s) of M/s. Rajath Finance Limited (herein after referred to as "RFL" or "the Company" or the "Target Company"). If you require any clarification about the action to be taken, you should consult your Stockbroker or Investment Consultant or the Manager to the Offer or the Registrar to the offer. In case you have sold your shares in RFL, please hand over this Letter of offer and the accompanying FORM OF ACCEPTANCE CUM ACKNOWLEDGEMENT, FORM OF WITHDRAWAL and Transfer Deed to the member of the Stock Exchange through whom the said sale was effected.

Mr. Hitesh M. Bagdai and Mrs. Poonam H. Bagdai

Both residing at 71, Samarth Towers, Akshar Marg, Rajkot – 360 001 Tele no. (0281) 2431289 Fax No. (0281) 2464064

Mr. Bhavdeep Vajubhai Vala

residing at 8, Jankalyan Society, Tagore Marg, Opp. Shivaji Park, Rajkot – 360 001 Tel. No. [0281] 25 76 462,
Fax No. [0281] 24 66 500.**(**herein after referred to as the **"Acquirers")**

MAKE A CASH OFFER AT Rs. 11.00/-PER FULLY PAID-UP EQUITY SHARE ("OFFER PRICE")

(The price calculated as per the provisions of Regulation 20 (5**)** of the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 1997 (the "**Regulations**") and subsequent amendments thereof.)

TO ACQUIRE 11,42,380 EQUITY SHARES

Representing 28.5595% of the total issued and subscribed equity share capital and 28.5595% of the total voting equity share capital of

RAJATH FINANCE LIMITED

having its Registered Office at 208-215, Star Plaza, Phulchhab Chowk, Rajkot - 360 001.
Tel No (0281) 244 7800, Fax No 91-281- 245 4271.

Please Note:

1. This Offer is made pursuant to provisions of Regulations 10 and 12 and in compliance with the Securities & Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 1997 (hereinafter referred to as "Regulations") and subsequent amendments thereto.
2. The offer is subject to approval, if any, required from RBI for acquiring of shares by the Acquirers and transfer of shares by the Non Resident Shareholders. As on the date of this Letter of Offer, there are no other approvals, statutory or otherwise, required under the Companies Act, 1956, Monopolies and Restrictive Trade Practices Act, 1969, the Foreign Exchange Management Act, 1999 and / or any other applicable laws and from any bank and /or financial institutions for the said acquisition. In case any statutory approval is required in respect of the Open Offer, the same shall be obtained by the Acquirers.
3. If the aggregate of the valid response exceeds 11,42,380 shares, then, the Acquirers shall accept the shares equal to the offer size i.e. 11,42,380 shares, on a proportionate basis, in consultation with the Manager to the Offer, in accordance with Regulation 21(6) of the Regulations.
4. Upward revision of offer, if any, would be informed by way of Public Announcement on or beforeThursday 11th January 2007 in respect of such changes in all the newspapers in which the original Public Announcement was made. The Acquirers shall pay the revised price for all the shares tendered any time during the offer.
5. The procedure of acceptance of this Offer is set out in Section 9 of this Letter of Offer. A Form of Acceptance cum Acknowledgement and an Instrument of Transfer are enclosed with this Letter of Offer.
6. **Shareholders who have accepted the offer by tendering the requisite documents, in terms of the Public Announcement/Letter of Offer, can withdraw the same upto three working days prior to the date of the "closure of the offer". The request for such withdrawal should reach to the designated centers before 4 p.m. on Wednesday 17th January 2007 by filling the withdrawal form attached herewith.**
7. The offer is not a competitive bid**.**
8. **"If there is competitive bid:**
   - **The public offer under all the subsisting bids shall close on the same date.**
   - **As the Offer Price in such circumstance can not be revised during 7 working days prior to the closing date of the offer / bids, it would, therefore, be in the interest of shareholders to wait until the commencement of that period to know the final Offer price of each bid and tender their acceptance accordingly.**
   - The Acquirers shall make payment consideration to the shareholders latest by Tuesday 6th February 2007. The Acquirers may withdraw the Offer in terms of Regulation 27 of the Takeover Regulations. In the event of such withdrawal, the same would be notified in the form of a Public Announcement in the same newspapers where the original Public Announcement appeared. However, the provisions of regulation 27 shall not apply in case any approval is required for acquisition of shares from Non Resident Indian Shareholders.
9. No Litigations are pending against the Acquirers.
10. The offer is not conditional.A copy of the Public Announcement dated 2nd February, 2006 and a copy this Letter of Offer (including Form of Acceptance cum Acknowledgement) is available on SEBI's website at **http://www.sebi.gov.in/** Form of Acceptance cum Acknowledgement may be downloaded from the said website and used as an application.

All further correspondence, if any, should be addressed to the Registrar to the Offer at the address mentioned below:

MANAGER TO THE OFFER	REGISTRAR TO THE OFFER
VIVRO FINANCIAL SERVICES PVT. LTD. Contact Person: **Mr. Jayesh Vithlani, Company Secretary** "Vivro House", 11, Shashi Colony, Opp. Suvidha Shopping Center, Paldi, Ahmedabad 380006 Tel: +91-79-26575666, Fax: +91-79-26575441 E-Mail: ahmedabad@vivro.net	INTIME SPECTRUM REGISTRY LIMITED **INTIME SPECTRUM REGISTRY LIMITED** Contact Person: **Mr. Hitesh Patel** 211, Sudarshan Complex, Nr. Mithakhali Under Bridge, Ellisbridge, Ahmedabad - 380009 Tel. :(079) 26465179 • Fax: (079) 2646 51 79 Email: ahmedabad@intimespectrum.com
OFFER OPENS ON : Tuesday 2nd January , 2007	**OFFER CLOSES ON : Monday 22nd January 2007**

SCHEDULE OF MAJOR ACTIIVITIES OF THE OFFER

Activity	Original	Revised
	Day & Date	**Day & Date**
Public Announcement ("PA") Date	Thursday, 2nd February, 2006	Thursday, 2nd February, 2006
Specified Date (for the purpose of determining the names of shareholders to whom the Letter of Offer would be sent)	Tuesday, 7th February, 2006	Tuesday, 7th February, 2006
Last date for Competitive Bid	Thursday, 23rd February, 2006	Thursday, 23rd February, 2006
Date by which Letter of Offer to be posted to the shareholders.	Monday 13th March 2006	Thursday, 28th December 2006
Date of Opening of the Offer	Monday 20th March 2006	Tuesday, 2nd January 2007
Last date for revising the offer price / Number of shares	Saturday 1st April, 2006	Thursday, 11thJanuary 2007
Last date up to which shareholders may withdraw	Wednesday, 5th April, 2006	Wednesday, 17th January 2007
Date of Closure of the Offer	Saturday 8th April, 2006	Monday, 22nd January 2007
Date by which acceptance/ rejection would be communicated and the corresponding payment for the acquired shares and/ or the unaccepted shares/ share certificates will be dispatched/ credited.	Monday 24th April, 2006	Tuesday, 6th February, 2007

Risk Factors:

1. In the event that either (a) a regulatory approval is not received in a timely manner or (b) there is any litigation leading to stay on the Offer, then the Offer process may be delayed beyond the schedule of activities indicated in this Letter of Offer. Consequently, the payment of consideration to the public shareholders of RFL whose Shares have been accepted in the Offer as well as the return of Shares not accepted by the Acquirers may be delayed.

2. The Acquirers intend to acquire 11,42,380 Equity Shares of Rs. 10/- each of RFL at a price of Rs. 11/- per share representing 28.5595% of the total Issued and subscribed equity share capital and 28.5595% of the total Voting Capital of the Company under the SEBI Takeover Regulations. Further, the Shares tendered in physical form will lie with the Registrar to the Offer, till the completion of the Offer formalities. Accordingly, the Acquirers make no assurance with respect to the market price of the shares both during the Offer period and upon the completion of the Offer, and disclaim any responsibility with respect to any decision by the shareholders on whether or not to participate in the Offer.

3. LITIGATION :-

The Company had filed police complaint against certain persons for their acts with an intention to misappropriate assets of the Company. The matter is pending before Hon’ble Court of Chief Judicial Magistrate, Rajkot. (Please also refer para 6.16)

4. Acceptance of the Shares tendered in the Offer is subject to receipt of the statutory approvals, as mentioned in Section 8 of this Letter of Offer including the approval from R.B.I., if any, to be taken by the Acquirers, if any in terms of the Foreign Exchange Management Act, 1999. For further details, see Section 8 of this Letter of Offer.

5. **Acquirers’ experience is unrelated to the activities carried out by the Target Company.**

The acquirers are in the business of land development and real estate activities for last several years. The Acquirers are currently implementing several real estate projects including mass housing projects in Gujarat. As a measure of diversification of business and in order to provide finance to the prospective buyers of the said real estate properties, they intend to enter into the business of real estate financing for mass housing project. In addition, the Acquirers are also planning to operate lease-financing business for the second hand vehicles and other allied non banking financial services activities.

The Acquirers also propose to run the said business with the qualified team of professionals having relevant experience in the business of banking and non-banking financial services activities.

The risk factors set forth above pertain to the Offer and not in relation to the present or future business or operations of RFL 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. Shareholders of RFL are advised to consult their stockbroker or investment consultant, if any, for further risks with respect to their participation in the Offer.

TABLE OF CONTENTS

1) DEFINITIONS / ABBREVIATIONS

Acquirers	1. Mr. Hitesh M. Bagdai 2. Mrs. Poonam H. Bagdai 3. Mr. Bhavdeep Vajubhai Vala
BSE	Bombay Stock Exchange Limited, Mumbai
ASE	Ahmedabad Stock Exchange Limited, Ahmedabad
SKSE	Saurashtra & Kutch Stock Exchange Limited, Rajkot
Company / Target Company	Rajath Finance Limited (RFL)
Date of Closure of Offer	Monday 22nd January 2007
Eligible Person(s) for the Offer	All owners (registered or unregistered) of the shares (other than Acquirers and parties to the Agreement) anytime before the date of closure of the Offer
FEMA	Foreign Exchange Management Act, 1999
Form of Acceptance / FOA	Form of Acceptance-cum-Acknowledgement
FOW	Form of Withdrawal – cum - Acknowledgement
Letter of Offer	This Letter of Offer
Manager / Manager to the offer / Merchant Banker /Vivro	Vivro Financial Services Private Limited
Negotiated Price	Rs. 4/- (Rupees Four only) per fully paid-up equity share of face value of Rs.10/- each
Offer	Open Offer for acquisition of 11,42,380 shares, representing 28.5595%of the total issued & subscribed equity share capital and 28.5595% of the total voting equity share capital at the Offer Price being made by the Acquirers to the shareholders of RFL.
Offer Price	Rs. 11/- per fully paid up equity share determined under Regulation 20(5) of the Takeover Regulations.
PA	Public Announcement dated 2nd February, 2006
Registrar / Registrar to the Offer	Intime Spectrum Registry Limited
RBI	Reserve Bank of India
SEBI	Securities and Exchange Board of India
Shares	Equity Shares having face value of Rs. 10/- each of RFL
Specified Date	Date for the purpose of determining the names of the shareholders, as appearing in the Register of Members of RFL to whom the letter of offer will be sent i.e. Tuesday 7th February, 2006.
Takeover Regulations / Regulations / Takeover code	Securities And Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 1997 and subsequent amendments thereto.

CURRENCY OF PRESENTATION :-

In this Letter of Offer, all references to “Rs.” are to Indian Rupees. In this Letter of Offer, any discrepancy in any table between the total and sums of the amount listed are due to rounding off.

2) DISCLAIMER CLAUSE

IT IS TO BE DISTINCTLY UNDERSTOOD THAT THE 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 REGULATIONS. THIS REQUIREMENT IS TO FACILITATE THE SHAREHOLDERS OF RAJATH FINANCE LIMITED ("THE COMPANY") TO TAKE AN INFORMED DECISION WITH REGARD TO THE OFFER. SEBI DOES NOT TAKE ANY RESPONSIBILITY EITHER FOR THE FINANCIAL SOUNDNESS OF THE ACQUIRERS OR OF THE COMPANY WHOSE SHARES / CONTROL / IS PROPOSED TO BE ACQUIRED OR FOR THE CORRECTNESS OF THE STATEMENTS MADE OR OPINIONS EXPRESSED IN THE LETTER OF OFFER. IT SHOULD ALSO BE CLEARLY UNDERSTOOD THAT, WHILE THE ACQUIRERS ARE PRIMARILY RESPONSIBLE FOR THE CORRECTNESS, ADEQUACY, AND DISCLOSURE OF ALL RELEVANT INFORMATION IN THIS LETTER OF OFFER, THE MANAGER TO THE OFFER IS EXPECTED TO EXERCISE DUE DILIGENCE TO ENSURE THAT THE ACQUIRERS DULY DISCHARGE THEIR RESPONSIBILITY ADEQUATELY. IN THIS BEHALF, AND TOWARDS THIS PURPOSE THE MANAGER OF THE OFFER – VIVRO FINANCIAL SERVICES PVT. LTD. HAS SUBMITTED DUE DILIGENCE CERTIFICATE DATED 7th FEBRUARY, 2006 TO SEBI IN ACCORDANCE WITH THE SEBI (SUBSTANTIAL ACQUISITION OF SHARES AND TAKEOVER) REGULATIONS 1997 AND SUBSEQUENT AMENDMENTS THEREOF. THE FILING OF THE LETTER OF OFFER DOES NOT HOWEVER ABSOLVE, THE ACQUIRERS FROM THE REQUIREMENT OF OBTAINING SUCH STATUTORY CLEARANCES AS MAY BE REQUIRED FOR THE PURPOSE OF THE OFFER.

3) DETAILS OF THE OFFER

3.1 Background of the Offer

a) This Offer is being made by Mr. Hitesh M. Bagdai, Mrs. Poonam H. Bagdai both residing at 71, Samarth Towers, Akshar Marg, Rajkot – 360 001 Tele no. (0281) 2431289 and Mr. Bhavdeep Vajubhai Vala residing at 8, Jankalyan Society, Tagore Marg, Opp. Shivaji Park, Rajkot – 360 001 Tel. No. [0281] 25 76 462, Fax No. [0281] 24 66 500. (Hereinafter referred to as "Acquirers") to the Equity Shareholders of Rajath Finance Limited.(hereinafter referred to as "RFL" or "the Company" or "the Target Company")

b) This Offer is being made by the Acquirers in compliance with Regulations 10 and 12 of the Regulations. The prime object of the Offer by the Acquirers is substantial acquisition of shares and voting rights accompanied with change in control / management of RFL.

c) On 30th January, 2006, the Acquirers have entered into Share Purchase Agreement (hereinafter referred to as "**SPA**") with the existing promoters viz. Mr. Chamanlal V. Kamani, Mr. Rashmi C. Kamani and Mr. Dipak C. Kamani (Through their duly constituted Power of Attorney holder Mr. Vrajlal V. Joshi) and Unicorn Holding Pvt. Ltd. and existing non-promoter, Bell Tower Resorts Pvt. Ltd. (Through their duly authorized person Mr. Vrajlal V. Joshi) **("the Sellers")** of the Target Company to acquire from them 18,57,220 (Eighteen Lacs Fifty Seven Thousand Two Hundred and Twenty only) fully paid up Equity Shares representing 46.43% of the total Issued and Subscribed Capital and 46.43% of total Voting Share Capital of the Target Company at a price of Rs.4/- (Rupees Four Only) **["Negotiated Price"]** per fully paid up Equity Share, payable in cash to acquire the control of the Target Company and this SPA triggered the SEBI (SAST) Regulations 1997. The Details of the proposed acquisition is as under:

Name and Address of the Sellers	NO. of Shares	% of paid up capital and Voting Capital	Name and Address of the Acquirer/ PAC
Promoters			
Unicorn Holdings Pvt. Ltd. 2322-2324,GIDC, Lodhika Village: Metoda, Rajkot-360 035 Phone No.: 0281 2772800 Fax. No.: 02812827287377	6,19,074	15.47685	Mr. Hitesh M. Bagdai 71, Samarth Towers, Akshar Marg, Rajkot – 360 001
Unicorn Holdings Pvt. Ltd. 2322-2324,GIDC, Lodhika Village: Metoda, Rajkot – 360 035 Phone No.: 0281 2772800 Fax. No.: 02812827287377	6,19,073	15.47683	Mrs. Poonam H. Bagdai 71, Samarth Towers, Akshar Marg, Rajkot – 360 001
Unicorn Holdings Pvt. Ltd. 2322-2324,GIDC, Lodhika Village: Metoda, Rajkot – 360 035 Phone No.: 0281 2772800 Fax. No.: 0281282728737	23473	0.5868	Mr. Bhavdeep V. Vala 8, Jankalyan Society, Tagore Marg, Opp. Shivaji Park, Rajkot – 360 001

Mr. Chamanlal V. Kamani House No.81, Kyuna Road, Nairobi (Kenya) Phone & Fax No.:0281-2478260	264000	6.6	Mr. Bhavdeep V. Vala 8, Jankalyan Society, Tagore Marg, Opp. Shivaji Park, Rajkot – 360 001
Mrs. Rashmi C Kamani House No.81, Kyuna Road, Nairobi (Kenya) Phone & Fax No.:02812478260	97300	2.43	Mr. Bhavdeep V. Vala 8, Jankalyan Society, Tagore Marg, Opp. Shivaji Park, Rajkot – 360 001
Mr. Dipak C. Kamani House No.81, Kyuna Road, Nairobi (Kenya) Phone & Fax No.:0281 2478260	232300	5.807	Mr. Bhavdeep V. Vala 8, Jankalyan Society, Tagore Marg, Opp. Shivaji Park, Rajkot – 360 001
Non Promoter			
Bell Tower Resorts Pvt. Ltd. 208-215, Star Plaza, Phulchhab Chowk, Rajkot 360 001 Phone No.:0832-2772995/96 Fax. No.: 0832-2772996	2000	0.05	Mr. Bhavdeep V. Vala 8, Jankalyan Society, Tagore Marg, Opp. Shivaji Park, Rajkot – 360 001
Total	**1857220**	**46.43**	

d) The Salient features of the said SPA are:

- The Acquirers shall comply with all the obligation of an acquirer under SEBI Takeover Code and in case of non-compliance with the provisions of the SEBI Takeover Code this SPA shall not be acted upon by the parties.
- It is a fundamental condition and essence of the contract that the sellers shall sell and acquirers shall acquire the entire 18,57,220 (Eighteen Lacs Fifty Seven Thousand Two Hundred Twenty Only) representing 46.43% of the issued and subscribed share capital together with the voting rights of the Company owned by the sellers in the aforesaid exhibit at a price of Rs. 4/- per share.
- The Acquirers shall bear the Stamp Duty payable on transfer of shares.
- Upon the acquirers acquiring the shares, the Sellers shall co-operate with the Acquirers in re-structuring the Board of Directors of the Company.
- This agreement shall be binding on the parties, their heirs, legal representatives, executors and successors.
- This agreement shall be constructed in accordance with the law of India. When implementing this agreement each party shall follow the SEBI Regulations and all other applicable laws.

e. Upon fulfillment of all the obligations by the Acquirers under the regulations as certified by the Merchant Banker, the board of directors of the Target Company shall transfer the securities acquired by the Acquirers and shall also allow such changes in the board of directors as would give the Acquirers representation on the board and control over the Company.

f. Other than the Acquirers who are acting in concert with each other for the purpose of this open offer, no other person is acting in concert with the Acquirers for the offer in terms of Regulation 2(1)(e) of the Regulations.

g. The Seller shall indemnify and save, keep harmless and indemnified the Acquirers of and from any action, proceeding, claim, demand, loss, damage, costs, charges and expenses which the Acquirers may suffer or incur as a result of breach of any undertaking or covenant given by the Sellers under this agreement.

h. The Acquirer, the Sellers and the Target Company have not been prohibited by SEBI from dealing in securities, in terms of direction issued under section 11B of the SEBI Act, 1992 or under any of the Regulations made under the SEBI Act, 1992

i. The offer is not as result of Global Acquisition resulting in indirect acquisition of Target Company.

j. The Acquirer does not hold any Equity Shares of RFL as on the date of Public Announcement. The Acquirer has not acquired either directly or through any other person any Shares of RFL during the 12 months preceding the date of Public Announcement.

k. The Manager to the Offer i.e. Vivro Financial Services Pvt. Ltd. does not hold any share in the Target Company as on the date of PA. They declare and undertake that they shall not deal in the shares of the Target Company during the period commencing from the date of their appointment as Manager to the offer till the expiry of 15 days from the date of closure of offer.

3.2 Details of the proposed Offer:

a) The Public Announcement dated 2nd February, 2006 was made in the following newspapers, in accordance with Regulation 15 of the Takeover Regulations

Newspapers	Language	Editions
Financial Express	English	All Editions
Jansatta	Hindi	All Editions
Financial Express	Gujarati	All Editions
Navshakti	Marathi	All Editions

The Public Announcement dated 2nd February, 2006 is also available on SEBI's website at **http://www.sebi.gov.in/**

b) The Acquirers are making an offer to the existing public shareholders of RFL to acquire 11,42,380 equity shares ("Shares") of Rs. 10/- each representing 28.5595%of the total issued & subscribed equity share capital and 28.5595% of the total voting equity share capital of RFL at a price of Rs. 11/- (Rupees Eleven Only) per fully paid up equity share ("Offer Price") payable in cash. The fair value of shares as on 30th September, 2005 as per the valuation report is Rs. 10.37 per share. So the Offer price of Rs.11/- per share is justified in terms of Regulation 20(5) of the Regulations. The individual Acquirers shall acquire such shares in the following manner:

Name of the Acquirer	Number of Shares
Mr. Hitesh M. Bagdai	3,80,794
Mrs. Poonam H. Bagdai	3,80,793
Mr. Bhavdeep Vajubhai Vala	3,80,793
Total	**11,42,380**

c) If the aggregate of the valid response exceeds 11,42,380 shares, then, the Acquirers shall accept the shares equal to the offer size i.e. 11,42,380 shares, on a proportionate basis, in consultation with the Manager to the Offer, in accordance with Regulation 21(6) of the Regulations. In such an event all the equity shares tendered by the applicant may not be accepted.

d) The Offer is NOT conditional upon any minimum level of acceptance by the shareholders.

e) The Acquirers have not acquired any shares of RFL after the date of the Public Announcement till the date of this Letter of Offer.

f) The Equity Shares of RFL to be acquired, pursuant to the offer shall be, free from all liens, charges and encumbrances and together with all rights attached thereto, including the rights to all dividends or other distributions hereinafter declared, made or paid.

g) This is not a competitive bid.

h) Promoters other than parties to agreement are eligible to participate under the offer and they shall form part of the Public shareholder for the purpose of the present offer.

i) The Total Number of Public Shareholders as on the date of Public Announcement are 834

Further, terms and conditions of the offer are set out in Section 8 of this Letter of Offer. The procedure for sending acceptance and settlement is set out in Section 8 of this Letter of Offer.

3.3 Objects of the Acquisition / Offer

a) The Offer has been made pursuant to Regulation 10 and 12 and other provisions of Chapter III and in compliance with the Regulations. The acquisition is for substantial acquisition of shares and voting rights accompanied with change in control / management

b) The Acquirers entered into a Share Purchase Agreement on 30th January, 2006 with the promoters of the Target company and propose to acquire the shares equivalent to 46.43% of the total issued and subscribed equity share capital and 46.43% of the total voting equity share capital of the Target Company. The same has triggered the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 1997 and as per the said Regulations they were required to make a Public Announcement for the acquisition of at least 20% of the total equity share capital of the Target Company and comply with all the relevant provisions of the SEBI Takeover Regulations.

c) Accordingly, the Acquirers pursuant to such a Share Purchase Agreement are now making this offer to the Public Shareholders of the Company for acquisition of 11,42,380 equity shares representing 28.5595% total issued & subscribed equity share capital and 28.5595% of the total voting share capital of the Company so as to ensure compliance with the regulations.

d) Rajath Finance Limited is presently engaged in the business of leasing, finance, hire purchase and other allied activities. The Acquirers by virtue of their managerial and administrative expertise intend to enter in to the business of leasing, finance, hire purchase and other allied activities by taking management control through acquisition of shares of the Target Company and also to derive benefits of a Listed Company subject to compliance with the provisions of the Companies Act and other applicable laws.

e) “The acquirers are in the business of land development and real estate activities for last several years. The Acquirers are currently implementing several real estate projects including mass housing projects in Gujarat. As a measure of diversification of business and in order to provide finance to the prospective buyers of the said real estate properties, they intend to enter into the business of real estate financing for mass housing project. In addition, the Acquirers are also planning to operate lease-financing business for the second hand vehicles and other allied non banking financial services.
The Acquirers also proposes to run the said business with the qualified team of professionals having relevant experience in the business of banking and non-banking financial services activities.”

f. The Acquirers shall comply with all the obligation of an acquirer under SEBI Takeover Code and in case of non-compliance with the provisions of the SEBI Takeover Code, this SPA shall not be acted upon by the parties.

g. The Acquirers do not have any plans to dispose of or otherwise encumber any assets of the company in the succeeding two years from the date of the closure of the offer, except in the ordinary course of business with the prior approval of the shareholders of the company.

4 BACKGROUND OF THE ACQUIRERS

(a) Mr. Hitesh M. Bagdai

i) Mr. Hitesh M. Bagdai, aged 41 years, residing at 71, Samarth Towers, Akshar Marg, Rajkot – 360 001.Tel.No.(0281) 2431289

ii) Mr. Hitesh M. Bagdai is mainly dealing in property development and Estate development. He has experience of around 12 years in the estate development business.

iii) M/s B.J. Bataviya & Co., Chartered Accountants (Membership no. 31621) having their office at 302, Madhav Complex, Opp. Ajay Apartment, Dr. Yagnik Road, Rajkot- 360 001. (Telephone No. (0281) 2460526 25520526, have certified vide their certificate dated 30th September 2006 that the net worth of Mr. Hitesh M. Bagdai is Rs. 186.29 lacs (Rupees One Crore Eighty Six Lacs Twenty Nine Thousand Only). as on 31st March, 2006

iv) Mr. Hitesh M. Bagdai presently does not hold any equity shares of RFL except those proposed to be acquired under the agreement dated 30th January, 2006. Since the Acquirer, Mr. Hitesh M. Bagdai has not acquired any shares in the Target company till date the compliance of the provisions of Chapter II of SEBI (Substantial Acquisition of Shares and Takeovers) Regulations 1997 is not applicable.

v) Mr. Hitesh M. Bagdai does not hold any Directorship in any other company.

vi) Mr. Hitesh M. Bagdai is husband of Mrs. Poonam H. Bagdai who is one of the co-acquirer under this offer.

vii) No litigation is pending against Mr. Hitesh Bagdai.

(b) Mrs. Poonam H. Bagdai

i) Mrs. Poonam H. Bagdai, aged 37 years, residing at 71, Samarth Towers, Akshar Marg, Rajkot – 360 001. Tel. No.(0281) 2431289

ii) Mrs. Poonam H. Bagdai is housewife and assists her husband in his business.

iii) M/s B.J. Bataviya & Co., Chartered Accountants (Membership no. 31621) having their office at 302, Madhav Complex, Opp. Ajay Apartment, Dr. Yagnik Road, Rajkot- 360 001. (Telephone No. (0281) 2460526 25520526, have certified vide their certificate dated 30th September 2006 that the net worth of Mrs. Poonam H. Bagdai is Rs. 30 lacs (Rupees Thirty Lacs Only). as on 31st March , 2006 .

iv) Mrs. Poonam Bagdai presently does not hold any equity shares of RFL except those proposed to be acquired under the agreement dated 30th January, 2006 . Since the Acquirer Mrs. Poonam Bagdai has not acquired any shares in the Target company till date the compliance of the provisions of Chapter II of SEBI (Substantial Acquisition of Shares and Takeovers) Regulations 1997 is not applicable.

v) Mrs. Poonam H. Bagdai does not hold any Directorship in any other company.

vi) No litigation is pending against Ms. Poonam H. Bagdai.

(c) **Mr. Bhavdeep Vajubhai Vala**

i. Mr. Bhavdeep Vajubhai Vala, aged 39 years, residing at 7, Kotecha Nagar, Kalawad Road, Rajkot – 380001. Gujarat. Tel. No. [0281] 25 76 462, Fax No. [0281] 24 66 500.

ii. Mr. Bhavdeep Vala has 15 years experience in the field of trading and civil construction and real estate development.

iii. He is a partner in M/s Akash Enterprise, Wholesale Dealership of ITC Ltd.

iv. **Companies Promoted By Mr. Bhavdeep Vajubhai Vala**

v. The following Companies are Promoted by Mr. Bhavdeep Vajubahi Vala

1. Chaitanya Cineworld Pvt. Ltd.
2. Bleach Marketing Pvt. Ltd.
3. Radheshyam Land developments Pvt. Ltd.
4. Marutinandan Hotel Estate Pvt. Ltd.

Significant Accounting Policies in respect of all the abovementioned Companies are as under:

a) **<u>Accounting Convention And Concepts:</u>**
Accounts are prepared under the historical Cost Convention following Mercantile system of accounting

b) **<u>Recognition of Revenue Expenditure:</u>**
All the Incomes and Expenses to the extent considered receivable and payable respectively, Unless Specifically stated elsewhere to be otherwise are accounted for on mercantile or accrual basis.

c) **<u>Fixed Assets:</u>**
Fixed Assets are stated at their written down value i.e. after deducting the amount of depreciation.

d) **<u>Depreciation</u>**:
Depreciation on Fixed Assets is provided at the rate specified under Schedule XIV of the Companies Act, 1956

vi. M/s S. S. Sangani & Co., Chartered Accountants (Membership no. 109486 having their office at 307 Cosmo Commercial Complex, Mahila College Chowk Rajkot 360 001 (telephone No. (0281) 2450059 have certified vide their certificate dated 30th September 2006 that the net worth [estimated market value] of Mr. Bhavdeep Vajubhai Vala is Rs. 731.15 lacs (Rupees Seven Crores Thirty One Lacs only). as on 30th September 2006.

vii. Mr. Bhavdeep Vajubhai Vala presently does not hold any equity shares of RFL except those proposed to be acquired under the agreement dated 30th January, 2006. Since the Acquirer, Mr. Bhavdeep V. Vala has not acquired any shares in the Target company till date the compliance of the provisions of Chapter II of SEBI (Substantial Acquisition of Shares and Takeovers) Regulations 1997 is not applicable.

(d) None of the Directors of RFL represent the Acquirer.

(e) Except the Acquirers who are acting in concert with each other, there is no person acting in concert with the acquirers.

(f) Acquirers, under an oral agreement, have agreed to acquire 11,42,380 being 28.5595% under the offer in equal proportion. .

(g) The Acquirers agree and undertake that they are jointly responsible for payment obligations under the open offer as well as under the SPA payment obligations.

4.1 DISCLOSURE IN TERMS OF REGULATION 16(ix)

(a). The acquirers intend to review operations by inducting funds and also by virtue of their managerial and administrative expertise intend to enter in to the business of leasing, finance, hire purchase and other allied financial services activities by taking management control through acquisitions of shares of the Target Company and also to derive benefits of a Listed Company subject to compliance with the provisions of the Companies Act and other applicable laws.

(b) The Acquirers do not have any intention to dispose of or otherwise encumber any assets of RFL in the next two years from the date of closure of this offer, except in the ordinary course of business of RFL with the prior approval of the Shareholders of the Company. Except with the approval of the shareholders of RFL, the Acquirers undertake that they will not sell, dispose or otherwise encumber any substantial assets of RFL.

4.2 FUTURE PLANS/ STRATEGIES OF THE ACQUIRER WITH REGARD TO THE TARGET COMPANY

This Offer has been made pursuant to Regulation 10 and 12 and other provisions of Chapter III and in compliance with the Regulations. The offer is for the purpose of acquiring 28.5595% of the equity shares of the Target Company. After the proposed offer and implementation of the agreement for purchase of shares, the acquirers will achieve substantial acquisition of shares and voting rights to the extent of 66.43 % accompanied with effective management control over the target company.

5. DELISTING OPTION TO THE ACQUIRERS IN TERMS OF REGULATION 21 (3)

The Public Shareholding shall not reduce to a level below the limit specified in the Listing Agreement with the stock exchanges for the purpose of listing on continuous basis as a consequence of the Offer.

6. BACKGROUND OF RAJATH FINANCE LIMITED (The "Target Company")

6.1 Location of the Company

Rajath Finance Ltd. was incorporated on 13th December 1984 under the Companies Act, 1956 as Rajath Leasing and Finance Ltd. The Company obtained the certificate of commencement of business on 4th February 1985 from the Registrar of Companies, Gujarat. The name of the company was changed to Rajath Finance Limited and a fresh Certificate of Incorporation consequent upon change of name was obtained on 8th July, 1999. Rajath Finance Ltd. is a Non Banking Financial company duly registered with Reserve Bank of India. The RBI registration No. of the company is 01.00245

The Registered Office of the company is situated at 208-215, Star Plaza, Phulchhab Chowk, Rajkot - 360 001 Gujarat. Tel.No. (0281) 2447800 Fax. No. 91-281-2454271.

6.2 Brief History and Main Areas of Operation

6.2.1 Rajath Finance Ltd. in April, 1986 made a Public issue of 6,00,000 equity shares of Rs. 10/- each for cash at par. Thereafter in October – November 1995, RFL made a Rights Issue of 10,00,000 equity shares of Rs. 10/- each for cash at par aggregating to Rs. 100 Lacs on the Rights basis to the existing equity shareholders of the Company. Thereafter in November-December, 1998, RFL made a Rights Issue of 20,00,000 equity shares of Rs. 10/- each for cash at par aggregating to Rs. 200 Lacs in the ratio of 1[one] equity share for every 1[one] equity share held by the existing equity shareholders of the Company on the Rights basis.

6.2.2 The Company is engaged in the business of leasing, finance, hire purchase and other allied financial services. The existing directors of the Company are Mr. C.V. Kamani, Mr. R. C. Kamani, Mr. D. C. Kamani, Mr. P. I. Mody, Mr. V.V. Joshi and Mr. R. Srinivasan.

6.3 Share Capital Structure of RFL

a) The Share Capital Structure of RFL as on 30th September 2006 is as follows:

	No. of shares	**Face Value**	**voting rights [%]**
Authorized Equity Capital	50,00,000	10	---
Issued and subscribed Equity Capital	40,00,000	10	---
Fully paid – up equity shares	40,00,000	10	100
Total voting rights in Target Company			100

- There are no partly paid up equity shares. There are No calls in arrears.

6.4 Details of the changes in share capital of the Target Company since incorporation

Date of Allotment	**Equity shares**		**Cumulative Equity Paid-up Capital**		**Mode of Allotment**	**Identity of Allottees (Promoters / Ex. Promoters / others)**	**Status of Compliance**
	No. of shares	**%**					
10.01.85 (Incorporation)	7	0.000175	700	100	On Incorporation	Subscribers	Complied
16.03.85	1550	0.03875	155700	100	Cash	Promoters/ others	Complied
30.03.85	2801	0.070025	435800	100	Cash	Promoters/ Others	Complied
10.04.85	1945	0.048625	630300	100	Cash	Promoters/ Others	Complied
29.04.85	3485	0.087125	978800	100	Cash	Promoters/ Others	Complied
18.05.85	1060	0.0265	1084800	100	Cash	Promoters/ Others	Complied
31.05.85	782	0.01955	1163000	100	Cash	Promoters/ Others	Complied
20.06.85	745	0.018625	1237500	100	Cash	Promoters/ Others	Complied
06.07.85	360	0.009	1273500	100	Cash	Promoters/ Others	Complied
03.08.85	1030	0.02575	1376500	100	Cash	Promoters/ Others	Complied
26.10.85	365	0.009125	1413000	100	Cash	Promoters/ Others	Complied
	14130 *	0.35325			Cash	Promoters/ Others	Complied

* 14130 shares of Rs. 100 each were converted into 1,41,300 shares of Rs. 10 each on 26-10-85	141300*	3.5325	1413000	10		Promoters/ Others	
29.11.85	14850	0.37125	1561500	10	Cash	Promoters/ Others	Complied
31.12.85	4500	0.1125	1606500	10	Cash	Promoters/ Others	Complied
03.01.86	8850	0.22125	1695000	10	Cash	Promoters/ Others	Complied
21.02.86	30500	0.7625	2000000	10			Complied
28.03.86	132650	3.31625	3326500	10	Cash	Promoters/ Others	Complied
17.04.86	67350	1.68375	4000000	10			Complied
18.06.86	600000	15	10000000	10		Alloted in Public Issue	Complied
03.01.96	1000000	25	20000000	10		Alloted in Rights Issue	Complied
08.01.99	2000000	50	40000000	10		Alloted in Rights Issue	Complied
Total	**4000000**	**100.00**					

6.4.1 Details of Acquisition of shares by promoters under Rights issue:

The details of the acquisition of shares by promoters under Rights Issue in the year 1998-99 is shown as under:

Promoters Share Holding Pattern - Pre and Post Rights Issue.						
		Pre Rights Issue Shareholding		**Post Rights Issue Shareholding**		
	Name of shareholder	**No. of Shares**	**% of total Share Capital**	**Total Share holding after Rights**	**% of total Share Capital**
A	**Kamani Group**				
1	Mr. C.V. Kamani	200000	10.00%	264000	6.60
2	Mr. R.C. Kamani	165000	8.25%	197300	4.93
3	Mr. D.C. Kamani	200000	10.00%	232300	5.81
4	M/s. Troupe International Ltd	0	0.00%	1687100	42.18
	Total (A)	**565000**	**28.25%**	**2380700**	**59.52**
B	**Friends and Relatives (B)**	**368510**	**18.43%**	**456210**	**11.41**
	Total (A+B)	**933510**	**46.68%**	**2836910**	**70.92**

The promoters had belatedly filed the report under regulation 3(4) for the acquisition of shares under the Rights Issue in terms of 3(b) (i) and (ii) along with the requisite filing fees on 14th June, 2006. In view of the said delay, SEBI has initiated adjudication proceedings against the promoters/sellers for delay in compliance with Regulation 3(4) read with Regulation 3(5) in respect of the said acquisition. Further, SEBI is also examining whether the disclosure made under the said rights letter of offer were in order or not.

6.4.2. Details of earlier Acquisition, Open Offer and status of compliances:

i) Unicorn Holdings Private Limited (UHPL), one of shareholder under the Promoter group, had acquired 2,42,360 Equity Shares of Rs. 10/- each from the public on 1st June 2002.

ii) Subsequently, UHPL had through an oral agreement acquired 2,06,760 Equity Shares representing 5.17% shares in the target company for cash at a price of Rs. 10/- per share from shareholders belonging to the public category.

iii) Pursuant to the acquisition of the said 5.17% shares, the acquirers violated the provisions of Regulation 11(1) and 14(1) of the SEBI (SAST) Regulations. SEBI vide its order No. CO/25/04/2003/TO dated 30-04-2003 directed the Acquirers to make an open offer to the shareholders of the Target Company.

iv) Accordingly, M/s. Unicorn Holdings Private Limited along with Shri Chamanlal V. Kamani, Shri Rashmi C. Kamani, and Shri Deepak C. Kamani, Persons Acting in Concert (PACs) had made an open offer vide their offer letter dated 10th April 2004, pursuant to Regulation 11(1) of the SEBI (SAST) Regulations to acquire 8,00,000 Equity Shares of Rs. 10/- each representing 20% of the Equity Voting Capital for consolidation of holdings by the promoter group in Rajath Finance Limited (the Target Company).

v) Therefore Acquirers had made an open offer to acquire 8,00,000 equity shares representing 20% of the total paid up and voting capital of the company at a price of Rs. 10/- per Equity share plus interest @ 10% per annum with effect from 01-06-2003 till actual payment of consideration.

vi) Accordingly, they have acquired 8,00,000 Equity Shares under the said Offer. Consequent to the said Offer, the shareholding of the Acquires (the existing promoters) stood increased to 36,42,320 Equity Shares of Rs. 10/- each representing 91.06% of the total paid up and voting equity capital.

6.4.3 RFL has complied with the provisions of the Listing Agreement entered in to with the Stock exchanges and also with the provisions of Chapter II of the Regulations. The existing promoters of the Target Company in past had acquired 2,06,760 Equity Shares representing 5.17% of the shares without complying the Regulations and therefore SEBI vide its order No. CO/25/04/2003 /TO dated 30-04-2003 directed the exiting promoters to make an open offer. The promoters had made the said offer and complied with the said order. The said offer was completed on 15th May, 2004. Barring this, the promoters and major shareholders of the Target Company have complied with the applicable provisions of Chapter II of the Regulations.

6.4.4 The equity shares of the Company are listed on the Bombay Stock Exchange Limited, (BSE), Ahmedabad Stock Exchange Limited (ASE) and Saurashtra & Kutch Stock Exchange Limited, Rajkot (SKSE). The shares of the Company are infrequently traded on the Stock Exchanges.

6.5 There are no outstanding instruments in the nature of warrants / fully convertible debentures / partly convertible debentures etc. which are convertible into equity at any later date. There are no shares under lock-in period. There has been no merger / de-merger or spin off in the Company during the past three years.

6.6 There are no partly paid up equity shares.

6.7 "The Target Company has complied with the provisions of Regulation 8(3) except with a delay of 25 days in the year 2005. SEBI may initiate suitable action against the Target Company for the said non – compliance with regulation 8 in terms of the captioned Regulations/SEBI Act, 1992"

6.8 The status of compliance with the listing requirements the Target Company has complied with all the requirements to the extent applicable under the Listing Agreement with BSE, ASE and SKSE. No punitive action has been taken by the Stock Exchanges till date. The trading in shares of the company was not suspended at any time.

6.9 Present Composition of the Board of Directors of RFL as on the date of the PA:

Name & Age of the Director	Original Appointment Date as Director	No. of Shares held (before acquisition)	Qualification & Experience	Residential Address
Chamanlal Vrujlal Kamani 78 Years	12.03.1998	264000	He is having 55 years experience in international trade practices. He has business interests in India. --	81, Kyuna Road, Nairobi, Kenya
Rashmi Chamanlal Kamani 55 Years	26.03.1998	97300	MBA He is a Management Graduate having experience of 32 years. He is a dynamic business man having business interests in India.	81, Kyuna Road, Nairobi, Kenya
Deepak Chamanlal Kamani 54 Years	05.03.1996	232300	Automobile Engineer He is an Engineering Graduate. He is also into business of various segments in India. He has experience of around 30 years.	81, Kyuna Road, Nairobi, Kenya
Parag Ishwarlal Mody 39 Years	29.05.2000	NIL	BBA He is a management Graduate. He is having hands on experience of around 15 years in trade practices.	457, 8th Main, Iv th Block, Koramanalam, Banglore – 34
Vrajlal Vithaldas Joshi 57 Years	30.09.2004	NIL	BE, Electrical He is an Engineering Graduate He is a professional director and has vast knowledge and experience of around 35 years in business.	Mandap Cottage, 15, Bhakti Nagar Soc., Rajkot – 360 002
Srinivasan Rajgopalan 42 Years	30.08.2004	NIL	Chartered Accountant He is a post graduate in commerce and chartered accountant. He has worked in various companies under various capacities as internal auditor, head of accounts & finance and as General Manager finance. He has experience of 15 years.	434, 9th, "A", Main, HRBR Layout, Kalyan Nagar, Banglore – 560 043

6.10 The Acquirers do not have any representative on the Board of Directors.

6.11 Brief audited financials of RFL

The summarized consolidated financial statements of RFL are as follows:

(a) Profit and Loss Statement

(Rs. in Lacs)

Profit & Loss Statement	**31st March 2003 (Audited)**	**31st March 2004 (Audited)**	**31st March 2005 (Audited)**	**31st March 2006 (Audited)**
Income from operations	117.72	41.28	9.92	0.00
Other Income	7.52	53.78	5.20	2.15
Total Income	**125.23**	**95.06**	**15.12**	**2.15**
Total Expenditure.	156.78	68.14	28.15	18.26
Profit Before Depreciation Interest and Tax (PBIDT)	**(31.55)**	**26.91**	**(13.03)**	**(16.11)**
Depreciation/Non-cash exps.	29.04	10.14	1.6	4.65
Interest	00.26	0.56	NIL	Nil
Profit Before Tax (PBT)	**(60.86)**	**16.78**	**(14.63)**	**(20.76)**
Provision for Tax	NIL	0.58	NIL	Nil
Deferred Tax	10.37	0.35	(0.20)	(0.63)
Profit After Tax (PAT)	**50.49**	**15.85**	**(14.43)**	**(20.13)**
Net profit transferred to Balance sheet	**(41.70)**	**(25.85)**	**(40.34)**	**(20.13)**

(b) Balance Sheet Statement

(Rs. in Lacs)

Balance Sheet Statement	**31st March 2003 (Audited)**	**31st March 2004 (Audited)**	**31st March 2005 (Audited)**	**31st March 2006 (Audited)**
Sources of Funds:				
Paid up share Capital	400.00	400.00	400.00	400.00
Reserves & Surplus	60.77	60.77	60.77	60.77
Deferred Tax Liability	8.98	9.33	9.13	8.51
Secured Loans	NIL	NIL	NIL	Nil
Unsecured Loans	164.54	NIL	NIL	Nil
Total	**634.30**	**470.11**	**469.91**	**469.28**
Use of Funds:				
Net Fixed Assets	79.04	78.01	52.52	46.59
Investment	167.65	117.42	117.42	3.10
Net Current Assets	345.21	248.48	259.62	359.09
Total Misc. Exp. Not written off	0.69	0.035	NIL	Nil
Profit and Loss Account	41.70	25.86	40.35	60.48
Total	**634.30**	**470.11**	**469.91**	**469.28**
Net Worth	**418.38**	**434.57**	**420.43**	**400.29**

Other Financial Data	For the Year 2003 (Audited)	For the Year 2004 (Audited)	For the Year 2005 (Audited)	For the year 2006 (Audited)
Dividend (%)	NIL	NIL	NIL	Nil
Earning Per Share	(1.04)	(0.65)	(1.01)	(0.50)
Return on Net worth %	NIL	NIL	NIL	Nil
Book Value Per Share	10.44	10.86	10.51	10.00

Source: *The above financial data has been taken from the audited annual accounts of RFL for the year 2002 – 2003 and 2003 – 2004, 2004-2005 and 2005-06.*

6.12 Comparison of Financial Results

a) Year ended 31st March 2006 compared to year ended 31st March 2005

During the year ended 31st March, 2006 there was a decrease in Total Income of the company by 12.97 Lacs as compared with the total income of the financial year ended 31st March, 2005 due to discontinuation of the business activities. For the financial year ended 31st March 2006 there was a loss of Rs. 16.11 Lacs as compared to the loss of Rs. 13.03 Lacs for the financial year ended 31st March 2005. The Loss before tax of the financial year ended 31st March, 2006 was Rs.20.76 lacs as compared to the Loss before tax Rs.14.63 lacs for financial year ended 31st March, 2005. The Loss after tax of the financial year ended 31st March 2006 was Rs.20.13 lacs as compared to the Loss after tax Rs. 14.43 lacs for financial year ended 31st March 2005.

b) Year ended 31st March 2005 compared to year ended 31st March 2004

During the year ended 31st March, 2005 there was a decrease in Total Income of the company by 79.94 Lacs as compared with the total income of the financial year ended 31st March, 2004. For the financial year ended 31st March 2005 there was a loss of Rs. 13.03 Lacs as compared to Profit before Depreciation, Interest & Tax of Rs. 26.91 Lacs for the financial year ended 31st March 2004. The Loss before tax of the financial year ended 31st March, 2005 was Rs. 14.63 lacs as compared to the Profit before tax Rs. 16.78 lacs for financial year ended 31st March, 2004. The Loss after tax of the financial year ended 31st March 2005 was Rs. 14.43 lacs as compared to the Profit after tax Rs. 15.85 lacs for financial year ended 31st March 2004.

c) Year ended 31st March 2004 compared to year ended 31st March 2003

During the year ended 31st March, 2004 there was a decrease in Total Income of the company by 30.17 Lacs as compared with the total income of the financial year ended 31st March, 2003. For the financial year ended 31st March, 2004 there was a Profit before Depreciation, Interest & Tax of Rs. 26.91 Lacs as compared to loss of Rs. 31.81 Lacs for the financial year ended 31st March 2003. The Profit before tax of the financial year ended 31st March, 2004 was Rs. 16.78 lacs as compared to the Loss before tax Rs. 60.86 lacs for financial year ended 31st March, 2003. The Profit after tax of the financial year ended 31st March, 2004 was Rs. 15.85 lacs as compared to Rs. 50.49 lacs for financial year ended 31st March, 2003.

6.13 Pre and Post- Offer share holding pattern of RFL as on the date of letter of offer

Shareholdes' category	Shareholding & voting rights prior to the agreement/ acquisition and offer		Shares /voting rights agreed to be acquired which triggered off the Regulations.		Shares/voting rights to be acquired in open offer (Assuming full acceptances)		Share holding / voting ights after the acquisition and offer. i.e. (A)+(B)+(C)	
	(A)		(B)		(C)_		(D)	
	No.	%	No.	%	No.	%	No.	%
1.Promoter Group								
a) Parties to agreement, if any	1857220	46.43	--	--	--	----		
b) Promoters other than 'a' above	Nil	Nil	----	----	--	--		
Troupe International Ltd.	1687100	42.18	--	--	(899443)	(22.4860)	See Note 1	See Note 1
Total (1) (a+b)	**3544320**	**88.61**	**---**	**---**	(899443)	(22.4860)	See Note 1	See Note 1
2. **Acquirers**								
a) Main Acquirers								
1.Mr. Hitesh M. Bagdai	----	----	619074	15.47685	380794	9.52	999868	25.00
2.Mrs.Poonam H. Bagdai	----	----	619073	15.47683	380793	9.52	999866	25.00
3. Mr. Bhavdeep Vajubhai Vala	----	----	619073	15.47683	380793	9.52	999866	25.00
b) PACs	----	----	----	----	----	----	----	----
Total (2) (a+b)	----	----	**1857220**	**46.43**	**1142380**	**28.5595**	**2999600**	**75.00**
3. **Parties to Agreement other than 1(a) & 2 above**	----	----	----	----	----	----	----	----
4. **Public (other than parties to agreement, acquirers & PACs)**								
a)FIs/ MFs/ FIIs / Banks, SFIs (indicate names)	28620	0.71	----	----	(242937)	(6.0735)	10,00,400 (See Note 1)	25.00 (See Note 1)
b) Others	427060	10.68	----	----				
Total (4) (a + b)	**4,55,680**	**11.39**	----	----	----	----	**1000400**	**25.00**
Grand Total (1+2+3+4)	**4000000**	**100.00**	----	----	----	----	**4000000**	**100.00**

Source: *The above information is drawn from the List of shareholders and shareholding pattern provided by RFL and duly certified by the Director of RFL*

Note 1: Troup International is also eligible to tender shares in the present offer and will be considered as public shareholding category post offer.

6.14 Details of Change in Shareholding of the Promoters as and when it happened in RFL

As per the available information, there has been no other change in the Shareholding of the promoters of RFL except as mentioned in this Letter of Offer.

Details of the Compliance with SEBI Take over Code: The promoters of RFL have confirmed that they have complied with the applicable provisions of Chapter II of the SEBI Takeover Code and other applicable Regulations under the SEBI Act.

6.14.1. RFL has complied with the provisions of the Listing Agreement entered in to with the Stock exchanges and also with the provisions of Chapter II of the Regulations. The existing promoters of the Target Company in past had acquired 2,06,760 Equity Shares representing 5.17% of the shares without complying the Regulations and therefore SEBI vide its order No. CO/25/04/2003 /TO dated 30-04-2003 directed the existing promoters to make an open offer. The promoters had made the said offer and complied with the said order. The said offer was completed on 15th May, 2004.

Further in view of the said violation, SEBI had also initiated an Adjudication proceeding against the promoters for the said alleged violation and imposed a consolidated penalty of Rs. 5,00,000/- vide its order no. SVK/EAD/15322/04 dated July 14, 2004.

The promoters has preferred an appeal against the said order with Securities Appellate Tribunal and the said Tribunal had passed an order No. SAT/Tech/187/2004/2217 dated 1st July, 2005 reducing the penalty from Rs. 5,00,000/- to Rs. 30,000/- to be paid within 4 weeks from the date of order.

6.15 (a) Compliance with the Corporate Governance

RFL has complied with the applicable requirement of the listing agreement in relation to Corporate Governance. The details of the corporate governance for the Company are as follows : (***Source***: Annual Report of RFL for the Financial year 2004-05 and subsequent clarifications from RFL)

(b) Composition of the Board of Directors and various committees required under Corporate Governance

The Board of Directors of the Company consists of Six directors, three of them are non-executive-independent directors.

The Company has constituted the Shareholders' Grievances Committee, which consists three members, Shri V.V.Joshi is a Chairman of the Committee and other members are Mr. P.I. Mody and Mr. R. Srinivasan. The Committee resolves any complaints received from the Shareholders and provide information to the Board of Directors of the Company. There were no complaints received during the financial year ended as on 31st March, 2005.

The Company has not set up an Audit Committee as well as Remuneration committee.

Compliance Certificate of the Auditors

The Statutory Auditors of the Company have vide their letter dated 30th July, 2005 certified, for the year ended March 31, 2005 that in their opinion and to the best of their information and according to the explanations given to them, and the representation made by the directors and the management, RFL has complied with the conditions of Corporate Governance as stipulated in Clause 49 of the Stock Exchange Listing Agreement.

6.16 Legal cases or pending litigations involving RFL :

Rajath Finance Limited – represented by Mr. R. Srinivasan, Director has filed criminal complaint against Mr. Hardik M. Kotecha, Mr. Manaharlal Kotecha and others in the Court of the Honourable Chief Judicial Magistrate at Rajkot on 29/01/2005 vide Criminal Inquiry Case No. 14 of 2005 (Pradhyumnagar Police Station M. Case No. 1 of 2005) for the offences under Sec. 419, 420, 465, 467, 408, 471, 120B of the Indian Penal Code for fabricating a Share Purchase Agreement and putting forged signature therein to illegally show the ownership of majority of shares of Rajath Finance Ltd. and Illegally filing certain forms in the office of the Registrar of Companies giving misleading information about alleged cessation of the directors of the Company and alleged appointment of new directors in an attempt to show control of management of the Company; and also for illegal trespass into the Registered Office of the Company and illegally attempting to take possession of the office premises of the Company.

The shares under the aforesaid (false and fabricated) Share Purchase Agreement were never transferred and they are physically owned and are physically lying with the existing shareholders and the present promoters are the absolute owners of the sharers mentioned therein.

During the course of the investigation, Investigating Officer had arrested four (4) accused persons and remaining accused persons were arrested after investigation. At present, the matter is pending for further investigation with the said court.

6.17 The Compliance Officer of RFL is Mr. Anil R. Chediat, . His contact details are: 208-215, Star Plaza, Phulchhab Chowk, Rajkot - 360 001 Tel No (0281) 244 7800, Fax No (0281) 245 4271

7. OFFER PRICE AND FINANCIAL ARRANGEMENTS

7.1 Justification of Offer Price

7.1.1 The equity shares of RFL are listed on the Bombay Stock Exchange Limited, (BSE) The Ahmedabad Stock Exchange Limited (ASE) and The Saurashtra & Kutch Stock Exchange Limited (SKSE).

7.1.2 The Annualized Trading Turnover of the equity shares of the Company on BSE during the preceding six months i.e. 1st August, 2005 to 31st January, 2006, prior to the month in which this PA is required to be made is NIL. *(Based on the certificate and from the official website of BSE www.bseindia.com) Certificate from ASE and SKSE dated 13th January, 2006, 7th January, 2006 respectively)*, being less than 5% of the total listed equity shares of the Company.

Name of Stock Exchange	Total No. of Shares traded during the 6 calendar months ending on 31st January, 2006	Total No. of Listed Shares	Annualized trading turnover (in terms of % of total listed shares)
BSE	NIL	4000000	NIL
ASE	NIL	4000000	NIL
SKSE	NIL	4000000	NIL

Note: *As per information availed from ASE, SKSE and from the official website of BSE www.bseindia.com.*

7.1.3 Based on above information, the equity shares of the Company are deemed to be infrequently traded in terms of explanation (i) to Regulation 20(5) of the Regulations and hence the Offer Price is determined in accordance with the requirement of Regulation 20(5) of the Regulations.

7.1.4 The Share Price of Rs.11/- per fully paid up equity share of RFL is justified in terms of Regulation 20(5) of the Takeover Regulations since the same has been determined after considering following facts:

1.	Negotiated price	Rs. 4/- per Share
2.	Highest price paid by the Acquirers for acquisition including a public or right or a preferential issue during the period of 26 weeks prior to PA	*NIL*
3.	Other parameters	
	Period ended	***30th September, 2005***
(a)	Return on Net Worth	*NEGATIVE*
(b)	*Earning Per Share (Rs.)(Fully Paid up Share)*	*(1.15)*
(c)	*Price Earning Ratio*	*N.A*
(d)	*Book Value per Share (Rs.)*	*10.37*

7.1.5 Since the shares of RFL are infrequently traded on the above mentioned Stock Exchanges, the fair value of shares has been arrived at by considering the above parameters and by placing reliance on the Supreme Court Judgment in the Case of Hindustan Lever Employee Union vs. Hindustan Lever Limited [(1995) 83 CC 30] and with due regard to the erstwhile CCI Formula for valuation of shares. Accordingly, the fair value has been calculated taking weighted average of three methods as follows:

As on 30th September, 2005 (Amt. in Rs.)

	Method	**Amount (Rs.) (x)**	**Weights (y)**	**Weighted Amount (X * Y)**
1.	Value of share as per Adjusted Net Assets Method (NAV)	10.37	1	10.37
2.	Value of shares as per Earning Capitalization Method	0.51	2	01.02
3.	Value of Shares as per Market Price Method	0.00	2	0.00
	Total		5	11.39
Fair value of shares				**2.28**

The above working is certified by Mr. P.C. Jain, (Membership No.76039) proprietor of M/s Jain P.C. & Associates, Chartered Accountants, having their office at 501, Diwan Chambers, Opp. Loha Bhawan, Old High Court Lane, Ashram Road, Ahmedabad – 380 009 (Tele-Fax No. (079) 2754 2102, e-mail :- jainpc@icnet.net) vide their certificate dated 27th December, 2005

7.1.6 Based on the above information, in the opinion of the Manager to the Offer, the Offer Price is being justified in terms of Regulation 20 (5) of the Takeover Regulations.

7.1.7 There are no partly paid up shares.

7.1.8 If the Acquirers acquire shares in the open market or through negotiations, after the date of Public Announcement and upto seven working days prior to the closure of the offer at a price higher than the offer price stated herein, the highest price paid for such acquisition shall be payable for all shares tendered and accepted under this offer as per regulation 20 (7) of the Takeover Regulations.

7.1.9 There is no non- compete agreement.

7.2 Financial Arrangements:

7.2.1 The maximum purchase consideration payable by the Acquirers in case of full acceptance of offer i.e. 11,42,380 fully paid up equity shares is Rs. 1,25,66,180/-/- (Rupees One Crore Twenty Five Lakhs Sixty Six Thousand One Hundred and Eighty only) at a price of Rs.11/-(the offer price) per equity share payable in cash subject to the terms and conditions mentioned hereinafter.

7.2.2 The Acquirers have created an Escrow Account in the form of Fixed Deposit of Rs. 31,41,545/- (Rupees Thirty One Lakhs Forty One Thousand Five Hundred Forty Five only) (being 25% of the consideration payable) with HDFC Bank Ltd. Bank House, 1st Floor, Nr. Jain Derasar, Navrangpura, Ahmedabad – 380 009 and a lien has been marked in favour of the Manager to the Offer.

7.2.3 The Manager to the Offer has been duly authorized by the Acquirers vide their letter dated 31st January, 2006 and further letter dated 24th May, 2006 to realize the value of escrow account in terms of the Regulation.

7.2.4 M/s. B.J. Bataviya & Co., Chartered Accountants having its Registered Office at 302, Madhav Complex, Dr. Yagnik Road, Rajkot- 360 001 (Membership no. 31621,Telephone No. 0281-2460526 25520526), have certified vide their certificate dated 30th September 2006 that sufficient resources are available with Mr. Hitesh M. Bagdai - Acquirer to fulfill his obligations under the Offer.

M/s B.J. Bataviya & Co., Chartered Accountants having its Registered Office at 302, Madhav Complex, Dr. Yagnik Road, Rajkot- 360 001 (Membership no. 31621, Telephone No. 0281-2460526 25520526), have certified vide their certificate dated 30th September 2006 that sufficient resources are available with Mrs. Poonam H. Bagdai - Acquirer to fulfill her obligations under the Offer.

M/s S. S. Sangani & Co., Chartered Accountants having its Registered office at 307 Cosmo Commercial Complex, Mahila College Chowk, Rajkot-360001(Membership No. 109486, Telephone No. 0281-2450059) have certified vide their certificate dated 30th September 2006 that sufficient resources are available with Mr. Bhavdeep V. Vala - Acquirer to fulfill his obligations under the Offer.

7.2.5 Manager to the Offer is satisfied that firm arrangement through verifiable means are in place and the Acquirers have adequate financial resources to meet the obligation under the offer.

7.2.6 Acquirers have adequate and firm financial arrangements in terms of Regulation 16(xiv) out of their business income, investments, personal savings and other assets to fulfill the obligations under the open offer. No borrowings from Banks/ Financial Institutions are being made for the purpose. The funds to be utilized shall be domestic and not any foreign funds.

7.2.7 The Manager to the offer has satisfied itself about the Acquirer’s ability to Implement the Offer in accordance with the Takeover Regulations.

7.2.8 The Acquirers agree and undertake that they are jointly responsible for payment obligations under the open offer as well as under the SPA payment obligations.

8) TERMS AND CONDITIONS OF THE OFFER

8.1 Statutory Approvals

a) The Offer is subject to Approval, if any, required from RBI under the Foreign Exchange Management Act, 1999 (FEMA) for the acquisition of equity shares by the Acquirers from the Non residents under the Offer.

b) No approval from any Bank/ Financial Institution is required for the purpose of this Offer, to the best of the knowledge of the Acquirers.

c) No statutory approvals are required to the best of the knowledge of the Acquirers to acquire the shares that may be tendered pursuant to the Offer.

d) If any other statutory approvals become applicable at a later date, the offer would be subject to such statutory approvals.

e) Subject to the receipt of statutory approval, the Acquirers shall complete all procedure relating to the Offer including payment of consideration within a period of 15 days from the Offer Closing Date to those shareholders whose share certificates and / or other documents are found valid and in case of delay in receipt of any statutory approval, if any, SEBI has power to grant extension of time to the Acquirers for the payment of the consideration to the tendering shareholders subject to the Acquirers agreeing to pay interest as directed by SEBI under Regulation 22(12) of SEBI (SAST) Regulations. If the delay occurs due to willful default of the Acquirers in obtaining the requisite approval, if any, Regulation 22(13) of SEBI (SAST) Regulations will become applicable.

8.2 Other Terms

a) The Letter of Offer together with the Form of Acceptance cum Acknowledgement shall be mailed by Registered Post to the shareholders of RFL (except to the Acquirers and Parties to the SPA) whose names appear on the Register of Members of RFL at the close of the business on Tuesday 7th February, 2006 ("specified date").

b) All owners of fully paid-up equity shares, registered or unregistered and the beneficial owners of the shares (except the Acquirers and parties to the SPA) who own the shares at any time prior to the closure of the offer are eligible to participate in the offer as per procedure set out in the section 9. Unregistered owners/ shareholders who have not received Letter of Offer can send their application in accordance with the section 9 so as to reach the Registrar to the Offer on or before Monday 22nd January 2007 No indemnity is required from the unregistered owners.

c) Accidental omission to dispatch this Letter of Offer or the non-receipt or delayed receipt of this Letter of Offer will not invalidate the offer in any way.

d) Shares, if any, that are subject matter of litigation wherein the shareholder(s) may be precluded from transferring the shares during the pendency of the said litigation are liable to be rejected in case directions/ orders regarding these shares are not received together with the shares tendered under the offer. The Letter of Offer in some of these cases, wherever possible, would be forwarded to the concerned statutory authorities for further action at their end.

e) The acceptance of the Offer made by the Acquirers is entirely at the discretion of the shareholders of the Target Company. The Acquirers will not be responsible in any manner for any loss of share certificate(s) and offer acceptance documents during transits and the shareholders of the Target Company are advised to adequately safeguard their interest in this regard.

f) Incomplete applications, including non-submissions of necessary enclosures, if any, are liable to be rejected.

g) Shares that are subject to any lien, charge or encumbrance are liable to be rejected.

h) The instructions and provisions contained in the FOA and FOW constitute an integral part of the terms of this offer.

i) The Registrar to the offer will hold in trust the shares/ share certificates, Form of Acceptance cum Acknowledgement, if any and the transfer form(s) on behalf of the shareholders of RFL who have accepted the offer until the cheques/drafts for the consideration and/ or the unaccepted shares/ share certificates are dispatched/ returned.

j) In accordance with the Regulation 22(5A) of the Regulations, shareholders who have tendered requisite documents in terms of Public Announcement and Letter of offer shall have option to withdraw acceptance-tendered upto 3 working days prior to the offer closing date. The withdrawal option can be exercised by submitting the form of withdrawal (separately enclosed with the Letter of Offer) and the copy of acknowledgement received from Registrar to the Offer while tendering the acceptance together with following details: name, address, distinctive No. folio No., No. of Shares tendered/ withdrawn

k) In case the shares tendered in the open offer are more than the shares agreed to be acquired by the Acquirers, the Acquirers shall accept all valid application received from the shareholders on a proportional basis, 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 does not result in non-marketable lots.

l) Acquirers are confident of completing all the formalities pertaining to the acquisition of the said shares, within 15 days from the date of closure of this Offer including payment of consideration to the shareholders who have accepted the Offer and for the purpose opened a Special account as provided under Regulation 29.

m) Provided that where the Acquirers are unable to make payment to the shareholders who have accepted the offer before the said period of 15 days due to non-receipt of requisite statutory approval, if any, the SEBI may, if satisfied that non-receipt of requisite statutory approval was not due to any willful default or neglect of the Acquirers or the failure of the Acquirers to diligently pursue the application for such approval, grant extension of time for the purpose, subject to the Acquirers agreeing to pay interest to the Shareholders for delay beyond 30 days, as may be specified by the SEBI from time to time.

n) Subject to the conditions governing this Offer, as mentioned in the Letter of Offer, the acceptance of this Offer by the shareholder(s) must be absolute and unqualified. Any acceptance to the Offer, which is conditional or incomplete, is liable to be rejected without assigning any reason whatsoever.

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

p) Shareholders may note that if there is a competitive bid, the public offers under all the subsisting bids shall close on the same date. As the offer price can not be revised during 7 working days prior to the closing date of the offers / bids, it would, therefore, be in the interest of shareholders to wait till the commencement of that period to know the final offer price of each bid and tender their acceptance accordingly.

q) For any queries regarding the Offer the shareholders / applicants may contact the Registrar to the Offer at the address mentioned in this Letter of Offer.

r) None of the shares of the Target Company are under lock-in

9) PROCEDURE FOR ACCEPTANCE AND SETTLEMENT

PROCEDURE FOR ACCEPTING THE OFFER BY ELIGIBLE PERSON

9.1.1 The Public shareholders of RFL who qualify and wish to avail of the Offer are free to offer their shareholding in whole or in part and they should forward the documents mentioned in Section 9.1.2 herein below, either by hand delivery during normal business hours or by Registered post on or before the close of the offer i.e. Monday 22nd January 2007 to the Registrar to the offer at the address mentioned below. Shareholders are advised to ensure that the FOA and other documents are complete in all respect; otherwise the same are liable to be rejected.

The Address of the collection center of the Registrar for the purpose of the offer is as follows:

Name and Address	Mode of Delivery	Business Hours
REGISTRAR TO THE OFFER **Intime Spectrum Registry Limited** 211, Sudarshan Complex, Nr. Mithakhali under bridge, Ellisbridge, Ahmedabad – 380009 Tel.-Fax: (079) 2646 51 79 Email: ahmedabad@intimespectrum.com Contact Person: Mr. Hitesh Patel	Registered Post or /Hand Delivery	Monday to Friday (11 AM to 4 PM) Excluding, Sunday and Bank Holiday

9.1.2 Shareholders who wish to tender their shares under this Offer should enclose the following documents duly completed:

a) For Shares held in Physical Form:

✓ ***Registered Shareholders Should enclose:***

➢ Form of Acceptance-cum-Acknowledgement (FOA) duly completed and signed in accordance with the instructions contained therein in an envelope subscribing the same with **"Rajath Finance Limited – Offer For Acquisition Of Shares"**, by all shareholders whose name appear on the Shares Certificates.

➢ Original Share Certificate(s)

➢ Valid Share Transfer deed / form(s) duly signed by transferors, by all registered shareholders (in case of joint holdings) in the same order and as per specimen signature registered with RFL and duly witnessed at the appropriate place. A blank share transfer form is enclosed along with this Letter of Offer.

All other requirements for valid transfer will be preconditions for acceptance.

✓ ***Unregistered Owners or Shareholders Who have Not Received the Letter of Offer Should enclose:***

➢ An Application in writing, on a plain paper stating the following details

- Name
- Address
- Number of Shares Held
- Number of Shares Offered
- Distinctive Numbers of the Shares
- Folio No. of the Shares

➢ Form of Acceptance-cum-Acknowledgement (FOA) duly completed and signed in accordance with the instructions contained therein in an envelope subscribing the same with **"Rajath Finance Limited – Offer For Acquisition Of Shares".**

- Original Share Certificate(s)
- Original Broker Contract Note of the Registered Share broker of Recognised Stock Exchange.
- Valid Share Transfer deed (s) as received from the market. The details of buyer should be left blank failing which; the same will be invalid under the Offer. Unregistered shareholders should not sign the transfer deed. The transfer deed should be valid for transfer. No indemnity is required from unregistered shareholders.

All other requirements for valid transfer will be preconditions for acceptance.

9.2 Shareholders should also provide all relevant documents, which are necessary to ensure transferability of the shares in respect of which the application is being sent failing which the application would be considered invalid and would be liable to be rejected.

9.3 The Shares Certificates, Shares Transfer Form(s) FOA and other relevant documents, if any, should be sent only to the Registrar to the Offer, at the collection centers mentioned in Section 9 above. **They should not be sent to the Manager to the Offer or the Acquirers or the Target Company.** The above-mentioned documents can be sent to the collection centers as mentioned in section 9 above by hand delivery or Registered Post on all days except Sunday and Bank Holiday.

9.4 The minimum marketable lot for the purpose of acceptance would be 100 (one-hundred) shares.

9.5 In case of non-receipt of Letter of offer, the eligible person may obtain the copy of the same from the collection center mentioned above on providing suitable documentary evidence of acquisition of shares. The Letter of Offer and Form of Acceptance-Cum-Acknowledgement will be available on website of SEBI i.e. http://www.sebi.gov.in from the Offer Opening Date i.e. Tuesday 2nd January 2007 The eligible shareholders, desirous of participating in the Offer, can down load these documents from the SEBI's website.

9.6 **Procedure for withdrawal of Application / Acceptance**

In accordance with Regulation 22(5)(A) of the Regulations, shareholders who have tendered requisite documents in terms of Public Announcement and Letter of Offer shall have option to withdraw acceptance tendered upto 3 working days prior to the offer closing date i.e. Wednesday 17th January 2007

a) The withdrawal option can be exercised by submitting the documents, as per the instruction in (b) and (c) below, so as to reach the Registrar to the Offer at the collection center, mentioned in section 9.1.1 herein above not later than 4 PM on Thursday 18th January 2007 .

b) The withdrawal option can be exercised by submitting the FOW attached to this Letter of Offer duly completed together with Acknowledgement slip in original / copy of the submitted Form of Acceptance in case delivered by Registered post.

c) In case of non-receipt of the FOW, the withdrawal option can be exercised by making an application on plain paper along with the following details. The FOW shall be delivered to the Registrar to the Offer either by hand delivery or Registered Post:

   ✓ ***In case of physical share***: name, address, distinctive no. folio no., no. of shares tendered / withdrawn

d) Shareholders who have tendered Shares in physical form and wish to partially withdraw their tenders, should also enclose valid shares transfer form(s) for the remaining equity shares (i.e. Shares not withdrawn) duly signed by transferors by all registered shareholders (in case of joint holdings) in the same order and as per specimen signature registered with RFL and duly witnessed at the appropriate place.

e) The withdrawal of Shares will be available only for the Shares certificates / shares that have been received by the Registrar to the Offer.

f) The intimation of returned Shares to the shareholders will be at the address as per the records of RFL.

g) The FOW should be sent to the Registrar to the Offer only, at the collection center mentioned in section 9.1.1. above.

h) In case of partial withdrawal of Shares tendered in physical form, if the original shares certificates are required to be split, the same will be returned on receipt of shares certificate from RFL.

i) Partial withdrawal of tendered Shares can be done only by the registered shareholders. In case of partial withdrawal, the earlier Form of Acceptance will stand revised to that effect.

j) Unaccepted Share Certificates, transfer forms and other documents, if any, will be returned by Registered Post at the shareholders/ unregistered owners' sole risk to the sole / first shareholder.

k) The Registrar to the Offer will hold in trust the shares, Form of Acceptance cum Acknowledgement, if any, and the transfer form(s) on behalf of the shareholders of the Target Company, who have accepted the offer, until the cheques / drafts for the consideration and / or the unaccepted shares/ share certificates are dispatched/ returned.

l) In case any person has lodged shares for transfer and such transfer has not yet been effected, the concerned person may apply as per instruction contained in section 9.6 above together with Acknowledgement of the lodgment of shares for transfer. Such person should also instruct RFL and its Registrar and Transfer Agent to send the transferred shares certificate(s) directly to the collection center located at Ahmedabad. The applicant should ensure that the certificate(s) reach the designated collection center not later than 4 PM on Wednesday 17^{th} January 2007 .

9.7 Payment of Consideration

a) The payment of consideration shall be made to those shareholders whose equity share certificates and / or other documents are found valid and in order by the Acquirers, and the same shall be through a crossed account payee cheque / demand draft / pay order. The intimation regarding the acquisition (in part or full) or rejection of the shares tendered by the shareholders in acceptance of this Offer and the corresponding payment for the acquired Shares and / or Share certificates for the rejected Shares will be dispatched to the shareholders by registered post ***or by ordinary post as the case may be (*),*** at the shareholders'/ unregistered owner's sole risk within 15 days from the date of closure of the offer i.e. Monday 22^{nd} January 2007 .

b) All cheques / demand drafts will be drawn in the name of the first holder, in case of joint holder(s). In case of unregistered owners of shares, payment will be made in the name of the person stated in the contract note. **It will be desirable if the shareholders provide bank account details in the Form of Acceptance cum Acknowledgement for incorporation in the cheque / demand draft.**

c) However, if the Acquirers are unable to make the payment to the shareholders within 15 days due to non-receipt of any statutory approval to which the offer may be subject, the Board may, if it is satisfied that non receipt of requisite statutory approval was not due to any willful default or neglect of the Acquirers or failure of the Acquirers to diligently pursue the applications for such approvals, grant extension or time for the purpose, subject to payment of interest to the shareholders at such rate for delay beyond 15 days, as may be specified by the Board.

10) DOCUMENTS FOR INSPECTION

The following documents are regarded as material documents and are available for inspection by the shareholders of RFL at the office of the Manager to the Offer i.e. Vivro

Financial Services Pvt. Ltd., from 10.30 a.m. to 3.00 p.m. on any working day except Sundays, and Public / Bank Holidays until the Offer closes on Monday 22nd January 2007 .

1) Copy of Share Purchase Agreements dated 30th January 2006.

2) Certificate of Incorporation and the Memorandum and Articles of Association of the Target Company.

3) Copy of Public Announcement of Offer dated 2nd February 2006.

4) The annual reports of the Target Company for the financial year ended 31st March 2003, 2004, 2005 and 2006 .

5) Letter from the Acquirers regarding appointment of Manager to the Offer.

6) Letter from the Bank confirming the amount kept in the escrow account and a lien in favour of the Merchant Banker.

7) Chartered Accountant's certificate certifying the net worth of the Acquirers.

8) Chartered Accountant's certificate certifying the adequacy of financial resources with Acquirers to fulfil the open offer obligations.

9) Copy of the undertaking from the Acquirers.

10) Due Diligence Certificate.

11) Memorandum of Understanding with the Acquirers.

11) DECLARATION BY THE ACQUIRERS

11.1 The Acquirers, Mr. Hitesh M. Bagdai, Mrs. Poonam H. Bagdai, Mr.Bhavdeep Vajubhai Vala accepts full responsibility for the information contained in this Letter of Offer.

11.2 The Acquirers would be severally and jointly responsible for ensuring compliance with the Takeover Regulations. The information relating to the Target Company has been obtained from publicly available information and from the company.

For and on behalf of The Acquirers

Sd/-

Hitesh M. Bagdai,

Mrs. Poonam H. Bagdai,

Mr. Bhavdeep Vajubhai Vala

(Acquirers)

The person signing the Letter of Offer is duly and legally authorized person.

Place: Ahmedabad

Date: 26th December 2006

Attached: **Form of Acceptance – cum – Acknowledgement**

Form of Withdrawal – cum- Acknowledgement

Transfer deed for shareholders holding shares in the Physical form

FORM OF ACCEPTANCE-CUM-ACKNOWLEDGEMENT
THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

(Please send this Form of Acceptance-cum-Acknowledgement with enclosures to Registrar to the Offer Intime Spectrum Registry Limited at the address as mentioned in the Letter of Offer)
(All terms and expression used herein shall have the same meaning as described thereto in letter of offer and please read the instructions mentioned below before filling in this form of acceptance.)

OPEN OFFER TO THE SHAREHOLDERS OF RAJATH FINANCE LIMITED	
OPENS ON	Tuesday, 2nd January 2007
LAST DATE OF WITHDRAWAL	Wednesday, 17th January 2007
CLOSES ON	Monday, 22nd January 2007

Status: Resident / Non-Resident

Folio No. No. of Shares held

From:
Name:
Full Address:

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

To,
Intime Spectrum Registry Limited
211, Sudarshan Complex, Nr. Mithakhali under bridge, Ellisbridge, Ahmedabad - 380009
Dear Sir/Madam,

Re: Open Offer to acquire 11,42,380 equity shares of Rs. 10/- each, representing 28.5595% of the issued & subscribed Equity share Capital and 28.5595%of the total voting equity share capital of Rajath Finance Limited ("Target Company" / "RFL ") at price of Rs. 11/- (Rupees Eleven only) per Equity share ("Offer Price") payable in cash by Mr. Hitesh M. Bagdai, Mrs. Poonam H. Bagdai, Mr. Bhavdeep Vajubhai Vala (the "Acquirers")

I/We refer to the Letter of Offer dated 26th December 2006 constituting an offer for acquiring the equity shares held by me/us in RAJATH FINANCE LIMITED.
I/We, the undersigned have read the Letter of Offer and understood its contents and unconditionally accepted the terms and conditions as mentioned therein.

SHARES HELD IN PHYSICAL FORM

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

Sr. No.	Folio No.	Certificate No.	Distinctive Nos.		No. of Shares
			From	To	
Total Number of shares					

please use additional sheet and authenticate the same in case of insufficient space.

☐ Power of Attorney
☐ Corporate authorization in Case of companies along With Board Resolution and specimen Signatures of authorized signatories
☐ Death Certificate / Succession Certificate
☐ others(Please specify) __________

No objection Certificate & Tax Clearance Certificate under Income-Tax Act, 1961, for NRIs /OCBs /Foreign Shareholders as applicable

I/We confirm that the equity shares of Rajath Finance Limited which are being tendered herewith by me/us under this offer, are free from liens, charges and encumbrances of any kind whatsoever.

I/We note and understand that the original share certificate(s) and valid share transfer deed will be held in trust for me / us by the Registrar to the Offer until the time the Acquirers makes payment of the purchase consideration as mentioned in the Letter of Offer.

I/We also note and understand that the Acquirers will pay the purchase consideration only after verification of the documents and signatures.

I/We authorize the Acquirers to send by registered post/ speed post/ UCP the draft/ cheque, in settlement of the amount to the sole/first holder at the address mentioned above.

I/We authorize the Acquirers to accept the Shares so offered or such lesser number of equity shares 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 Acquirers to return to me/us, equity share certificate(s) which is not found valid.

My/Our execution of this Form Of Acceptance shall constitute my/our warranty that the Equity shares comprised in this application are owned by me/us and are transferred by me/us free from all liens, charges, claims of third parties and encumbrances. If any claim is made by any third party in respect of the said equity shares, I/We will hold the Acquirers, harmless and indemnified against any loss they or either of them may suffer in the event of the Acquirers acquiring these equity shares. I/We agree that the Acquirers may pay the offer price only after due verification of the documents and signatures and on obtaining the necessary approvals as mentioned in the said letter of offer.

I/We undertake to execute such further documents and give further assurance as may be required or expedient to give effect to my/our agreeing to sell the said Equity shares.

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

Name of Bank	Branch	City	Type of Account	Account Number

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

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

Yours faithfully,

Signed and delivered

-- TEAR ALONG THIS LINE --

Acknowledgment Slip: Rajath Finance Limited - Open Offer
(to be filled by the shareholder) (subject to verification)

Folio No. **Sr. No.**

Received from Mr./Ms./M/s. ____
Form of Acceptance cum Acknowledgement for RFL Offer as per details below :-
(Tick whichever is applicable)
☐ Physical Shares: No. of Shares ____________________________; No. of certificates enclosed________________________

Signature of Official ____________________________ Date of Receipt ____

Payments for accepted Shares/credits for unaccepted Shares will be dispatched /credited by February 6, 2007, subject to receipt of regulatory approvals, if any needed.

STAMP OF COLLECTION CENTRE

	FULL NAME(S) OF THE HOLDER	SIGNATURE(S)
First/Sole Holder		
1st Shareholder		
2nd Shareholder		
3rd Shareholder		

Note : In case of joint holdings, all shareholders must sign. In case of body corporate, the company seal should be affixed

Place: ______________________ Date: __________________

INSTRUCTIONS

1. Registered Share holders should enclose the following:

I. For Shares held in physical form:-

Registered Shareholders should enclose

- **i) 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.
- **ii) Original Share certificate(s).**
- **iii) Valid transfer deed(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 RFL and duly witnessed at the appropriate place. A blank Share Transfer form is enclosed along with the Letter of Offer. Attestation, where required, (thumb impressions, signature difference, etc.) should be done.

  The details of buyer should be left blank failing which the same will be invalid under the offer. The details of the Acquirers as buyer will be filled by Mr. Hitesh Patel upon verification of the Form Of Acceptance and the same being found valid. All other requirements for valid transfer will be preconditions for valid acceptance.

II. Unregistered owners should enclose

- **i. Form of Acceptance-cum-Acknowledgment** duly completed and signed in accordance with the instructions contained therein.
- **ii. Original Share certificate(s)**.
- **iii. Original broker contract note**.
- **iv. Valid Share transfer deed(s)** as received from the market leaving details of buyer blank. If the same is filled in then the Share(s) are liable to be rejected.

2. 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 or Acquirers or RAJATH FINANCE LIMITED.

3. The Form of Acceptance-cum-Acknowledgment and other related documents should be submitted at the collection center of Intime Spectrum Registry Limited as stated in the Letter of Offer.
4. It is mandatory for Shareholders to indicate the bank account details at the appropriate place in the Form of Acceptance-cum-Acknowledgment and the consideration would be made to the bank account of the sole/first shareholder. The payment would be made at par to all the shareholders.
5. Rejection of Shares

   If the shares are rejected for any of the following reasons, the shares will be returned to the holder(s) along with all the documents received from them at the time of submission. Please note that the following list is not exhaustive.

   a. The signature(s) of the holder(s) do not match with the specimen signature(s) as per the records of RAJATH FINANCE LIMITED.

   b. The Transfer deed is not complete or that the signatures do not match with the specimen recorded with RAJATH FINANCE LIMITED.

   c. The number of Shares mentioned in the Form of Acceptance-cum-Acknowledgment does not tally with the actual physical share certificate(s) submitted.
6. All documents/ remittances sent by or to shareholders will be at their own risk. Shareholders of Rajath Finance Limited are advised to adequately safeguard their interests in this regard.
7. Neither The Acquirers, the Manager to the Offer, the Registrar to the Offer or Rajath Finance Limited will be liable for any delay/loss in transit resulting in delayed receipt/non-receipt by the Registrar of your Form of Acceptance-cum-Acknowledgment or submission of original physical Share certificate(s) due to inaccurate /incomplete particulars/instructions on your part, or for any other reason.
8. Applicants who cannot hand deliver their documents at the collection Center, may send their documents only by Registered post, at their own risk, to the Registrar to the Offer at Intime Spectrum Registry Limited, 211, Sudarshan Complex, Nr. Mithakhali under bridge, Ellisbridge, Ahmedabad - 380009 so as to reach the Registrars to the offer on or before the last date of acceptance i.e. Monday 22nd January 2007
9. Please read the enclosed letter of offer before filling up the form of Acceptance.
10. The Form of Acceptance should be filled up in English only.
11. Signature(s) other than in English, Hindi and thumb impression must be attested by notary public under his official seal.
12. Mode of tendering the Equity shares pursuant to the offer
    - (i) The acceptance of the offer made by the Acquirers is entirely at the discretion of the equity shareholders of RFL
    - (ii) Shareholders of RFL to whom the offer is being made, are free to offer his/her/their shareholding in RFL for sale to the Acquirers, in whole or part, while tendering his/her/their equity shares in the offer.

All queries in this regard to be addressed to the Registrar to the offer at the following address quoting your Reference Folio No.

Intime Spectrum Registry Limited
(Unit: RAJATH FINANCE LIMITED)
211, Sudarshan Complex, Nr. Mithakhali under bridge, Ellisbridge, Ahmedabad - 380009
Tel.-Fax: (079) 2646 51 79 Contact Person : Mr. Hitesh Patel
Email: ahmedabad@intimespectrum.com

------------------------------------ ✂ ------------------------------------ TEAR ALONG THIS LINE ------------------------------------ ✂ ------------------------------------

I/We irrevocably authorize the Acquirers or the Manager to the Offer to send by registered post the draft / cheque, in settlement of purchase at my own risk and any excess share certificate, if any, to the Sole/first holder at the address mentioned below:

NAME AND COMPLETE ADDRESS OF THE SOLE/FIRST HOLDER (IN CASE OF MEMBER(S), ADDRESS as Registered with the Company.

Name:

Address:

Place: Date: Tele No:

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

Intime Spectrum Registry Limited
(Unit: RAJATH FINANCE LIMITED)
211, Sudarshan Complex, Nr. Mithakhali under bridge, Ellisbridge, Ahmedabad - 380009
Tel.-Fax: (079) 2646 51 79 Contact Person : Mr. Hitesh Patel
Email: ahmedabad@intimespectrum.com

FORM OF WITHDRAWAL

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

(Please send this Form of Withdrawal with enclosures to Registrar to the Offer Intime Spectrum Registry Limited at the address as mentioned in the Letter of Offer)
(to be filled in by the shareholder)

OPEN OFFER TO THE SHAREHOLDERS OF RAJATH FINANCE LIMITED	
OPENS ON	Tuesday, 2nd January 2007
LAST DATE OF WITHDRAWAL	Wednesday, 17th January 2007
CLOSES ON	Monday, 22nd January 2007

THIS FORM SHOULD BE USED BY SHAREHOLDERS ONLY FOR EXERCISING THE WITHDRAWAL OPTION AS PROVIDED IN THE LETTER OF OFFER

From:

Name:

Address:

To,

Intime Spectrum Registry Limited
211, Sudarshan Complex,
Nr. Mithakhali under bridge, Ellisbridge,
Ahmedabad - 380009

Dear Sir/Madam,

Sub: Open Offer to acquire 11,42,380 equity shares of Rs.10/- each, representing 28.5595% of the total issued & subscribed equity share capital and 28.5595% of the total voting equity share capital of Rajath Finance Limited ("Target Company" / "RFL ") at price of Rs. 11/- (Rupees Eleven only) per Equity share ("Offer Price") payable in cash by Mr. Hitesh M. Bagdai, Mrs. Poonam H. Bagdai, Mr. Bhavdeep Vajubhai Vala (the "Acquirers") - withdrawal of Shares tendered in the Offer.

I/We refer to the Letter of Offer dated 26th December 2006 , for acquiring the Shares held by me/us in **RAJATH FINANCE LIMITED**.

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

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

I/we hereby consent unconditionally and irrecoverably to withdraw my/our Shares from the offer and I/we further authorize the Acquirers to return to me/us, 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 Acquirers /Manager to the Offer /Registrar to the offer.

I/We note that this Form of withdrawal should reach the Registrar to the offer at any of the collection centers mentioned in the Letter of offer as per the mode of delivery indicated therein on or before the last date of withdrawal.

I/we note that the Acquirers/Registrar to the Offer shall not be liable for any postal delay / loss in transit of the shares held in physical form due to inaccurate/ incomplete particulars/instructions.

I/We also note and understand that the Acquirers shall return original Share certificate(s), share transfer deed(s) and Shares only on completion of verification of the documents and signatures.

The particulars of the tendered Share(s) that I/We wish to withdraw are detailed below:

Sr. No.	Folio No.	Certificate No.	Distinctive Nos.		No. of Equity Shares
			From	To	
	Tendered				
	Withdrawn				
				Total	

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

Yours faithfully,

Signed & Delivered

Full Name(s) of the holders	Address	Signature
First/Sole Holder		
Joint Holder 1		
Joint Holder 2		

Note: In case of joint holdings all must sign. A corporation must affix its common seal necessary BoardResolution should be attached.

Place: ______________________

Date: ______________________

-- Tear along this line --

Acknowledgement Slip: RAJATH FINANCE LIMITED. - Open Offer

(to be filled by the shareholder) (subject to verification)

Sr. No.

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

Physical Shares: Folio No. ______________________________________

Form of Withdrawal for withdrawal of:

☐ Physical Shares: No. of Shares tendered - ________________ ; No. of Shares withdrawn-______________________

(Tick whichever is applicable)

Signature of Official ______________________________ Date of Receipt ____________________________________

Stamp of collection centre

INSTRUCTIONS

1. Shareholders are advised to ensure that the Form of Withdrawal should reach the Registrar to the Offer at the collection center mentioned In the Letter of Offer as per the mode of delivery indicated therein on or before the last date of withdrawal i.e. Wednesday, 17th January 2007

2. Shareholders should enclose the following:

   a. **Registered Shareholders should enclose**.

      a. Duly signed and completed Form of Withdrawal

      b. Acknowledgement **slip in original /copy** of the submitted Form of acceptance-cum-Acknowledgement in case delivered by Registered A.D.

      c. In case of partial withdrawal, valid share transfer form(s) for the remaining Shares (i.e. Shares not withdrawn) duly signed as transferors by all registered shareholders (in case of joint holdings) in the same order and as per specimen signatures registered with Rajath Finance Limited and duly witnessed at the appropriate place.

   b. **Unregistered owners should enclose.**

      a. Duly signed and completed Form of Withdrawal.

      b. Acknowledgement slip in original Copy of the submitted Form of Acceptance-cum-Acknowledgement in case delivered by Registered A.D.

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

4. The intimation of returned Shares to the shareholders will be at the address as per the records of the Target Company.

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

6. 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 the Target Company. The facility of partial withdrawal is available only to registered shareholders.

7. The Form of Withdrawal and other related documents should be submitted at the Collection Center of **Intime Spectrum Registry Limited** as stated in the Letter of Otter.

   Applicants who cannot hand deliver their documents at the Collection Center, may send their documents only by Registered Post, at their own risk, to the Registrar to the Offer at **Intime Spectrum Registry Limited,** 211, Sudarshan Complex, Nr. Mithakhali under bridge, Ellisbridge, Ahmedabad - 380009 so as to reach the Registrars to the offer on or before the last date of acceptance i.e. Monday 22nd January 2007

-- *Tear along this line* --

All queries in this regard to be addressed to the Registrar to the Offer at the following address quoting your Reference Folio No./DPID/Client ID:

Intime Spectrum Registry Limited
(Unit: RAJATH FINANCE LIMITED)
211, Sudarshan Complex, Nr. Mithakhali under bridge, Ellisbridge, Ahmedabad - 380009
Tel.-Fax: (079) 2646 51 79 Contact Person : Mr. Hitesh Patel
Email: ahmedabad@intimespectrum.com

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