

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 **Vishal Cotspin Limited** (hereinafter referred to as VCL or the Company or the Target Company). If you require any clarification about the action to be taken, you may consult your Stockbroker or Investment Consultant or the Manager to the Offer or the Registrar to the Offer. In case you have recently sold your shares in VCL, 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. Deepak Dunganarshi Chheda, Residence Address: 3rd Floor, Mayank, Juhu Scheme, 9th Road, Vile Parle (W), Mumbai – 400049. Tel No.+91-22-26252241, Fax No. +91-22-26734144, **Mr. Rohit Keshavji Dedhia**, Residence Address: 209/B/6, Devi Sadan, Dr. Ambedkar Road, Matunga, Mumbai 400019, Tel No. +91+22-24144832, Fax No. +91-22-26734144, **Mr. Harish Damji Nisar**, Residence Address: 591, Amrut Dhara Heights, Jamejamshed Road, Matunga Central, Mumbai 400019, Tel No. +91-22-24100286, Fax No. +91-22-24140567 and **Mr. Shailesh Damji Shah**, Residence Address: A-403, Utpal Park, Shahaji Rajee Marg, Mahim, Mumbai – 400016, Tel No. +91-22-24451192, Fax No. +91-22-26052465.

(hereinafter collectively referred to as “The Acquirers”)

MAKE A CASH OFFER AT RS. 3/- PER FULLY PAID UP EQUITY SHARE OF RS. 10/- EACH (“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, and subsequent amendments thereto)

TO ACQUIRE 6,49,580 EQUITY SHARES

Representing 20% of the total issued, subscribed and paid up equity share capital and 20% of the voting rights of



VISHAL COTSPIN LIMITED

Registered Office: 17, 1st Floor, Above ToonKidz, 1st Cross, 5th ‘A’ Block, Koramangla, Bangalore, Karnataka- 560095
Tel. No. +91-80-43435555, Fax No. +91-80-43435566, email: vinod@msmills.net , Website: www.vishalcotspin.com.

Please Note:

- This Offer is made pursuant to provisions of regulations 10 and 12 and in compliance with the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 1997 (hereinafter referred to as “Regulations”) and subsequent amendments thereto.
- The Offer is not conditional.
- The Offer is not a competitive bid.
- The Offer is subject to the Acquirers obtaining the approval of RBI under FEMA to acquire shares tendered and accepted under the Offer, if any, from all the non-resident Indian/ OCB shareholders of VCL. As on the date of this Letter of Offer, the Offer is not subject to any statutory and regulatory approvals, however, it will be subject to statutory or regulatory approvals that may become applicable prior to completion of the Offer.
- 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, 28th October, 2009 by filing the Form of Withdrawal attached herewith.
- Upward revision/ withdrawal of Offer, if any, would be informed by way of public announcement on or before Thursday 22nd October, 2009 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 at any time during the Offer and which are accepted by the Acquirers under the Offer.
- If the aggregate of the valid response exceeds 6,49,580 shares, then, the Acquirers shall accept the shares equal to the Offer size i.e. 6,49,580 shares, on a proportionate basis, in consultation with the Manager to the Offer, in accordance with regulation 21(6) of the Regulations.
- “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 cannot 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 procedure of acceptance of this Offer is set out in Section 8 of this Letter of Offer. A Form of Acceptance cum Acknowledgement and an Instrument of Transfer are enclosed with this Letter of Offer.
- A Copy of the Public Announcement dated Thursday, 13th August, 2009 and a copy of this Letter of Offer (including Form of Acceptance - cum - Acknowledgement and Form of Withdrawal) is available on SEBI website at <http://www.sebi.gov.in>. Form of Acceptance – cum - Acknowledgement may be downloaded from the said website and used as an application
- The Acquirers shall make payment consideration to the shareholders latest by Saturday, 14th November, 2009. The Offer may be withdrawn in terms of regulation 27 of the Regulations in the event the requisite statutory approvals, if any are refused. 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

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 Private Limited Contact Person: Mr. Jayant Prakash “Manu Mansion”, 16 / 18, Shahid Bhagat Singh Road, Opp. Old Customs House, Fort, Mumbai – 400 023. Tel: +91-22-22657364, 22624656, 22658397 Fax: +91-22-22658406 E-Mail: investors@vivro.net	 CAMEO Cameo Corporate Services Limited. Contact Person: Ms. K. Sreepriya “Subramaniam Building” 5 th Floor, No.1 Club House Road, Chennai- 600 002 Tel: +91-44-28460390 /1989 Fax: +91-44-28460129 Email: investor@cameoindia.com
OFFER OPENS ON: Monday, 12th October, 2009	OFFER CLOSES ON : Saturday, 31st October, 2009

SCHEDULE OF MAJOR ACTIVITIES OF THE OFFER:

ACTIVITY	Original Day & Date	Revised Day & Date
Public Announcement	Thursday, 13 th August, 2009	Thursday, 13 th August, 2009
Specified Date (for the purpose of determining the names of the shareholders to whom the Letter of Offer would be sent)	Tuesday, 8 th September, 2009	Tuesday, 8 th September, 2009
Last Date for Competitive Bid	Wednesday, 2 nd September, 2009	Wednesday, 2 nd September, 2009
Day by which Letter of Offer to be dispatched to the Shareholders	Tuesday, 22 nd September, 2009	Wednesday, 07 th October, 2009
Date of Opening of the Offer	Tuesday, 6 th October, 2009	Monday, 12 th October, 2009
Last Date for Revising the Offer Price/No. of Shares	Wednesday, 14 th October, 2009	Thursday, 22 nd October, 2009
Last Date up to which the Shareholders may withdraw	Wednesday, 21 st October, 2009	Wednesday, 28 th October, 2009
Date of Closure of the Offer	Monday, 26 th October, 2009	Saturday, 31 st October, 2009
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, 9 th November, 2009	Saturday, 14 th November, 2009

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Risk Factors:

Given below are the risks related to the proposed Offer and association with the Acquirers:

Risk Factors associated with the Target Company/ Industry:

1. The Acquirers make no assurance with respect to the market price of the equity shares of the Target Company during/ after the Offer and disclaim any responsibility with respect to any decision by any shareholder on whether to participate or not to participate in the Offer.
2. The Acquirers do not make any assurance with respect to the continuation of the past trend in the financial performance of the Target Company.

Risk Factors associated with the Open Offer:

1. Where the number of equity shares offered for sale by the shareholders are more than the equity shares agreed to be acquired by the Acquirers, the Acquirers shall accept the Offers received from the shareholders on a proportional basis in consultation with the Manager to the Offer. Hence, there is no certainty that all equity shares tendered by the shareholders in the Offer will be accepted, in case there is oversubscription of the Offer.
2. In the event of regulatory approvals (if any) not being received in a timely manner or litigation leading to a stay on the Offer, or SEBI instructing that the Offer should not proceed, the Offer process may be delayed beyond the schedule indicated in this Letter of Offer. Consequently, the payment of consideration to the shareholders whose equity shares have been accepted in the Offer as well as the return of the equity shares not accepted by the Acquirers may be delayed. Shareholders should note that after the last date for withdrawal of acceptances under the Offer i.e. Wednesday, 28th October, 2009 shareholders who have lodged the equity shares will not be able to withdraw them even if the acceptance of equity shares under the Offer and dispatch of consideration gets delayed. The tendered equity shares and documents will be held by the Registrar to the Offer, until such time as the process of acceptance of tenders and the payment of consideration is completed.
3. The equity shares tendered in the Offer will be held in trust by the Registrar to the Offer till the completion of the Offer formalities, and the shareholders will not be able to trade such equity shares. During such period there may be fluctuations in the market price of the equity shares. Accordingly, the Acquirers make no assurance with respect to the market price of the equity shares both during the Offer period and upon the completion of the Offer, and disclaim any responsibility with respect to any decision by any shareholder on whether to participate or not to participate in the Offer.
4. In the event of oversubscription of the Offer, the acceptance of the equity shares tendered will be on a proportionate basis and will be contingent on the level of subscription. However, in the event that the RBI approval is refused for one or more shareholders in respect of whom prior RBI approval is required, the basis of acceptance will be revised and additional equity shares will be accepted by the Acquirers from resident shareholders and such non-resident shareholders in respect of whom no prior RBI approval is required or non-resident shareholders in respect of whom RBI approval is received and consideration shall be paid for such accepted shares as per the provisions under regulation 22(12) of the Regulations.

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1 DEFINITIONS / ABBREVIATIONS

Acquirers	Mr. Deepak Dungarshi Chheda, Mr. Rohit Keshavji Dedhia, Mr. Harish Damji Nisar and Mr. Shailesh Damji Shah.
BIFR	Board of Industrial and Financial Reconstruction
BgSE	Bangalore Stock Exchange Limited.
BSE	Bombay Stock Exchange Limited, Mumbai
CDSL	Central Depository Services (India) Limited
HSE	Hyderabad Stock Exchange
Company / Target Company/ VCL	Vishal Cotspin Limited
Date of Closure of Offer	Saturday, 31 st October, 2009
DP	Depository Participant
Eligible Person(s) for the Offer	All owners (registered or unregistered) of the equity shares of VCL (other than the Acquirers and parties to the Share Purchase Agreement) anytime before the Date of Closure of the Offer
Escrow Bank	HDFC Bank Limited, Maneckji Wadia Building, Nanek Motwani Marg, Fort, Mumbai-400023
FEMA	Foreign Exchange Management Act, 1999
Form of Acceptance / FOA	Form of Acceptance – cum – Acknowledgement
FOW	Form of Withdrawal – cum – Acknowledgement
Letter of Offer (LOO)	This Letter of Offer
Manager / Manager to the Offer / Merchant Banker /Vivro	Vivro Financial Services Private Limited
NSDL	National Securities Depository Limited
Non-Resident Shareholders	Non-Resident Indians, OCBs holding equity shares of VCL
OA	Operating Agency (State Bank of Hyderabad)
Offer	Open Offer for the acquisition of 6,49,580 equity shares of Rs. 10/- each fully paid up, representing 20.00% of the total issued, subscribed and paid up equity share capital and 20.00% of voting capital of VCL at the Offer Price being made by the Acquirers to the shareholders of VCL.
Offer Price	Rs. 3/- per fully paid up equity share determined pursuant to regulation 20(5) of the Takeover Regulations.
PA	Public Announcement dated Thursday, 13 th August, 2009
Registrar / Registrar to the Offer	Cameo Corporate Services Limited
RBI	Reserve Bank of India
SEBI / Board	Securities and Exchange Board of India
shares	equity shares having face value of Rs. 10/- each of VCL.
Sellers	Definitive shares in number and percentage of total of paid up equity share capital- Mr. Balkishan Boob 187,320, (5.77%), and through duly constituted Power of Attorney on behalf of other Sellers : Mr. Bhagwandas Boob 183,755, (5.66%), Mr. Ramanujdas Boob 174,255, (5.37%), Mr. Ramnivas Boob 197,505, (6.08%), Ms. Mamta Sachin Zanwar 27,500, (0.85%), Mr. Vinod Boob 71,750, (2.21%), Ms. Pushpa Boob 63,000, (1.94%), Ms. Kantabai Boob

VISHAL COTSPIN LIMITED

	<p>58,000, (1.79%), Ms. Vandana Boob 10,550, (0.32%), Mr. Vinay Boob 31,250, (0.96%), Ms. Vijayalakshmi Boob 43,000, (1.32%), Ms. Shakuntala Boob 55,500, (1.71%), Mr. Vishal Kumar Boob 55,200, (1.70%), Ms. Aarti Boob 10,800, (0.33%), Mr. Vikas Boob 32,000, (0.99%), Balkishan Boob – HUF 23,000, (0.71%), Ramanujdas Boob – HUF 15,500, (0.48%), Bhagwandas Boob – HUF 15,500, (0.48%), Vinod Securities and Investments Pvt. Ltd. 107,300, (3.30%), Vinod Marketing Pvt. Ltd. 50,000, (1.54%), Mr. Sandeep Boob 29,500, (0.91%), Mr. Bipin Boob 25,000, (0.77%), Ms. Sapna Boob 20,500, (0.63%), Mr. Rohnak Boob 15,500, (0.48%), Ms. Kamala Bai Boob 15,000, (0.46%), Mr. Ritesh Boob 18,750, (0.58%), Mr. Jaikishan Boob 38,750, (1.19%), Ms. Sweta Boob 20,000, (0.62%), Shri Ram Dharmarth Trust 11,750, (0.36%), Sitaram Dharmarth Trust 12,500, (0.38%), Bipin Boob Family Trust 10,000, (0.31%), Sri Balaji Dharmarth Trust 13,000, (0.40%), Kanta Boob Family Welfare Trust 10,750, (0.33%), Laxmi Narayan Dharmarth Trust 10,000, (0.31%), Pushpa Boob Family Welfare Trust 10,000, (0.31%), Vishal Boob Family Trust 11,500, (0.35%), Shakuntala Boob Family Welfare Trust 10,750, (0.33%), Radhakrishna Endowment 11,250, (0.35%), Ms. Triveni Boob 20,000, (0.62%), Ms. Madhuri Boob, 20,000, (0.62%), Ms. Mamta Boob 15,000, (0.46%), Ms. Sushma Boob 20,500, (0.63%), Total 17,82,685, (54.89%).</p> <p>Optional shares subject to response from shareholders in the Offer of 20%</p> <p>Sandeep Boob Family Trust 10,000, (0.31%), Sitaram Endowment 10,000, (0.31%), Vijaylaxmi Boob Family Welfare Trust 10,000, (0.31%), Ramnivas Boob – HUF 10,000, (0.31%), Vinod Kumar Boob Family Trust 9,750, (0.30%), Ritesh Boob Family Trust 9,500, (0.29%), Vikaskumar Boob Family Trust 9,500, (0.29%), Laxmi Narayan Endowment 9,250, (0.28%), Shri Ram Endowment 9,250, (0.28%), Vinay Boob Family Trust 9,000, (0.28%), Radhakrishna Dharmarth Trust 8,750, (0.27%), Sri Balaji Endowment 7,250, (0.22%), Jaikishan Boob – HUF 2,500, (0.08%), Mr. Suresh Chunilal Talati 43,100, (1.33%), Ms. Meena Suresh Talati, 29,650, (0.91%), Ms. Prathima Viral Talati 28,400, (0.87%), Mr. Mr. Kantilal G. Vora 26,300, (0.81%), Mr. Mahaveerchand Ranka 17,500, (0.54%), Mr. Indarchand Ranka 5,000, (0.15%), Mr. Suresh Chunilal Talati 15,000, (0.46%), Mr. Viral Suresh Talati 15,000, (0.46%), Ms. Sangeeta Ranka 12,500, (0.38%), Mr. Goutamchand Ranka 10,000, (0.31%), Mr. Manmohandas Inani 5,350, (0.16%), Mr. Venugopal Inani 5,350, (0.16%), Mr. Indar Chand Ranka 15,005, (0.46%), Mr. Sanjeev Baldwa 3,600 (0.11%), Mr. Rajeev Baldwa 3,550, (0.11%), Mr. Anand Baldwa 1,700, (0.05%), Total 3,51,755, (10.83%) through duly constituted Power of Attorney in favour of Mr. Balkishan Boob.</p>
SPA	<p>Share Purchase Agreement entered into between the Acquirers and Sellers on 7th August, 2009 to acquire on a definitive basis 17,82,685 fully paid up equity shares of Rs. 10/- each representing, 54.89% of total paid up equity share capital and of voting capital of VCL at a price of Rs. 3/- (Rupees three only) per fully paid equity share payable in cash from the existing</p>

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	shareholders of the promoters group. Depending upon the response received in the Open Offer, the Acquirers have also agreed to acquire on a proportionate basis such number of the Optional Shares or entire 3,51,755 , equity shares of Rs. 10/- each (hereinafter referred to as "Optional Shares") representing 10.83% of total paid up equity share capital at a price of Rs. 3/- (Rupees three Only) held by certain promoters, that the total acquisition of shares by the Acquirers will not exceed 74.90% of the total equity share capital of VCL, in any circumstance.
Specified Date	Date for the purpose of determining the names of the shareholders, as appearing in the Register of Members of VCL to whom the Letter of Offer will be sent i.e. Tuesday, 8 th September, 2009
Takeover Regulations/ Regulations/ Takeover code	Securities And Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 1997 and subsequent amendments thereto.

2 DISCLAIMER CLAUSE

IT IS TO BE DISTINCTLY UNDERSTOOD THAT THE FILING OF THE LETTER OF OFFER WITH SEBI SHOULD NOT IN ANY WAY, BE DEEMED OR CONSTRUED THAT THE SAME HAS BEEN CLEARED, VETTED OR APPROVED BY SEBI. THE LETTER OF OFFER HAS BEEN SUBMITTED TO SEBI FOR THE 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 VISHAL COTSPIN LIMITED, 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 TO THE OFFER – VIVRO FINANCIAL SERVICES PRIVATE LIMITED HAS SUBMITTED DUE DILIGENCE CERTIFICATE DATED 24th AUGUST, 2009 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.

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3 DETAILS OF THE OFFER

3.1 Background of the Offer

3.1.1 This Offer is being made by Mr. Deepak Dungarshi Chheda, Mr. Rohit Keshavji Dedhia, Mr. Harish Damji Nisar and Mr. Shailesh Damji Shah (hereinafter collectively referred to as “Acquirers”) to the equity shareholders of Vishal Cotspin Limited, a company incorporated under the Companies Act, 1956, having its Registered Office at 17, 1st Floor, Above ToonKidz, 1st Cross, 5th ‘A’ Block, Koramangla, Bangalore, Karnataka – 560095, in compliance with the regulations 10 and 12 of the Regulations. The prime objective of the Offer by the Acquirers is for substantial acquisitions of shares and voting rights accompanied with change in management and control of VCL.

3.1.2 On 7th August, 2009, the Acquirers (Mr. Deepak Dungarshi Chheda through duly constituted power of attorney in favour of Mr. Manish Shah), Mr. Rohit Keshavji Dedhia, Mr. Harish Damji Nisar and Mr. Shailesh Damji Shah have entered into Share Purchase Agreement (hereinafter referred to as “SPA” or “Agreement”) to acquire from existing shareholders belonging to the promoters group (hereinafter referred to as “Sellers”) on a definitive basis 17,82,685 fully paid up equity shares (hereinafter referred to as “Definitive Shares”) of Rs. 10/- each representing 54.89% of total outstanding paid up equity and voting capital of VCL at a price of Rs. 3/- (Rupees Three only) [“Negotiated Price”] per fully paid up equity share payable in cash. Depending upon the response received from the shareholders in the Offer, the Acquirers shall further acquire 3,51,755 equity shares (hereinafter referred to as “Optional Shares”) of Rs. 10/- each fully paid up, representing 10.83% of paid up equity and voting capital of VCL at a price of Rs. 3/- (Rupees Three only). The Acquirers, Sellers and Innergize Solutions Private Limited (hereinafter referred to as the “Escrow Agent”) have entered into an Escrow Agreement dated 7th August 2009 to keep the aforesaid 21,34,440 equity shares of Rs 10/ each fully paid up representing 65.72% of total equity share capital of VCL (hereinafter referred to as the “Shares”) in a separate demat escrow account “Innergize Solutions Private Limited – Escrow Account – Vishal Cotspin Limited” and Innergize Solutions Private Limited will act as an Escrow Agent. The Shares from the said escrow account will be transferred to the Acquirers on successful completion of the Offer in the proportion agreed amongst the Acquirers in the SPA. The details of the Shares proposed to be acquired in number and percentage are as under:

Definitive Shares in number and percentage of total paid up equity share capital-

Mr. Balkishan Boob 187,320, (5.77%), **and through duly constituted Power of Attorney on behalf of other Sellers** : Mr. Bhagwandas Boob 183,755, (5.66%), Mr. Ramanujdas Boob 174,255, (5.37%), Mr. Ramnivas Boob 197,505, (6.08%), Ms. Mamta Sachin Zanwar 27,500, (0.85%), Mr. Vinod Boob 71,750, (2.21%), Ms. Pushpa Boob 63,000, (1.94%), Ms. Kantabai Boob 58,000, (1.79%), Ms. Vandana Boob 10,550, (0.32%), Mr. Vinay Boob 31,250, (0.96%), Ms. Vijayalakshmi Boob 43,000, (1.32%), Ms. Shakuntala Boob 55,500, (1.71%), Mr. Vishal Kumar Boob 55,200, (1.70%), Ms. Aarti Boob 10,800, (0.33%), Mr. Vikas Boob 32,000, (0.99%), Balkishan Boob – HUF 23,000, (0.71%), Ramanujdas Boob – HUF 15,500, (0.48%), Bhagwandas Boob – HUF 15,500, (0.48%), Vinod Securities and Investments Pvt. Ltd. 107,300, (3.30%), Vinod Marketing Pvt. Ltd. 50,000, (1.54%), Mr. Sandeep Boob 29,500, (0.91%), Mr. Bipin Boob 25,000, (0.77%), Ms. Sapna Boob 20,500, (0.63%), Mr. Rohnak Boob 15,500, (0.48%), Ms. Kamala Bai Boob 15,000, (0.46%), Mr. Ritesh Boob 18,750, (0.58%), Mr. Jaikishan Boob 38,750, (1.19%), Ms. Sweta Boob 20,000, (0.62%), Shri Ram Dharmarth Trust 11,750, (0.36%), Sitaram Dharmarth Trust 12,500, (0.38%), Bipin Boob Family Trust 10,000, (0.31%), Sri Balaji Dharmarth Trust 13,000, (0.40%), Kanta Boob Family Welfare Trust 10,750, (0.33%), Laxmi Narayan Dharmarth Trust 10,000, (0.31%), Pushpa Boob Family Welfare Trust 10,000, (0.31%), Vishal Boob Family Trust 11,500, (0.35%), Shakuntala Boob Family Welfare Trust 10,750, (0.33%), Radhakrishna Endowment 11,250, (0.35%), Ms. Triveni Boob 20,000, (0.62%), Ms. Madhuri Boob, 20,000, (0.62%), Ms. Mamta Boob 15,000, (0.46%), Ms. Sushma Boob 20,500, (0.63%), **Total 17,82,685, (54.89%).**

Optional Shares subject to response from shareholders in the Offer of 20%

Sandeep Boob Family Trust 10,000, (0.31%), Sitaram Endowment 10,000, (0.31%), Vijaylaxmi Boob Family Welfare Trust 10,000, (0.31%), Ramnivas Boob – HUF 10,000, (0.31%), Vinod Kumar Boob Family Trust 9,750, (0.30%), Ritesh Boob Family Trust 9,500, (0.29%), Vikaskumar Boob

Family Trust 9,500, (0.29%), Laxmi Narayan Endowment 9,250, (0.28%), Shri Ram Endowment 9,250, (0.28%), Vinay Boob Family Trust 9,000, (0.28%), Radhakrishna Dharmarth Trust 8,750, (0.27%), Sri Balaji Endowment 7,250, (0.22%), Jaikishan Boob – HUF 2,500, (0.08%), Mr. Suresh Chunilal Talati 43,100, (1.33%), Ms. Meena Suresh Talati, 29,650, (0.91%), Ms. Prathima Viral Talati 28,400, (0.87%), Mr. Kantilal G. Vora 26,300, (0.81%), Mr. Mahaveerchand Ranka 17,500, (0.54%), Mr. Indarchand Ranka 5,000, (0.15%), Mr. Suresh Chunilal Talati 15,000, (0.46%), Mr. Viral Suresh Talati 15,000, (0.46%), Ms. Sangeeta Ranka 12,500, (0.38%), Mr. Goutamchand Ranka 10,000, (0.31%), Mr. Manmohandas Inani 5,350, (0.16%), Mr. Venugopal Inani 5,350, (0.16%), Mr. Indar Chand Ranka 15,005, (0.46%), Mr. Sanjeev Baldwa 3,600 (0.11%), Mr. Rajeev Baldwa 3,550, (0.11%), Mr. Anand Baldwa 1,700, (0.05%), **Total 3,51,755, (10.83%) through duly constituted Power of Attorney in favour of Mr. Balkishan Boob.**

The Acquirers have agreed to acquire the Definitive Shares and the Optional Shares in the following proportion: Mr. Deepak Dungarshi Chheda **39.82%**, Mr. Rohit Keshavji Dedhia **14.81%**, Mr. Harish Damji Nisar **14.84%** and Mr. Shailesh Damji Shah **30.53%**.

The Sellers shall not have any right, title or interest of any nature whatsoever in respect of the Definitive Shares and the Acquirers shall be entitled to exercise all rights in respect thereof including the right to vote after the successful completion of the Offer.

- 3.1.3 Upon completion of the Offer, depending upon the response received in the Offer from the shareholders in public category, the Acquirers shall acquire such proportion of the Optional Shares over and above the Definitive Shares that the total acquisition of Shares by the Acquirers will not exceed 74.90% of the total equity share capital of VCL, in any circumstance. Under no circumstance the public shareholding shall fall below 25% of the total paid up and voting equity capital of the Target Company as required under Clause 40A of the Listing Agreement entered into with the Stock Exchanges for the purpose of listing on continuous basis.
- 3.1.4 Salient Features of the SPA
- The sale and purchase of the said Shares (21,34,440 fully paid-up equity shares of Rs. 10/- each of VCL) shall be subject to compliance with the provisions of the Takeover Regulations.
 - The Sellers shall cause the Target Company to comply with the provisions of the Takeover Regulations to the extent applicable to the Company. In case of non-compliance with any of the provisions of the Takeover Regulations by the Company or the Seller, this agreement for sale of the said Shares shall not be acted upon by either the Sellers or the Acquirers.
 - The said Shares are fully paid up, duly authorized and free from all encumbrances and defects in title whatsoever and on completion of the Offer, The Acquirers shall get a good clear and marketable title to the said Shares.
- 3.1.5 Being party to the SPA, the Sellers will not participate in this Offer being made by the Acquirers.
- 3.1.6 The Offer is being made in accordance with regulations 10 and 12 of the Regulations, pursuant to substantial acquisition of equity shares with change in management and control in the Target Company as a consequence of execution of the SPA referred to in paragraph 3.1.2 above.
- 3.1.7 As on the date of the PA, the Acquirers are not holding any equity shares of VCL. The Acquirers have not acquired any equity shares of VCL during the 12 months period preceding the date of the PA.
- 3.1.8 The entire Shares proposed to be acquired under this Offer will be acquired by the Acquirers and no other persons/ entities propose to take part in the acquisition.
- 3.1.9 There are no other persons or entities acting in concert with the Acquirers for the purpose of this Offer.
- 3.1.10 Upon fulfillment of all the obligations by the Acquirers under the Takeover Regulations as certified

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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.

3.1.11 The Acquirers, 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 and the subsequent amendments thereto or under any of the regulations made under the SEBI Act, 1992.

3.1.12 The Manager to the Offer, Vivro Financial Services Private Limited, does not hold any share in the Target Company. They declare and undertake that they shall not deal in the shares of the Target Company during the period commencing from the date of their appointment as Manager to the Offer till the expiry of 15 days from the Date of Closure of the Offer.

3.1.13 The equity shares of VCL to be acquired, pursuant to the Offer shall be, free from all lien, charges and encumbrances.

3.2 Details of the Proposed Offer:

3.2.1 The PA dated 13th August, 2009 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
Karnataka Times	Kannad	Regional Edition
Navshakti	Marathi	Regional Edition

The PA dated Thursday, 13th August, 2009 is also available on SEBI's website at <http://www.sebi.gov.in>

3.2.2 The Acquirers are making an Offer to the public shareholders of VCL (other than the parties to the SPA) to acquire up to 6,49,580 fully paid-up equity shares of Rs. 10/- each of VCL representing 20% of the total outstanding voting equity share capital of VCL, at a price of Rs. 3/- per fully paid-up equity share, payable in cash in terms of regulations 20 and 21 of the Regulations to those shareholders whose names appear on the Register of Members on the Specified Date i.e. Tuesday, 8th September, 2009.

3.2.3 The Offer is being made in accordance with regulations 10 and 12 of the Regulations, pursuant to substantial acquisition of equity shares with change in management and control in the Target Company as a consequence of execution of the SPA referred to in paragraph 3.1.2 above. There are no partly paid-up equity shares in VCL.

3.2.4 The Offer is made at a cash price of Rs. 3/- per fully paid up equity share of VCL. There is no differential pricing in the Offer. There are no partly paid up equity shares in the Target Company.

3.2.5 The Offer is not a competitive bid.

3.2.6 The Offer is not conditional on any minimum level of acceptance.

3.2.7 The Acquirers have not acquired any further shares of the Target Company after the date of PA i.e. Thursday, 13th August, 2009 till the date of this LOO.

3.2.8 The Offer is not as a result of any global acquisition resulting in indirect acquisition of the VCL.

3.2.9 The Offer is subject to the terms and conditions set out herein under in the LOO.

3.2.10 This Offer is subject to receipt of the statutory approvals mentioned in paragraph 8 of the LOO. The Offer may be withdrawn, in terms of regulation 27 of the Regulations, in the event the requisite statutory approval, if any, is refused. In the event of withdrawal, a PA will be published in the same newspapers in which the original PA was published, indicating reason for withdrawal of the Offer.

3.3 Object of the Acquisition / Offer

- 3.3.1 The Offer has been made pursuant to regulations 10 and 12 of the Regulations and other provisions of Chapter III of the Regulations.
- 3.3.2 The main object of the Offer is to acquire substantial acquisition of shares and voting rights, accompanied with the change in management and control of the Target Company.
- 3.3.3 The Acquirers have experience in building and construction business, textiles and manufacturing of different varieties of garments. The acquisition is in the nature of strategic investment for diversification and growth and also to reap the benefits of corporate opportunities available to companies listed on the Stock Exchange.
- 3.3.4. The Acquirers do not have any plan to dispose off or otherwise encumber any asset of VCL 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 VCL.

4 BACKGROUND OF THE ACQUIRERS**4.1 ACQUIRERS****(i) Mr. Deepak Dungarshi Chheda**

- a. Mr. Deepak Dungarshi Chheda, s/o Dungarshi Chheda, aged 45 years, residing at 3rd Floor, Mayank, Juhu Scheme, 9th Road, Vile Parle (W), Mumbai – 400049, Tel No. 022- 26252241 and Fax No. 022- 2673 4144, email-id: chheda.deepak@gmail.com. He is GD Arch. from Raheja School of Architecture and is Masters in Architecture from California Polytechnic State University, San Luis Obispo, USA. He has an experience of 22 years in architecture, building and construction.
- b. He is director and promoter in the following unlisted companies:

1 Sigma Fiscals Private Limited

The Company was incorporated on 3rd August 1995 (CIN- U65900MH1995PTC091347), having its registered office at 143, Andheri Industrial Estate, Off Veera Desai Road, Andheri (W), Mumbai – 400053. The main business of the company is investment in Shares and Property Development.

Financials of Sigma Fiscals Private Limited**(Rs. In lacs)**

Particulars	as on 31 st March 2007	as on 31 st March 2008	as on 31 st March 2009
Paid up Equity Share Capital	52.50	52.50	52.50
Reserves	490.80	507.57	311.74
Total Income (including other income)	229.14	174.26	(71.07)
Profit After Tax (PAT)	149.39	16.76	(195.83)
Earning Per Share (EPS) (Rs)	28.45	3.19	(37.30)
Net Asset Value (Rs per share)	86.48	90.21	57.53

(Source: Audited financials of the year ending 31st March, 2007, 31st March, 2008 and 31st March, 2009)

The Company is not a sick industrial company within the meaning of the provisions contained in Section 424A – 424L under Part VI A of the Companies Act, 1956.

2. Naman Construction Private Limited

The Company was incorporated on 8th January, 1988 (CIN- U45200MH1988PTC045829), having its registered office at 143, Andheri Industrial Estate, Off Veera Desai Road, Andheri (W), Mumbai – 400053. The company is in construction business.

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Financials of Naman Construction Private Limited

(Rs. In lacs)

Particulars	as on 31 st March 2007	as on 31 st March 2008	as on 31 st March 2009
Paid up Equity Share Capital	1.02	1.02	1.02
Reserves	0.79	0.78	0.78
Total Income (including other income)	Nil	Nil	Nil
Profit After Tax (PAT)	(0.12)	Nil	Nil
Earning Per Share (EPS) (Rs.)	(11.53)	Nil	Nil
Net Asset Value (Rs. per share)	177.14	176.93	176.87

(Source: Audited financials of the year ending 31st March, 2007, 31st March, 2008 and 31st March, 2009)

The Company is not a sick industrial company within the meaning of the provisions contained in Section 424A – 424L under Part VI A of the Companies Act, 1956.

c. He is partner in the following Partnership Firms:

- (i) M/s Uniwood System.
- (ii) M/s CNA Architects.
- (iii) M/s Rodium Realty.
- (iv) M/s Rodium Designs.
- (v) M/s Rodium Properties.

He is the proprietor of M/s D.C. Designs.

d. He is not a director or/ and promoter in any listed company.

e. Mr. Yogesh Ashar, (Membership No: 046259), Chartered Accountant having office at 209, Damji Shamji Trade Center, Kirod Road, Near Vidyavihar Station, Vidyavihar (West), Mumbai-400086, Ph. No. +91-22-25020996, Telefax No. +91-22-25090996, vide his certificate dated 5th August 2009 has certified that the net worth of **Mr. Deepak Dungarshi Chheda is **Rs.755.75 lacs** as on 31st March 2009.**

(ii) Mr. Rohit Keshavji Dedhia

a. Mr. Rohit Keshavji Dedhia, s/o Keshavji Dedhia, aged 44 years, residing at 209/B/6, Devi Sadan, Dr. Ambedkar Road, Matunga, Mumbai 400019. Tel No. 022- 24144832, Fax No. 022- 26734144 and email-id: dedhiarohit@hotmail.com. He is B.Com from Bombay University. He has an experience of around 13 years in textiles manufacturing and construction industry.

b. He is partner in the following Partnership Firms:

- (i) M/s Rodium Realty.
- (ii) M/s Rodium Properties.

c. He is not a director or/ and promoter in any listed or unlisted company.

d. Mr. Shantilal K. Gosar, (Membership No: 17041), Chartered Accountant having office at 75, Shwesh House, 1st Floor, Hindu Colony, 2nd Lane, Dadar (E), Mumbai – 400014, Ph. No. +91-22-24114720, Telefax No. +91-22-24150987, vide his certificates dated 7th August 2009 has certified that the net worth of **Mr. Rohit Keshavji Dedhia is Rs. 82.10 lacs as on 31st March 2009.**

(iii) Mr. Harish Damji Nisar

a. Mr. Harish Damji Nisar, s/o Damji Nisar, aged 54 years, residing at 591, Amrut Dhara Heights, Jamejamshed Road, Matunga Central, Mumbai 400019, Tel No. +91-22-24100041/24100286, Fax No. +91-22-24140567, email-id: harishnisar@gmail.com. He is B.Sc. from Bombay University. He has an experience of 19 years in the construction industry.

b. He is partner in the following Partnership Firms:

- (i) M/s Amrut Dhara Enterprises.
- (ii) M/s Amrut Dhara Construction Company.
- (iii) M/s Rodium Realty.
- (iv) M/s Rodium Properties.
- (v) M/s Balaji Petroleum.
- (vi) M/s First Stone.

He is the proprietor of M/s Amrut Industries.

c. He is not a director or/ and promoter in any listed and unlisted company.

d. Mr. Shantilal K. Gosar, (Membership No: 17041), Chartered Accountant having office at 75, Shwesh House, 1st Floor, Hindu Colony, 2nd Lane, Dadar (E), Mumbai – 400014 Ph. No. +91-22-24114720 Telefax No. +91-22-24150987, vide his certificates dated 7th August 2009 has certified that the net worth of **Mr. Harish Damji Nisar** is **Rs. 170.50 lacs** as on 31st March 2009.

(iv) Mr. Shailesh Damji Shah

a. Mr. Shailesh Damji Shah, s/o Damji Shah, aged 42 years, residing at A-403, Utpal Park, Shahaji Raje Marg, Mahim, Mumbai – 400016. Tel No. 022- 24451192, Fax No. 022- 26052465 email-id: lafille@vsnl.com. He is B.Com, from Bombay University and is member of ICAI. He has an experience of 13 years in manufacturing of garments.

b. He is director and promoter in the following unlisted company only.

1. S.D.S. Enterprises Pvt. Ltd.

The Company was incorporated on 16th March, 2007 (CIN- U74999MH2007PTC168841), having its registered office at Neelvarsha Society, R.NO - 11, Sonawala Agyari Lane, Mahim, Mumbai, 400016. The company is engaged in the business of trading in shares and investments.

Financials of SDS Enterprises Private Limited

(Rs. In lacs)

Particulars	as on 31 st March 2007	as on 31 st March 2008	as on 31 st March 2009
Paid up Equity Share Capital	1.00	1.00	1.00
Reserves	NIL	NIL	NIL
Total Income (including other income)	NIL	NIL	NIL
Profit / Loss After Tax (PAT)	(0.10)	(0.17)	(0.16)
Earning Per Share (EPS) (Rs)	(0.95)	(1.67)	(1.63)
Net Asset Value (Rs per share)	5.23	4.52	3.84

(Source: Audited financials of the year ending 31st March, 2007, 31st March, 2008 and 31st March, 2009)

The Company is not a sick industrial company within the meaning of the provisions contained in Section 424A – 424L under Part VI A of the Companies Act, 1956.

c. He is partner in the following Partnership Firms:

- (i) M/s Silver Hosiery.
- (ii) M/s Rodium Properties.

d. Mr. Lalit Gutka, (Membership No: 42841), Chartered Accountant having office at 305, Balaji Darshan, Tilak Road, Santacruz (W), Mumbai 400054 Ph. No. +91-22-26041931, vide his certificate dated 6th August 2009 has certified that the net worth of **Mr. Shailesh Damji**

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Shah is Rs.165.67 lacs as on 31st March 2009.

4.2 Relationship between Acquirers with each other:

There is no relationship between the Acquirers.

4.3 The Acquirers have not been prohibited by SEBI from dealing in securities, in terms of directions issued under Section 11B of the SEBI Act, 1992, and the subsequent amendments thereto or under any of the regulations made under the SEBI Act, 1992.

4.4 Legal cases pending in any forum by or against the Acquirers.

Mr. Harish Damji Nisar s/o Damji Nisar have following pending litigations filed by him and against him or his company, apart from these there are no other litigations pending against him.

1. Mr. Harish Damji Nisar is a partner of M/s. Amrut Construction, which carries on business as builders and developers and at the relevant time the said firm was the owner of Flat No. 14 in Amrut Towers, 247, Telang Road, Matunga, Mumbai – 400 019. One Mr. Shreenarayan N. Agarwal has filed a Suit being Suit No. 872 of 2007 in the High Court at Bombay, against M/s. Amrut Construction alleging therein, that there is a binding agreement in his favour to sell off the aforesaid flat and for seeking specific performance of the alleged agreement and in the alternative for damages. Mr. Harish Damji Nisar is a party as defendant to the said suit in his capacity as partner of M/s. Amrut Construction. The said suit is pending before the High Court at Bombay for hearing and final disposal.

The monetary liability of Mr. Harish Damji Nisar is not likely to exceed Rs.11,00,000/- (Rupees eleven lacs only) with interest, if any, as may be decided by the Hon'ble Bombay High Court .

2. Mr. Harish Damji Nisar is a partner of M/s. Amrut Dhara Enterprises, which carries on business as builders and developers. The said firm entered into an agreement with the owners Mr. Deven Madhusudan Doshi & Others for purchasing the property situated at Plot No. 592, Jame Jamshed Road, Matunga, Mumbai – 400 019 and since the owners did not perform their obligations, the said firm M/s Amrut Dhara Enterprises has filed a suit being Suit No. 301 of 2004 in the High Court at Bombay for specific performance of agreement to purchase the said property and in the alternative for damages. Mr. Harish Damji Nisar is a plaintiff in his capacity as a partner of the said firm. The said suit is pending before the High Court at Bombay for hearing and final disposal.

Except for Mr. Harish Damji Nisar as mentioned hereinabove there is no litigation pending against the Acquirers.

4.5 Acquirers, in terms of regulation 10 and 12 of the Regulations, have not entered into any separate agreement for acquiring 6,49,580 shares of Rs. 10/- each being 20% under the Offer as well as under the SPA (for both Definitive Shares and Optional Shares). The Acquirers have agreed under the SPA to acquire the Shares of SPA as well as under the Offer in the proportion as under:

S. No.	Name of the Acquirers	Percentage
1	Mr. Deepak Dunganarshi Chheda	39.82%
2	Mr. Rohit Keshavji Dedhia	14.81%
3	Mr. Harish Damji Nisar	14.84%
4	Mr. Shailesh Damji Shah	30.53%
Total		100.00%

4.6 The Acquirers agree and undertake that they are collectively responsible for payment obligations under the Offer as well as under the SPA in the same proportion as mentioned in para 4.5.

4.7 As on the date of the PA, the Acquirers were not holding any equity share of VCL. The Acquirers have not acquired any equity shares of VCL during the 12 months period preceding the date of the PA.

4.8 DISCLOSURE IN TERMS OF REGULATION 16(ix)

- 4.8.1 This Offer is being made in compliance with regulations 10 and 12 of the Regulations pursuant to the execution of the SPA as detailed in Para 3.1.2 above for substantial acquisition of shares/ voting rights accompanied with change in management and control of the Target Company.
- 4.8.2 In terms of Regulation 16(ix) the Acquirers do not have any plan to dispose off or otherwise encumber any assets of the Target 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 Target Company.

4.9 FUTURE PLANS / STRATEGIES OF THE ACQUIRERS WITH REGARD TO THE TARGET COMPANY:

- a. The Offer has been made pursuant to regulations 10 and 12 of the Regulations and other provisions of Chapter III of the Regulations.
- b. The main object of the Offer is to acquire substantial acquisition of shares and voting rights accompanied with the change in management and control of the Target Company.
- c. The Acquirers have experience in building and construction business, textiles industry and manufacturing of different varieties of garments. The acquisition is in the nature of strategic investment for diversification and growth and also to reap the benefits of corporate opportunities available to companies listed on the Stock Exchange.
- d. The Acquirers do not have any plan to dispose off or otherwise encumber any assets of the Target 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 Target Company.

5 DELISTING OPTION TO THE ACQUIRERS IN TERMS OF REGULATION 21 (2)

The Offer will not in any circumstance result in public shareholding being reduced to less than a level below the limit specified in the Listing Agreement with the stock exchanges for the purpose of listing on continuous basis.

Further, if the acquisition made in pursuance of the Offer results in the Public shareholding in the Target Company being reduced below the minimum level required under the Listing Agreement, then the Acquirer undertakes to take necessary steps to facilitate compliance of the Target Company with the requirements of the Listing Agreement, by adopting one of the methods specified therein within the time period mentioned therein to ensure continuous listing of the Target Company.

6 BACKGROUND OF VISHAL COTSPIN LIMITED (“VCL” or “Target Company”)

[Note: The Information under this section is sourced from the Target Company and also from the public sources.]

6.1 Brief History and Location of the Company

VCL was incorporated on 17th May, 1993 as a Public Limited Company with the name Vishal Cotspin Limited in the office of Registrar of Companies, Karnataka.

- 6.2 The Registered Office of VCL is situated at 17, 1st Floor, Above ToonKidz, 1st Cross, 5th ‘A’ Block, Koramangla, Bangalore, Karnataka- 560095, Tel. No.+91-80-43435555, Fax No. +91-80-43435566, email-id: vinod@msmills.net, Website:- www.vishalcotspin.com. The Target Company’s first registered office was 3rd Floor, Kantha Court, 132, Lalbagh Road, Bangalore-560027, which was changed w.e.f. 1st March 2000 to S-916, Manipal Centre, South Block 47, Dickenson Road, Bangalore, Karnataka – 560042 and subsequently to the current Registered Office w.e.f. 15th April, 2009. The CIN No. of the Company is L85110KA1993PLC014326.

- 6.3 VCL is engaged in the manufacturing of cotton yarns but there is no operating activity at present.

- 6.4 The Target Company, in the past, had made reference to BIFR under Section 15(1) of the Sick Industrial Companies (Special Provisions) Act, 1985 (hereinafter referred to as “SICA”) vide Form A dated 10th September 1999. The said reference was registered as case no. 328/1999 in BIFR’s

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meeting held on 30th March 2000, under which the net worth of the Target Company was Rs. 669.28 lacs consisting of paid up share capital only which had been completely eroded on account of the accumulated losses of Rs. 1,160.07 lacs. The Target Company's investment in plant and machinery was Rs. 1,250.24 lacs. The major causes for sickness was reported to be marketing difficulties, financial problems, shortage of raw material, Government policies etc. The Target Company subsequently filed the Rehabilitation Scheme during July 2000 and subsequently the revised scheme during November 2000 which was not accepted by its creditors. The Target Company vide its letter dated 12th August 2003 again submitted a rehabilitation proposal envisaging One Time Settlement (hereinafter referred to as "OTS") to the secured creditors which was accepted by more than 85% of the secured creditors and the OA submitted its report on the Rehabilitation proposal to BIFR on 22nd January, 2004. Based on the OTS the Target Company was expected to achieve the positive net worth by 31st March, 2004 and the accumulated losses were expected to be wiped out by 31st March, 2007. On the basis of the report of OA the Target Company filed a Draft Revival Scheme (hereinafter referred to as "DRS"), taking the cut off date 31st March, 2002 but BIFR found that the reliefs and concessions envisaged in the DRS were not strictly as per the Govt. of Karnataka guidelines, so it was directed by BIFR to rework on the DRS and to shift the cut off date from 31st March 2002 to 31st March 2004 and also for induction of some strategic investor and his contribution to the scheme. After the direction received by BIFR the Target Company received a viable DRS from OA and the same was circulated to all the concerned parties for consent and also the DRS filed with BIFR. BIFR accepted the DRS after getting consent of all the concerned parties and directed the OA to incorporate the necessary changes in the sanctioned scheme. After getting the necessary changes in the DRS from OA, BIFR finally sanctioned the scheme on 28th November 2006. Finally, vide its order dated 15th September 2008, BIFR discharged the Target Company from the purview of SICA/ BIFR.

6.5 Share Capital Structure of VCL:

The present Authorised Share Capital of the Target Company is Rs. 11,00,00,000 (Rupees eleven crores only) consisting of 35,00,000 equity shares of Rs. 10/- each and 75,00,000 Preference Shares of Rs.10/- each. The total issued, subscribed and paid up equity share capital of VCL is Rs. 3,24,79,000.00 consisting of 32,47,900 (Net of shares forfeited and after reduction through BIFR order dated 28th Nov, 2006) equity shares of Rs.10/- each fully paid-up. The total issued, subscribed and paid up preference share capital is Rs. 4,90,00,000/- comprising of 70,00,000, "9% cumulative redeemable preference shares of Rs. 10/-each" (Paid up Rs. 7/- per preference share).

Paid-up Equity Share Capital of VCL	No. of shares	Face Value	Voting rights [%]
Fully Paid up Equity Shares	32,47,900	10	100
Partly Paid up Equity Shares	--	--	---
Total Paid up Equity Shares	32,47,900	10	100
Total voting rights in Target Company	32,47,900	10	100

Details of Preference Shares:

70,00,000 9% cumulative redeemable preference shares of Rs. 10/- each were issued on 31st March, 2008. The paid up amount is Rs. 7/- per share amounting to Rs. 4,90,00,000/-. The terms and conditions for the preference shares are as follows:

1. **Face Value** - The nominal or face value of each preference share be Rs. 10/-
2. **Premium value** - No premium shall be paid on issue of the preference shares.
3. **Convertibility** -The preference shares shall be non convertible in nature.
4. **Fixed Dividend Rate** - The fixed annual dividend rate for the preference shares will be 9% of the nominal value of the preference shares, payable on a fiscal-year basis in arrears on the 1st April of each year. Fixed dividends for partial years will be pro-rata.
5. **Term** - The term of the preference shares shall be 20 years from the date of issuance.
6. **Redemption** - Preference shares shall be redeemable at any time. In any event, however, preference shares must be redeemed before the end of its Term.

7. **Cumulative Rights** - The Preference shares will be cumulative in nature in as much that dividend not paid in any year shall be liable to be paid in future years on availability of sufficient profits.
8. **Participation Right** - The holders of the Preference shares will not be entitled to (i) to receive dividends out of the profits of the Company in addition to the fixed dividends of 9% or (ii) to receive a share of any surplus assets as part of the winding up of the Company.
9. **Voting Rights** - The voting rights of the Preference shares shall be as provided in Section 87 of the Companies Act, 1956. That is, holders of Preference shares will generally not have a right to vote. The holders of Preference shares, however, will be able to vote on shareholder resolutions that directly affect their rights under the Preference shares, and in certain circumstances following the failure to pay fixed dividends, they will be able to vote on all shareholder resolutions.

The company had no distributable profits since the date of allotment of shares. No dividend has been paid on the said shares since the date of allotment. The period of two years since issuance of preference shares will be over on 31st March, 2010 and voting rights on account of non payment of dividend if any shall come into existence thereafter. In pursuance of section 87(2)(b)(i) of the Companies Act, 1956 the voting rights shall accrue to the said preference shares on account of the non payment of dividend on 1st April 2010.

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6.6 Capital build-up of VCL since inception:

Date of Allotment	Equity Shares		Cumulative Paid-up equity share capital	Mode of Allotment	Identity of Allottees (Promoters / Ex. Promoters / Others)	Status of Compliance
	No. of shares	% to total current equity share capital				
On Incorporation 12 th May, 1993	70	0.002	70	Signatories to the Memorandum of Association (MOA) for cash	Signatories to the MOA	Provisions of the Companies Act, 1956 complied with
24 th March, 1994	8,04,000	24.75	8,04,070	Allotted to promoters, friends, relatives and associates	Promoters, friends, relatives and associates	Provisions of the Companies Act, 1956 complied with
15 th November, 1994	6,92,000	21.31	14,96,070	Allotted to promoters, friends, relatives and associates	Promoters, friends, relatives and associates	Provisions of the Companies Act, 1956 complied with
17 th January, 1995	2,14,500	6.60	17,10,570	Allotted to promoters, friends, relatives and associates	Promoters, friends, relatives and associates	Provisions of the Companies Act, 1956 complied with
30 th March, 1995	4,80,630	14.80	21,91,200	Allotted to promoters, friends, relatives and associates	Promoters, friends, relatives and associates	Provisions of the Companies Act, 1956 complied with
31 st August, 1995	2,92,700	9.01	24,83,900	Allotted to promoters, friends, relatives and associates	Promoters, friends, relatives and associates	Provisions of the Companies Act, 1956 complied with
31 st August, 1995	6,32,000	19.46	31,15,900	Allotted to promoters, friends, relatives and associates	Promoters, friends, relatives and associates	Provisions of the Companies Act, 1956 complied with
29 th May, 1996	38,65,300	119.01	69,81,200	11,15,300 Equity shares to promoters as part of public offer and 27,50,000 Shares to Public including reservations (IPO)	Public and Promoters	SEBI guidelines on Public Issue and Provisions of Companies Act, 1956 complied with
31 st January, 2004	(4,85,400) shares forfeited	(14.95)	64,95,800	Shares for which calls were in arrears have been forfeited.		Provisions with respect to forfeiture of shares have been complied with
20 th December, 2006	(32,47,900)	(100.00)	32,47,900	50% Reduction in equity share capital of VCL vide BIFR order dated 28 th Nov, 2006		Provisions of the Companies Act, 1956, SICA and the BIFR order complied with
Total	32,47,900	100.00	32,47,900			

- 6.7 The equity shares of VCL are listed on BSE (Scrip Code: 531822) and HSE. VCL has paid the listing fees till date to BSE. The equity shares of VCL have been de-listed from the BgSE vide notice no: 03/2006/443 dated 03rd November, 2006. HSE has been derecognised by SEBI w.e.f 29th August 2007.

The preference shares of the company are not listed with any stock exchange.

The Target Company received a notice from BSE bearing reference number List/sg/cas/ Takeover_regu./2004 dated 22nd January, 2004 for non-compliance of regulation 6(4) of the Regulations and 8(3) of the Regulations, for the years 1998, 1999, 2000, 2001, 2002 and 2003 and the Target Company complied with the requirements of the said regulations vide its letter dated 24th February, 2004. The Target Company further received letter number DCS/COMP/Sast-March08/531822/214/ 2008-2009 for non-compliance of regulation 8(3) of the Regulations for the year ended 31st March 2008. The Target Company filed the reply for the same and also submitted the disclosure on 27th January 2009.

The Target Company also received BgSE letter dated 25th May 2001 intimated the Target Company about the non-compliance of regulation 8(3) of the Regulations for the year ended 31st March 2001.

Compliance Status under Chapter II of the Regulations:

S. No.	Nature of Compliance	Year	Status
1	regulation 8(3) of the Regulations	1997 to 2009 except for the FY year ended 2005	Delayed compliance
2	regulation 8(3) of the Regulations	1997 to 2009 except for the FY year ended 2006	Disclosure not in the prescribed format
3	regulation 7(3) of the Regulations	Due date for compliance 5 th April 2004	Not complied
4	regulations 6(2) and 6(4) of the Regulations	Due date for compliance 20 th May 1997	Delayed compliance

SEBI may initiate action against the Target Company at a later stage in terms of the regulations and provisions of the SEBI Act for the aforementioned non compliance as well as delayed compliance of the Takeover Regulations.

The trading of the equity shares of the Target Company was suspended by the BSE w.e.f. 13th May ,2002 on account of non-compliance of Clause 41 of the Listing Agreement. The BSE vide its letter dated 1st March 2006 revoked the suspension on the trading of the Target Company's equity shares with effect from 3rd March, 2006.

- 6.8 The Target Company has appointed Cameo Corporate Services Ltd. w.e.f 18th Feb 2003 as its Registrar and Transfer (R&T) Agent to carry out work relating to the transfers as well as dematerialization of shares. Karvy Computer Share Private Limited was VCL's Registrar and Transfer (R&T) Agent prior to Cameo Corporate Services Ltd.
- 6.9 VCL has entered into Tripartite Agreement with CDSL and Karvy Computer Share Private Limited. VCL has not yet entered into Tripartite Agreement with NSDL. The equity shares of VCL are traded in compulsory demat mode. The marketable lot for the equity shares of VCL is 1 (one only). The ISIN No. is INE513E01024.
- 6.10 There are no partly paid up equity shares in VCL. There are no outstanding instruments in the nature of warrants/ fully convertible debentures/ partly convertible debentures etc. which are convertible into equity shares at any later date. There are no shares under lock-in period.
- 6.11 The Promoters/ Sellers and other major shareholders of the target company have complied with the applicable provisions of Chapter II of SEBI Takeover Regulations except as under.

S. No.	Nature of Compliance	Promoters	Due Date	Status
1	regulation 7(1A) of the Regulations	Ms. Aarti Boob, Ms. Vandana Boob, Mr. Vinod Kumar Boob, Vinod Securities and Investments Private Limited, Mr. Vishal Kumar Boob acquired cumulatively 3,22,400 equity shares of VCL representing 4.96% of the total outstanding paid up equity share capital (64,95,800) on 27 th March, 2003	29 th March, 2004	Not complied

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SEBI may initiate action against the Promoters at a later stage in terms of the regulations and provisions of the SEBI Act for the aforementioned non compliances of the Takeover Regulation.

6.12 VCL has confirmed that it has not been prohibited by SEBI from dealing in securities, in terms of directions issued under Section 11B of the SEBI Act, 1992 and subsequent amendments thereto or under any other regulations made under the SEBI Act, 1992.

6.13 There was no merger/ de-merger, spin off during last 3 years involving the Target Company.

6.14 At present VCL is not a sick industrial company within the meaning of the provisions contained in Section 424A – 424L under Part VI A of the Companies Act, 1956.

6.15 Details of the Board of Directors of VCL as on the date of the PA:

Name, Designation and Address	Date of Appointment	No. of Shares held in VCL	Qualification	Experience
Mr. Balkishan Boob (Chairman cum Managing Director) DIN- 00140565 539, Vishal Deep Akkithimmanahalli, Shanthi Nagar, Bangalore, Karnataka - 560027 Tel. No. (080) 43435555	17 th May 1993	1,87,320	B. Com.	He has an experience of around 40 years in the cotton trade, textile manufacturing and trade.
Mr. Ramanuj Das Boob (Executive Director) DIN- 00140777 Krishna Krupa, Near Jain Temple, Raichur, Karnataka – 584101 Tel. No. (08532) 235703/ 235155	17 th May 1993	1,74,255	B. Com.	He has an experience of around 30 years in the field of Cotton Ginning & Trading.
Mr. Yogesh Shah (Independent Non-Executive Director) DIN- 02774568 109 Indraprastha, Jitendra road, Malad (East), Mumbai – 400097. Tel. No.: (022)-28443387	4 th August 2009	Nil	B.Com , ACA	He is practicing as a Chartered Accountant since 1984 and has an experience of around 25 years in the field of statutory and regulatory audit, treasury services, environmental audits, accounting and regulatory advice – viz. corporate structures, technical accounting advice, review of treasury operations, review of finance function outsourcing proposals, compliance with current and new regulations and obtaining new authorizations.
Mr. Vatsal Shah (Independent Non-Executive Director) DIN- 01839985 601-B, Adinath Apartment, 281, Tardeo Road, Mumbai – 400 007. Tel No. – 022-66346463	4 th August 2009	Nil	B.Com and LL.B.	He is practicing as lawyer since 1988 and has an experience of around 21 years in the field of commercial and company law matters.

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Mr. Kiran Mankodi (Independent Non-Executive Director) DIN- 02718701 601, Kothare CHS, Plot no. 21, Bhagat Singh Road, Vile Parle (west), Mumbai 400056. Mob. No.- 09322332810	4 th August 2009	Nil	B.Com, ACS, LL.B	He has an experience in the field of legal, company law matters, financial/ corporate restructuring and banking related matters.
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None of the Directors of VCL represent the Acquirers.

6.16 In terms of regulation 22(9) there are no persons representing or having interest in the Acquirers, who are on the Board of Directors of the Target Company nor are they insider within the meaning of SEBI (Insider Trading Regulations) 1992.

6.17 Brief Audited Financials of VCL

Audited financial details of VCL for the period of last three financial years.

a) Profit and Loss Statement (Rs. in lacs)

Profit and Loss Statement	31 st March 2007 (Audited)	31 st March 2008 (Audited)	31 st March 2009 (Audited)
Income from Operations	1,289.80	377.87	5.88
Other Income	11.44	78.26	44.33
Total Income	1,301.24	456.13	50.21
Expenditure			
Cost of Material Consumed	834.96	144.74	Nil
Manufacturing & Administrative Expenses	475.31	334.91	61.68
Selling & Distribution Expenses	43.37	21.60	1.34
Decrease in Stock	26.61	95.51	Nil
Finance charges	1.43	1.31	0.47
Profit/Loss Before Depreciation Interest and Tax (PBIDT)	(80.443)	(141.94)	(13.28)
Depreciation	90.14	84.10	29.10
Interest	35.34	45.80	2.40
Profit/Loss Before Tax (PBT)	(205.92)	(271.84)	(44.78)
Provision for Tax	1.60	0.63	0.09
Taxation for earlier years	Nil	Nil	0.25
Deferred Tax	Nil	Nil	Nil
Profit/Loss After Tax (PAT)	(207.52)	(272.47)	(45.12)
Extraordinary Items	64.10	NIL	31.69
Profit/Loss after extraordinary items	(143.41)	(272.47)	(13.43)
Profit carried forward from PY	(696.40)	(515.02)	(787.49)
Adjustment against Capital Reduction	324.79	Nil	Nil
Net profit transferred to Balance sheet	(515.02)	(787.49)	(800.92)

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Balance Sheet Statement	31 st March 2007 (Audited)	31 st March 2008 (Audited)	31 st March 2009 (Audited)
Sources of Funds:			
Paid up Equity Share Capital (a)	324.79	324.79	324.79
Equity Shares Forfeited (b)	19.71	19.71	19.71
Share Application Money	115.34	115.34	24.17
70,00,000 Preference Share Capital (9% Cumulative Redeemable Preference Shares of Rs. 10 each paid up Rs. 7/- per share issued on 31.03.2008)	Nil	490.00	490.00
Reserves and Surplus (excluding revaluation reserve) (c)	25.00	25.00	421.41
Secured Loans	567.07	32.41	Nil
Unsecured Loans	513.71	986.01	37.20
Total	1,565.62	1,993.26	1,317.28
Use of Funds:			
Net Fixed Assets	1,003.23	840.36	Nil
Deferred Tax Asset	393.41	393.41	393.41
Investment	0.10	0.10	0.10
Net Current Asset	(346.14)	(28.10)	122.85
Profit & Loss Account (d)	515.02	787.49	800.92
Total	1,565.62	1,993.26	1,317.28
Net Worth (a+b+c-d)	(145.52)	(417.99)	(35.01)

(c) Other Financial Data

Other Financial Data	31 st March 2007 (Audited)	31 st March 2008 (Audited)	31 st March 2009 (Audited)
Dividend (%)	Nil	Nil	Nil
EPS (Rs.)	(4.42)	(8.39)	(0.41)
Return on Net worth (%)	NA	NA	NA
Book Value Per Share (Rs.)	(4.48)	(12.87)	(1.08)

The formulas are

EPS = Profit after Tax and extraordinary items / outstanding equity shares

Book Value per share = Net worth / outstanding equity shares

(Source: Based on the Audited Balance Sheet of VCL for the year ended 31st March 2007, 31st March 2008 and 31st March 2009.)

Note :

1. There is no change in the accounting policies in last 3 financial years.
2. VCL has not provided for :
 - a) Income Tax Liabilities for interest and penalty that may arise on account of late/ non-payment of TDS under various sections of IT Act, 1961 for the financial year ending 31st March, 2009.
 - b) Rs. 9,99,232/- for PF arrears relating to period from September 1997 to March 2001 under the provisions of EPF Scheme 1952. Employees Pension Scheme, 1995 and Employee Deposit Linked Insurance Scheme, 1976 in respect of trainees stipend, in view of the pendency of the appeal before the EPF Appellate Tribunal, New Delhi. In the meantime the Target Company has paid Rs. 4,99,616/- on 26th April, 2004 being 50% of the dues demanded as per the directions of Hon'ble High Court of Karnataka, Bengaluru in writ petition No. 7044/ 2004(L-PF).

6.18 Comparison of Financial Results**Reasons for fall/rise in total income and Profit after Tax:****Financial Year 2007-08 vis-à-vis Financial Year 2006-07:**

The total income of the Target Company during the financial year 2007-08 was Rs. 456.13 lacs compared to Rs. 1,301.24 lacs during the financial year 2006-07. The loss {Profit/ (Loss) After Tax} for the year 2007-08 was Rs. (272.47) lacs compared to loss {Profit/ (Loss) After Tax} of Rs. (207.52) lacs for the year 2006-2007. There was an increase of 32% in the Target Company's loss {Profit/ (Loss) After Tax}. One of the main reasons for the loss was due to reduction in sales and not the proportionate reduction in manufacturing and administrative expenses.

Financial Year 2008-09 vis-à-vis Financial Year 2007-08:

The total income of the Target Company during the financial year 2008-09 was Rs. 50.21 lacs compared to Rs. 456.13 lacs during the financial year 2007-08. The loss {Profit/ (Loss) After Tax} for the financial year 2008-09 was Rs. (45.12) lacs compared to Rs. (272.47) lacs for the financial year 2007-08. One of the main reasons for the loss was no sales in the financial year though the manufacturing and administrative expenses were there as fixed expenses although there was decrease in the financial charges.

6.19 Pre and Post- Offer Share Holding Pattern of VCL as on the date of LOO:

Shareholders' Category	Shareholding and voting rights prior to the SPA/ acquisition and Offer		Shares / voting rights agreed to be acquired which triggered off the Regulations		Shares/ voting rights to be acquired in Offer (assuming full acceptances)		Share holding / voting rights after the acquisition and Offer.	
	(A)		(B)		(C)		D =A+B+ C	
	No.	%	No.	%	No.	%	No.	%
1. Promoter Group								
a) Parties to SPA, if any	21,34,440	65.72	(17,82,685)	(54.89)	--	--	Note 1	
b) Promoters other than 'a' above (Note-2)								
1) Mr.Gopal Das Bhandari	14,650	0.45						
2) Ms. Jyoti Bhandari	13,400	0.41						
3) Mr. Laxmikant Bhandari	14,650	0.45						
4) Mr. Rajgopal Baldwa	2,300	0.07						
4) Ms. Sangeeta Bhandari	13,400	0.41						
5) Mr. Srinivas Boob	2,710	0.08						
Total	61,110	1.88						
Total (1) (a+ b)	21,95,550	67.60	(17,82,685)	(54.89)			Note 1	
2 (a). Main Acquirers:								
1) Mr. Deepak Dunganrshi Chhedha	Nil	Nil	7,09,780	21.85				
2) Mr. Rohit Keshavji Dedhia	Nil	Nil	2,64,005	8.13				
3) Mr. Harish Damji Nisar	Nil	Nil	2,64,550	8.15				
4) Mr. Shailesh Damji Shah	Nil	Nil	5,44,350	16.76				
Total	Nil	Nil	17,82,685	54.89	6,49,580	20.00	24,32,265	74.89
2 (b) PACs	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Total (2) (a+ b)	Nil	Nil	17,82,685	54.89	6,49,580	20.00	24,32,265	74.89
3. Parties to SPA other than 1 (a) and 2 above	Nil	Nil	Nil	Nil				
4. Public (other than parties to SPA, Acquirers and PACs)								
a) FI s / MF s/ FI s / Banks, SFI s (indicate names)	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
b) Others	10,52,350	32.40	Nil	Nil	(6,49,580)	(20.00)	8,15,635 (Note-1)	25.11 (Note-1)
Total (4) (a + b)	10,52,350	32.40	Nil	Nil	(6,49,580)	(20.00)	8,15,635	25.11
Grand Total (1+2+3+4)	32,47,900	100.00	Nil	Nil	Nil	Nil	32,47,900	100.00

Note-1- Depending upon the response received from the shareholders in the Offer of 6,49,580 equity shares representing 20% of total outstanding paid up equity shares of Rs. 10/- each fully paid up of VCL, the Acquirers shall further acquire Optional Shares 3,51,755 equity shares of Rs. 10/- each fully paid up representing 10.83% of total outstanding equity share capital, apart from the Shares under Definitive basis from the other promoters in such proportion that the total promoters' holding shall not exceed 74.90% of the total outstanding

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paid up equity shares of Rs. 10/- each fully paid up, in any circumstance. The portion of Optional Shares not acquired post completion of the Offer, will be treated under public category

Note-2- Post completion of the Offer, promoters under point 1(b) in the above table, holding 61,110 equity shares representing 1.88% of total outstanding equity share capital of VCL will be considered under the public category.

Sr. No.	Particulars								
1	Date of Transaction	31 st Jan, 2004	27 th March, 2004	31 st March, 2004	30 th June, 2004	20 th Dec, 2006	09 th Jan, 2009		
2	Identity of Allottee/ acquirer/ seller	Shareholders holding partly paid shares under non-promoter category	Ms. Arti Boob (Promoter)	Mr. Bhavarilal Boob (promoter)	Mr. Vishnu Gopal Boob (promoter)	NA	Chirag Textiles Pvt. Ltd. (promoter)		
			Ms. Vandana Boob (Promoter)	Mr. Gokul Boob (promoter)			Mr. Chirag Vora (promoter)		
			Mr. Vinod Kumar Boob (Promoter)	Mr. Mohit Boob (promoter)			Ms. Lata K Vora (promoter)		
			Vinod Securities And Investments Private Limited (Promoter)	Mr. Nandkishore Boob (promoter)			Mr. Kantilal G Vora (promoter)		
			Mr. Vishal Kumar Boob (Promoter)				Ms. Sheetal Vora (promoter)		
3	Mode of Allotment/ Acquisition/ sold (Forfeiture)	Forfeiture	Off market purchase	NA	NA	NA	Off market interse promoter transfer		
4	No. of shares allotted/ acquired/ sold (Forfeiture)	(4,85,400)	Ms. Arti Boob	21,600	NA	NA	NA	Chirag Textiles Pvt. Ltd.	(10,750)
			Ms. Vandana Boob	21,100				Mr. Chirag Vora	(2,700)
			Mr. Vinod Kumar Boob	34,700				Ms. Lata K Vora	(2,700)
			Vinod Securities And Investments Private Limited	2,14,600				Mr. Kantilal G Vora	18,850
			Mr. Vishal Kumar Boob	30,400				Ms. Sheetal Vora	(2,700)
			Total	3,22,400				Total	0
5	% of total voting capital of Target Company for the shares mentioned in point 4	(6.95%)	Ms. Arti Boob	0.33%	NA	NA	NA	Chirag Textiles Pvt. Ltd.	(0.33%)
			Ms. Vandana Boob	0.32%				Mr. Chirag Vora	(0.08%)
			Mr. Vinod Kumar Boob	0.54%				Ms. Lata K Vora	(0.08%)
			Vinod Securities And Investments Private Limited	3.30%				Mr. Kantilal G Vora	0.58%
			Mr. Vishal Kumar Boob	0.47%				Ms. Sheetal Vora	(0.08%)
			Total	4.96%				Total	0

6-20 Change in shareholding of the promoters as and when it happened

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6	Allotted shareholding of the allottee before the instant allotment/ Purchase/ Sale (Forfeiture)	4,85,400	Ms. Arti Boob	Nil	Mr. Bhavarilal Boob	2,500	Mr. Vishnu Gopal Boob	2,500	NA	Chirag Textiles Pvt. Ltd.	10,750
			Ms. Vandana Boob	Nil	Mr. Gokul Boob	2,500				Mr. Chirag Vora	2,700
			Mr. Vinod Kumar Boob	1,08,800	Mr. Mohit Boob	2,500				Ms. Lata K Vora	2,700
			Vinod Securities And Investments Private Limited	Nil	Mr. Nandkishore Boob	2,500	Mr. Kantilal G Vora	7,450			
			Mr. Vishal Kumar Boob	80,000	Total	10,000	Total	2,500		Ms. Sheetal Vora	2,700
			Total	1,88,800			Total	26,300			
7	% of allotted shareholding of the allottee before the instant allotment/ Purchase/ Sale (Forfeiture)	6.95%	Ms. Arti Boob	Nil	Mr. Bhavarilal Boob	0.038%	Mr. Vishnu Gopal Boob	0.038%	NA	Chirag Textiles Pvt. Ltd.	0.33%
			Ms. Vandana Boob	Nil	Mr. Gokul Boob	0.038%				Mr. Chirag Vora	0.08%
			Mr. Vinod Kumar Boob	1.66%	Mr. Mohit Boob	0.038%				Ms. Lata K Vora	0.08%
			Vinod Securities And Investments Private Limited	Nil	Mr. Nandkishore Boob	0.038%				Mr. Kantilal G Vora	0.23%
			Mr. Vishal Kumar Boob	1.23%	Total	0.15%				Ms. Sheetal Vora	0.08%
			Total	2.89%						Total	0.81%
8	Shareholding of the allottee after the instant allotment/ Purchase/ Sale (Forfeiture)	Nil	Ms. Arti Boob	21,600	NA	NA	NA	NA	Chirag Textiles Pvt. Ltd.	Nil	
			Ms. Vandana Boob	21,100					Mr. Chirag Vora	Nil	
			Mr. Vinod Kumar Boob	1,43,500					Ms. Lata K Vora	Nil	
			Vinod Securities And Investments Private Limited	2,14,600					Mr. Kantilal G Vora	26,300	
			Mr. Vishal Kumar Boob	1,10,400					Ms. Sheetal Vora	Nil	
			Total	5,11,200					Total	26,300	
9	% Shareholding of the allottee after the instant allotment/ Purchase/ Sale (Forfeiture)	Nil	Ms. Arti Boob	0.33%	NA	NA	NA	NA	Chirag Textiles Pvt. Ltd.	Nil	
			Ms. Vandana Boob	0.32%					Mr. Chirag Vora	Nil	
			Mr. Vinod Kumar Boob	2.20%					Ms. Lata K Vora	Nil	
			Vinod Securities And Investments Private Limited	3.30%					Mr. Kantilal G Vora	0.81%	
			Mr. Vishal Kumar Boob	1.70%					Ms. Sheetal Vora	Nil	
			Total	7.85%					Total	0.81%	

10	Shareholding of the promoter group before the instant allotment/ Purchase/ Sale (Forfeiture)	40,81,200	40,81,200	44,03,600	43,93,600	43,91,100	21,95,550
11	% Shareholding of the promoter group before the instant allotment/ Purchase/ sale (Forfeiture)	58.46%	62.83%	67.79%	67.64%	67.60%	67.60%
12	Shareholding of the promoter group after the instant allotment/ Purchase/ Sale (Forfeiture)	40,81,200	44,03,600	43,93,600	43,91,100	21,95,550	21,95,550
13	% Shareholding of the promoter group after the instant allotment/ Purchase/ Sale (Forfeiture)	62.83%	67.79%	67.64%	67.60%	67.60%	67.60%
14	Status of compliance with applicable regulations including SAST	NA	Regulation 7(3) of SAST has not complied with	Complied	Complied	Complied	Complied
15	Remarks	Note-1	-	Consequent upon the family arrangement Mr. Bhavarilal Boob Mr. Gokul Boob Mr. Mohit Boob Mr. Nandkishore Boob were ceased to be promoter	Consequent upon the family arrangement Mr. Vishnu Gopal Boob were ceased to be promoter	Note-2	Interse promoter transfer

Note-1 Forfeiture of equity shares by the Board of Directors in its Board Meeting dated 31st Jan, 2004, consequently Promoters shareholding increased.

Note-2 50% equity share capital reduction pursuant to BIFR order dated 28th Nov, 2006, which was approved by the Board of Directors of the Target Company in the board meeting dated 20th Dec, 2006

Note-3 There is a discrepancy in disclosures of shareholding pattern under clause 35 of the listing agreement and Regulation 8(3).

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6.21 The Status of compliance with the Listing requirements:

VCL has already paid the listing fees for the year ended 31st March 2009 to BSE and the Target Company is complying with the listing agreement requirements. The Target Company has complied with the applicable provisions of Clause 49 of the Listing Agreement with BSE relating to Corporate Governance.

The trading of the equity shares of the Target Company was suspended by the BSE w.e.f. 13th May, 2002 on account of non-compliance of Clause 41 of the Listing Agreement. The BSE vide its letter dated 1st March 2006 revoked the suspension on the trading of the Target Company's equity shares with effect from 3rd March, 2006.

6.22 Details of pending litigation matters

No provision was made by VCL for Rs.9,99,232/- being Provident Fund arrears relating to the period from September, 1997 to March, 2001 under the provisions of the EPF Scheme, 1952, Employees Pension Scheme, 1955 and Employees Deposit Linked Insurance Scheme, 1976 in respect of trainees stipend, The Asst. Provident Fund Commissioner, SO, Gulbarga passed an order on 8th August, 2001 directing VCL to remit an amount of Rs.9,99,232/-. VCL filed a review application which was also rejected by the Asst. Provident Fund Commissioner through its order dated 3rd December, 2001. Aggrieved by the orders dated 8th August, 2001 and 3rd December, 2001 passed by the Asst. Provident Fund Commissioner (Respondent) seeking deposit of Rs. 9,99,232/-, VCL (Appellant) filed an appeal (Appeal bearing No. 79 (6)) before the Employees Provident Fund Appellate Tribunal, New Delhi.

The final verdict on the appeal is still pending.

The Regional Commissioner -1 of EPF Organisation issued a letter dated 6th Feb, 2004 that VCL had defaulted in payment of the statutory dues to the extent of Rs.9,99,232/- and in case the Target Company defaulted to remit the dues before 20th Feb, 2004 the EPF Organisation would be launching coercive steps for recovery of the dues.

In view of the above said letter VCL (Petitioner) filed a Writ Petition bearing No.7044 of 2004 (L/PF) before the Hon'ble High Court of Karnataka against the Regional Commissioner-1, EPF Organization (Respondent) seeking a writ or direction in the nature of certiorari quashing the order dated 6th February, 2004 passed by the Respondent for recovery of an amount of Rs.9,99,232/-.

The Hon'ble High Court passed an interim order on 8th March, 2004 staying the order of Regional Commissioner-1 dated 6th February, 2004 subject to the Petitioner depositing 50% of the amount demanded within six weeks. In the meantime the Target Company paid Rs.4,99,616/- on 26th April, 2004 being 50% of the dues demanded as per the directions of the High Court of Karnataka, Bangalore, in Writ Petition No. 7044/2004.

The Hon'ble High Court had vide its Order dated 1st Aug. 2005 (final order) rejected the Writ Petition but liberties had been reserved to the Petitioner (VCL) to prosecute the pending appeal before the Appellate Tribunal. The Hon'ble High Court had also noted that the Petitioner had already deposited 50% of the amount demanded and the interim order granted by this court staying the coercive steps against the Petitioner for recovery of the amount demanded is continued till the disposal of the appeal on merits

6.23 Compliance Officer:

There is no full time Company Secretary but Mr. Vinod Kumar Boob, President of VCL has been designated as the Compliance Officer.

Address: 17, 1st Floor, Above ToonKidz, 1st Cross,
5th 'A' Block, Koramangla, Bangalore,
Karnataka- 560095
Tel. No. (080) 43435555
Fax No. (080) 43435566

7 OFFER PRICE AND FINANCIAL ARRANGEMENTS**7.1 Justification of Offer Price**

7.1.1 The equity shares of VCL are currently listed on BSE and HSE. HSE has been derecognised by SEBI with effect from 29th August , 2007.

7.1.2 The Annualized Trading Turnover of the equity shares of the Target Company during the preceding six calendar months ended on 31st July, 2009 in each of the Stock Exchanges where the equity shares of the Target Company are listed are as follows:

Name of Stock Exchange	Total No. of Shares traded during the 6 calendar months prior to the month of PA (February 09- July 09)	Total No. of Listed Shares	Annualized trading turnover (in terms of % of total listed shares)
BSE	1,200	32,47,900	0.074%

(Source: official website of BSE www.bseindia.com)

7.1.3 Based on the information available, the equity shares of VCL are infrequently traded on BSE within the meaning of explanation (i) to regulation 20(5) of the Regulations.

7.1.4 The Offer Price of Rs. 3/- per fully paid up equity share is justified in terms of regulation 20(5) of the Regulations since the same has been determined after considering the highest of the following:

a.	Negotiated Price under the Share Purchase Agreement	Rs 3.00
b.	Highest Price paid by the Acquirers for acquisitions including by way of allotment in a public or rights or preferential issue during the 26 weeks prior to the date of PA	NA
c.	Other Parameters with reference to the Target Company	31 st March, 2009 (Audited)
(i)	Return on Net Worth (%)	NA
(ii)	Book Value per Equity Share (Rs.)	(1.08)
(iii)	Earnings Per Equity Share (Rs.)	(0.41)
(iv)	Price / Earnings Ratio	-
(v)	Industry Average PE Multiple*	-

(Source: Annual Report for the Financial Year ended 31st March, 2009)

Industry PE: There is no comparable industry price earning ratio.

7.1.5 As the equity shares of VCL are deemed to be infrequently traded on BSE as per the details stated above, the Acquirers have obtained a share valuation certificate from Mr. Mahesh Manishankar Bhatt, Chartered Accountant to ascertain fair value of the equity shares of **VCL**, in terms of the provisions of regulation 20(5) of Takeover Regulations. Mr. Mahesh Manishankar Bhatt, Chartered Accountant (Membership No: 034192) having his office at 402, Star Manor Apts., Anand Road Extension, Near Ruia Hall, Malad (W) Mumbai - 400064. (Tel. No. +91-22-28813355) has given his certificate dated 11th August 2009 certifying the Fair Value of the equity share of VCL of Rs. 10/- each at Nil, keeping in view the decision of the Hon'ble Supreme Court of India in the case of Hindustan Lever Employee Union v. Hindustan Lever Limited, (1995) 83 Comp Case 30.

7.1.6 The Offer Price of Rs. 3/- per equity share offered by the Acquirers to the shareholders of VCL under the proposed Offer is justified in terms of Regulation 20(5) read with Regulation 20(11). In the opinion of the Manager to the Offer, the Offer Price is justified.

7.1.7 If the Acquirers acquire equity shares in the open market or through negotiations, after the date of PA and upto seven working days prior to the Date of 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 equity shares tendered and accepted under this Offer as per regulation 20 (7) of the Takeover Regulations.

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7.1.8 There is no non-compete agreement hence no non-compete fee has been paid.

7.1.9 The Acquirers have not acquired any equity shares of VCL from the date of PA upto the date of the LOO.

7.2 Financial Arrangements:

7.2.1 The maximum purchase consideration payable by the Acquirers in case of full acceptance of Offer i.e. 6,49,580 fully paid up equity shares is Rs. 19,48,740/- (Rupees Nineteen Lacs, Forty Eight Thousand, Seven Hundred and Forty only) at a price of Rs.3/- per equity share (the "Offer Price") payable in cash subject to the terms and conditions mentioned hereinafter.

7.2.2 In accordance with regulation 28 of the Regulations, the Acquirers have created an Escrow Account in the form of a Fixed Deposit of Rs. 19,48,740/- (Rupees Nineteen Lacs, Forty Eight Thousand Seven Hundred and Forty Only) being 100% of the total consideration payable under the Offer in the name and style of "**VCL – Open Offer – Escrow Account**" with HDFC Bank Limited at its branch office at Maneckji Wadia Building, Nanek Motwani Marg, Fort, Mumbai- 400023 and a lien has been marked on the said Escrow Account in favour of Vivro Financial Services Pvt. Ltd. i.e., Manager to the Offer.

7.2.3 The Acquirers have adequate financial resources to meet the financial requirements of the Offer. The Acquirers have made firm financial arrangements in terms of Regulation 16 (xiv) for the resources required to complete the Offer in terms of the Regulations. No borrowings from Banks/ Financial Institutions are being made for the purpose. The funds to be utilized shall be domestic and no foreign funds shall be utilised.

7.2.4 Auditors' Certification

- (a) Mr. Shantilal K. Gosar, Chartered Accountant having office at 75, Shwesh House, 1st Floor, Hindu Colony 2nd Lane, Dadar (E), Mumbai – 400014(Membership No: 17041) has certified from the verifiable means vide his certificates dated 7th August 2009 that sufficient financial resources are available with **Mr. Rohit Keshavji Dedhia** and **Mr. Harish Damji Nisar** to meet their obligation under the Offer.
- (b) Mr. Lalit Gutka, Chartered Accountant having office at 305, Balaji Darshan, Tilak Road, Santacruz (W), Mumbai 400054(Membership No: 42841) has certified from the verifiable means vide his certificate dated 6th August 2009 that sufficient financial resources are available with **Mr. Shailesh Damji Shah** to meet his obligation under the Offer.
- (c) Mr. Yogesh Ashar, Chartered Accountant having office at 209, Damji Shamji Trade Center, Kiroi Road, Near Vidyavihar Station, Vidyavihar (West), Mumbai-400086 (Membership No: 046259) has certified from the verifiable means vide his certificate dated 5th August 2009 that sufficient financial resources are available with **Mr. Deepak Dungarshi Chheda** to meet his obligation under the Offer.

7.2.5 The Manager to the Offer, has satisfied itself that the Acquirers have sufficient funds to meet the obligations under the SPA and the Offer.

8. TERMS AND CONDITIONS OF THE OFFER

8.1 Statutory Approvals

- a) The Offer is subject to the receipt of approval, if any, of RBI under the FEMA for the acquisition of the equity shares by the Acquirers from the non resident shareholders under the Offer. In case of acceptances from non residents, then the Acquirers shall make requisite application to the RBI after Closure of 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 other statutory approvals are required to the best of the knowledge of the Acquirers to acquire the shares of the Target Company 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) Barring unforeseen circumstances, the Acquirers would endeavour to obtain all the approvals within a period of 15 days from the date of Closure of the Offer. 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 the Regulations. If the delay occurs due to willful default of the Acquirers in obtaining the requisite approval, if any, regulation 22(13) of the Regulations will become applicable under which amount lying in the escrow account shall be liable to be forfeited apart from the penalty as provided in the Regulations.
- f) Locked-in Shares:
There are no locked-in shares in VCL.

8.2 Other Terms of the Offer

- 8.2.1 This is not a conditional Offer and there is no stipulation as to the minimum level of acceptance.
- 8.2.2 The Offer will be made to the shareholders of VCL and the Letter of Offer (“LOO”) together with the Form of Acceptance cum Acknowledgement (“FOA”), Form of Withdrawal (“FOW”) and Transfer Deed (for shareholders holding equity shares in the physical form) will be mailed to those shareholders of VCL (except Acquirers, and the “Sellers” under the SPA as stated in Para 3.1.2 hereinabove) whose names appear on the register of members of VCL and to the Beneficial Owners of the equity shares of VCL whose names appear as beneficiaries on the records of the respective Depository at the closure of business hours on Tuesday 8th September, 2009 (the “Specified Date”).
- 8.2.3. Accidental omission to dispatch LOO to any member entitled to this Offer or non-receipt of the LOO by any member entitled to this Offer shall not invalidate the Offer in any manner whatsoever.
- 8.2.4 The Acquirers can revise the price upwards up to 7 working days prior to the date of Closure of the Offer i.e. Thursday, 22nd October, 2009 and revision, if any, in the Offer Price would appear in the same newspapers where the original PA was published and same price would be paid to all the shareholders who tender their shares in the Offer

Procedure for acceptance and settlement

- 8.2.5 The Acquirers have appointed Cameo Corporate Services Limited as Registrar to the Offer. Shareholders who are holding shares in physical form (i.e. share certificates) and wish to tender their shares may send the FOA together with the Original Share Certificate(s) and Transfer Deed(s) duly signed to the Registrar to the Offer at the following address in an envelope subscribing the same with “**Cameo Corporate Services Limited - Escrow A/c - VCL OPEN OFFER**” either by hand delivery during normal business hours Monday to Friday 11.00 a.m. to 4.00 p.m. (excluding Bank Holidays) or by Registered Post on or before the Closure of the Offer i.e. Saturday, 31st October, 2009 in accordance with the instructions specified in the LOO and the FOA.

LETTER OF OFFER

Sr. No.	Collection Centre	Address of Collection Centre	Contact Person / e-mail ID	Telephone No. / Fax No.	Mode of Delivery
1.	Chennai	Cameo Corporate Services Limited Subramanian Building 5 th floor No.1, Club House Road Chennai - 600 002	Ms. K Sreepriya investor@cameoindia.com	Tel: 044-2846 0390 /1989 Fax:044-2846 0129	Post and Hand delivery
2.	Fort, Mumbai	Cameo Corporate Services Limited 304, Sai Sadan, 76-78 Modi Street Fort, Mumbai - 400 001	Mr. Ashish Binsale	Tel: 022-2264 4325 /2979 Fax:022-2264 4325	Post and Hand delivery
3.	Bangalore	Cameo Corporate Services Limited No.9, P C Pallaya Main Road Akshay Nagar, Ramamoorthy Nagar Bangalore - 560016	Mr. A. Ranjith Kumar	Mob: 9964345929	Post and Hand delivery

8.2.6 The Registrar to the Offer has opened a Special Depository Account with Stock Holding Corporation of India Ltd. Beneficial owners and Shareholders holding shares in the dematerialized form will be required to send their FOA to the Registrar to the Offer as mentioned in para 8.2.5 along with a photocopy of the delivery instructions in "Off-Market" mode or counterfoil of the delivery instruction in "Off-Market" mode, duly acknowledged by the Depository Participant ("DP"), in favour of "**Cameo Corporate Services Limited - Escrow A/c - VCL OPEN OFFER**" and filled in with the details given below:

DP Name	Stock Holding Corporation Of India Ltd.
A/c Title	Cameo Corporate Services Limited - Escrow A/c - VCL OPEN OFFER
DP ID Number	16010100
Client ID Number	00367240
ISIN	INE513E01024
Depository	CDSL
Market	Off Market

8.2.7 All owners of shares registered or unregistered (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. Unregistered owners/shareholders who have not received LOO can send their application in writing, on a plain paper stating the name, address, number of shares held, number of shares offered to, distinctive numbers, folio no., together with documents stated at Para 8.2.5 above so as to reach the Registrar to the Offer on or before Saturday, 31st October, 2009 i.e. before the Closure of the Offer. In case of unregistered owners, the same should be accompanied by a copy of the contract note issued by the broker through whom they acquired their shares. No indemnity is required from the unregistered owners. Where the transfer deeds are signed by a constituted Attorney, a certified copy of the Power of Attorney shall also be lodged. In the case of body corporate/ limited companies, certified copy of the Memorandum and Articles of Association and copy of the Board Resolution authorizing the signatory, shall also be sent.

8.2.8 In case of non-receipt of the LOO, the eligible persons may send their consent, to the Registrar to the Offer, on a plain paper stating the name, address, number of shares held, number of shares offered, along with the document as mentioned above, so as to reach the Registrar to the Offer on or before the closure, i.e. Saturday, 31st October, 2009. In case of beneficial owners, they may

send the application in writing to the Registrar to the Offer, on a plain paper stating the name, address, number of shares held, number of shares offered, DP Name, DP ID, Beneficiary Account Number and a photocopy of the delivery instruction in 'Off-Market' mode or counterfoil of the delivery instruction in 'Off-Market' mode, duly acknowledged by the DP, in favour of the Special Depository Account, so as to reach the Registrar to the Offer, on or before the Closure of the Offer, i.e. Saturday, 31st October, 2009. Such shareholders may also download the FOA from the website of SEBI i.e. <http://www.sebi.gov.in> which will be made available from the date of opening of the Offer i.e. Monday, 12th October, 2009.

8.2.9 The shareholders or Beneficial Owners should not send the FOA, original share certificate and Transfer Deed either to the Acquirers/Target Company.

8.2.10 Shareholders who have sent their shares for dematerialization need to ensure that the process of getting shares dematerialized is completed well in time so that the credit in the Escrow Account should be received on or before the Closure of the Offer i.e. Saturday, 31st October, 2009 else the application would be rejected.

8.2.11 The Registrar to the Offer will hold in trust the shares, FOA, if any, and the transfer form(s) on behalf of the shareholders of VCL, who have accepted the Offer, until the cheques/ drafts for the consideration and / or the unaccepted shares / share certificates are dispatched/ returned.

8.2.12 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 as appearing in the Register of Members of VCL. Shareholders whose shares are held in dematerialized form to the extent not accepted will be intimated by post for the non acceptance.

8.2.13 Shares tendered by the shareholders in the Offer shall be free from lien, charges and encumbrances of any kind whatsoever. 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 LOO in some of these cases, wherever possible, would be forwarded to the concerned statutory authorities for further action at their end.

8.2.14 In terms of Regulation 21(6) where the number of shares tendered in the 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 proportionate basis, in consultation with the Manager to the Offer, taking due care to ensure that the basis of acceptance, is decided in a fair and equitable manner and does not result in non-marketable lots. The shares will be acquired in such a way that the acquisition from a shareholder shall not be less than the minimum marketable lot or the entire holding if it is less than the marketable lot. Market lot for the Target Company's equity shares is 1 (one) only.

8.2.15 While tendering shares under the Offer, NRIs/ OCBs/ foreign shareholders will be required to submit the previous RBI Approvals (specific or general) that they would have obtained for acquiring shares of VCL. In case of previous RBI approvals not being submitted, the Acquirers reserve the right to reject the Offer. While tendering shares under the Offer, NRI/ OCBs/ foreign shareholders will be required to submit a Tax Clearance Certificate from the Income Tax authorities, indicating the amount of tax to be deducted by the Acquirers under the Income Tax Act, 1961 before remitting the consideration. In case the aforesaid Tax Clearance Certificate is not submitted, the Acquirers will arrange to deduct tax at the maximum marginal rate as may be applicable to the category of the shareholder under the Income Tax Act, 1961, on the entire consideration amount payable to such shareholder.

8.2.16 Applications which are complete in all respects and which reach to the Registrar to the Offer on or before the date of Closure of the Offer i.e. Saturday, 31st October, 2009 would be approved and accepted by the Acquirers. The intimation regarding acceptance of applications and payment of consideration will be dispatched to the shareholders by Registered/ Speed Post at the shareholder's sole risk. In case of joint holder(s) the Cheque/ Demand Draft will be drawn in the name of the First Holder and in case of unregistered owners of shares the consideration will be paid to the person whose name is stated in the contract note.

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8.2.17 The payment consideration for the applications so accepted in the Offer, if any to the beneficiary account with Depository Participants shall be given within 15 days from the date of the Closure of the Offer. Credit for the consideration will be paid to the shareholders who have tendered shares in the Offer by ECS,(Electronic Clearing Services) Direct Credit (“DC”), or Crossed Account Payee Cheques/ Pay orders/ Demand Drafts, National Electronic Funds Transfer(“NEFT”) and Real Time Gross Settlement (“RTGS”)

8.2.18 In accordance with regulation 22(5)(A) of the Regulations, shareholders who have tendered requisite documents in terms of PA and LOO shall have the option to withdraw acceptance tendered up to 3 working days prior to the Closure of the Offer. The withdrawal option can be exercised by submitting the FOW (separately enclosed with the LOO which will be mailed to the shareholders of VCL as on the Specified Date being Tuesday, 8th September, 2009) together with copy of acknowledgment received from the Registrar to the Offer while tendering the acceptance together with following details:

- In case of physical shares: name, address, distinctive no., folio no., no. of shares tendered/ withdrawn.
- In case of dematerialized shares: name, address, no. of shares tendered/ withdrawn, DP name, DP-ID, Beneficiary Account No., photo copy for delivery instruction in “Off Market” mode or counter foil of the delivery instruction in “Off Market” mode, duly acknowledged by the DP in favour of the depository escrow account. In case of non-receipt of form of withdrawal, the withdrawal can be exercised by making an application on the plain paper along with the details mentioned above. 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 VCL and duly witnessed at the appropriate place.
 - a) The withdrawal of shares will be available only for the shares certificates/ shares that have been received by the Registrar to the Offer.
 - b) The intimation of returned shares to the shareholders will be at the address as per the records of VCL.
 - c) The FOW should be sent to the Registrar to the Offer only, at the collection center mentioned in section 8.2.5 above.
 - d) 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 VCL.
 - e) Partial withdrawal of tendered shares can be done only by the registered shareholders. In case of partial withdrawal, the earlier FOA will stand revised to that effect.
 - f) 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.
 - g) The Registrar to the Offer will hold in trust the shares / share certificates, shares lying in the credit of the special depository account, FOA, the transfer form(s) and FOW if any, on behalf of the shareholders of the (VCL) Target Company, who have accepted the Offer, until the Cheques / Demand drafts /pay orders for the consideration and / or the unaccepted shares/ share certificates are dispatched/ returned or credited back to the beneficial owners DP account.
 - h) In case any person has lodged shares for transfer and such transfer has not yet been effected, the concerned person may apply together with acknowledgement of the lodgment of shares for transfer. Such person should also instruct VCL and its Registrar and Transfer Agent to send the transferred shares certificate(s) directly to the collection center located at the centres mentioned above in para 8.2.5. The applicant should

ensure that the certificate(s) reach the designated collection center not later than 4 PM on Saturday, 31st October, 2009.

In case of non-receipt of form of withdrawal, the withdrawal can be exercised by making an application on the plain paper along with the details mentioned above.

9. 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 paid 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. Saturday, 14th November, 2009.
- 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 FOA 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, SEBI 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 of 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.

Payment of Consideration through Electronic Mode

The Acquirers shall give credit of consideration for Equity Shares tendered in the Offer, if any, to the beneficiary account with Depository Participants within 15 days from the date of the Closure of the Offer. Credit for the consideration will be paid to the shareholders who have tendered shares in the Offer by ECS, Direct Credit or crossed account payee cheques/ pay orders/ demand drafts.

The payment of consideration, if any, would be done through various modes as given hereunder:

1. **ECS** – Payment of consideration would be done through ECS for applicants having an account at any of the following sixty eight centers:

1. Ahmedabad	2. Nashik	3. Sholapur	4. Gorakhpur
5. Bangalore	6. Panaji	7. Ranchi	8. Jammu
9. Bhubaneshwar	10. Surat	11. Tirupati (non-MICR)	12. Indore
13. Kolkata	14. Trichy	15. Dhanbad (non-MICR)	16. Pune
17. Chandigarh	18. Trichur	19. Nellore (non-MICR)	20. Salem
21. Chennai	22. Jodhpur	23. Kakinada (non-MICR)	24. Jamshedpur
25. Guwahati	26. Gwalior	27. Agra	28. Visakhapatnam
29. Hyderabad	30. Jabalpur	31. Allahabad	32. Mangalore
33. Jaipur	34. Raipur	35. Jalandhar	36. Coimbatore

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37. Kanpur	38. Calicut	39. Lucknow	40. Rajkot
41. Mumbai	42. Siliguri (non-MICR)	43. Ludhiana	44. Kochi / Ernakulam
45. Nagpur	46. Pondicherry	47. Varanasi	48. Bhopal
49. New Delhi	50. Hubli	51. Kolhapur	52. Madurai
53. Patna	54. Shimla (non-MICR)	55. Aurangabad	56. Amritsar
57. Thiruvananthapuram	58. Tirupur	59. Mysore	60. Haldia (non-MICR)
61. Baroda	62. Burdwan (non-MICR)	63. Erode	64. Vijaywada
65. Dehradun	66. Durgapur (non-MICR)	67. Udaipur	68. Bhilwara

This mode of payment of consideration would be subject to availability of complete bank account details in the FOA. The payment of consideration in ECS mode is mandatory for applicants having a bank account at any of the above mentioned sixty eight centers, except where the applicant, being eligible, opts to receive refund through other modes as specified in the FOA.

- Direct Credit** – Applicants having bank accounts with the same bank through which payment consideration shall be made shall also be eligible to receive consideration through direct credit in their respective bank accounts as mentioned in the FOA.
- RTGS** – Applicants having a bank account at any of the abovementioned sixty eight centers and whose payment consideration exceeds Rs. 1 lac, have the option to receive refund through RTGS. Such eligible applicants who indicate their preference to receive consideration through RTGS are required to provide the IFSC code in the FOA. In the event the same is not provided, payment consideration shall be made through other electronic modes or by cheques, pay orders or demand drafts payable.
- NEFT** (National Electronic Fund Transfer) – Payment of consideration shall be undertaken through NEFT wherever the shareholders bank has been assigned the Indian Financial System Code (IFSC), which can be linked to a Magnetic Ink Character Recognition (MICR), if any, available to that particular bank branch. IFSC Code will be obtained from the website of RBI as on a date immediately prior to the date of payment of consideration, duly mapped with MICR numbers. Wherever the shareholder has registered their nine digit MICR number and their bank account number while opening and operating the demat account, the same will be duly mapped with the IFSC Code of that particular bank branch and the payment of consideration will be made to the applicants through this method. The process flow in respect of consideration by way of NEFT is at an evolving stage and hence use of NEFT is subject to operational feasibility, cost and process efficiency.
- For all other applicants, including those applicants whose payment consideration is not credited by ECS/ Direct credit due to technical errors or incomplete/incorrect bank account details, payment consideration will be dispatched through Speed Post/Registered Post. Such payment consideration will be made by cheques, pay orders or demand drafts payable at par at places where the address of the shareholder is registered. In case of payment consideration is rejected through the ECS/ Direct credit facility, the registrar would endeavor to dispatch the payment consideration within 3 working days of such rejection.

The bank account details for ECS/ Direct Credit/ RTGS/ NEFT will be directly taken from the depository database or from the details as mentioned by the shareholders in the FOA.

10. DOCUMENTS FOR INSPECTION

The following documents are regarded as material documents and are available for inspection by the shareholders of VCL 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 Saturday, 31st October, 2009.

- 1) Certificate of Incorporation and the Memorandum of Association and Articles of Association of VCL.
- 2) Copy of the Share Purchase Agreement dated 7th August, 2009.
- 3) Copy of Escrow Agreement for the equity shares under the SPA entered amongst the Sellers, the Acquirers and the Escrow Agent.
- 4) Published Copy of Public Announcement of Offer dated 13th August 2009.
- 5) The Audited accounts of the Target Company for the 12 months ended 31st March 2007, 31st March 2008 and 31st March 2009 accounts duly certified by the Statutory Auditors .
- 6) Net worth Certificate issued by Mr. Yogesh Ashar, Chartered Accountant, (Membership No. 046259) Telephone No. +91-22-25020996, dated 5th August 2009, certifying that sufficient resources are available with Mr. Deepak Dungarshi Chheda to meet his obligations under the Offer.
- 7) Net worth Certificate issued by Mr. Shantilal K. Gosar, Chartered Accountant, (Membership No. 17041) Telephone No. +91-22-24150987, dated 7th August 2009, certifying that sufficient resources are available with Mr. Rohit Keshavji Dedhia and Mr. Harish Damji Nisar to meet their obligations under the Offer.
- 8) Net worth Certificate issued by Mr. Lalit Gutka , Chartered Accountant, (Membership No. 42841) Telephone No. +91-22-26041931, dated 6th August 2009, certifying that sufficient resources are available with Mr. Shailesh Damji Shah to meet his obligations under the Offer.
- 9) Letter from the Acquirers dated 21st July, 2009 regarding appointment of Vivro Financial Services Private Limited as Manager to the Offer.
- 10) Letters from the Escrow Bank confirming cash deposit in the form of Fixed Deposit of Rs. 19,48,740/- and a lien marked in favor of the Manager to the Offer
- 11) Copy of SEBI letter No. CFD/DCR/TO/RM/178305/2009 dated 30th September, 2009 issued in terms of proviso to the regulation 18(2) of the Regulations
- 12) Due Diligence Certificate given by Vivro Financial Services Private Limited, Manager to the Offer dated 24th August 2009.
- 13) Certificate from Mr. Mahesh Manishankar Bhatt, (Membership No: 034192) dated 11th August 2009, certifying fair value of the equity shares of Vishal Cotspin Limited.
- 14) Copy of the appointment letter from the acquirers dated 18th July, 2009 to appoint Cameo Corporate Services Limited as Registrar to the Offer.
- 15) Power of Attorney authorising Mr. Manish Shah for signing SPA and other related documents on behalf of Mr. Deepak Dungarshi Chheda in his absence.

LETTER OF OFFER

11. DECLARATION BY THE ACQUIRERS

- 11.1 The Acquirers, Mr. Deepak Dungarshi Chheda, Mr. Rohit Keshavji Dedhia, Mr. Harish Damji Nisar and Mr. Shailesh Damji Shah severally and jointly accept full responsibility for the information contained in this Letter of Offer.
- 11.2 The Acquirers would be 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

Mr. Deepak Dungarshi Chheda

Mr. Rohit Keshavji Dedhia

Mr. Harish Damji Nisar

Mr. Shailesh Damji Shah

The persons signing the Letter of Offer are duly and legally authorised persons.

Place: Mumbai

Date: 6th October, 2009

- Attached:**
- 1. Form of Acceptance – cum – Acknowledgement**
 - 2. Form of Withdrawal – cum- Acknowledgement**
 - 3. Transfer Deed**

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**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 i.e. Cameo Corporate Services Ltd 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.)

From : _____

Name : _____

Address : _____

OFFER	
Opens on	: Monday, 12th October, 2009
Last date of withdrawal	: Wednesday, 28th October, 2009
Closes on	: Saturday, 31st October, 2009

Tel No: (_____) _____ Fax No.: (_____) _____ E-mail: _____

To,

Cameo Corporate Services Ltd.

Subramaniam Building" No.1

Club House Road,

Chennai- 600 002

Dear Sir/ Madam

Re: Open Offer to acquire 6,49,580 equity shares of Rs. 10/- each, representing 20% of the total issued, subscribed and paid up equity share capital and 20% of the total voting equity share capital of Vishal Cotspin Limited. ("Target Company"/ VCL) at price of Rs. 3/- (Rupees Three only) per equity share ("Offer Price") payable in cash by Mr. Deepak Dunganrshi Chheda, Mr. Rohit Keshavji Dedhia, Mr. Harish Damji Nisar and Mr. Shailesh Damji Shah (collectively referred to as the Acquirers).

1. I/ We refer to the Letter of Offer dated 6th October, 2009, constituting an Offer for acquiring the equity shares held by me/ us in **Vishal Cotspin Limited**
2. 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

3. 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 No.(s)		No. of Shares
			From	To	

Total Number of shares

-----**TEAR ALONG THIS LINE**-----

Acknowledgment Slip: Vishal Cotspin Limited – Open Offer (to be filled in by the shareholders)

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

Form of Acceptance cum Acknowledgement for VCL Offer as per details below: -

Physical Shares: **Folio No.** _____ **No. of Certificates Enclosed** _____ **Certificate No.** _____ **Total No. of Shares Enclosed** _____

Demat Shares: **Client ID** _____

DP ID _____

Copy of Delivery Instruction to DP _____

Total No. of Shares Enclosed _____

(Delete whichever is not applicable)

Date of Receipt: _____ Stamp of collection center: _____

Signature of Official: _____

SHARES HELD IN DEMAT FORM

4. I/ We, holding shares in demat form, accept the Offer and enclose a photocopy of the delivery instructions by my/ our DP in respect of my/our Shares as detailed below:

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

5. I/ We have done an off-market transaction for crediting the equity shares to the special depository account with Stock Holding Corporation of India Limited styled "Cameo Corporate Services Limited - Escrow A/c - VCL OPEN OFFER" whose particulars are:

DP Name : Stock Holding Corporation of India Limited DP ID : 16010100 Client ID : 00367240

Enclosures (Please tick as appropriate, if applicable)

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

<input type="checkbox"/> Power of Attorney	<input type="checkbox"/> Corporate authorization in Case of companies along With Board Resolution and specimen Signatures of authorized signatories
<input type="checkbox"/> Death Certificate / Succession Certificate	<input type="checkbox"/> others(Please specify) _____
<input type="checkbox"/> No objection Certificate & Tax Clearance Certificate under Income-Tax Act, 1961, for NRIs /OCBs /Foreign Shareholders as applicable	

- 6. I/ We confirm that the equity shares of Vishal Cotspin Limited which are being tendered herewith by me/us under this Offer are free from liens, charges and encumbrances of any kind whatsoever.
- 7. 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 make payment of the purchase consideration as mentioned in the Letter of Offer.
- 8. I/ We also note and understand that the Acquirers will pay the purchase consideration only after verification of the documents and signatures.
- 9. 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.
- 10. I/ We authorize the Acquirers to accept the equity 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.
- 11. 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.

-----**TEAR ALONG THIS LINE**-----

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

Cameo Corporate Services Ltd.

Contact Person: Ms. K. Sreepriya
"Subramaniam Building" No.1
Club House Road, Chennai- 600 002
Tel: +91-44-28460390 [5 lines]
Fax: +91-44-28460129
Email: investor@cameoindia.com

12. 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.

13. 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.

Please indicate the preferred mode of receiving the payment consideration. (Please tick)

1) **Electronic Mode:** _____ 2) **Physical Mode:** _____

Sr. No Particulars required Details

Name of Bank	Branch	City	Type of Account	Account Number
MICR Code		IFSC Code (for RTGS/NEFT transfers)		

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

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

Yours faithfully,

Signed and delivered

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

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

Place : _____

Date _____

14. 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 : _____

INSTRUCTIONS

1. In the case of dematerialized shares, the shareholders are advised to ensure that their Shares are credited in favour of the Special Depository Account, before the date of Closure of the Offer i.e. Saturday, 31st October, 2009 The Form of Acceptance-cum-Acknowledgment of such demat shares not credited in favour of the Special Depository Account, before the Date of Closure of the Offer will be rejected.

2. **Shareholders should enclose the following:**

I. **For shares held in demat form:-**

Beneficial owners should enclose

- i. Form of Acceptance-cum-Acknowledgment duly completed and signed in accordance with the instructions contained therein, as per the records of the Depository Participant (DP).
- ii. Photocopy of the delivery instruction in "Off-market" mode or counterfoil of the delivery instruction in "Off-market" mode, duly acknowledged by the DP as per the instruction in the Letter of offer.
- iii. In case of non-receipt of the aforesaid documents, but receipt of the shares in the Special Depository Escrow Account, the Acquirers may deem the Offer to have been accepted by the shareholder.

3. **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 VCL and duly witnessed at the appropriate place. A blank Share Transfer form is enclosed along with the Letter of Offer. Attestation, wherever required, (thumb impressions, signature difference, etc.) should be done.

If the Registrar to the Offer does not receive the documents listed above but receives the original share certificates and valid transfer deed from a registered shareholder, then the Offer will be deemed to have been accepted by such shareholders.

The details of buyer should be left blank failing which the same will be invalid under the Offer. 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.

4. 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 VISHAL COTSPIN LIMITED.

5. The Form of Acceptance-cum-Acknowledgment and other related documents should be submitted at the collection center of Cameo Corporate Services Ltd as stated in the Letter of Offer.

6. 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 credited to the bank account of the sole/first shareholder. The payment would be made at par to all the shareholders.

7. **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 VISHAL COTSPIN LIMITED.
- a. The Transfer deed is not complete or that the signatures do not match with the specimen recorded with VISHAL COTSPIN LIMITED.
- b. The number of shares mentioned in the Form of Acceptance-cum-Acknowledgment does not tally with the actual physical share certificate(s) submitted.

8. All documents/ remittances sent by or to shareholders will be at their own risk. Shareholders of Vishal Cotspin Limited are advised to adequately safeguard their interests in this regard.

9. Neither The Acquirers, the Manager to the Offer, the Registrar to the Offer or Vishal Cotspin 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.

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 Cameo Corporate Services Ltd, "Subramaniam Building" No.1, Club House Road, Chennai- 600 002, so as to reach the Registrars to the Offer on or before the last date of acceptance i.e. Saturday, 31st October, 2009.

10. Please read the enclosed Letter of Offer before filling up the form of Acceptance.

11. The Form of Acceptance should be filled up in English only.

12. Signature(s) other than in English, Hindi and thumb impression must be attested by notary public under his official seal.

13. **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 VCL
- (ii) Shareholders of VCL to whom the Offer is being made, are free to Offer his/her/their shareholding in VCL 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./ DP ID/Client ID:

Cameo Corporate Services Ltd.

(Unit : Vishal Cotspin Ltd.)

Contact Person: Ms. K. Sreepriya

"Subramaniam Building" No.1

Club House Road, Chennai- 600 002

Tel: +91-44-28460390 [5 lines]

Fax: +91-44-28460129

Email: investor@cameoindia.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 Cameo Corporate Services Ltd at the address as mentioned in the Letter of Offer)

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

OFFER

Opens on : **Monday, 12th October, 2009**

Last date of withdrawal : **Wednesday, 28th October, 2009**

Closes on : **Saturday, 31st October, 2009**

To,

Cameo Corporate Services Ltd.

"Subramaniam Building" No.1

Club House Road,

Chennai- 600 002

Dear Sir/ Madam,

Sub: **Open Offer to acquire 6,49,580 equity shares of Rs.10/- each, representing 20% of the total issued subscribed and paidup equity share capital and 20% of the total voting equity share capital of Vishal Cotspin Limited ("Target Company"/ "VCL ") at price of Rs. 3/- (Rupees Three only) per Equity share ("Offer Price") payable in cash by Mr. Deepak Dunganarshi Chheda, Mr. Rohit Keshavji Dedhia, Mr. Harish Damji Nisar and Mr. Shailesh Damji Shah (collectively referred to as the Acquirers) — withdrawal of shares tendered in the Offer.**

I/ We refer to the Letter of Offer dated 6th October, 2009, for acquiring the Shares held by me/us in **VISHAL COTSPIN 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 irrevocably 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 and also for non-receipt of shares held in the dematerialized form in the DP account 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 and beneficiary position data as available from the Depository from time to time, respectively.

-----**TEAR ALONG THIS LINE**-----

Acknowledgment Slip: Vishal Cotspin Limited – Open Offer (to be filled in by the shareholders)

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

Form of Acceptance cum Acknowledgement for VCL Offer as per details below: -

Physical Shares: **Folio No.** _____ **No. of Certificates Enclosed** _____ **Certificate No.** _____ **Total No. of Shares Enclosed** _____

Demat Shares: **Client ID** _____

DP ID _____

Copy of Delivery Instruction to DP _____

Total No. of Shares Enclosed _____

(Delete whichever is not applicable)

Date of Receipt: _____ Stamp of collection center: _____

Signature of Official: _____

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

Folio No.	Certificate No.	Distinctive No.(s)		No. of Shares
		From	To	
Tendered				
Withdrawn				

Total No. of equity shares

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

I/ We hold the following shares in dematerialized form, have tendered the shares in the Offer and had done an off-market transaction for crediting the Shares to the Special Depository Account with Stock Holding Corporation of India Limited Styled "Cameo Corporate Services Limited - Escrow A/c - VCL OPEN OFFER" as per the following particulars:

DP Name : Stock Holding Corporation of India Limited DP ID : 16010100 Client ID : 00367240

Please find enclosed a photocopy of the depository delivery instruction(s) duly acknowledged by the Depository Participant. The particulars of the account from which my/ our shares have been tendered are as detailed below:

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

I/ We note that the Shares will be credited back only to the depository account, from which the shares have been tendered and necessary standing instructions have been issued in this regard. I/We confirm that the particulars given above are true and correct.

In case of dematerialized Shares, I/ We confirm that the signatures of the beneficiary holders have been verified by the DP as per the records maintained at their end and the same have also been duly attested by them under their seal.

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 shareholders must sign. A corporation must affix its common seal necessary Board Resolution should be attached.

Place: _____

Date: _____

-----**TEAR ALONG THIS LINE**-----

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

Cameo Corporate Services Ltd.

Contact Person: Ms. K. Sreepriya
 "Subramaniam Building" No.1
 Club House Road, Chennai- 600 002
 Tel: +91-44-28460390 [5 lines]
 Fax: +91-44-28460129
Email: investor@cameoindia.com

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, 28th October, 2009
2. Shareholders should enclose the following:
 - i. **For Shares held in demat form:**

Beneficial 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
 - c. Photocopy of the delivery instruction in "Off-market" mode or Counterfoil of the delivery instruction in "Off-market" mode, duly acknowledged by the DP.
 - ii. **Registered Shareholders should enclose.**
 - a. Duly signed and completed Form of Withdrawal
 - b. Acknowledgement slips 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 Vishal Cotspin Limited and duly witnessed at the appropriate place.
 - iii. **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/ Special Depository Account.
4. The intimation of returned Shares to the shareholders will be at the address as per the records of the Target Company/depository as the case may be.
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. Shareholders holding Shares in dematerialized form are requested to issue the necessary standing instruction for receipt of the credit in their DP account.
8. The Form of Withdrawal and other related documents should be submitted at the collection center of Cameo Corporate Services Ltd as stated in the Letter of Offer.

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 Cameo Corporate Services Ltd, "Subramaniam Building" No.1, Club House Road, Chennai- 600 002 so as to reach the Registrars to the Offer on or before the last date of acceptance i.e. Saturday, 31st October, 2009.

