

**PUBLIC ANNOUNCEMENT FOR THE ATTENTION OF THE SHAREHOLDERS OF KAPIL COTEX LIMITED**

Registered Office: 305, Bewitching Apartment, Miniland Tank Road, Bhandup (W), Mumbai – 400078.  
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**CASH OFFER FOR ACQUISITION OF EQUITY SHARES FROM SHAREHOLDERS**

This Public Announcement ("PA") is being issued by the Manager to the Offer, Aryaman Financial Services Limited ("AFSL"), on behalf of Mr. Prakash Chandra Rathi and Mrs. Poonam P. Rathi pursuant to Regulation 10 and 12 and other provisions of Chapter III and in compliance with the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 1997 and subsequent amendments thereto (hereinafter referred to as the "Regulations").

**1. THE OFFER**  
 1.1 This Offer is being made by Mr. Prakash Chandra Rathi and Mrs. Poonam P. Rathi both residing at 17-A, Radha Krishna, Miniland Tank Road, Bhandup (W), Mumbai – 400078 (hereinafter referred to as "The Acquirers") to the equity Shareholders of M/s. Kapil Cotex Limited (hereinafter referred to as "KCL" or the "Target Company").

1.2 The Board of Directors of KCL at its meeting held on August 20, 2009 have issued and allotted 3,60,000 equity shares of Rs. 10/- each fully paid up at a premium of Rs. 3.50/- on preferential basis to Acquirers ("Preferential Issue") in accordance with Guidelines for Preferential Issues contained in Chapter XIII of the Securities and Exchange Board of India (Disclosure and Investor Protection) Guidelines, 2000 and subsequent amendments thereto and in accordance with the relevant regulatory approvals, as applicable, for the Preferential Issue. The Equity Shares issued on preferential basis are subject to "lock-in" as per the above-mentioned SEBI (DIP) Guidelines.

The preferential issue was duly authorized by the Board of Directors of the Target Company at its meeting held on May 11, 2009 and by the Shareholders by way of a special resolution passed under Section 81(1A) of the Companies Act, 1956 and other applicable provisions, at the duly convened Extra Ordinary General Meeting ("EGM") of the Target Company held on June 8, 2009. The Target Company also received "in-principle" approval from the Bombay Stock Exchange Limited ("BSE") vide their letter no. DCS/PREF/SR/PRE/755/09-10 dated August 7, 2009 for the aforesaid preferential issue.

1.3 Simultaneously, the Acquirers have also entered into a Share Sale and Purchase Agreement ("SSPA" or "Agreement") dated August 20, 2009 with M/s SRV Telecom Pvt. Ltd. ("SRVTL") (represented by Mr. E. K. Surendran, Director of the Company who has been authorized to execute this Agreement and to do all such acts, things and deeds to give effect to the sale of the said shareholding in the Company) having their registered office at 305, Bewitching Apartment, Miniland Tank Road, Bhandup (W), Mumbai – 400078 and corporate office & works situated at 31/5, Left of Magadi main road, Bangalore – 560079, Karnataka. Tel. No.: 91-80-23400663 / 23400712; Fax No.: 91-80-23113053; Email: info@srv.co.in; Web: www.srv.co.in (hereinafter referred to as "the Seller"), for the acquisition of 68,500 fully paid up equity shares ("Sale Shares") of Rs. 10/- each representing 11.42% of the expanded subscribed equity share capital of the KCL at a price of Rs. 7.50/- (Rupees Seven and Paise Fifty Only) per equity share aggregating to Rs. 5,13,750/- (Rupees Five Lac Thirteen Thousand Seven Hundred and Fifty Only). The seller is the core Promoter of the Target Company.

**The salient features of the SSPA are:**

1. a) The Acquirers shall deposit with the seller the cheque for an amount of Rs. 80,000/- (Rupees Eighty Thousand Only) as interest-free earnest money or deposit, which would be finally adjusted against the total purchase consideration.
- b) The balance payment for purchase of the shares shall be effected by the Acquirers to the Seller by Bankers Cheque / Demand Draft after completion of the Public Offer.
2. The Acquirers shall also have a right to reconstitute the Board of Directors of the Target Company and appoint their own nominee Directors as Directors / Chairman of the Target Company, only after completion of the Public Offer.
3. In case of non-compliance of any provisions of the SEBI (Substantial Acquisition of Shares and Takeover) Regulations, 1997 pertaining to the Open Offer being triggered by this SSPA, this agreement shall not be acted upon by the Seller or the Acquirers.
4. The seller also confirms that all the requisite Board Resolutions and authorization to respective Director to execute the necessary documents for sale of shares held by the seller company is completed.
5. The negotiated price for the purpose of this agreement shall be Rs. 7.50/- (Rupees Seven and Paise Fifty only) per fully paid Equity Share aggregating to Rs. 5,13,750/- (Rupees Five Lac Thirteen Thousand Seven Hundred and Fifty only) arrived on the basis of negotiation and which could be the minimum Offer Price under Regulation 20 of the Takeover Regulations.

1.4 The subscribed and paid up Equity Share Capital of the Target Company prior to the Preferential Issue was Rs. 24,00,000/- consisting of 2,40,000 fully paid up equity shares of Rs. 10/- each. Post Preferential Issue, the subscribed and paid up Equity Share Capital of the Target Company shall be Rs. 60,00,000/- consisting of 6,00,000 fully paid up equity shares of Rs. 10/- each. There are no partly paid up equity shares in the Target Company.

1.5 As on the date of the PA, the Acquirers jointly hold 4,000 Equity Shares in the Target Company and 3,60,000 Equity shares allotted on preferential basis as mentioned in para 1.2 above. Pursuant to the Preferential Issue and SSPA, the Acquirers shall be holding 4,32,500 Equity shares constituting 72.08% of the expanded subscribed Equity Share capital of the Target Company. The highest and the average price paid for these acquisition is Rs. 13.50/- and Rs. 12.54/- respectively. Other than above, the Acquirers have not acquired any equity shares of KCL during the preceding 12 months from the date of this PA.

1.6 As a result of the allotment under the Preferential Issue and the proposed acquisition under SSPA, the shareholding of the Acquirers exceed 15% of the expanded Equity Share capital of the Target Company resulting in triggering of the Regulations and hence this Offer is being made pursuant to and in terms of the Regulations

1.7 The Acquirers are making this Offer under regulation 10 and 12 of the Regulations to the Public Shareholders of KCL (except the Acquirers and the Seller) to acquire 1,20,000 equity shares of Rs.10/- each representing 20.00% of the expanded subscribed Equity and Voting Share Capital of KCL at a price of Rs. 13.50/- per Equity Share ("Offer Price") payable in cash in terms of Regulation 20 of the Regulations ("the Offer") since they have jointly acquired 3,60,000 (60.00%) equity shares through Preferential Issue and further proposed to acquire 68,500 (11.42%) equity shares through SSPA.

| Name of the Acquirer | Shares prior to Pref. Issue | Shares through Pref. Issue | Shares through SSPA | Total Shares    |
|----------------------|-----------------------------|----------------------------|---------------------|-----------------|
| Mr. Prakash C. Rathi | 2,000                       | 2,00,000                   | 34,250              | 2,36,250        |
| Mrs. Poonam P. Rathi | 2,000                       | 1,60,000                   | 34,250              | 1,96,250        |
| <b>Total</b>         | <b>4,000</b>                | <b>3,60,000</b>            | <b>68,500</b>       | <b>4,32,500</b> |

1.8 The shares of KCL are listed on Bombay Stock Exchange Limited (BSE). The equity shares are traded in the 'T' category. As the annualized trading turnover of the Equity Shares of the KCL is not more than 5% of the total number of listed shares on BSE, the equity shares of KCL are deemed to be infrequently within the meaning of explanation (i) to Regulation 20(5) of the Regulations and therefore the Offer Price of Rs. 13.50 per Share has been determined in terms of Regulation 20(5) of the Regulations applicable to infrequently traded Shares.

|   |                       |
|---|-----------------------|
| (a) Negotiated price under the Shares Sale Purchase Agreement   | Rs. 7.50/- per share  |
| (b) Highest price paid by the Acquirers for acquisitions, if any, including by way of allotment in a Public or Rights or Preferential Issue, during the 26 week period prior to the date of the Public Announcement | Rs.13.50/- per share  |
| (c) Other Parameters as at:   | <b>March 31, 2009</b> |
| (i) Return on Networth (%)  | 2.65%                 |
| (ii) Book Value (per share)   | Rs. 13.16             |
| (iii) Earning Per Share   | Rs. 0.35              |

In view of the parameters considered and presented in table above, in the opinion of the Acquirers and Manager to the Offer, the Offer Price of Rs. 13.50/- (Rupees Thirteen and Paise Fifty Only) per share being the highest of the prices mentioned above is justified in terms of Regulation 20(5) & 20(11) of the Regulations.

1.9 The Acquirers are a part of the promoters' group of the Target Company. The Acquirers are on the Board of the Target Company.

1.10 As on the date of PA, the Manager to the Offer does not hold any equity share in the Target Company. They declare and undertake not to deal in the shares of KCL during the period commencing from the date of their appointment as Manager to the Offer till the expiry of 15 days of closure of the Offer.

1.11 There are no Persons Acting in Concert ("PACs") with the Acquirers for the purpose of this offer.

1.12 The Offer is not subject to any minimum level of acceptances from shareholders and is not a conditional Offer.

1.13 The Acquirers shall accept all the equity shares of KCL those are tendered in valid form in terms of this Offer upto maximum of 1,20,000 equity shares of Rs.10/- each representing 20.00% of the expanded subscribed Equity share capital of the KCL.

1.14 This is not a competitive bid.

1.15 All shares tendered shall be free from lien, charges and encumbrances of any kind, whatsoever.

1.16 The Acquirers have undertaken to comply with the Regulations and complete the Offer formalities irrespective of the compliance or fulfillment or outcome of the Agreement and its related conditions.

1.17 The Acquirers, Seller and the Target Company have not been prohibited by SEBI from dealing in securities, in terms of directions issued under Section 11B of the Securities Exchange Board of India Act, 1992 as amended (the "SEBI Act") or under any other Regulation made under the SEBI Act.

1.18 The Offer is not as a result of global acquisition resulting in indirect acquisition of KCL.

1.19 The Acquirers have not entered into any inter-se agreement for the purpose of allocation of the shares received in this Offer. The shares, which will be tendered in the Open Offer, will be allocated amongst the Acquirers as per their mutual consent.

**2. INFORMATION ABOUT THE ACQUIRERS**

2.1 Mr. Prakash Chandra Rathi, aged 43 years is residing at 17-A, Radha Krishna, Miniland Tank Road, Bhandup (W), Mumbai - 400078. He is a Graduate in Commerce and having 16 years of experience in the field of Accounts and Finance. He is acting as the Managing Director of the Target Company. The Networth of Mr. Prakash Chandra Rathi as on June 30, 2009 is Rs. 2,66,54,898/- (Rupees Two Crore Sixty Six Lac Fifty Four Thousand Eight Hundred and Ninety Eight Only) as certified vide certificate dated July 1, 2009 by Mr. Shiv Raj Rathi (Membership No. 112376) of Samria & Co.; Chartered Accountants having their office situated at 2/E, Court Chambers, 35 New Marine Lines, Mumbai - 400020. Tel. No.: 91-22-22066981; Fax No.: 91-22-22002604; Email: shivrajrathi@yahoo.co.in

2.2 Mrs. Poonam P. Rathi, aged 36 years is residing at 17-A, Radha Krishna, Miniland Tank Road, Bhandup (W), Mumbai - 400078. She is a Graduate in Commerce and having 11 years of experience in the field of designing of textile products. The Networth of Mrs. Poonam P. Rathi as on June 30, 2009 is Rs. 1,08,69,927/- (Rupees One Crore Eight Lac Sixty Nine Thousand Nine Hundred and Twenty Seven Only) as certified vide certificate dated July 1, 2009 by Mr. Shiv Raj Rathi (Membership No. 112376) of Samria & Co.; Chartered Accountants having their office situated at 2/E, Court Chambers, 35 New Marine Lines, Mumbai - 400020. Tel. No.: 91-22-22066981; Fax No.: 91-22-22002604; Email: shivrajrathi@yahoo.co.in

2.3 The Acquirers i.e. Mr. Prakash Chandra Rathi and Mrs. Poonam P. Rathi are related to each other as husband and wife.

2.4 The Acquirers have not entered into any non-compete agreement with the Seller.

**3. INFORMATION ABOUT THE TARGET COMPANY**

3.1 KCL was incorporated on October 14, 1983 under the Companies Act, 1956 in the state of Maharashtra. The Certificate of Incorporation bearing No. 31114 / 1983 was obtained from the Registrar of the Companies, Madhya Pradesh and Maharashtra. Later, the company had received the Certificate for Commencement of Business bearing no. 31114 from the Registrar of the Company, Bombay, Maharashtra, on May 21, 1984. KCL came out with its maiden public issue during August 1984 and the name of the Target Company has not been changed since then.

3.2 The Company was incorporated with main objects of carrying on the business of dyeing, bleaching, printing combining, preparing, spinning, weaving, manufacturing, selling, buying, importing, exporting and otherwise dealing in yarn, linen, cloth and other goods and fabrics made from raw cotton, flax, hemp, jute, wool, silk, rayon and other man made fibres and filaments. Also with the object to act as a principals, agents, brokers, buying and selling agents, wholesale and retail dealers and commission agents in all types of textiles, raw materials, and earn or grant commission on such transactions.

3.3 As on date of this PA, the Authorized Share Capital of the Company is Rs. 2,00,00,000 (Rupees Two Crore Only) divided into 20,00,000 (Twenty Lac) equity shares of Rs.10/- each. The Issued & paid-up share capital is Rs. 60,00,000 (Rupees Sixty Lac Only) divided into 6,00,000 (Six Lac Only) equity shares of Rs. 10/- each. There are no partly paid up shares in the Target Company. There are no outstanding convertible instruments (debentures/warrants/ FCDs / PCDs) etc. into equity shares on any later date.

3.4 There are 3,64,000 shares under lock-in period. Out of which 4,000 shares: 2,40,000 shares and 1,20,000 shares are lock-in for a period of six months, one year and three years respectively. There has not been any merger / demerger or spin-off of the Company's business operations during the past 3 years.

3.5 The Equity shares of KCL are listed only on Bombay Stock Exchange Limited, Mumbai i.e. BSE.

3.6 As on the date of the PA, the Board of Directors of Target Company consists of Mr. E. K. Surendran, Mr. M. Vasudeesha, Mr. C. K. Vincent, Mr. Prakash Chandra Rathi, Mr. Jagdish Manohar Mantri, Mr. Rakesh Ramswaroop Sonani, Mr. Yogesh Nandlal Chandak and Mrs. Poonam P. Rathi.

3.7 As on date of this PA, the Target Company does not have any subsidiary.

3.8 The brief audited financials of the Target Company are as follows:

| Particulars                        | As on March 31, 2009 |
|------------------------------------|----------------------|
| Total Income (in Lac)              | 2.67                 |
| Profit / (Loss) After Tax (in Lac) | 0.84                 |
| Earning Per Share (in Rs.)         | 0.35                 |
| Book Value Per Share (in Rs.)      | 13.16                |
| Networth (in Lac)                  | 31.59                |
| Return on Networth (in %)          | 2.65                 |

**4. REASONS FOR THE ACQUISITION, OFFER AND FUTURE PLANS**

4.1 The Offer has been made pursuant to Regulations 10 and 12 and other provisions of Chapter III and in compliance with the Regulations.

4.2 The prime object of the Offer is to acquire substantial acquisition of shares / voting rights of the Target Company thereby obtaining effective management control of the Target Company.

4.3 The Acquirers want to restructure and revive the Target Company through infusion of funds. They wish to start textile and textile related business in the Company, which is also permissible by the main objects of the company.

4.4 The Acquirers do not have any plans to dispose of otherwise encumber any assets of KCL in the next two years except in the ordinary course of business of the Target Company and except to the extent required for the purpose of restructuring and / or rationalization of operations, assets, investments, liabilities or otherwise of the Target Company for commercial reasons and operational efficiencies.

4.5 Other than in the ordinary course of business, the Acquirers undertake that they will not sell, dispose of or otherwise encumber any substantial asset of the Target Company except with the prior approval of the shareholders of the Target Company and in accordance with and subject to the applicable laws, permissions and consents, if any.

**5. STATUTORY APPROVALS / OTHER APPROVALS REQUIRED FOR THE OFFER**

5.1 The Offer is subject to the Acquirers obtaining the approval(s) from Reserve Bank of India (RBI), if any, under the Foreign Exchange Management Act, 1999 ("FEMA").

5.2 As on date of this PA, to the best of the knowledge of the Acquirers, there are no other statutory approvals and / or consents required. However, the Offer would be subject to all-statutory approvals as may be required and / or may subsequently become necessary to acquire at any later date.

5.3 In case of delay in receipt of any statutory approval, SEBI has the power to grant an extension of the time required for payment under the Offer provided that the Acquirers agree to pay interest in accordance with Regulation 22(12) of the Regulations. Further, if the delay occurs due to the willful default or neglect or inaction of Acquirers in obtaining the requisite approvals, the amount lying in the Escrow Account shall be liable to be forfeited and dealt in the manner provided in Regulation 28(12)(e) of the Regulations, apart from the Acquirers being liable for penalty as provided in the Regulations.

5.4 No approval is required from any bank or financial institution, for this Offer, to the best of the knowledge of the Acquirers.

**6. OPTION IN TERMS OF REGULATION 21(2)**

In the event, pursuant to this Offer or otherwise, the public shareholding in the Target Company falls below 25% of its outstanding equity share capital, the Acquirers will, in accordance with regulation 21(2) of the Regulations, facilitate the Target Company to raise the level of public shareholding to the level specified for continuous listing in the Listing Agreement with the stock exchange within the specified time and in accordance with the prescribed procedure under amended clause 40A(viii) of the Listing Agreement and in compliance with the Regulations.

**7. FINANCIAL ARRANGEMENTS**

7.1 The Acquirers have adequate financial resources and have made firm financial arrangements for the implementation of the Offer in full, out of their own sources and no borrowings from any Bank and / or Financial Institution are envisaged. Mr. Shiv Raj Rathi (Membership No. 112376) of Samria & Co.; Chartered Accountants having office at 2/E, Court Chambers, 35, New Marine Lines, Mumbai - 400020. Tel. No.: 91-22-22066981; Fax No.: 91-22-22002604; Email shivrajrathi@yahoo.co.in has certified vide Certificates dated July 1, 2009 that on the basis of necessary information and explanation given by the Acquirers and on the verification of their assets, liabilities, and the requirement of the funds, the Acquirers have adequate resources and immediate access to liquid assets to meet the financial requirements of the Open Offer.

7.2 The maximum consideration payable by the Acquirers assuming full acceptances of the Offer would be Rs. 16,20,000/- (Rupees Sixteen Lac and Twenty Thousand Only). In accordance with regulation 28 of the Regulations, the Acquirers have made a fixed deposit of Rs. 4,25,000/- (Rupees Four Lac and Twenty Five Thousand Only) being more than 25% of the consideration payable in the Open Offer with The Federal Bank Limited, Dadar (East) Branch, Mumbai - 400014 on August 25, 2009 and simultaneously the Bank has marked a lien in favour of the Manager to the Offer.

7.3 The Manager to the Offer i.e. Aryaman Financial Services Limited is authorized to operate the above-mentioned fixed deposit amount to the exclusion of all others and to instruct the Escrow Banker to issue cheques / pay orders / demand drafts / ECS credit, if required, in accordance with the Regulations.

7.4 Based on the aforesaid financial arrangements and based on the confirmations received from the Chartered Accountant, the Manager to the Offer is satisfied about the ability of the Acquirers to implement the Offer in accordance with the Regulations. The Manager to the Offer confirms that the firm arrangement for the funds and money for payment through verifiable means are in place to fulfill the Offer obligations.

**8. OTHER TERMS OF THE OFFER**

8.1 The Offer is not subject to any minimum level of acceptance.

8.2 A Letter of Offer ("the Letter of Offer" or "LOO"), specifying the detailed terms and conditions of this Offer, along with a Form of Acceptance-cum-Acknowledgement ("the Form of Acceptance") and Form of Withdrawal, will be mailed to all the shareholders of KCL (other than the Acquirers and the Seller) whose names appear on the Register of Members of KCL, at the close of business hours on, September 5, 2009 ("the Specified Date").

8.3 All the Shareholders registered or unregistered, (except the Acquirers and the Seller) who own fully paid equity shares of KCL anytime before the closure of the Offer are eligible to participate in the Offer.

8.4 Shareholders who are holding fully paid equity shares and wish to tender their equity shares will be required to send the Form of Acceptance-cum-Acknowledgement, original Share Certificate(s) and blank transfer deed(s) duly signed to the Registrar to the Offer, **Satellite Corporate Services Pvt. Limited** so that the same are received on or before the Closure of the Offer, at the address given below in 8.6, in accordance with the instructions specified in the Letter of Offer and the Form of Acceptance.

8.5 If the shareholders of the Target Company hold the shares in dematerialised form, those desirous of participating in the Offer may send their application along with the duly filled Form of Acceptance to the Registrar to the Offer, such that the applications are received by the Registrar to the Offer, on or before the closing date of the Offer, stating the name, address, number of Shares held, number of shares offered, Depository Participant ("DP") name, DP ID number, beneficiary account number along with a photocopy of the delivery instruction in "off-market" mode, duly acknowledged by the DP in favour of "Satellite Corporate Services Pvt. Ltd. Escrow A/C Kapil-Open Offer", filled in as per instructions given below:

|  |                                   |
|--|-----------------------------------|
| Depository Name                        | NSDL                              |
| DP Name                                | IL&FS Securities Services Limited |
| DP ID Number                           | IN300095                          |
| Beneficiary Account Number / Client ID | 11464740                          |

Shareholders should ensure credit of their shares in favour of the depository account above, before the closure of the Offer. Shareholders holding their beneficiary account in Central Depository Services India Limited ("CDSL") will have to use an inter-depository delivery instruction slip for the purpose of crediting their Shares in favour of the special depository account with National Securities Depository Limited (NSDL).

8.6 All owners of fully paid equity shares of KCL, registered or unregistered who wish to avail of and accept the Offer can hand deliver the Form of Acceptance cum Acknowledgement along with all the relevant documents on all working days i.e. from Monday to Friday between 11.00 a.m. and 4.00 p.m. and on Saturday from 11.00 a.m. to 2.00 p.m. at:

| Name & Address of Collection Centre   | Contact Person and Contact Numbers  | Mode of Delivery                |
|---|---|---------------------------------|
| Satellite Corporate Services Pvt. Ltd. B-302, Sony Apartment, Opp. St. Judes High School, Off Andheri-Kurla Road, 90 Ft. Rd, Jarimari, Sakinaka, Mumbai - 400072. | Mr. Michael Monteiro<br>Tel.: 91-22-28520461 / 28520462.<br>Fax No.: 91-22-28511809<br>E-mail: service@satellitecorporate.com | Hand Delivery / Registered Post |

Neither the share certificate(s) nor transfer deed(s) nor the Form of Acceptance should be sent to the Seller or Acquirers or KCL or the Manager to the Offer.

8.7 Persons who have acquired shares of the Target Company (irrespective of the date of purchase) but whose names do not appear in the Register of Members of the Target Company on the Specified Date or those who have not received the Letter of Offer and Unregistered owners who do not receive a copy of the Letter of Offer can send their application in writing on plain paper stating Name and Address of the First Holder, Name(s) & Address(es) of Joint Holder(s) if any, Number of equity shares held, Number of equity shares offered, Distinctive Nos., Folio No., together with the original Share Certificate(s), valid Transfer Deeds and the Original Contract Note issued by the Broker of a recognized stock exchange, through whom they acquired their equity shares and / or such other documents as may be specified, so as to reach the Registrars to the Offer on or before the closure of the Offer.

8.8 No indemnity is required from the unregistered owners whilst accepting the Offer.

8.9 A copy of the Letter of Offer (including the Form of Acceptance and the Form of Withdrawal) would also be available on SEBI's website (<http://www.sebi.gov.in>) during the period the Offer is open and may also be downloaded from the site. In case of non-receipt of the Letter of Offer, shareholders may download the same from the SEBI website or obtain a copy of the same from the Manager to the Offer or the Registrar to the Offer on providing suitable documentary evidence of acquisition of Shares.

8.10 The Registrar to the Offer will hold in trust of the share certificates, Form of Acceptance, if any, and the transfer form(s) on behalf of the shareholders of KCL who have accepted the Offer, until the cheques / drafts for the consideration and / or the unaccepted equity shares / share certificates are despatched / returned.

8.11 If the aggregate of the valid responses to the Offer exceeds 1,20,000 fully paid up equity shares, then the Acquirers shall accept the valid applications received on a proportionate basis in accordance with Regulation 21(6) of the Regulations in such a way that acquisition from a shareholder shall not be less than the market lot or the entire holding if it is less than the market lot shall be in demat form. The equity shares of KCL are traded in Demat mode only, with the lot size of 1 share. Since the shares are compulsorily traded in dematerialized form, minimum acceptance will be one share.

8.12 Unaccepted Share Certificates, transfer forms and other documents, if any, will be returned by Registered Post / Speed Post at the shareholders' / unregistered owners' sole risk to the sole / first shareholder. Unaccepted shares held in dematerialised form will be credited back to the beneficial owners' DP account with the respective depository participant as per the details furnished by the beneficial owner in the Form of Acceptance. It will be the responsibility of the shareholders to ensure that the unaccepted shares are accepted by their respective depository participants when transferred by the Registrar to the Offer.

8.13 Despatches involving payment of a value in excess of Rs. 1,500/- will be made by registered post/speed post at the shareholder's sole risk. In case shareholders residing in any of the centers specified by the SEBI and have opted an option to get payment consideration through electronic transfer of funds by using ECS (Electronic Clearing Service), Direct Credit, RTGS (Real Time Gross Settlement) or NEFT (National Electronic Funds Transfer), as is for the time being permitted by the Reserve Bank of India should provide all the necessary Bank details including MICR code or RTGS code or IFSC code in Form of Acceptance-cum-Acknowledgement and the payment intimation will be sent to the sole / first named shareholder of KCL whose equity shares are accepted by the Acquirers at his address registered with KCL. Rejected documents will be sent by registered post/speed post. All other despatches will be made by ordinary post to the shareholder's sole risk. All cheques / demand drafts will be crossed Account Payee and will be drawn in the name of the first holder, in case of joint holder(s). In case of unregistered owners of shares, payment will be made in the name of the person stated in the contract note. It will be desirable if the shareholders provide bank account details in the Form of Acceptance-cum-Acknowledgement for incorporation in the cheque / demand draft.

8.14 While tendering the equity shares under the Offer, NRIs / OCBs / foreign shareholders will be required to submit the previous RBI Approvals (specific or general) that they have taken to acquire the equity shares of the Target Company. In case the previous RBI approvals are not submitted, Acquirers reserve the right to reject such equity shares tendered. While tendering shares under the Offer, NRIs / 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 Acquirers under the Income Tax Act, 1961 (the "Income Tax Act"), before remitting the consideration. In case the aforesaid Tax Clearance certificate is not submitted, Acquirers will arrange to deduct tax at the rate as may be applicable to the category of the shareholder under the Income Tax Act, on the entire consideration amount payable to such shareholder.

8.15 As per the provisions of Section 196D(2) of the Income Tax Act, no deduction of tax at source shall be made from any income by way of capital gains arising from the transfer of securities referred to in Section 115AD of the Income Tax Act payable to a Foreign Institutional Investor ("FI") as defined in Section 115AD of the Income Tax Act.

8.16 A schedule of some of the key events in respect of the Offer is given below:

| ACTIVITY   | DATE               | DAY       |
|--|--------------------|-----------|
| Public Announcement  | August 26, 2009    | Wednesday |
| Specified Date   | September 5, 2009  | Saturday  |
| Last date for a Competitive Bid  | September 16, 2009 | Wednesday |
| Date by which Letter of Offer to be posted to the shareholders                                       | October 5, 2009    | Monday    |
| Date of Opening of the Offer   | October 15, 2009   | Thursday  |
| Last date for revising the Offer Price/ Number of Share  | October 22, 2009   | Thursday  |
| Last date for withdrawal of acceptance by the shareholders   | October 28, 2009   | Wednesday |
| Date of Closure of the Offer   | November 3, 2009   | Tuesday   |
| Date of communicating the rejection /acceptance and payment of consideration for the acquired shares | November 18, 2009  | Wednesday |

\*Specified Date is only for the purpose of determining the names of the shareholders as on such date to whom the Letter of Offer would be sent. All owners (registered or unregistered) of equity shares of the Target Company (except the Acquirers and Sellers) are eligible to participate in the Offer anytime before the closure of the Offer.

8.17 In case RBI approval for acquisition of shares from non-resident shareholders is unduly delayed, the Acquirers reserve the right to proceed with payment to the resident shareholders whose shares have been accepted by the Acquirers in terms of this Offer, pending payment to the non-resident shareholders, subject to the entire amount payable to non-resident shareholders being kept in an escrow account whose value can be realised by the Manager as per the Regulations.

**9. GENERAL**

9.1 Neither the Target Company nor the Seller nor the Acquirers, have been prohibited by SEBI from dealing in securities, under directions issued pursuant to Section 11B of the SEBI Act, 1992.

9.2 Pursuant to regulation 13 of the Regulations, the Acquirers have appointed Aryaman Financial Services Limited, Mumbai as Manager to the Offer.

9.3 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 closure of the offer. The withdrawal option can be exercised by submitting the document as per the instruction below and in the Letter of Offer, so as to reach the Registrar to the Offer at the collection center mentioned in 8.6 above, as per the mode of delivery indicated therein on or before October 28, 2009.

- The withdrawal option can be exercised by submitting the Form of Withdrawal (which will be sent to the shareholders along with the Letter of Offer) to the Registrar's Office.
- In case of non-receipt of the Form of Withdrawal, the withdrawal option can be exercised by submitting an application to the Registrar's Office on plain paper along with the following details: Name(s), Address, Distinctive Nos., Folio Number, Total number of shares held, Number of shares tendered, Number of shares to be withdrawn.
- Copy of the acknowledgement received from the Registrar to the Offer while tendering shares should be sent along with the Form of Withdrawal / plain paper application for withdrawal.