

LETTER OF OFFER

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

*This Letter of Offer is sent to you as shareholder(s) of **GUPTA CARPETS INTERNATIONAL LIMITED**. If you require any clarification about the action to be taken, you may please 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 equity shares in **GUPTA CARPETS INTERNATIONAL LIMITED**, please hand over this Letter of Offer and the accompanying Form of Acceptance cum Acknowledgement, Form of Withdrawal cum Acknowledgement and Transfer Deed(s) to the Member of Stock Exchange through whom the said sale was effected.*

OPEN OFFER BY

Mr. Ajaz Farooqi ("Acquirer"), S/o Late Mr. M. M. Farooqi residing at 12-5-35, Wild Flowers, Vijaypuri, South Lallaguda, Secunderabad - 500017, Tel No. 040-27000499, Fax No 040-27001295

To

Acquire upto 8,78,180 (Eight Lacs Seventy Eight Thousand One Hundred and Eighty) Equity Shares of Rs. 10/- each representing 20% of the total issued and subscribed capital

Of

GUPTA CARPETS INTERNATIONAL LIMITED

Registered Office: Opp. Petrol Pump, Ajnala Road, Amritsar-143002, Punjab
Tel. No. +91 183 2590074, Fax No. +91 183 2590074

**At a price of Rs.2 (Rupees Two Only) per fully paid up equity share and
Re.1 (Rupee One Only) per partly paid up equity share payable in cash.**

Pursuant to Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 1997 (SEBI (SAST) Regulations, 1997) and subsequent amendments thereof.

ATTENTION:

1. This offer is being made by the Acquirer pursuant to regulation 10 and 12 of Securities and Exchange of India (Substantial Acquisition of Shares and Takeovers) Regulations, 1997 and subsequent amendments thereto (SEBI (SAST) Regulations, 1997) for substantial acquisition of share and voting rights accompanied with change in control and management.
2. The Offer is not a Conditional Offer.
3. 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 approvals that may become applicable at a later date.
4. Shareholders who have accepted the Offer by tendering the requisite documents, in terms of the Public Announcement / Letter of Offer, can withdraw the same up to three working days prior to the date of closure of the offer i.e. upto December 16, 2011, Friday.
5. If there is any upward revision in the Offer Price by the Acquirer upto seven working days prior to the date of closure i.e. up to December 09, 2011, Friday and in case of withdrawal of Offer, the same would be informed by way of a Public Announcement in the same newspapers where the original Public Announcement had appeared. Such revision in the Offer Price would be payable for all the equity shares tendered anytime during the Offer Period.
6. **There was no Competitive Bid**
7. A copy of Public Announcement, Letter of Offer along with Form of Acceptance cum Acknowledgement and Form of Withdrawal are also available on SEBI's web-site: www.sebi.gov.in.

FOR PROCEDURE FOR ACCEPTANCE OF THIS OPEN OFFER PLEASE REFER SECTION 9 "PROCEDURE FOR ACCEPTANCE AND SETTLEMENT OF THE OFFER" (PAGE NOS. 18 TO 19)

FORM OF ACCEPTANCE-CUM-ACKNOWLEDGEMENT AND FORM OF WITHDRAWAL ARE ENCLOSED WITH THIS LETTER OF OFFER.

All future correspondence, if any, should be addressed to the Manager / Registrar to the Offer at the following addresses:

| Manager to the Offer | Registrar to the Offer |
|---|--|
|  Corporate Professionals WHERE EXCELLENCE IS LAW CORPORATE PROFESSIONALS CAPITAL PRIVATE LIMITED D-28. South Extn. Part-I, New Delhi - 110049 Contact Person: Mr. Manoj Kumar/Ms. Ruchi Hans Ph.: 91-11-40622228/51 Fax: 91-11-40622201 Email: manoj@indiapcp.com / ruchi@indiapcp.com SEBI Regn. No: INM000011435 |  Beetal Financial & Computer Services Pvt. Limited Beetal House, 3 rd Floor, 99, Madangir, Behind Local Shopping Centre, New Delhi-110062 Contact Person: Mr. Punit Mittal Tel. Nos.: 91-11-29961281/82 Fax No.: 91-11-29961284 E. Mail: beetalrta@gmail.com SEBI Reg. No. INR000000262 |
| Offer Opens On: December 2, 2011, Friday | Offer Closes On: December 21, 2011, Wednesday |

SCHEDULE OF THE MAJOR ACTIVITIES OF THE OFFER

| ACTIVITY | ORIGINAL DATE AND DAY | REVISED DATE AND DAY |
|---|------------------------------|------------------------------|
| Date of Public Announcement | September 12, 2011, Monday | September 12, 2011, Monday |
| Specified date (For the purpose of determining the names of the shareholders to whom the letter of offer would be sent) | September 30, 2011, Friday | September 30, 2011, Friday |
| Last date for announcement of a competitive Bid | October 03, 2011, Monday | October 03, 2011, Monday |
| Date by which Letter of Offer will be dispatch to Shareholders | October 21, 2011, Friday | November 28, 2011, Monday |
| Date of Opening of the Offer | October 26, 2011, Wednesday | December 02, 2011, Friday |
| Last date for revising the offer price / number of Shares | November 03, 2011, Thursday | December 09, 2011, Friday |
| Last date for withdrawing acceptance from the Offer | November 09, 2011, Wednesday | December 16, 2011, Friday |
| Date of Closure of the Offer | November 14, 2011, Monday | December 21, 2011, Wednesday |
| Date of communicating rejection / acceptance and payment of consideration for applications accepted | November 29, 2011, Tuesday | December 28, 2011, Wednesday |

RISK FACTORS

(A) Relating to the Offer

- 1) In the event that either (a) the regulatory approvals are not received in a timely manner (b) there is any litigation to stay the offer, or (c) SEBI instructs the Acquirer not to proceed with the offer, then the offer proceeds may be delayed beyond the schedule of activities indicated in this Letter of Offer. Consequently, the payment of consideration to the public shareholders of GCIL, whose shares have been accepted in the offer as well as the return of shares not accepted by the Acquirer, may be delayed. In case of delay in receipt of any statutory approval, Regulation 22(12) of SEBI(SAST) Regulations, 1997, will be adhere to i.e. SEBI has power to grant extension of time to the Acquirer for payment of consideration to shareholders subject to Acquirer agreeing to pay interest as directed by SEBI. Further in case the delay occurs on account of willful default by the Acquirer in obtaining the approvals, Regulation 22(13) of SEBI (SAST) Regulations, 1997, will become applicable.
- 2) In the event of over-subscription to the Offer, the acceptance will be on a proportionate basis.
- 3) The tendered shares and the documents would be held in trust by the Registrar to the Offer until the completion of Offer formalities. Accordingly, the acquirer makes no assurance with respect to any decision by the shareholders on whether or not to participate in the offer.

(B) Relating to Acquirer

- 1) The Acquirer make no assurance with respect to the financial performance of the Target Company and disclaims any responsibility with respect to any decision by the Shareholders on whether or not to participate in the Offer.
- 2) The Acquirer do not accept any responsibility for statements made otherwise than in the Letter of Offer / Public Announcement and anyone placing reliance on any other sources of information (not released by the Acquirer) would be doing so at his / her / its own risk.

The risk factors set forth above, pertain to the Offer and are not in relation to the present or future business or operations of GCIL or any other related matters, and are neither exhaustive nor intended to constitute a complete analysis of the risks involved in participation or otherwise by a shareholder in the Offer. Shareholders of GCIL are advised to consult their stockbrokers or investment consultants, if any, for analysing all the risks with respect to their participation in the Offer.

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1. DEFINITIONS

| | | |
|-----|--|---|
| 1. | Acquirer or The Acquirer | Mr. Ajaz Farooqi |
| 2. | Book Value per share | Net worth / Number of equity shares issued |
| 3. | BSE | The Bombay Stock Exchange Limited |
| 4. | DSE | The Delhi Stock Exchange Association Limited |
| 5. | EPS | Profit after tax / Number of equity shares issued |
| 6. | Form of Acceptance | Form of Acceptance cum Acknowledgement |
| 7. | Form of Withdrawal | Form of Withdrawal cum Acknowledgement |
| 8. | LOO or Letter of Offer | Offer Document |
| 9. | LSE | The Ludhiana Stock Exchange Limited |
| 10. | Manager to the Offer or, Merchant Banker | Corporate Professionals Capital Private Limited |
| 11. | N.A. | Not Available/Not Applicable |
| 12. | NRI | Non Resident Indian |
| 13. | Offer or The Offer | Open Offer for acquisition of 8,78,180 Equity Shares of Rs. 10/- each representing 20% of the total issued and subscribed capital of GCIL at a price of Rs.2 (Rupees Two Only) per fully paid up equity share and Re.1 (Rupee One Only) per partly paid up equity share payable in cash |
| 14. | Offer Price | Rs. 2 (Rupees Two Only) per fully paid up equity share and Re.1 (Rupee One Only) per partly paid up equity share payable in cash |
| 15. | PAT | Profit After Tax |
| 16. | Persons eligible to participate in the Offer | Registered shareholders of M/s Gupta Carpets International Limited and unregistered shareholders who own the equity shares of M/s Gupta Carpets International Limited any time prior to the Closure of Offer except the parties to Share Purchase Agreement dated September 06, 2011 |
| 17. | Public Announcement or "PA" | Announcement of the Open Offer by the Acquirer, which appeared in the newspapers on September 12, 2011 and September 13, 2011 |
| 18. | Registrar or Registrar to the Offer | Beetal Financial & Computer Services Pvt. Ltd. |
| 19. | Return on Net Worth | (Profit After Tax/Net Worth) *100 |
| 20. | SEBI | Securities and Exchange Board of India |
| 21. | SEBI (SAST) Regulations, 1997 or Regulations | Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 1997 and subsequent amendments thereto |
| 22. | SEBI Act | Securities and Exchange Board of India Act, 1992 |
| 23. | Sellers | Mr. Rajesh Gupta and other promoter shareholders of Gupta Carpets International Limited |
| 24. | Target Company or GCIL | M/s Gupta Carpets International Limited |

2. DISCLAIMER CLAUSE

IT IS TO BE DISTINCTLY UNDERSTOOD THAT FILING OF DRAFT LETTER OF OFFER WITH SEBI SHOULD NOT IN ANY WAY BE DEEMED OR CONSTRUED THAT THE SAME HAS BEEN CLEARED, VETTED OR APPROVED BY SEBI. THE DRAFT LETTER OF OFFER HAS BEEN SUBMITTED TO THE SEBI FOR A LIMITED PURPOSE OF OVERSEEING WHETHER THE DISCLOSURES CONTAINED THEREIN ARE GENERALLY ADEQUATE AND ARE IN CONFORMITY WITH THE REGULATIONS. THIS REQUIREMENT IS TO FACILITATE THE SHAREHOLDERS OF M/S GUPTA CARPETS INTERNATIONAL LIMITED TO TAKE AN INFORMED DECISION WITH REGARD TO THE OFFER. THE SEBI DOES NOT TAKE ANY RESPONSIBILITY EITHER FOR FINANCIAL SOUNDNESS OF THE ACQUIRER(S), PACs OR THE COMPANY WHOSE SHARES/CONTROL IS PROPOSED TO BE ACQUIRED OR FOR THE CORRECTNESS OF THE STATEMENTS MADE OR OPINIONS EXPRESSED IN THE LETTER OF OFFER. IT SHOULD ALSO BE CLEARLY UNDERSTOOD THAT WHILE ACQUIRER(S) IS PRIMARILY RESPONSIBLE FOR THE CORRECTNESS, ADEQUACY AND DISCLOSURE OF ALL RELEVANT INFORMATION IN THIS LETTER OF OFFER, THE MERCHANT BANKER IS EXPECTED TO EXERCISE DUE DILIGENCE TO ENSURE THAT ACQUIRER(S) DULY DISCHARGES ITS RESPONSIBILITIES ADEQUATELY. IN THIS BEHALF AND TOWARDS THIS PURPOSE, THE MERCHANT BANKER, CORPORATE PROFESSIONALS CAPITAL PRIVATE LIMITED HAS SUBMITTED A DUE DILIGENCE CERTIFICATE DATED SEPTEMBER 16, 2011 TO SEBI IN ACCORDANCE WITH THE SEBI (SUBSTANTIAL ACQUISITION OF SHARES AND TAKEOVERS) REGULATIONS, 1997 AND SUBSEQUENT AMENDMENTS THEREOF. THE FILING OF THE LETTER OF OFFER DOES NOT, HOWEVER, ABSOLVE THE ACQUIRER(S) FROM THE REQUIREMENT OF OBTAINING SUCH A STATUTORY CLEARANCES AS MAY BE REQUIRED FOR THE PURPOSE OF THE OFFER.

3.1 DETAILS OF THE OFFER

3.1. Background of the Offer

- 3.1.1. The Offer is being made under Regulation 10 and Regulation 12 of SEBI (SAST) Regulations, 1997 and subsequent amendments thereto for substantial acquisition of shares and voting rights accompanied with change in control and management of Target Company.
- 3.1.2. On September 06, 2011, Mr. Ajaz Farooqi ("**Acquirer**") has entered into a Share Purchase Agreement ("**SPA**") to acquire 15,87,100 (Fifteen Lacs Eighty Seven Thousand and One Hundred) fully paid up Equity Shares (the "**Sale Shares**") of Rs.10/- each representing 36.15% of the total issued and subscribed capital of Gupta Carpets International Limited ("**Target Company/GCIL**") from the promoters of GCIL as tabulated below ("**Sellers**"), at a price of Re. 1/- (Rupee One Only)

("Negotiated Price") per fully paid up equity share payable in Cash. The total consideration for the Sale Shares is Rs. 15,87,100 (Rupees Fifteen Lacs Eighty Seven Thousand and One Hundred only) ("Sale Consideration") to be discharged to the Sellers by the Acquirer as per the terms agreed upon and contained in the SPA. The details of the Sellers are tabulated below:

| NAME OF PROMOTERS/SELLERS | NO. OF SHARES | % |
|---------------------------|------------------|--------------|
| Rajesh Gupta | 67,500 | 1.54 |
| Pooja Gupta | 97,000 | 2.21 |
| Saurab Gupta | 1,06,500 | 2.43 |
| Vijay Kumar Aggarwal | 80,000 | 1.82 |
| Sachin Gupta | 1,11,000 | 2.53 |
| Megha Gupta | 65,000 | 1.48 |
| Manu Gupta | 1,65,000 | 3.76 |
| Moti Lal Gupta | 1,11,100 | 2.53 |
| Mehak Gupta | 1,35,000 | 3.07 |
| Hardik Gupta | 1,65,000 | 3.76 |
| Poonam Gupta | 76,000 | 1.73 |
| Veena Gupta | 72,500 | 1.65 |
| Tripta Gupta | 71,500 | 1.63 |
| Meenakshi Gupta | 63,000 | 1.43 |
| Trija Gupta | 54,000 | 1.23 |
| Deepak Gupta | 74,000 | 1.69 |
| Neha Gupta | 73,000 | 1.66 |
| TOTAL | 15,87,100 | 36.15 |

The Offer is not as a result of Global Acquisition resulting in indirect acquisition of Target Company.

3.1.3. The important features of the SPA are laid down as under:

- SPA dated September 06, 2011 between the Acquirer and Sellers to acquire 15,87,100 (Fifteen Lacs Eighty Seven Thousand and One Hundred) fully paid up Equity Shares at a price of Re. 1/- (Rupee One Only) each representing 36.15% of the total issued and subscribed capital of Target Company.
- The total consideration for the sale shares is Rs. 15,87,100/- (Rupees Fifteen Lacs Eighty Seven Thousand and One Hundred only).
- The Sellers agreed to hand over to the Acquirer, the Share Certificate and duly executed transfers deed, signed by them or the attorney as the case may be, and the receipt of the said Share Certificates and transfer deeds is hereby acknowledged by the Acquirer.
- The Acquirer agrees to take steps to comply with the Regulations and to comply with all laws that may be required to give effect to the sale shares.
- On compliance of the Regulations by the Acquirer, the delivery of the shares would be deemed to have taken effect in pursuance of the SPA and that the payment made/to be made by the Acquirer to the Sellers shall be appropriated by the Sellers towards the sale of Sale Shares.
- In the event of non compliance of any provisions of the Regulations, the SPA for such sale shares shall not be acted upon by the Sellers or Acquirer.

3.1.4. There is no separate arrangement for the proposed change in control of the Target Company except the terms as incorporated in SPA.

3.1.5. Neither the Acquirer, Sellers nor the Target Company have been prohibited by SEBI from dealing in securities, in terms of direction under Section 11B of the SEBI Act or under any of the Regulations made under the SEBI Act, 1992.

3.1.6. In compliance with Regulation 22 (7) of the SEBI (SAST) Regulations, 1997, the Acquirer has deposited 100% of the consideration payable under the Offer, assuming full acceptance, in the escrow account and is thus eligible to appoint Directors on the Board of GCIL after a period of 21 (Twenty One) days from the date of the PA. However, the acquirer has neither appointed himself nor any of his representative on the Board of the Target Company till the date of this Letter of Offer.

3.1.7. There is no Non -compete Agreement between the Sellers and the Acquirer.

3.1.8. The Manager to the Open Offer i.e. Corporate Professionals Capital Private Limited does not hold any shares in GCIL as on the date of PA. They declare and undertake that they shall not deal in the shares of the GCIL during the period commencing from the date of their appointment as Manager to the Open Offer till the expiry of 15 days from the date of closure of Open Offer.

3.2. Details of the Proposed offer

3.2.1. In accordance with Regulation 15(1) of the SEBI (SAST) Regulations, 1997, the Acquirer issued a PA on September 12, 2011 which was made in the following newspapers.

| Publication | Editions |
|--|--------------|
| Financial Express (English-In all editions)* | All Editions |
| Jansatta (Hindi-In all editions) | All Editions |
| Desh Sevak Daily (Punjabi) | Chandigarh |
| Mumbai Mitra (Marathi)* | Mumbai |

*Financial Express (English)- Mumbai and Pune-PA appeared on September 13, 2011 due to Ganesh Chaturthi holiday on September 12, 2011.

Mumbai Mitra (Marathi) - PA appeared on September 13, 2011 due to Ganesh Chaturthi holiday on September 12, 2011.

The Public Announcement is also available on the SEBI website at www.sebi.gov.in; BSE website at www.bseindia.com and the website of Manager to the Offer www.corporateprofessionals.com.

3.2.2. The Acquirer intend to make an Open Offer in terms of the SEBI (SAST) Regulations, 1997 to the shareholders of GCIL to acquire 8,78,180 (Eight Lacs Seventy Eight Thousand One Hundred and Eighty) Equity Shares of Rs. 10/- each representing 20% of the total issued and subscribed capital of GCIL at a price of Rs. 2 (Rupees Two Only) per fully paid up equity share and Re.1 (Rupee One Only) per partly paid up equity share ("Offer Price"), payable in cash subject to the terms and conditions mentioned hereinafter, to those shareholders whose names appear on the register of members on Specified Date i.e. September 30, 2011, Friday.

3.2.3. There are 1,500 partly paid up share in GCIL on which an amount of Rs.7,500 (Rupees Seven Thousand Five Hundred Only) is unpaid.

3.2.4. This is not a Competitive Bid.

3.2.5. The Offer is not subject to any minimum level of acceptance from the shareholders i.e. **it is not a Conditional Offer**. The Acquirer will accept the equity shares of GCIL those are tendered in valid form in terms of this offer upto a maximum of 8,78,180 (Eight Lac Seventy Eight Thousand One Hundred and Eighty) Equity Shares representing 20% of the total issued and subscribed capital of the Target Company.

3.2.6. The Acquirer has not acquired any shares of the Target Company after the date of Public Announcement till the date of Letter of Offer except 15,87,100 equity shares agreed to be acquired in terms of the SPA dated September 06, 2011 as per the details given in para 3.1.2 above.

3.3. Object of the Acquisition/ Offer

3.3.1. The Acquirer is interested in taking over the management and control of GCIL. Thus, substantial acquisition of shares and voting rights accompanied with change in control and management is the reason & rationale for the offer.

3.3.2. The offer to the shareholders of GCIL is being made in accordance with Regulation 10 & 12 of the SEBI (SAST) Regulations, 1997.

3.3.3. The Acquirer has expertise in the area of management of Turnkey Infrastructure Projects and hence he wants to change the line of activity of the Target Company. Subject to the compliance with applicable laws, the Acquirer will consolidate his main business of Turnkey Rail Contracts & Infra Development carried in K.V.R. Rail Infra Projects Pvt. Ltd. with the Target Company either by way of merger or acquisition.

4. BACKGROUND OF THE ACQUIRER - MR. AJAZ FAROOQI

4.1. Mr. Ajaz Farooqi, S/o Late Mr. M. M. Farooqi is an Indian national residing at 12-5-35, Wild Flowers, Vijaypuri, Lallaguda, Secunderabad - 500017, Tel No. 040-27000499, Fax No 040-27001295.

4.2. Mr. Ajaz Farooqi is a post graduate in business management and a fellow of Institute of Managerial Sciences with the experience in Transport Management. He also has experience in Business Development and Finance Planning. He has provided Project Management Consultancy Services for the construction of railway sidings and also completed the construction of multi storied complexes in various locations in the twin cities of Hyderabad and Secunderabad.

4.3. Mr. V. Anant Rao (Membership No. 022644) Partner of Anant Rao & Mallik, Chartered Accountants, having office at B-409/410, Kushal Towers, Khairatabad, Hyderabad-500 004, Tel No. 040-23320286 has certified vide his certificate dated September 6, 2011 that the Net Worth of the Acquirer as on August 31, 2011 is Rs. 15,19,97,754 (Rupees Fifteen Crore Nineteen Lacs Ninety Seven Thousand Seven Hundred and Fifty Four only) and that he has sufficient means to fulfill his obligations under this Offer.

4.4. As on the date of Public Announcement, the Acquirer does not holds any shares in the Target Company. Hence, the provisions of Chapter II of the SEBI (SAST) Regulations, 1997 do not apply to him.

4.5. Mr. Ajaz Farooqi is a Director of K.V.R. Rail Infra Projects Pvt. Ltd., Aijaz Investments & Estates Pvt. Ltd., Asma Estates & Investments Pvt. Ltd., Zara Investments Pvt. Ltd., Zainab Investments Pvt. Ltd., Shebaz Investments Pvt. Ltd. and Shoeb Estates Pvt. Ltd., none of which are listed on any stock exchange.

4.6. List of companies promoted by Mr. Ajaz Farooqi:

| Name of the Company/Firm | Listed at |
|--------------------------------------|-----------|
| K.V.R. Rail Infra Projects Pvt. Ltd. | Unlisted |
| Aijaz Investment & Estates Pvt. Ltd. | Unlisted |
| Asma Estates & Investments Pvt. Ltd. | Unlisted |
| Zara Investments Pvt. Ltd. | Unlisted |
| Zainab Investments Pvt. Ltd. | Unlisted |
| Shebaz Investments Pvt. Ltd. | Unlisted |
| Shoeb Estates Pvt. Ltd. | Unlisted |

4.6.1. The details in respect of each company promoted by Mr. Ajaz Farooqi are given as under:

| | |
|---|--|
| Name of the Company | K.V.R. Rail Infra Projects Pvt. Ltd. |
| Date of Incorporation | 15/09/1998 |
| Listed At (name of the Stock Exchanges) | Unlisted |
| Nature of Business | Turnkey Rail Contracts & Infra Development |
| Whether a Sick Industrial Company (Yes/ No) | No |

(Rs. In Lacs)

| Profit & Loss Statement | Year Ended 31.03.2009 (Audited) | Year Ended 31.03.2010 (Audited) | Year Ended 31.03.2011 (Provisional)* |
|--|--|--|---|
| Income from Operations | 10158.99 | 10303.89 | 10087.80 |
| Other Income | 11.48 | 5.69 | 18.60 |
| Increase/ (Decrease) in Stock | Nil | 15.28 | 172.86 |
| Total Income | 10170.47 | 10324.86 | 10279.26 |
| Total Expenditure (Excluding Depreciation and Interest) | 9753.51 | 9710.93 | 9581.37 |
| Profit before Depreciation, Interest and Tax | 416.96 | 613.94 | 697.89 |
| Depreciation | 42.51 | 46.63 | 46.63 |
| Interest | 63.59 | 34.04 | 21.89 |
| Profit before Tax | 310.86 | 533.27 | 629.37 |
| Provision for Tax | 148.32 | 183.31 | 163.16 |
| Profit after Tax | 162.55 | 349.95 | 466.21 |

(Rs. In Lacs)

| Balance Sheet Statement | Year Ended 31.03.2009 (Audited) | Year Ended 31.03.2010 (Audited) | Year Ended 31.03.2011 (Provisional)* |
|--|--|--|---|
| Sources of Funds | | | |
| Paid up Share Capital | 134.68 | 727.38 | 727.38 |
| Reserves & Surplus (Excluding Revaluation Reserve) | 209.06 | 56.79 | 464.13 |
| Share Application Money | 2191.01 | 770.71 | 770.71 |
| Secured Loan | 57.40 | 16.94 | 147.68 |
| Unsecured Loan | Nil | Nil | Nil |
| Deferred Tax Liability (Net) | 18.70 | 24.53 | 30.35 |
| Total | 2610.85 | 1596.35 | 2140.25 |
| Uses of Funds | | | |
| Net Fixed Assets | 537.20 | 500.65 | 834.12 |
| Investments | Nil | 5.50 | 10.50 |
| Net Current Assets | 2073.65 | 1090.20 | 1295.63 |
| Total Miscellaneous Expenses not written off | Nil | Nil | Nil |
| Total | 2610.85 | 1596.35 | 2140.25 |

| Other Financial Data | Year Ended 31.03.2009 (Audited) | Year Ended 31.03.2010 (Audited) | Year Ended 31.03.2011 (Provisional)* |
|-------------------------------|--|--|---|
| Dividend (%) | 20.00 | Nil | Nil |
| Earning Per Share (In Rs.) | 12.07 | 4.81 | 6.41 |
| Networth (Rs. In Lacs) | 343.74 | 784.17 | 1191.51 |
| Return on Networth (%) | 47.29 | 44.63 | 39.13 |
| Book Value Per Share (In Rs.) | 25.52 | 10.78 | 16.38 |

*As Certified by Mr. V. Anant Rao (Membership No. 022644) Partner of Anant Rao & Mallik, Chartered Accountant, having office at B-409/410, Kushal Towers, Khairatabad, Hyderabad-500004 vide his certificate dated September 07, 2011.

| | |
|---|---|
| Name of the Company | Aijaz Investments & Estates Pvt. Ltd. |
| Date of Incorporation | 28/11/2000 |
| Listed At (name of the Stock Exchanges) | Unlisted |
| Nature of Business | Investments and Real Estate Development |
| Whether a Sick Industrial Company (Yes/ No) | No |

(Rs. In Lacs)

| Profit & Loss Statement | Year Ended 31.03.2009 (Audited) | Year Ended 31.03.2010 (Audited) | Year Ended 31.03.2011 (Audited) |
|--|--|--|--|
| Income from Operations | Nil | Nil | Nil |
| Other Income | Nil | Nil | 5.10 |
| Increase/ (Decrease) in Stock | Nil | Nil | Nil |
| Total Income | Nil | Nil | 5.10 |
| Total Expenditure (Excluding Depreciation and Interest) | Nil | Nil | 2.76 |
| Profit before Depreciation, Interest and Tax | Nil | Nil | 2.34 |
| Depreciation | Nil | Nil | Nil |
| Interest | Nil | Nil | Nil |
| Profit/ (Loss) before Tax | Nil | Nil | 2.34 |
| Provision for Tax | Nil | Nil | 0.72 |
| Profit/ (Loss) after Tax | Nil | Nil | 1.62 |

(Rs. In Lacs)

| Balance Sheet Statement | Year Ended 31.03.2009 (Audited) | Year Ended 31.03.2010 (Audited) | Year Ended 31.03.2011 (Audited) |
|--|--|--|--|
| Sources of Funds | | | |
| Paid up Share Capital | 1.00 | 1.00 | 1.00 |
| Share Application Money | 402.05 | 23.09 | 343.94 |
| Reserves & Surplus (Excl. Revaluations Reserves) | Nil | Nil | 1.62 |
| Secured Loan | Nil | Nil | Nil |
| Unsecured Loan | Nil | Nil | Nil |
| Deferred Tax Liability (Net) | Nil | Nil | Nil |
| Total | 403.05 | 24.09 | 346.56 |
| Uses of Funds | | | |
| Net Fixed Assets | 23.44 | 23.44 | 23.44 |
| Investments | 379.00 | Nil | 209.46 |
| Net Current Assets | Nil | (0.01) | 113.55 |
| Total Miscellaneous Expenses not written off | 0.62 | 0.65 | 0.11 |
| Total | 403.05 | 24.09 | 346.56 |
| Other Financial Data | Year Ended 31.03.2009 (Audited) | Year Ended 31.03.2010 (Audited) | Year Ended 31.03.2011 (Audited) |
| Dividend (%) | Nil | Nil | Nil |
| Earning Per Share (In Rs.) | Nil | Nil | 16.20 |
| Networth (Rs. In Lacs) | 0.38 | 0.35 | 2.51 |
| Return on Networth (%) | Nil | Nil | 64.54 |
| Book Value Per Share (in Rs.) | 3.80 | 3.50 | 25.10 |

Certified by Mr. V. Anant Rao (Membership No. 022644) Partner of Anant Rao & Mallik, Chartered Accountant, having office at B-409/410, Kushal Towers, Khairatabad, Hyderabad-500004 vide his certificate dated September 07, 2011.

| | |
|---|---|
| Name of the Company | Asma Estates & Investments Pvt. Ltd. |
| Date of Incorporation | 28/11/2000 |
| Listed At (name of the Stock Exchanges) | Unlisted |
| Nature of Business | Real Estate Development and Investments |
| Whether a Sick Industrial Company (Yes/ No) | No |

(Rs. In Lacs)

| Profit & Loss Statement | Year Ended 31.03.2009 (Audited) | Year Ended 31.03.2010 (Audited) | Year Ended 31.03.2011 (Audited) |
|--|--|--|--|
| Income from Operations | Nil | Nil | Nil |
| Other Income | Nil | Nil | 4.96 |
| Increase/ (Decrease) in Stock | Nil | Nil | Nil |
| Total Income | Nil | Nil | 4.96 |
| Total Expenditure (Excluding Depreciation and Interest) | Nil | Nil | 2.80 |
| Profit before Depreciation, Interest and Tax | Nil | Nil | 2.16 |
| Depreciation | Nil | Nil | Nil |
| Interest | Nil | Nil | Nil |
| Profit before Tax | Nil | Nil | 2.16 |
| Provision for Tax | Nil | Nil | 0.67 |
| Profit after Tax | Nil | Nil | 1.49 |

(Rs. In Lacs)

| Balance Sheet Statement | Year Ended 31.03.2009 (Audited) | Year Ended 31.03.2010 (Audited) | Year Ended 31.03.2011 (Audited) |
|--|--|--|--|
| Sources of Funds | | | |
| Paid up Share Capital | 1.00 | 1.00 | 1.00 |
| Share Application Money | 582.05 | 20.09 | 340.89 |
| Reserves & Surplus (Excluding Revaluation Reserve) | Nil | Nil | 1.49 |
| Secured Loan | Nil | Nil | Nil |
| Unsecured Loan | Nil | Nil | Nil |
| Deferred Tax Liability (Net) | Nil | Nil | Nil |
| Total | 583.05 | 21.09 | 343.38 |

| Uses of Funds | | | |
|--|---------------|--------------|---------------|
| Net Fixed Assets | 20.34 | 20.34 | 20.34 |
| Investments | 562.00 | Nil | 212.00 |
| Net Current Assets | Nil | (0.01) | 110.93 |
| Total Miscellaneous Expenses not written off | 0.70 | 0.75 | 0.11 |
| Total | 583.05 | 21.09 | 343.38 |

| Other Financial Data | Year Ended 31.03.2009 (Audited) | Year Ended 31.03.2010 (Audited) | Year Ended 31.03.2011 (Audited) |
|--------------------------------|--|--|--|
| Dividend (%) | Nil | Nil | Nil |
| Earning Per Share (In Rs.) | Nil | Nil | 14.9 |
| Networth (Rs. In Lacs) | 0.30 | 0.25 | 2.38 |
| Return on Networth (%) | Nil | Nil | 62.61 |
| Book Value Per Share (in Rs.) | 3.00 | 2.5 | 23.80 |

Certified by Mr. V. Anant Rao (Membership No. 022644) Partner of Anant Rao & Mallik, Chartered Accountant, having office at B-409/410, Kushal Towers, Khairatabad, Hyderabad-500004 vide his certificate dated September 07, 2011.

| | |
|---|---|
| Name of the Company | Zara Investments Pvt. Ltd. |
| Date of Incorporation | 28/11/2000 |
| Listed At (name of the Stock Exchanges) | Unlisted |
| Nature of Business | Real Estate Development and Investments |
| Whether a Sick Industrial Company (Yes/ No) | No |

(Rs. In Lacs)

| Profit & Loss Statement | Year Ended 31.03.2009 (Audited) | Year Ended 31.03.2010 (Audited) | Year Ended 31.03.2011 (Audited) |
|---|--|--|--|
| Income from Operations | Nil | Nil | Nil |
| Other Income | Nil | Nil | 3.46 |
| Increase/ (Decrease) in Stock | Nil | Nil | Nil |
| Total Income | Nil | Nil | 3.46 |
| Total Expenditure (Excluding Depreciation and Interest) | Nil | Nil | 2.12 |
| Profit before Depreciation, Interest and Tax | Nil | Nil | 1.35 |
| Depreciation | Nil | Nil | Nil |
| Interest | Nil | Nil | Nil |
| Profit before Tax | Nil | Nil | 1.35 |
| Provision for Tax | Nil | Nil | 0.42 |
| Profit after Tax | Nil | Nil | 0.93 |

(Rs. In Lacs)

| Balance Sheet Statement | Year Ended 31.03.2009 (Audited) | Year Ended 31.03.2010 (Audited) | Year Ended 31.03.2011 (Audited) |
|--|--|--|--|
| Sources of Funds | | | |
| Paid up Share Capital | 1.00 | 1.00 | 1.00 |
| Share Application Money | 15.43 | 15.44 | 242.33 |
| Reserves & Surplus (Excluding Revaluation Reserve) | Nil | Nil | 0.93 |
| Secured Loan | Nil | Nil | Nil |
| Unsecured Loan | Nil | Nil | Nil |
| Deferred Tax Liability (Net) | Nil | Nil | Nil |
| Total | 16.43 | 16.44 | 244.26 |
| Uses of Funds | | | |
| Net Fixed Assets | 16.20 | 16.20 | 16.20 |
| Investments | Nil | Nil | 150.00 |
| Net Current Assets | Nil | Nil | 77.96 |
| Total Miscellaneous Expenses not written off | 0.23 | 0.24 | 0.10 |
| Total | 16.43 | 16.44 | 244.26 |

| Other Financial Data | Year Ended 31.03.2009 (Audited) | Year Ended 31.03.2010 (Audited) | Year Ended 31.03.2011 (Audited) |
|-------------------------------|---------------------------------------|---------------------------------------|---------------------------------------|
| Dividend (%) | Nil | Nil | Nil |
| Earning Per Share (In Rs.) | Nil | Nil | 9.30 |
| Networth (Rs. In Lacs) | 0.77 | 0.76 | 1.83 |
| Return on Networth (%) | Nil | Nil | 50.82 |
| Book Value Per Share (in Rs.) | 7.70 | 7.60 | 18.30 |

Certified by Mr. V. Anant Rao (Membership No. 022644) Partner of Anant Rao & Mallik, Chartered Accountant, having office at B-409/410, Kushal Towers, Khairatabad, Hyderabad-500004 vide his certificate dated September 07, 2011.

| | |
|---|---|
| Name of the Company | Zainab Investments Pvt. Ltd. |
| Date of Incorporation | 28/11/2000 |
| Listed At (name of the Stock Exchanges) | Unlisted |
| Nature of Business | Real Estate Development and Investments |
| Whether a Sick Industrial Company (Yes/ No) | No |

(Rs. In Lacs)

| Profit & Loss Statement | Year Ended 31.03.2009 (Audited) | Year Ended 31.03.2010 (Audited) | Year Ended 31.03.2011 (Audited) |
|---|---------------------------------------|---------------------------------------|---------------------------------------|
| Income from Operations | Nil | Nil | Nil |
| Other Income | Nil | Nil | 3.28 |
| Increase/ (Decrease) in Stock | Nil | Nil | Nil |
| Total Income | Nil | Nil | 3.28 |
| Total Expenditure (Excluding Depreciation and Interest) | Nil | Nil | 1.98 |
| Profit before Depreciation, Interest and Tax | Nil | Nil | 1.30 |
| Depreciation | Nil | Nil | Nil |
| Interest | Nil | Nil | Nil |
| Profit/ (Loss) before Tax | Nil | Nil | 1.30 |
| Provision for Tax | Nil | Nil | 0.40 |
| Profit/ (Loss) after Tax | Nil | Nil | 0.90 |

(Rs. In Lacs)

| Balance Sheet Statement | Year Ended 31.03.2009 (Audited) | Year Ended 31.03.2010 (Audited) | Year Ended 31.03.2011 (Audited) |
|--|---------------------------------------|---------------------------------------|---------------------------------------|
| Sources of Funds | | | |
| Paid up Share Capital | 1.00 | 1.00 | 1.00 |
| Share Application Money | 14.87 | 14.88 | 232.24 |
| Reserves & Surplus (Excl. Revaluations Reserves) | Nil | Nil | 0.90 |
| Secured Loan | Nil | Nil | Nil |
| Unsecured Loan | Nil | Nil | Nil |
| Deferred Tax Liability (Net) | Nil | Nil | Nil |
| Total | 15.87 | 15.88 | 234.14 |
| Uses of Funds | | | |
| Net Fixed Assets | 15.64 | 15.64 | 15.64 |
| Investments | Nil | Nil | 143.75 |
| Net Current Assets | Nil | Nil | 74.65 |
| Total Miscellaneous Expenses not written off | 0.23 | 0.24 | 0.11 |
| Total | 15.87 | 15.88 | 234.14 |

| Other Financial Data | Year Ended 31.03.2009 (Audited) | Year Ended 31.03.2010 (Audited) | Year Ended 31.03.2011 (Audited) |
|-------------------------------|---------------------------------------|---------------------------------------|---------------------------------------|
| Dividend (%) | Nil | Nil | Nil |
| Earning Per Share (In Rs.) | Nil | Nil | 9.00 |
| Networth (Rs. In Lacs) | 0.77 | 0.76 | 1.79 |
| Return on Networth (%) | Nil | Nil | 50.28 |
| Book Value Per Share (in Rs.) | 7.7 | 7.6 | 17.90 |

Certified by Mr. V. Anant Rao (Membership No. 022644) Partner of Anant Rao & Mallik, Chartered Accountant, having office at B-409/410, Kushal Towers, Khairatabad, Hyderabad-500004 vide his certificate dated September 07, 2011.

| | |
|---|---------------------------------------|
| Name of the Company | Shebaz Investments Pvt. Ltd. |
| Date of Incorporation | 28/11/2000 |
| Listed At (name of the Stock Exchanges) | Unlisted |
| Nature of Business | Real Estate Development & Investments |
| Whether a Sick Industrial Company (Yes/ No) | No |

(Rs. In Lacs)

| Profit & Loss Statement | Year Ended 31.03.2009 (Audited) | Year Ended 31.03.2010 (Audited) | Year Ended 31.03.2011 (Audited) |
|---|--|--|--|
| Income from Operations | Nil | Nil | Nil |
| Other Income | Nil | Nil | Nil |
| Increase/ (Decrease) in Stock | Nil | Nil | Nil |
| Total Income | Nil | Nil | Nil |
| Total Expenditure (Excluding Depreciation and Interest) | Nil | Nil | Nil |
| Profit before Depreciation, Interest and Tax | Nil | Nil | Nil |
| Depreciation | Nil | Nil | Nil |
| Interest | Nil | Nil | Nil |
| Profit/ (Loss) before Tax | Nil | Nil | Nil |
| Provision for Tax | Nil | Nil | Nil |
| Profit/ (Loss) after Tax | Nil | Nil | Nil |

(Rs. In Lacs)

| Balance Sheet Statement | Year Ended 31.03.2009 (Audited) | Year Ended 31.03.2010 (Audited) | Year Ended 31.03.2011 (Audited) |
|--|--|--|--|
| Sources of Funds | | | |
| Paid up Share Capital | 1.00 | 1.00 | 1.00 |
| Share Application Money | 450.00 | 25.03 | 25.03 |
| Reserves & Surplus (Excl. Revaluations Reserves) | Nil | Nil | Nil |
| Secured Loan | Nil | Nil | Nil |
| Unsecured Loan | Nil | Nil | Nil |
| Deferred Tax Liability (Net) | Nil | Nil | Nil |
| Total | 451.00 | 26.03 | 26.03 |
| Uses of Funds | | | |
| Net Fixed Assets | Nil | Nil | Nil |
| Investments | 450.00 | Nil | Nil |
| Net Current Assets | 0.36 | 25.35 | 25.34 |
| Total Miscellaneous Expenses not written off | 0.64 | 0.68 | 0.69 |
| Total | 451.00 | 26.03 | 26.03 |

| Other Financial Data | Year Ended 31.03.2009 (Audited) | Year Ended 31.03.2010 (Audited) | Year Ended 31.03.2011 (Audited) |
|-------------------------------|--|--|--|
| Dividend (%) | Nil | Nil | Nil |
| Earning Per Share (In Rs.) | Nil | Nil | Nil |
| Networth (Rs. In Lacs) | 0.36 | 0.32 | 0.31 |
| Return on Networth (%) | Nil | Nil | Nil |
| Book Value Per Share (In Rs.) | 3.60 | 3.20 | 3.10 |

Certified by Mr. V. Anant Rao (Membership No. 022644) Partner of Anant Rao & Mallik, Chartered Accountant, having office at B-409/410, Kushal Towers, Khairatabad, Hyderabad-500004 vide his certificate dated September 07, 2011.

| | |
|---|---|
| Name of the Company | Shoeb Estates Pvt. Ltd. |
| Date of Incorporation | 28/11/2000 |
| Listed At (name of the Stock Exchanges) | Unlisted |
| Nature of Business | Real Estate Development and Investments |
| Whether a Sick Industrial Company (Yes/ No) | No |

(Rs. In Lacs)

| Profit & Loss Statement | Year Ended 31.03.2009 (Audited) | Year Ended 31.03.2010 (Audited) | Year Ended 31.03.2011 (Audited) |
|---|--|--|--|
| Income from Operations | Nil | Nil | Nil |
| Other Income | Nil | Nil | 3.56 |
| Increase/ (Decrease) in Stock | Nil | Nil | Nil |
| Total Income | Nil | Nil | 3.56 |
| Total Expenditure (Excluding Depreciation and Interest) | Nil | Nil | 2.20 |
| Profit before Depreciation, Interest and Tax | Nil | Nil | 1.36 |
| Depreciation | Nil | Nil | Nil |
| Interest | Nil | Nil | Nil |
| Profit/ (Loss) before Tax | Nil | Nil | 1.36 |
| Provision for Tax | Nil | Nil | 0.42 |
| Profit/ (Loss) after Tax | Nil | Nil | 0.94 |

(Rs. In Lacs)

| Balance Sheet Statement | Year Ended 31.03.2009 (Audited) | Year Ended 31.03.2010 (Audited) | Year Ended 31.03.2011 (Audited) |
|--|--|--|--|
| Sources of Funds | | | |
| Paid up Share Capital | 1.00 | 1.00 | 1.00 |
| Share Application Money | 15.95 | 15.96 | 252.30 |
| Reserves & Surplus (Excl. Revaluations Reserves) | Nil | Nil | 0.94 |
| Secured Loan | Nil | Nil | Nil |
| Unsecured Loan | Nil | Nil | Nil |
| Deferred Tax Liability (Net) | Nil | Nil | Nil |
| Total | 16.95 | 16.96 | 254.24 |
| Uses of Funds | | | |
| Net Fixed Assets | 16.72 | 16.72 | 16.72 |
| Investments | Nil | Nil | 156.25 |
| Net Current Assets | Nil | Nil | 81.16 |
| Total Miscellaneous Expenses not written off | 0.23 | 0.24 | 0.11 |
| Total | 16.95 | 16.96 | 254.24 |

| Other Financial Data | Year Ended 31.03.2009 (Audited) | Year Ended 31.03.2010 (Audited) | Year Ended 31.03.2011 (Audited) |
|-------------------------------|--|--|--|
| Dividend (%) | Nil | Nil | Nil |
| Earning Per Share (In Rs.) | Nil | Nil | 9.4 |
| Networth (Rs. In Lacs) | 0.77 | 0.76 | 1.83 |
| Return on Networth (%) | Nil | Nil | 51.37 |
| Book Value Per Share (in Rs.) | 7.7 | 7.6 | 18.30 |

Certified by Mr. V. Anant Rao (Membership No. 022644) Partner of Anant Rao & Mallik, Chartered Accountant, having office at B-409/410, Kushal Towers, Khairatabad, Hyderabad-500004 vide his certificate dated September 07, 2011.

4.7. Disclosure in terms of Regulation 16(ix)

The Acquirer has no intention to sell, dispose of or otherwise encumber any significant assets of GCIL in the succeeding two years, except in the ordinary course of business of GCIL.

5. DISCLOSURE INTERMS OF REGULATION 21(2)

The Offer (assuming full acceptance) would not result in public shareholding in GCIL being reduced below the minimum level required as per the Listing Agreement with the Stock Exchange for the purpose of listing on continuous basis.

6. BACKGROUND OF THE TARGET COMPANY - GUPTA CARPETS INTERNATIONAL LIMITED

- 6.1. Gupta Carpets International Limited was incorporated on August 30, 1983 with the Registrar of Companies, Punjab, H.P. and Chandigarh, as a Private Limited Company under the name of Gupta Carpets International Private Limited. W.e.f. July 7, 1993, the name of the Target Company was changed to Gupta Carpets International Limited pursuant to the conversion of the Company from Private Limited to Public Limited. The registered office of GCIL is situated at Opp Petrol Pump, Ajnala Road, Amritsar-143002, Punjab.
- 6.2. The Target Company was incorporated for manufacturing, sale and export of Hand knotted Carpets including Wollen, Silken, Cotton, Flax etc. However, at present, the Target Company is not carrying on any significant business activity.
- 6.3. As on the date of PA, GCIL has an Authorised share capital of Rs. 11,00,00,000 (Rupees Eleven Crore Only) divided into 1,09,00,000 (One Crore Nine Lacs) Equity Shares of Rs. 10 (Rupees Ten) each and 5000 6% Redeemable Non-Cumulative Preference Shares of Rs. 100 each and 5000 6% Irredeemable Non-Cumulative Preference Shares of Rs. 100 each. The present Issued, Subscribed and Paid up capital of the Target Company is Rs. 4,39,01,500 (Rupees Four Crore Thirty Nine Lacs One Thousand and Five Hundred) divided into 43,90,900 (Forty Three Lacs Ninety Thousand Nine Hundred Only) Equity Shares

of Rs. 10 (Rupees Ten) each and unpaid calls of Rs.7,500 (Rupees Seven Thousand Five Hundred Only).

6.4. As on the date of PA, the share Capital Structure of GCIL is as under:

| Paid up Equity Shares of GCIL | No. of Equity shares/ voting rights | % of Shares / voting rights |
|---------------------------------|-------------------------------------|-----------------------------|
| Fully paid-up equity shares | 43,89,400 | 99.966 |
| Partly paid-up equity shares | 1500 | 0.017 |
| Total paid-up equity shares | 43,90,900 | 100 |
| Total voting rights in the GCIL | 43,90,900 | 99.983 |

6.5. There are 1,500 partly paid up share in GCIL as on the date of this Letter of Offer on which an amount of Rs.7,500 (Rupees Seven Thousand Five Hundred Only) is unpaid.

6.6. The Current Capital structure of the Company has been build up since inception as under:

| Date of allotment | No of shares issued | % of shares issued | Cumulative paid up capital (in Rs.) | Mode of allotment | Identity of allottees (promoters/ ex-promoters/ others) | Status of Compliance |
|-------------------------|---------------------|--------------------|-------------------------------------|---------------------------|---|----------------------|
| 26.08.1983 | 160 | 0.0036 | 1,600 | Subscribers to Memorandum | Promoters | All Compliance done |
| On or before 30.05.1987 | 2,09,940 | 4.78 | 21,01,000 | Private Placement | Promoters | |
| 07.06.1993 | 16,80,800 | 38.28 | 1,89,09,000 | Bonus Issue | Promoters | |
| 1994 | 25,00,000 | 56.94 | 4,39,09,000* | Public Issue | Public | |
| Total | 43,90,900 | 100 | | | | |

*There are 1,500 partly paid up equity shares in the Target Company on which an amount of Rs.7500/- (Rupees Seven Thousand Five Hundred Only) is unpaid.

6.7. The Equity Shares of the GCIL were listed on the Bombay Stock Exchange Limited, Mumbai (the "BSE"), Delhi Stock Exchange Association Limited (the "DSE") and Ludhiana Stock Exchange Limited (the "LSE"). However, the trading in its equity shares is suspended on all the three stock exchanges due to non-compliance of provisions of Listing Agreements with respective Stock Exchanges. Now, the Target Company has complied with all the requirement of BSE as per the Listing Agreement and vide notice dated September 27, 2011 as appearing on www.bseindia.com, BSE has revoked the suspension and trading in the shares of the Target Company has already commenced w.e.f. October 3, 2011. As regards the suspension with DSE and LSE is concerned, the Target Company has initiated the process for the revocation of suspension on both the Stock Exchanges.

6.8. GCIL does not have any unlisted shares on the Stock Exchanges.

6.9. As on the date of this letter of offer, there are no outstanding convertible instruments/ warrants pending for conversion.

6.10. The promoters and other major shareholders of the Target Company have complied with the provisions of Chapter II of SEBI (SAST) Regulations, 1997. The status of compliance by the promoters with respect to chapter II of SEBI (SAST) Regulations, 1997 is given in **Annexure A** to this Letter of Offer.

As regards the Target Company is concerned, it has complied with the provisions of Regulation 6(2) and 6(4) with a delay of 5134 days each and with the provisions of Regulation 8(3) for the years 1998, 1999, 2000, 2001, 2002, 2003, 2004, 2005, 2006, 2007, 2008, 2009, 2010 and 2011 with delays of 4332, 3967, 3601, 3236, 2871, 2506, 2140, 1775, 1410, 1045, 679, 314, 395 and 123 days respectively. The status of compliance with respect to chapter II of SEBI (SAST) Regulations, 1997 by the Target Company is given in **Annexure B** to this Letter of Offer. SEBI may initiate suitable action against the Target Company for delayed compliances under the required provisions of Chapter II of SEBI (SAST) Regulations, 1997 for the year 1997-2011.

6.11. The trading in the shares of the Target Company was suspended from BSE, LSE and DSE on 05.02.2001, 10.12.2001 and 09.01.2002 respectively due to non-compliance of certain provisions of the Listing Agreement. Now, the Target Company has complied with all the requirement of BSE as per the Listing Agreement and vide notice dated September 27, 2011 as appearing on www.bseindia.com, BSE has revoked the suspension and trading in the shares of the Target Company has already commenced w.e.f. October 3, 2011. As regards the suspension with DSE and LSE is concerned, the Target Company has initiated the process for the revocation of suspension on both the Stock Exchanges.

6.12. The Composition of the Board of Directors of GCIL as on the date of Public Announcement are as follows:

| Name of the Director | Designation | DIN | Qualification and Experience in No. of years and field of experience | Residential Address | Date of Appointment | No. of shares held in Target company | Other Director-ships |
|----------------------|---------------------|----------|--|--|---------------------|--------------------------------------|----------------------|
| Moti Lal Gupta | Director | 00526604 | Graduate and 20 years of experience in export and import | 410, Green Avenue, Amritsar-143001, Punjab | 18/05/2010 | 111,100 (2.53%) | Nil |
| Baldev Singh | Director | 00526614 | Graduate and 10 years of experience in Administration of the Company | D-207, Ranjeet Avenue, Amritsar-143001, Punjab, | 18/05/2010 | Nil | Nil |
| Rajesh Gupta | Director | 02622671 | Graduate and 20 years of experience in finance and export and import | B-409, Ranjeet Avenue, Amritsar-143001, Punjab | 03/06/1988 | 67,500 (1.54%) | Nil |
| Ankush Aggarwal | Additional Director | 03543824 | Graduate and 8 years of experience in Marketing | H.No. 834/7, Street Baghwali, Amritsar-143002, Punjab, India | 03/06/2011 | Nil | Nil |

There is no change in the composition of Board of Directors of the Target Company from the date of Public Announcement till the date of this letter of offer.

6.13. There has been no merger, de-merger and spin off in the Target Company in the last three years.

6.14. The Brief details of financials of GCIL are given as under:

(Amount in Rs.)

| Profit & Loss Statement | Year Ended 31.03.2009 (Audited) | Year Ended 31.03.2010 (Audited) | Year Ended 31.03.2011 (Audited) |
|---|--|--|--|
| Income from Operations | 0.00 | 7,62,384.00 | 0.00 |
| Other Income | 0.00 | 0.00 | 0.00 |
| Increase/ (Decrease) in Stock | 0.00 | 0.00 | 0.00 |
| Total Income | 0.00 | 7,62,384.00 | 0.00 |
| Total Expenditure (Excluding Depreciation and Interest) | 49,955.00 | 7,86,956.00 | 1,44,925.00 |
| Profit before Depreciation, Interest & Tax | (49,955.00) | (24,572.00) | (1,44,925.00) |
| Depreciation | 0.00 | 0.00 | 0.00 |
| Interest/Financial Expenses | 1216.13 | 1735.00 | 1185.00 |
| Profit/ (Loss) before tax | (51,171.13) | (26,307.00) | (1,46,110.00) |
| Provision for Tax | 0.00 | 0.00 | 0.00 |
| Profit/ (Loss) after Tax | (51,171.13) | (26,307.00) | (1,46,110.00) |

(Amount in Rs.)

| Balance Sheet statement | Year Ended 31.03.2009 (Audited) | Year Ended 31.03.2010 (Audited) | Year Ended 31.03.2011 (Audited) |
|---|--|--|--|
| Sources of Funds | | | |
| Paid up Share Capital | 4,39,01,500.00 | 4,39,01,500.00 | 4,39,01,500.00 |
| Reserve & Surplus (Excl. Revaluation Reserve) | 0.00 | 0.00 | 0.00 |
| Secured Loan | 0.00 | 0.00 | 0.00 |
| Unsecured Loan | 4,20,11,261.00 | 4,20,11,261.00 | 4,20,11,261.00* |
| Deferred Tax Liability (Net) | 0.00 | 0.00 | 0.00 |
| TOTAL | 8,59,12,761.00 | 8,59,12,761.00 | 8,59,12,761.00 |
| Uses of Funds | | | |
| Net Fixed Assets | 0.00 | 0.00 | 0.00 |
| Investments | 1,05,400.00 | 0.00 | 0.00 |
| Net Current assets | (52,48,621.14) | (51,22,098.14) | (52,68,208.14) |
| P/LA/c | 9,10,55,982.14 | 9,10,34,859.14 | 9,11,80,969.14 |
| Total miscellaneous expenses not written off | 0.00 | 0.00 | 0.00 |
| TOTAL | 8,59,12,761.00 | 8,59,12,761.00 | 8,59,12,761.00 |

| Other Financial Data | Year Ended 31.03.2009 (Audited) | Year Ended 31.03.2010 (Audited) | Year Ended 31.03.2011 (Audited) |
|-------------------------------|--|--|--|
| Dividend (%) | Nil | Nil | Nil |
| Earning Per Share (Rs.) | NA | NA | NA |
| Networth | (4,71,54,482.14) | (4,71,33,359.14) | (4,72,79,469.14) |
| Return On Networth (%) | NA | NA | NA |
| Book Value Per Share (in Rs.) | NA | NA | NA |

*Vide its letter dated April 22, 2011, the Bank of Maharashtra, has given a confirmation of the One Time Settlement of the loan appearing in the books at Rs.4,20,11,261/- (Rupees Four Crores Twenty Lacs Eleven Thousand Two Hundred Sixty One Only) at an amount of Rs.50,00,000/- (Rupees Fifty Lacs Only). Thus, remaining loan of Rs.3,70,11,261/- (Rupees Three Crores Seventy Lacs Eleven Thousand Two Hundred Sixty One Only) was written off and transferred to Reserves and Surplus.

The financials are certified by Mr. Sandeep K. Sharma (Membership No. 095168), Partner of M.S. Soand and Company, Chartered Accountants having office at 12A, Guru Gobind Singh Nagar, Near GTB Nagar, Jalandhar City; Tel: 98142-50304 vide his certificate dated September 07, 2011.

Formula: - Return on Net Worth= (Profit after Tax/Net Worth) * 100; Book value of shares= (Net Worth / number of Equity Shares issued); EPS= (Profit after Tax /Number of Equity Shares issued).

6.15. Reasons for fall/rise in total income and PAT

The Target Company is not carrying on any significant business activity since past several years. Hence, there is no major operational income during the relevant financial years. The expenses are very nominal which are for the basic requirements of the company. All the expenditures are related to the Listing fees, Legal & Professional charges, rates & taxes, audit fees and miscellaneous expenditure.

6.16. Pre and Post-Offer shareholding pattern of the Target Company is as per the following table:

| Sr. No | Shareholder Category | Shareholding & Voting rights prior to the Agreement/ acquisition and Offer (A) | | Shares/voting rights agreed to be acquired Which triggered off the Regulations (B) | | Shares/Voting rights to be acquired in the Offer (assuming full acceptance) (C) | | Shareholding/voting rights after the acquisition and the offer i. e. (A+B+C) | |
|--------|---|--|------------|--|--------------|---|-----------|--|--------------|
| | | No. | % | No. | % | No. | % | No. | % |
| 1 | Promoter Group | | | | | | | | |
| | a. Parties to agreement, if any | 15,87,100 | 36.15 | (15,87,100) | (36.15) | Nil | Nil | Nil | Nil |
| | b. Promoters other than (a) | Nil | Nil | Nil | Nil | Nil | Nil | Nil | Nil |
| | Total 1 (a+b) | 15,87,100 | 36.15 | (15,87,100) | (36.15) | Nil | Nil | Nil | Nil |
| 2 | Acquirer | | | | | | | | |
| | Ajaz Farooqi | Nil | Nil | 15,87,100 | 36.15 | 8,78,180 | 20 | 24,65,280 | 56.15 |
| | Total 2 | Nil | Nil | 15,87,100 | 36.15 | 8,78,180 | 20 | 24,65,280 | 56.15 |
| 3 | Parties to the agreement other than 1(a) & 2 | NA | NA | NA | NA | NA | NA | NA | NA |
| 4 | Public (other than Acquirer & PACs) | | | | | | | | |
| | FIs / MFs / FIs / Banks, SFIs (indicate names) | Nil | Nil | Nil | Nil | Nil | Nil | Nil | Nil |
| | Others (15,610 shareholders as on June 30, 2011) | 28,03,800 | 63.85 | Nil | Nil | (8,78,180) | (20) | 19,25,620 | 43.85 |
| | Total (1+2+3+4) | 43,90,900 | 100 | | | | | 43,90,900 | 100 |

Notes: The data within bracket indicates sale of equity shares.

6.17. The Acquirer has not acquired any shares of the Target Company after the public announcement till the date of Letter of Offer.

6.18. Changes in shareholding of the promoters of the Company are as per the details mentioned below:

| Year | No. of Shares held by Promoters and PAC's | Paid Up Equity Capital of the company (No. of Shares) | % of total capital | % change in shareholding of promoters | Status of compliance of SEBI (SAST) Regulations, 1997/other applicable Regulations under SEBI Act, 1992 |
|------------|---|---|--------------------|---------------------------------------|--|
| 31.03.1997 | 16,74,400 | 43,90,900 | 38.13 | - | No compliances applicable |
| 31.03.1998 | 16,74,400 | 43,90,900 | 38.13 | - | |
| 31.03.1999 | 16,74,400 | 43,90,900 | 38.13 | - | |
| 31.03.2000 | 16,74,400 | 43,90,900 | 38.13 | - | |
| 31.03.2001 | 16,74,400 | 43,90,900 | 38.13 | - | |
| 31.03.2002 | 16,74,400 | 43,90,900 | 38.13 | - | |
| 31.03.2003 | 16,74,400 | 43,90,900 | 38.13 | - | |
| 24.11.2003 | 16,74,400 | 43,90,900 | 38.13 | - | Transfer of 30,000 Equity Shares of Late Ms. Janak Rani to Mr. Hardik Gupta. No compliance applicable. |
| 26.11.2003 | 16,74,400 | 43,90,900 | 38.13 | - | Transfer of shares of Late Ms. Janak Rani to the following promoters: 1. Mr. Manu Gupta (32,000 Equity Shares) 2. Mr. Saurab Gupta (30,000 Equity Shares) No compliance applicable. |
| 27.03.2004 | 16,74,400 | 43,90,900 | 38.13 | - | Transfer of 30,000 Equity Shares of Late Ms. Janak Rani to Ms. Megha Gupta. No compliance applicable. |
| 29.03.2004 | 16,74,400 | 43,90,900 | 38.13 | - | Transfer of shares of Late Ms. Janak Rani to the following promoters: |

| | | | | | |
|------------------|-----------|-----------|-------|--------|--|
| | | | | | 1. Sachin Gupta (30,000 Equity Shares) 2. Neha Gupta (Rs.19,000 Equity Shares) No compliance applicable. |
| 31.03.2004 | 16,74,400 | 43,90,900 | 38.13 | - | No compliances applicable |
| 31.03.2005 | 16,74,400 | 43,90,900 | 38.13 | - | |
| 31.03.2006 | 16,74,400 | 43,90,900 | 38.13 | - | |
| 31.03.2007 | 16,74,400 | 43,90,900 | 38.13 | - | |
| 31.03.2008 | 16,74,400 | 43,90,900 | 38.13 | - | |
| 10.10.2008 | 15,87,100 | 43,90,900 | 36.15 | (1.99) | Gupta Fibres Limited Shifted to Non Promoter Category pursuant to change in its control. No Compliance Applicable. |
| 31.03.2009 | 15,87,100 | 43,90,900 | 38.13 | - | |
| 31.03.2010 | 15,87,100 | 43,90,900 | 36.15 | - | |
| 02.11.2010 | 15,87,100 | 43,90,900 | 36.15 | - | Transfer of 5,000 Equity Shares from Late Mr. Raman Gupta to Ms. Veena Gupta. No compliance applicable |
| 17.11.2010 | 15,87,100 | 43,90,900 | 36.15 | - | Transfer of 1,75,000 Equity Shares from Late Mr. Raman Gupta to the following promoters: 1. Ms. Megha Gupta (25,000 Equity Shares) 2. Ms. Meenakshi Gupta (20,000 Equity Shares) 3. Mr. Manu Gupta (25,000 Equity Shares) 4. Mr. Deepak Gupta (20,000 Equity Shares) 5. Ms. Pooja Gupta (25,000 Equity Shares) 6. Ms. Poonam Gupta (20,000 Equity Shares) 7. Ms. Tripta Gupta (20,000 Equity Shares) 8. Ms. Veena Gupta (20,000 Equity Shares) Transmission of 99,000 Equity Shares of Late Ms. Sewa Dai to the following promoters: 1. Ms. Meenakshi Gupta (25,000 Equity Shares) 2. Ms. Poonam Gupta (20,000 Equity Shares) 3. Ms. Tripta Gupta (29,000 Equity Shares) 4. Ms. Veena Gupta (25,000 Equity Shares) No compliances applicable |
| 31.03.2011 | 15,87,100 | 43,90,900 | 36.15 | - | No compliances applicable |
| As on date of PA | 15,87,100 | 43,90,900 | 36.15 | - | No compliances applicable |

6.19. As on June 30, 2011, there are 15,610 shareholders in the public category holding 28,03,800 (Twenty Eight Lacs Three Thousand Eight Hundred) Equity Shares of the Target Company.

6.20. The Target Company has complied with the mandatory requirement of Corporate Governance as envisaged under clause 49 of the Listing Agreement entered into with the Stock Exchanges.

6.21. There are no litigation matters pending against the Target Company as on the date of Public Announcement in respect of Securities Laws.

6.22. Details of the Compliance Officer:

| | |
|-----------------|--|
| Name | Sh. Rajesh Gupta |
| Contact Address | B-409, Ranjeet Avenue, Amritsar-143001, Punjab |
| Contact Number | +91 183 2590074 |
| Fax No. | +91 183 2590074 |

7. OFFER PRICE AND FINANCIAL ARRANGEMENTS

7.1. Justification of Offer Price

7.1.1. The Equity Shares of the GCIL are presently listed on Bombay Stock Exchange Limited, Mumbai (the "BSE"), Delhi Stock Exchange (the "DSE") and Ludhiana Stock Exchange Limited (the "LSE"). However, the trading in its equity shares is suspended on all the three stock exchanges due to non-compliance of provisions of Listing Agreements with respective Stock Exchanges. Now, the Target Company has complied with all the requirement of BSE as per the Listing Agreement and vide notice dated September 27, 2011 as appearing on www.bseindia.com, BSE has revoked the suspension and trading in the shares of the Target Company has already commenced w.e.f. October 3, 2011. As regards the suspension with DSE and LSE is concerned, the Target Company has initiated the process for the revocation of suspension on both the Stock Exchanges.

7.1.2. The annualized trading turnover during the preceding six calendar months ending August 2011 at the Stock Exchanges where the shares of GCIL are listed is as follows:

| Name of the Exchange | Total number of shares traded during March 2011 to August 2011 | Total number of listed shares | Annualized trading turnover (% of the total listed shares) |
|----------------------|--|-------------------------------|--|
| BSE | Nil | 43,90,900 | Nil |
| DSE | Nil | 43,90,900 | Nil |
| LSE | Nil | 43,90,900 | Nil |

Based on the above information, as the annualized trading turnover on the Stock Exchanges where the shares of the Target Company are listed is Nil, therefore, Equity Shares are deemed to be infrequently traded within the meaning of Explanation (i) to Regulation 20(5) of the SEBI (SAST) Regulations, 1997. In accordance with Regulation 20(5) of SEBI (SAST) Regulations, 1997, the Offer price of Rs. 2 (Rupees Two Only) per fully paid up equity share and Re.1 (Rupee One Only) per partly paid up equity share is worked out on the following parameters.

| | | |
|---|---|---|
| a | The Negotiated Price | Re. 1.00 per Fully Paid-up Equity Share |
| b | Price paid by the Acquirer or PACs with him for the acquisition, 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 PA. | NA |
| c | Other Financial Parameters | Based on the audited financial data for the period ended March 31, 2011 and after taking into consideration the effect of one time settlement of loan of the Bank of Maharashtra on April 22, 2011 |
| | Return on Net Worth (%) | NA |
| | Book Value per share (Rs.) | NA |
| | Earning per share (Rs.) | NA |
| | Price Earning Multiple vis a vis industry average | NA |

Mr. Sandeep K. Sharma (Membership No. 095168), Partner of M.S. Soand and Company, Chartered Accountants having office at 12A, Guru Gobind Singh Nagar, Near GTB Nagar, Jalandhar City; Tel: 98142-50304 vide his certificate dated September 07, 2011 have made a valuation of equity shares of GCIL in accordance with the methods as prescribed under Regulation 20(5) of SEBI (SAST) Regulations, 1997 viz Book Value per share, Return on Networth, Earning per share and Price Earning Multiple vis a vis industry average on the basis of Audited financial statements for the Financial Year ending 31.03.2011 and after taking into consideration the effect of one time settlement of loan of the Bank of Maharashtra on April 22, 2011.

In view of the above, the offer price of Rs. 2 (Rupees Two Only) per fully paid up equity share and Re.1 (Rupee One Only) per partly paid up equity share is justified in terms of regulation 20(5) of SEBI (SAST) Regulations, 1997.

7.1.3. There are 1,500 partly paid up share in GCIL as on the date of this public announcement on which an amount of Rs.7,500 (Rupees Seven Thousand Five Hundred Only) is unpaid.

7.1.4. There is no non-compete agreement.

7.1.5. If the Acquirer acquires equity shares after the date of Public Announcement upto 7 working days prior to the date of closure of the Offer at a price higher than the Offer Price, then the highest price paid for such acquisition shall be payable for all the valid acceptances received under the Offer.

7.2. Financial Arrangement

7.2.1. Assuming full acceptance, the total requirement of funds for the Open Offer would be Rs.17,56,360 (Rupees Seventeen Lacs Fifty Six Thousand Three Hundred Sixty Only).

7.2.2. As per Regulation 28 of SEBI (SAST) Regulations, 1997, the Acquirer has opened an Escrow Account in the name and style of "CPCPL-GCIL-Open Offer-Escrow Account" with Axis Bank, Secunderabad and has deposited cash of an amount of Rs. 18,00,000/- (Rupees Eighteen Lacs Only) being in excess of 100% of the amount required for the Open Offer.

7.2.3. The Acquirer has duly empowered M/s Corporate Professionals Capital Private Limited, Manager to the Offer, to realise the value of the Escrow Account (s) in terms of the SEBI (SAST) Regulations, 1997.

7.2.4. The Acquirer has adequate liquid resources to meet the financial requirements of the Open Offer. The Acquirer has made firm arrangement for the financial resources required to complete the Open Offer in accordance with the SEBI (SAST) Regulations, 1997.

- 7.2.5. Mr. V. Anant Rao (Membership No. 022644) Partner of Anant Rao & Mallik, Chartered Accountants, having office at B-409/410, Kushal Towers, Khairatabad, Hyderabad-500 004, Tel No. 040-23320286 has certified vide his certificate dated September 6, 2011 that the Net Worth of the Acquirer as on August 31, 2011 is Rs. 15,19,97,754 (Rupees Fifteen Crore Nineteen Lacs Ninety Seven Thousand Seven Hundred and Fifty Four Only) and that he has sufficient means to fulfill his obligations under this Offer.
- 7.2.6. The Manager to the Open Offer, M/s Corporate Professionals Capital Private Limited, is satisfied about the ability of the Acquirer to implement the Offer and to fulfill the Open Offer obligations.

8. TERMS AND CONDITIONS OF THE OFFER

8.1. Operational terms and conditions

- 8.1.1. The Offer is not subject to any minimum level of acceptances from shareholders.
- 8.1.2. Letters of Offer (hereinafter referred to as "**LOO**") will be dispatched to all the equity shareholders of GCIL, whose names appear in its Register of Members on September 30, 2011, Friday, the Specified Date.
- 8.1.3. The Letter of Offer along with the Form of Acceptance cum acknowledgement / withdrawal would also be available at SEBI's website, www.sebi.gov.in, and shareholders can also apply by downloading such forms from the website.
- 8.1.4. Applications in respect of equity shares that are the subject matter of litigation wherein the shareholder(s) may be precluded from transferring the equity shares during the pendency of the said litigation are liable to be rejected in case directions/orders regarding these equity shares are not received together with the equity shares tendered under the Offer.

8.2. Persons eligible to participate in the Offer

Registered shareholders of GCIL and unregistered shareholders who own the Equity Shares of GCIL any time prior to the date of Closure of the Offer other than the parties to SPA dated September 06, 2011.

8.3. Statutory Approvals

- 8.3.1. As on the date of Public Announcement, the approvals from Banks / Financial Institutions is not required for this offer.
- 8.3.2. As on the date of Public Announcement, no other statutory approvals are required to be obtained for the purpose of this Offer.
- 8.3.3. The Offer would be subject to all other statutory approvals that may become applicable at a later date before the completion of Offer.

9. PROCEDURE FOR ACCEPTANCE AND SETTLEMENT

9.1. Procedure for acceptance of offer by eligible persons

- 9.1.1. The following collection centre would be accepting the documents of shares in Physical form.

| Name and Address of the Collection Centre | Working days and timings | Mode of delivery |
|---|---|--------------------------------------|
| Name: Beetal Financial & Computer Services Pvt. Ltd. Address: Beetal House, 3rd Floor, 99, Madangir, Behind Local Shopping Centre, New Delhi-110062 Contact Person: Mr. Punit Mittal Ph.: 011-29961281/82/83 Fax: 011-29961284 Email: beetalrta@gmail.com | During the Business Hours from Monday to Saturday | Hand Delivery/ Regd. Post/Courier |

- 9.1.2. Shareholders will be required to send their original share certificates, Form of Acceptance cum Acknowledgement, valid transfer deeds and other documents as may be specified in the LOO, to the Registrar to the Offer either by Registered Post / Courier or by hand delivery during the business hours on or before the date of Closure of the Offer i.e. December 21, 2011, Wednesday.
- 9.1.3. The shares and other relevant documents should not be sent to the Acquirer/ Target Company.

9.2. Procedure for acceptance of the offer by unregistered shareholders, owners of shares who have sent them for transfer or those who did not receive the Letter of Offer.

In case of (a) shareholders who have not received the LOO, (b) unregistered shareholders and (c) shareholders who have sent the equity shares to the Target Company for transfer, may send their consent to the Registrar to the Offer on plain paper, stating the name, address, number of equity shares held, distinctive numbers, folio numbers, number of shares offered along with the documents to prove their title to such equity shares such as broker note, succession certificate, original share certificate / original letter of allotment and valid equity share transfer deeds (one per folio), duly signed by all the shareholders (in case of joint holdings in the same order as per the specimen signatures lodged with GCIL), and witnessed (if possible) by the Notary Public or a Bank Manager or the Member of the stock exchange with membership number, as the case may be, so as to reach the Registrar to the Offer during the business hours on or before the date of Closure of the Offer i.e. December 21, 2011, Wednesday. Such shareholders can also obtain the LOO from the Registrar to the Offer by giving an application in writing.

Such shareholders, if they so desire, may apply on the form of acceptance cum acknowledgement obtained from the website (www.sebi.gov.in). It shall be noted that no indemnity is needed from the unregistered shareholders.

- 9.3. Where the number of equity shares offered for sale by the shareholders are more than the equity shares agreed to be acquired by Acquirer, the Acquirer will accept the offers received from the shareholders on a proportionate basis, in consultation with the Manager to the Offer, taking care to ensure that the basis of acceptance is decided in a fair and equitable manner and does not result in non-marketable lots, provided that acquisition of equity shares from a shareholder shall not be less than the minimum marketable lot or the entire holding if it is less than the marketable lot. The marketable lot of GCIL is 100 (One Hundred) Equity Share.

- 9.4. SEBI has the power to grant extension of time to the Acquirer for payment of consideration to shareholders subject to the Acquirer agreeing to pay interest for the delayed period as directed by SEBI in terms of Regulation 22 (12) of the SEBI (SAST) Regulations, 1997, if there is any delay in receipt of statutory approval. If, however, the delay in obtaining the requisite approval takes place on account of any willful default by the Acquirer, then provision contained in Regulation 22 (13) of the SEBI (SAST) Regulations, 1997 will also become applicable.
- 9.5. Shareholders who have offered their equity shares would be informed about acceptance or rejecting of the Offer within 15 days from the date of Closure of the Offer. The payment to the shareholders whose shares have been accepted will be paid by Demand Draft or pay order(s) or ECS mode of payment viz RTGS/NEFT/Direct Credit, drawn in favour of the sole shareholder or first named shareholder in case of joint holding. The payment consideration will be sent by Registered Post to the sole / first named shareholder of GCIL whose equity shares are accepted by the Acquirer at his address registered with GCIL. It is desirable that shareholders should provide bank details of the first/ sole shareholder in the Form of Acceptance cum Acknowledgement, so that the same can be incorporated in the cheque/demand draft. In case of acceptance on a proportionate basis, the 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.
- 9.6. The Registrar to the Offer will hold in trust the equity shares / share certificates, Form of Acceptance cum Acknowledgement, if any, and the transfer form(s) on behalf of the shareholders of GCIL who have accepted the Offer, until the drafts for the consideration and / or the unaccepted shares / share certificates are dispatched / returned.
- 9.7. The shareholders who are desirous of withdrawing their acceptances tendered in the offer can do so up to three working days prior to the date of closure of the offer, in terms of Regulation 22(5A).
- 9.8. In terms of Regulation 22 (5A), shareholders shall have the option to withdraw acceptance tendered earlier, by submitting the Form of Withdrawal enclosed with the LOO and other documents as mentioned in the instruction given in the form of withdrawal, so as to reach Registrar to the Offer upto three working days prior to the date of Closure of the Offer, i.e. upto December 16, 2011, Friday.
- 9.9. In case of non-receipt of the form of withdrawal, the withdrawal option can be exercised by making an application on plain paper along with the details such as Name, address, distinctive numbers, folio nos. number of shares tendered/withdrawn.
- 9.10. The marketable lot of GCIL is 100 (Hundred) Equity Share.

10. DOCUMENTS FOR INSPECTION

The following documents are regarded as material documents and are available for inspection at the office of the Manager to the Offer at D-28, South Extn. Part-I, New Delhi-110049 from 10.30 A.M. to 1.00 P.M. on any working day, except Saturdays, Sundays and Holidays until the Closure of the Offer:

- 10.1. Certificate of Incorporation, Memorandum & Articles of Association of GCIL.
- 10.2. Networth certificate dated September 6, 2011 issued by Mr. V. Anant Rao (Membership No. 022644) Partner of Anant Rao & Mallik, Chartered Accountants, having office at B-409/410, Kushal Towers, Khairatabad, Hyderabad-500 004, Tel No. 040-23320286, certifying the net worth of Acquirer and adequacy of financial resources with the Acquirer to fulfill his part of open Offer obligations.
- 10.3. Audited Annual Reports of GCIL for the years ended March 31, 2009, 2010 and 2011.
- 10.4. Copy of Escrow Agreement between the Acquirer, Axis Bank and Manager to the Offer.
- 10.5. Certificate from Axis Bank confirming the amount kept in Escrow Account opened as per SEBI (SAST) Regulation 1997.
- 10.6. Copy of the Share Purchase Agreement dated September 6, 2011.
- 10.7. Published copy of the Public Announcement, which appeared in the Newspapers on September 12, 2011 and September 13, 2011.
- 10.8. Copy of agreement between the Acquirer and the Registrar to the issue.
- 10.9. Copy of letter from SEBI in terms of proviso to Regulation 18(2) of the Regulations, as may be received.

11. DECLARATION BY THE ACQUIRER

The Acquirer accept full responsibility for the information contained in this Letter of Offer and also for the obligations of the Acquirer as laid down in the SEBI (SAST) Regulations, 1997 and subsequent amendments made thereof. The Acquirer would be responsible for ensuring compliance with the Regulations.

All information contained in this document is as on the date of the Public Announcement, true unless stated otherwise.

The Acquirer would be responsible for ensuring compliance with the Regulations.

(Ajaz Farooqi)

Place: New Delhi

Date: November 26, 2011

12. ENCLOSURES

- 12.1. Form of Acceptance cum Acknowledgement
- 12.2. Form of Withdrawal cum Acknowledgement
- 12.3. Blank Share Transfer Deed(s)

Annexure A

A status of compliance with the provisions of Chapter II of the SEBI (SAST) Regulations, 1997 by the promoters and other major shareholders of the Target Company is detailed below:

| Sl. No. | Regulation/ Sub-Regulations | Due Date for compliance as mentioned in the regulation | Actual Date of Compliance | Delay, if any (in no. of days) (Col.4-Col.3) | Remarks |
|---------|--------------------------------|--|------------------------------|--|---------|
| 1 | 2 | 3 | 4 | 5 | 6 |
| 1 | 6(1) | 20.04.1997 | NA | - | - |
| 2 | 6(3) | 20.04.1997 | 15.04.1997 | - | - |
| 3 | 8(1) | 21.04.1998 | NA | - | - |
| 4 | 8(2) | 21.04.1998 | 18.04.1998 | - | - |
| 5 | 8(1) | 21.04.1999 | NA | - | - |
| 6 | 8(2) | 21.04.1999 | 15.04.1999 | - | - |
| 7 | 8(1) | 21.04.2000 | NA | - | - |
| 8 | 8(2) | 21.04.2000 | 17.04.2000 | - | - |
| 9 | 8(1) | 21.04.2001 | NA | - | - |
| 10 | 8(2) | 21.04.2001 | 12.04.2001 | - | - |
| 11 | 8(1) | 21.04.2002 | NA | - | - |
| 12 | 8(2) | 21.04.2002 | 15.04.2002 | - | - |
| 13 | 8(1) | 21.04.2003 | NA | - | - |
| 14 | 8(2) | 21.04.2003 | 16.04.2003 | - | - |
| 15 | 8(1) | 21.04.2004 | NA | - | - |
| 16 | 8(2) | 21.04.2004 | 17.04.2004 | - | - |
| 17 | 8(1) | 21.04.2005 | NA | - | - |
| 18 | 8(2) | 21.04.2005 | 19.04.2005 | - | - |
| 19 | 8(1) | 21.04.2006 | NA | - | - |
| 20 | 8(2) | 21.04.2006 | 15.04.2006 | - | - |
| 21 | 8(1) | 21.04.2007 | NA | - | - |
| 22 | 8(2) | 21.04.2007 | 18.04.2007 | - | - |
| 23 | 8(1) | 21.04.2008 | NA | - | - |
| 24 | 8(2) | 21.04.2008 | 19.04.2008 | - | - |
| 25 | 8(1) | 21.04.2009 | NA | - | - |
| 26 | 8(2) | 21.04.2009 | 20.04.2009 | - | - |
| 27 | 8(1) | 21.04.2010 | N.A. | - | - |
| 28 | 8(2) | 21.04.2010 | 20.04.2010 | - | - |
| 29 | 8(1) | 21.04.2011 | N.A. | - | - |
| 30 | 8(2) | 21.04.2011 | 18.04.2011 | - | - |

Annexure B

A status of compliance with the provisions of Chapter II of the SEBI (SAST) Regulations, 1997 by the Target Company is detailed below:

| Sl. No. | Regulation/ Sub-Regulations | Due Date for compliance as mentioned in the regulation | Actual Date of Compliance | Delay, if any (in no. of days) (Col.4-Col.3) | Remarks |
|---------|--------------------------------|--|------------------------------|--|---------|
| 1 | 2 | 3 | 4 | 5 (4-3) | 6 |
| 1. | 6(2) & 6(4) | 20.05.1997 | 10.06.2011 | 5134 Days | - |
| 2. | 8(3) | 30.04.1998 | 10.03.2010 | 4332 Days | - |
| 3. | 8(3) | 30.04.1999 | 10.03.2010 | 3967 Days | - |
| 4. | 8(3) | 30.04.2000 | 10.03.2010 | 3601 Days | - |
| 5. | 8(3) | 30.04.2001 | 10.03.2010 | 3236 Days | - |
| 6. | 8(3) | 30.04.2002 | 10.03.2010 | 2871 Days | - |
| 7. | 8(3) | 30.04.2003 | 10.03.2010 | 2506 Days | - |
| 8. | 8(3) | 30.04.2004 | 10.03.2010 | 2140 Days | - |
| 9. | 8(3) | 30.04.2005 | 10.03.2010 | 1775 Days | - |
| 10. | 8(3) | 30.04.2006 | 10.03.2010 | 1410 Days | - |
| 11. | 8(3) | 30.04.2007 | 10.03.2010 | 1045 Days | - |
| 12. | 8(3) | 30.04.2008 | 10.03.2010 | 679 Days | - |
| 13. | 8(3) | 30.04.2009 | 10.03.2010 | 314 Days | - |
| 14. | 8(3) | 30.04.2010 | 30.05.2011 | 395 Days | - |
| 15. | 8(3) | 30.04.2011 | 31.08.2011 | 123 Days | - |

FORM OF ACCEPTANCE CUM ACKNOWLEDGEMENT

(All terms and expressions used herein shall have the same meaning as ascribed thereto in the Letter of Offer)

| | | | | | | | |
|---|-----------------------|-------------------------------------|----------------------------------|-------------------------|---|-------------------------------------|--|
| THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION (Please send this Form of Acceptance with enclosures to the Registrar to the Offer) | | | | | | | |
| <table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 40%;">OFFER OPENS ON</td> <td style="width: 5%; text-align: center;">:</td> <td>December 02, 2011, Friday</td> </tr> <tr> <td>OFFER CLOSSES ON</td> <td style="text-align: center;">:</td> <td>December 21, 2011, Wednesday</td> </tr> </table> | OFFER OPENS ON | : | December 02, 2011, Friday | OFFER CLOSSES ON | : | December 21, 2011, Wednesday | |
| OFFER OPENS ON | : | December 02, 2011, Friday | | | | | |
| OFFER CLOSSES ON | : | December 21, 2011, Wednesday | | | | | |
| Please read the Instructions overleaf before filling-in this Form of Acceptance | | | | | | | |

| |
|------------------------------------|
| FOR OFFICE USE ONLY |
| Acceptance Number : |
| Number of equity shares offered : |
| Number of equity shares accepted : |
| Purchase consideration (Rs.) : |
| Cheque/Demand Draft/Pay Order No.: |

From:

Tel. No.:

Fax No.:

E-mail:

To,

Mr. Ajaz Farooqi
 C/o Beetal Financial & Computer Services Private Limited
 Beetal House, 3rd Floor, 99, Madangir,
 Near Dada Harsukh Das Mandir,
 New Delhi-110062.

Dear Sirs,

REG.: OPEN OFFER TO THE SHAREHOLDERS OF M/S GUPTA CARPETS INTERNATIONAL LIMITED (GCIL) BY MR. AJAZ FAROOQI (ACQUIRER) PURSUANT TO SEBI (SUBSTANTIAL ACQUISITION OF SHARES AND TAKEOVERS) REGULATIONS, 1997.

I / We, refer to the Letter of Offer dated, for acquiring the equity shares held by me / us in **M/S GUPTA CARPETS INTERNATIONAL LIMITED**.

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

I / We, unconditionally Offer to sell to the Acquirer the following equity shares in GCIL held by me / us, at a price of Rs.2/- (Rupees Two Only) per fully paid-up equity share and Re.1/- (Rupee One Only) per partly paid up equity share.

I/We enclose the original share certificate(s) and duly signed valid Transfer Deed(s) in respect of my / our equity shares as detailed below (please enclose additional sheet(s), if required).

| | | | |
|---|-----------------|--|-----------------|
| Ledger Folio No.....Number of share certificates attached..... | | | |
| Representing equity shares | | | |
| Number of equity shares held in GCIL | | Number of equity shares Offered | |
| In figures | In words | In figures | In words |
| | | | |

| Sr. No. | Share Certificate No. | Distinctive Nos. | | No. of equity shares |
|----------------------------|-----------------------|------------------|----|----------------------|
| | | From | To | |
| 1 | | | | |
| 2 | | | | |
| 3 | | | | |
| Total no. of Equity Shares | | | | |

1. I / We confirm that the Equity Shares of GCIL which are being tendered herewith by me / us under the Offer are free from liens, charges and encumbrances of any kind whatsoever.
2. I / We authorize the Acquirer to accept the Equity Shares so offered or such lesser number of equity shares that the Acquirer may decide to accept in consultation with the Manager to the Offer and in terms of the said Letter of Offer and I / we further authorise the Acquirer to apply and obtain on our behalf split of share certificate(s) as may be deemed necessary by them for the said purpose. I further authorize the Acquirer to return to me / us, equity share certificate(s) in respect of which the Offer is not found / not accepted, specifying the reason thereof.
3. 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 Acquirer harmless and indemnified against any loss they or either of them may suffer in the event of the Acquirer acquiring these equity shares. I / We agree that the Acquirer may pay the Offer Price only after due verification of the document(s) and signature(s) and on obtaining the necessary approvals as mentioned in the said Letter of Offer.
4. I / We also note and understand that the shares/ Original Share Certificate(s) and Transfer Deed(s) will be held by the Registrar to the Offer in trust for me / us till the date the Acquirer makes payment of consideration or the date by which Shares/ Original Share Certificate(s), Transfer Deed(s) and other documents are dispatched to the shareholders, as the case may be.
5. I/We note and understand that the Shares would held in trust by the Registrar until the time the Acquirer makes payment of purchase consideration as mentioned in the Letter of Offer.
6. I/We undertake to execute such further document(s) and give such further assurance(s) as may be required or expedient to give effect to my / our agreeing to sell the said equity shares.
7. I / We irrevocably authorise the Acquirer to send by Registered Post at my / our risk, the Cheque(s) / Demand Draft(s) / Pay Order(s) in settlement of consideration payable and excess share certificate(s), if any, to the Sole / First holder at the address given hereunder and if full address is not given below the same will be forwarded at the address registered with GCIL:

Name and complete address of the Sole/ First holder (in case of member(s), address as registered with GCIL):

 Place: ----- Date: ----- Tel. No(s). : ----- Fax No.: -----

So as to avoid fraudulent encashment in transit, the shareholder(s) have an option to receive the sale consideration through RTGS/ECS mode and requested to kindly provide following information compulsorily in order to received payment through RTGS/ECS.

Bank Account No.: _____
 Type of Account: -----(Savings / Current / Other (please specify))
 Name of the Bank: _____
 Name of the Branch and Address: _____
 IFSC Code of Bank: _____
 MICR Code of Bank: _____

| | | | |
|---|-----------------|-----------------|-----------------|
| The Permanent Account No. (PAN / GIR No.) allotted under the Income Tax Act, 1961 is as under | | | |
| | 1st Shareholder | 2nd Shareholder | 3rd Shareholder |
| PAN / GIR No. | | | |

Yours faithfully,
Signed and Delivered:

| | FULL NAME (S) OF THE HOLDERS | SIGNATURE (S) |
|------------------------|------------------------------|---------------|
| First/Sole Shareholder | | |
| Joint Holder 1 | | |
| Joint Holder 2 | | |

Note: In case of joint holdings all the holders must sign. In case of body corporate, stamp of the Company should be affixed and necessary Board Resolution should be attached.

INSTRUCTIONS

- 1 Please read the enclosed Letter of Offer carefully before filling-up this Form of Acceptance.
- 2 The Form of Acceptance should be filled-up in English only.
- 3 Signature(s) other than in English, Hindi, and thumb impressions must be attested by a Notary Public under his Official Seal.
- 4 **Mode of tendering the Equity Shares Pursuant to the Offer:**
 - I. The acceptance of the Offer made by the Acquirer is entirely at the discretion of the equity shareholder of GCIL.
 - II. Shareholders of GCIL to whom this Offer is being made, are free to Offer his / her / their shareholding in GCIL for sale to the Acquirer, in whole or part, while tendering his / her / their equity shares in the Offer.

ACKNOWLEDGEMENT SLIP

OPEN OFFER TO THE SHAREHOLDERS OF M/S GUPTA CARPETS INTERNATIONAL LIMITED (GCIL) BY MR. AJAZ FAROOQI (ACQUIRER) PURSUANT TO SEBI (SUBSTANTIAL ACQUISITION OF SHARES AND TAKEOVERS) REGULATIONS, 1997.

Received from Mr. / Ms.

Ledger Folio No/ -----Number of certificates enclosed..... under the Letter of Offer dated, Form of Acceptance, Transfer Deeds(s) and Original Share Certificate(s) as detailed hereunder:

| Sr. No. | Share Certificate No. | Distinctive Nos. | | No. of equity shares |
|-----------------------------------|-----------------------|------------------|----|----------------------|
| | | From | To | |
| 1. | | | | |
| 2. | | | | |
| 3. | | | | |
| Total no. of Equity Shares | | | | |

Authorised Signatory

Stamp

Date:

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

Beetal Financial & Computer Services Pvt. Limited

Beetal House, 3rd Floor, 99, Madangir,
Behind Local Shopping Centre, New Delhi-110062

E. Mail: beetalrta@gmail.com

Tel. No.: 29961281-82, Fax No.: 29961284

Contact Person: Mr. Punit Mittal

(24)

FORM OF WITHDRAWAL CUM ACKNOWLEDGEMENT

(All terms and expressions used herein shall have the same meaning as described thereto in the Letter of Offer)

| | | |
|---|---|-------------------------------------|
| OFFER OPENS ON | : | December 02, 2011, Friday |
| LAST DATE OF WITHDRAWAL | : | December 16, 2011, Friday |
| OFFER CLOSES ON | : | December 21, 2011, Wednesday |
| Please read the Instruction in Letter of Offer and overleaf before filling-in this Form of Withdrawal | | |

| |
|-------------------------------------|
| FOR OFFICE USE ONLY |
| Withdrawal Number : |
| Number of equity shares offered : |
| Number of equity shares withdrawn : |

From:

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

To,

Mr. Ajaz Farooqi
 C/o Beetal Financial & Computer Services Private Limited
 Beetal House, 3rd Floor, 99, Madangir,
 Behind Local Shopping Centre, New Delhi-110062

Dear Sir/s,

REG.: OPEN OFFER TO THE SHAREHOLDERS OF M/S GUPTA CARPETS INTERNATIONAL LIMITED (GCIL) BY MR. AJAZ FAROOQI (ACQUIRER) PURSUANT TO SEBI (SUBSTANTIAL ACQUISITION OF SHARES AND TAKEOVERS) REGULATIONS, 1997.

I/We refer to the Letter of Offer dated for acquiring the equity shares held by me/us in **M/S GUPTA CARPETS INTERNATIONAL LIMITED**.

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

I/We wish to withdraw our acceptance tendered in response to the said Offer. We had deposited/sent our 'Form of Acceptance' to you on _____ alongwith original share certificate(s) and duly signed transfer deed(s) in respect of my/our shares as detailed below:

(Please enclose the Xerox copy of Acknowledgement received for 'Form of Acceptance')

| Sr. No. | Certificate No. | Distinctive No(s) | | No. of Shares |
|--------------------------------------|-----------------|-------------------|----|---------------|
| | | From | To | |
| | | | | |
| | | | | |
| | | | | |
| | | | | |
| Total number of equity shares | | | | |

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

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

Yours faithfully,

Signed and Delivered:

| | FULL NAME OF THE HOLDER (S) | SIGNATURE (S) |
|------------------------|------------------------------------|----------------------|
| First/Sole Shareholder | | |
| Joint Holder 1 | | |
| Joint Holder 2 | | |

Place:

Date:

Note: In case of joint holdings all the holders must sign. In case of body corporate, stamp of the company should be affixed and necessary Board Resolution should be attached. should be affixed and necessary Board Resolution should be attached.

INSTRUCTIONS

1. The shareholders are advised to ensure that the Form of Withdrawal should reach the Registrar to the Offer at any of the collection centres mentioned in the Letter of Offer or above as per the mode of delivery indicated therein on or before 5.00 p.m. hours upto the last date of withdrawal i.e. upto December 16, 2011, Friday.
2. Shareholders should enclose the following:
Registered Shareholders should enclose:
 - i. Duly signed and completed Form of Withdrawal.
 - ii. Copy of the Form of Acceptance cum Acknowledgement/ Plain paper application submitted and the Acknowledgement slip.
 - iii. In case of partial withdrawal, Valid Share Transfer form(s) duly signed as transferors by all registered shareholders (in case of joint holdings) in the same order and as per specimen signatures registered with Target Company and duly witnessed at the appropriate place.**Unregistered owners should enclose:**
 - Duly signed and completed Form of Withdrawal.
 - Copy of the Form of Acceptance cum Acknowledgement/Plain paper application submitted and the Acknowledgement slip.
3. The withdrawal of Shares will be available only for the Share certificates / Shares that have been received by the Registrar to the Offer.
4. The intimation of returned Shares to the Shareholders will be at the address as per the records of the Target Company.
5. The Form of Withdrawal alongwith enclosure should be sent only to the Registrar to the Offer.
6. In case of partial withdrawal of Shares tendered, if the original share certificates are required to be split, the same will be returned on receipt of share certificates from GCIL. The facility of partial withdrawal is available only on to registered shareholders.