PUBLIC ANNOUNCEMENT TO THE EQUITY SHAREHOLDERS OF

IL&FS INVESTSMART LIMITED

(Registered office: G-Block, The IL&FS Financial Centre, Plot C - 22, Bandra-Kurla Complex, Bandra (East), Mumbai 400 051, India)

This Public Announcement (the "PA") is being issued by SBI Capital Markets Limited ("Manager to the Offer"), on behalf of E*TRADE Mauritius Limited ("ETM"/ "Acquirer") alongwith E*TRADE Financial Corporation ("ETFC") and Converging Arrows Inc. ("CAI") together referred to as the "Persons Acting in Concert" ("PACs") pursuant to and in compliance with the Regulations 10, 12 and other applicable provisions of the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 1997 and subsequent amendments thereto (the "SEBI (SAST) Regulations"/"Regulations").

1. BACKGROUND TO THE OFFER

a) This offer is being made by the Acquirer alongwith the PACs to the equity shareholders of IL&FS Investsmart Limited (hereinafter referred to as "IIL" or the "Target Company").

b) ETM is presently holding 4,880,000 equity shares of Rs. 10/- representing 7.04% of the fully paid up equity capital of IIL as on June 30, 2006.

c) As on date, ETM holds 11,275,007 Global Depository Receipts ("GDRs") issued by IIL out of which ETM acquired 7,500,000 GDRs on December 14, 2005; 105,500 GDRs were acquired on July 24, 2006 and 3,669,507 GDRs were acquired on August 2, 2006. Each GDR represents one equity share of Rs.10/- of IIL and is listed and traded on the Luxemburg Stock Exchange

d) On July 24, 2006, ETM acquired 3,163,570 equity linked certificates, under the CLSA Group's derivatives programme backed by an equivalent number of equity shares of IIL owned by a SEBI registered FII belonging to the CLSA Group.

e) On October 5, 2006, ETM, through CLSA India Limited, applied for and received approval of purchase of shares of IIL for deposit towards re-issuance of GDRs. Thereafter, the process for purchase of 3,163,570 GDRs has been initiated.

f) The Acquirer intends to convert all its holdings of GDRs (as mentioned in paras 1(c) and 1 (e) above) into equity shares and towards this purpose passed a board circular resolution on October 6, 2006 to convert its current and prospective holding of 14,438,577 GDRs into equity shares of Rs.10/- comprising 20.83% of the fully paid up equity capital of IIL.

g) As a result of the proposed conversion of GDRs into fully paid up equity shares of IIL together with the equity shareholding as mentioned in para 1(b), the shareholding of the Acquirer would increase to 19,318,577 equity shares of Rs. 10/- comprising 27.87% of the fully paid up equity capital of IIL as on June 30, 2006.

h) Pursuant to the aforesaid conversion of GDRs into fully paid equity shares of IIL, provisions of Regulation 10 read with Regulation 12 of the Regulations have been attracted. The Acquirer alongside its PACs (within the meaning of Regulation 2(1)(e) of SEBI (SAST) Regulations) are making an Open Offer to the equity shareholders of IIL.

i) The Acquirer and the PACs have neither acquired nor have been allotted any equity shares (except GDRs) of the Target Company in the last 12 months.

2. THE OFFER

a) The Acquirer alongwith its PACs are making an Open Offer under Regulation 10 read with Regulation 12 of the Regulations to the equity shareholders of IIL to acquire up to 13,864,082 fully paid up equity shares of Rs. 10/- each, representing in the aggregate 20% of the Emerging Voting Capital (detailed in paragraph 5 (f) below) of IIL at a price of Rs. 210/- (Rupees Two hundred and ten only) per equity share ("Offer Price"), payable in cash and subject to the terms and conditions mentioned hereinafter ("Offer" or "Open Offer"). The offer size of 20% being 13,864,082 fully paid up equity shares is reckoned on the Emerging Voting Capital in terms of the Regulations 21(1) and 21(5) of the SEBI (SAST) Regulations.

b) ETFC and CAI are acting as "persons acting in concert" in terms of Regulation 2(1)(e) of SEBI (SAST) Regulations. Besides this, there are no other "persons acting in concert" in relation to the Open Offer.

c) There are no partly paid up equity shares of IIL as on June 30, 2006. (Annual Report of IIL and quarterly unaudited statements filed with the Stock Exchanges)

d) The Offer is not subject to any minimum level of acceptance by the shareholders of IIL. The Acquirer will acquire all the equity shares that are validly tendered as per the terms of the offer, upto the maximum of 13,864,082 equity shares at the Offer Price.

e) With the proposed conversion of GDRs into the equity shares of IIL, the provisions of SEBI (SAST) Regulations get attracted since there is substantial acquisition of shares/voting rights accompanied with change in control/management.

f) The Offer is subject to the terms and conditions set out herein and in the Letter of Offer that will be sent to the shareholders of IIL.

g) This is not a competitive bid.

3. THE OFFER PRICE

a) The equity shares of IIL are presently listed on the Bombay Stock Exchange Limited (BSE) and the National Stock Exchange of India Limited (NSE).

b) Based on the information available, the equity shares of IIL are frequently traded on the Stock Exchanges i.e. BSE and NSE (Source: www.bseindia.com and www.nseindia.com) within the meaning of explanation (i) of Regulation 20 (5) of the SEBI (SAST) Regulations.

c) The Offer Price of Rs. 210/- (Rupees Two hundred and ten only) per equity share is justified in terms of Regulation 20(4) of the SEBI (SAST) Regulations as it is higher of the following:

i.	Negotiated Price	Not Applicable
ii.	Highest Price paid by Acquirer for any acquisition (including by way of allotment in a public or rights or preferential issue) during the 26-weeks prior to the date of the Public Announcement	Not Applicable
iii.	The average of the weekly high and low of the closing prices of shares of IIL on BSE, where it is most frequently traded, during the 26 weeks period preceding the date of the Public Announcement*.	Rs. 163.05
iv.	The average of the daily high and low of the shares of the IIL on BSE, where it is most frequently traded, during the 2 weeks period preceding the date of the Public Announcement.	Rs. 183.44

* As per Explanation (i) to Regulation 20(11), the market price may be adjusted for quotations, if any, on cum-dividend basis during the same period. In the current situation, the board of directors of the Target Company in its meeting held on April 26, 2006, recommended a dividend of 30% i.e., Rs. 3/- per equity share on the par value of Rs. 10/- per equity share, subject to the approval of the shareholders of the Target Company at the Annual General Meeting (AGM). The shares of the Target Company traded on ex-dividend basis from July 13, 2006. Hence the shares of the Target Company were trading on cum-dividend basis from April 27, 2006 to July 12, 2006. However, based on a conservative approach, the Acquirer has not considered the down-ward adjustment of the price for the cum-dividend trade dates.

d) In the opinion of the Manager to the Offer, the Offer Price of Rs 210/- per share offered by ETM to the shareholders of IIL under the proposed Open Offer is justified in terms of Regulation 20 (4)of the Regulations.

e) If the Acquirer/PACs acquires equity shares of IIL after the date of the Public Announcement upto seven working days prior to the close of the Offer at the price higher than the Offer Price, then the highest price paid for such acquisition shall be payable for all the valid applications received under the Open Offer.

f) The equity shares will be acquired by the Acquirer free from all lien, charges and encumbrances and together with all rights attached thereto, including all the rights to dividend, bonus and rights offer declared thereof.

4. INFORMATION ON THE ACQUIRER AND PERSONS ACTING IN CONCERT ("PACs")

E*TRADE MAURITIUS LIMITED (ACQUIRER)

a) E*TRADE Mauritius Limited (ETM) is a private company having its registered office at Level 6, One Cathedral Square, Jules Koenig Street, Port Louis, Mauritius. The company was incorporated on October 26, 2004 under the Companies Act 2001 of the Republic of Mauritius.

b) ETM is engaged in the business of investing in emerging markets including investments in India and as such is structured as a holding company for the select investments on behalf of ETFC. ETM is a wholly-owned subsidiary of CAI, having its registered office at 502 E. John Street, Room E, Carson City, NV 89706, USA. CAI in turn is a wholly owned subsidiary of ETFC, a company incorporated in the state of Delaware, USA and listed on the New York Stock Exchange (NYSE).

c) ETM has 4 ordinary equity shares of par value US$ 1. The shares of ETM are not listed on any stock exchange.

d) The key standalone financials for ETM are as under:

	Unit	Unaudited for the six months period ended June 30, 2006	Audited for the period October 26, 2004 to December 31, 2005
Total Income	US$ *(Rs.)*	2,911 *132,771*	28,356 *1,293,317*
Profit/Loss for the period	US$ *(Rs.)*	-32,208 *-1,469,007*	-41,613 *-1,897,969*
Stated Capital (Issued & fully paid)	US$ *(Rs.)*	4 *182*	3 *137*
Reserves & Surplus Share premium	US$ *(Rs.)*	38,103,914 *1,737,919,518*	6,103,915 *278,399,563*
Application monies	US$ *(Rs.)*	- -	32,000,000 *1,459,520,000*
Retained Earnings	US$ *(Rs.)*	-73,821 *-3,366,976*	-41,613 *-1,897,969*
Earnings Per Share	US$ *(Rs.)*	-8,052 *-367,252*	-13,871 *-632,656*

e) None of ETM's directors, other than Robert Jarrett Lilien are directors on the board of IIL and the said director has recused himself and not participated in any matter(s) concerning or relating to the offer including any preparatory steps leading to the offer in terms of Regulation 22(9) of the Regulations.

f) None of the directors of ETM have acquired any shares of IIL during the preceding 12 months except Mr. Robert Jarrett Lilien who acquired 100,000 equity shares of IIL by exercising 100,000 option granted to him at Rs. 54/- per share on April 05, 2006.

CONVERGING ARROWS INC. (PAC)

a) Converging Arrows Inc. (CAI) is a private company having its registered office at 502 E. John Street, Room E, Carson City, NV 89706, USA. The company was incorporated on November 21, 2000 under the General Corporation Law of the State of Nevada, USA.

b) CAI is a holding company which holds various investments in private and public equities, and manages corporate cash and investments for and on behalf of its parent company ETFC, a company incorporated in the State of Delaware, USA and listed on the New York Stock Exchange (NYSE). CAI is a wholly owned subsidiary of ETFC.

c) The authorized share capital of CAI is 1,000 shares of common stock at par value US$0.01 per share. All 1,000 fully paid shares of common stock have been issued to ETFC.

d) Audited financial statements of CAI are not prepared independently in the normal course of business, as it is not required under United States laws. The financial statements of CAI form part of the overall audited consolidated financials of ETFC.

E*TRADE FINANCIAL CORPORATION (PAC)

a) E*TRADE Financial Corporation (ETFC) is a public limited company having its registered office at 2711 Centerville Road, Suite 400, Wilmington, New Castle 19808, Delaware, USA and its principal executive office at 135 East 57th Street New York, NY 10022, U.S.A. The Company was incorporated on May 30, 1996 under the laws of State of Delaware, U.S.A under the name E*Group Inc. and subsequently changed its name to E*TRADE Financial Corporation in October 2003.

b) ETFC is a global financial services company, offering a range of financial solutions through its banking and brokerage subsidiaries to retail, corporate and institutional customers under the brand E*TRADE FINANCIAL. ETFC operates in two segments: retail and institutional. Retail customers are offered an integrated product set, including investing, trading, cash management and lending products. Institutional customers are offered access to a range of execution services through traditional sales traders and direct market access to exchanges.

c) ETFC has 427,191,000 (Source: NYSE) ordinary equity shares of par value $ 0.01 each listed on the NYSE. The closing price of the shares on NYSE on October 5, 2006 was US$ 24.91 per share amounting to a market capitalization of US$ 10,641 mn. The Price-to-Earnings ratio based on the market capitalization as on October 5, 2006 was 18.63 times (Source: NYSE).

d) ETFC is a professionally managed company. The shares of ETFC are widely held by institutional and individual shareholders. The particulars of shareholders holding 5% or more of the equity share capital of ETFC as on June 30, 2006 is given below:

Entity	No. of Shares	Percentage Shareholding
FMR CORPORATION (FIDELITY MANA GEMENT & RESEARCH CORP) 82 Devonshire St, Boston, MA 02109-3605	31,331,437	7.33 %
PRICE (T.ROWE) ASSOCIATES 100 E. Pratt Street, Baltimore, MD 21202	25,348,083	5.93 %
WELLINGTON MANAGEMENT COMPANY, LLP 75 State St., Ste. 2108, Boston MA 02109-1809,	24,135,120	5.65 %

e) The key consolidated financials for ETFC are as under:

	Unit	Unaudited for the six months period ended June, 30 2006	31-Dec-05	31-Dec-04	31-Dec-03
Total net revenue	US$ mn *(Rs. lacs)*	1,209.71 *551,749*	1,703.85 *777,126*	1,482.92 *676,360*	1,342.72 *612,415*
Net income	US$ mn *(Rs. lacs)*	298.96 *136,356*	430.41 *196,310*	380.48 *173,537*	203.03 *92,602*
Common stock & common *stock equivalent*	US$ mn *(Rs. lacs)*	4.26 *1,943*	4.17 *1,902*	3.71 *1,692*	3.68 *1,678*
Reserves & Surplus Retained Earnings	US$ mn *(Rs. lacs)*	879.39 *401,090*	580.43 *264,734*	150.02 *68,424*	-230.47 *-105,117*
Accumulated Other comprehensive loss	US$ mn *(Rs. lacs)*	-223.73 *-102,043*	-175.71 *-80,141*	-141.2 *-64,401*	-89.98 *-41,040*
Additional Paid-in-Capital	US$ mn *(Rs. lacs)*	3,187.07 *1,453,623*	2,990.68 *1,364,049*	2,234.09 *1,018,968*	2,247.93 *1,025,281*
Deferred Stock compensation	US$ mn *(Rs. lacs)*	0 *0*	0 *0*	-18.42 *-8,401*	-12.87 *-5,870*
Earnings Per Share					
Basic	US$ *(Rs.)*	0.72 *33*	1.16 *53*	1.04 *47*	0.57 *26*
Diluted	US$ *(Rs.)*	0.69 *31*	1.12 *51*	0.99 *45*	0.55 *25*

The information in this table is condensed and extracted from information that was filed by ETFC with the Securities Exchange Commission (SEC) in Form 10-K dated March 11, 2004 and Form 10-K/A dated January 21, 2005, Form 10-K dated March 10, 2005, Form 10-K dated March 3, 2006 and Form 10-K/A dated March 24, 2006, and Form 10-Q dated August 8, 2006. This financial information is based on US GAAP, which may be materially different than accounting standards issued by the ICAI, the requirements of Indian Companies Acts and rules and regulations promulgated by SEBI and the stock exchanges. The audited financial information is based on PCAOB (Public Companies Accounting Oversight Board – United States) standards, which may be different than Indian GAAS.

5. INFORMATION ABOUT TARGET COMPANY

IL&FS INVESTSMART LIMITED ("IIL"/"Target Company")

a) IIL is a public limited company with its registered office located at Plot C-22, G Block, Bandra-Kurla Complex, Bandra (East), Mumbai 400 051. The Company was incorporated as Investsmart India Limited on September 1, 1997 and the name was changed to IL&FS Investsmart Limited on March 25, 2003. The registered office was previously located at Mahindra Towers, 4th floor, B Wing, Dr. G.M. Bhonsale Marg, Worli, Mumbai 400 018 (till June 14, 2000).

b) IIL is promoted by Infrastructure Leasing and Financial Services Limited which holds 29.58% in IIL as on June 30, 2006.

c) IIL is one of the leading brokerages focused on the retail sector with a growing presence in the institutional capital market in India. The Company primarily engages in securities brokerage, financial advisory and other related services for retail and institutional investors and corporates.

d) The shares of IIL are listed on the National Stock Exchange of India Limited (NSE) and the Bombay Stock Exchange Limited (BSE).

e) As on June 30, 2006, IIL has 69,307,538 outstanding fully paid-up equity shares and 12,873 outstanding Employees Stock Options (ESOPs) which are vested but not exercised. These vested options when exercised would result in the increase in the equity share capital of IIL to 69,320,411 equity shares. There are no partly paid-up shares as June 30, 2006.

f) Voting rights as at the expiration of 15 days after the closure of the Open Offer i.e. Emerging Voting Capital of the Target Company is calculated as below based on the information available in the public domain:

Particulars	No. of equity shares
Total fully paid-up equity shares outstanding as of June 30, 2006 (A)	69,307,538
Add: ESOPs which have been vested and may be eligible to be exercised within 15 days after the closure of the Open Offer (B)	12,873
Emerging Voting Capital (A+B) (Assuming all the vested ESOPs as aforesaid are exercised)	**69,320,411**

g) Based on the latest standalone audited annual accounts of IIL, the Total Income in the year ended March 31, 2006 was Rs. 21,696.5 lacs compared with Rs. 11,767.8 lacs in the year ended March 31, 2005.

h) The standalone Profit after Tax for the year ended March 31, 2006 was Rs. 6,911.8 lacs as compared to Rs. 3,306.4 lacs for the year ended March 31, 2005.

i) The standalone paid up equity share capital of the company as at March 31, 2006 was Rs. 6,692.1 lacs comprising 66,920,716 fully paid up shares of Rs. 10 each. Standalone Reserves & Surplus as at March 31, 2006 was Rs 59,186.5 lacs and as at March 31, 2006, IIL had no Revaluation Reserves. As at March 31, 2006, the standalone Book Value of IIL was Rs 98.44 per share (IIL balance sheet includes share capital application money of Rs 16,182,860 which has not been included in the calculation of Book Value per share).

j) The standalone Basic Earning per Share was Rs 14.54 for the year ended 31 March, 2006. The Price Earning Ratio as on October 06, 2006 was 12.68 based on the closing price of Rs. 184.30 on the BSE and 12.94 based on the closing price of Rs. 188.15 on the NSE and 14.44 based on the Offer Price of Rs. 210/-.

(Source of Information for this section: Annual Report for FY 2005-2006 and publicly available data)

6. REASON FOR THE OFFER AND FUTURE PLANS

a) With the proposed conversion of GDRs into equity shares of IIL, the aggregate holding of ETM in IIL will stand at 27.87% of the fully paid-up capital of IIL as on June 30, 2006. This will result in substantial acquisition of shares in terms of the Regulations accompanied with change in control and management of the Target Company. Hence this Open Offer is being made in compliance with Regulations 10, 12 and other applicable provisions of the SEBI (SAST) Regulations.

b) Through increase in investment in IIL, ETM intends to enhance global trading and investing opportunities for retail and institutional customers of IIL and the ETFC. Through the increase in operational synergies, customers of both companies will have access to a broad range of global products and services. The two-way global relationship will provide Indian investors access to international markets and global customers with greater market opportunities to invest in India.

c) Following the Open Offer, ETFC's resources will be deployed in India, allowing IIL to leverage ETFC's technology and industry expertise to achieve efficiency and growth inherent in a global trading and investing platform. Further momentum will be created by supplementing IIL's management strength with senior executives from E*TRADE Financial.

d) The Acquirer alongwith its PACs do not have any plans to dispose of or otherwise encumber any assets of IIL in the next two (2) years, except in the ordinary course of business of IIL. The Acquirer and the PACs will not dispose off, sell or otherwise encumber any substantial assets of IIL except with the prior approval of the shareholders of IIL.

7. STATUTORY APPROVALS FOR THE OFFER

a) The Offer along with any obligation to make payment for, or purchase the shares tendered and accepted, is subject to the receipt of the approval from the Foreign Investment Promotion Board ("FIPB") and the Reserve Bank of India ("RBI") under the Foreign Exchange Management Act, 1999 ("FEMA") and the rules and regulations made thereunder for the acquisition of equity shares by the Acquirer under the Offer. The Acquirer is in the process of filing an application for the FIPB approval, upon the receipt of which, application will be made to the RBI.

b) Presently, ETM has opened an offshore escrow account with HSBC Bank (Mauritius) Limited, having its registered office at 5th Floor, Les Cascades Building, Edith Cavell Street, Port Louis, Mauritius ("HSBC Mauritius") [For details please refer to clause 8(b) of this Public Announcement] and shall make an application to RBI for the requisite permission(s) (a) to open and fund the cash escrow account in India/transfer of funds from the aforesaid offshore escrow account in terms of the provisions of SEBI (SAST) Regulations and (b) to open a special account in India for the purpose of releasing payment of purchase consideration to eligible shareholders, as per RBI requirements and rules.

c) To the best of knowledge and belief of the Acquirer and the PACs, as of the date of the PA, other than the above, no statutory approvals are required to acquire the Equity Shares tendered pursuant to this Offer. If any other statutory approvals are required or become applicable, the Offer would be subject to receipt of such other statutory approvals. In terms of Regulation 27 of the Regulations, the Acquirer and the PAC will not proceed with the Offer in the event that such statutory approvals that are required are not obtained.

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

e) The Acquirer does not require any approvals from financial institutions or banks for the Offer.

8. FINANCIAL ARRANGEMENTS

a) The maximum purchase consideration payable by the Acquirer in case of full acceptance of this Offer would be Rs. 2,911,457,262/- [Rupees Two hundred ninety one crores fourteen lacs fifty seven thousand two hundred sixty two only].

b) ETM, SBI Capital Markets Limited, HSBC Bank (Mauritius) Limited, having its registered office at 5th Floor, Les Cascades Building, Edith Cavell Street, Port Louis, Mauritius ("HSBC Mauritius") and the Hongkong and Shangai Banking Corporation Limited, a banking corporation incorporated under the laws of Hongkong Special Administrative Region (HK SAR) and having its registered office at 1, Queen's Road Central, Hongkong SAR and having one of its branch offices at Hongkong Bank Building, 52/60 Mahatma Gandhi Road, Mumbai 400 001, India ("HSBC India") have entered into an open offer Escrow Agreement, (the "Escrow Agreement") in accordance with Regulation 28 of the SEBI (SAST) Regulations. Pursuant to the Escrow Agreement, ETM has made a cash deposit of US$ 9,752,202 (equivalent to Rs. 444,895,464.67 calculated in accordance with an exchange rate of 1 US$ = Rs. 45.62) in a bank account which is in excess of 25% of the value of the total consideration upto Rs.100.00 crores and 10% of the value of the total consideration beyond Rs.100.00 crores payable under the offer (assuming full acceptances) with HSBC Mauritius (the "Foreign Escrow Acccount"). SBI Capital Markets Limited has been duly authorised to realize the value of the aforesaid Foreign Escrow Account in terms of the SEBI (SAST) Regulations. The funds will be transferred from the Foreign Escrow Agent to HSBC India (the "Indian Escrow Account") after the requisite approval have been obtained from the RBI for opening and operting an escrow account in India. SBI Capital Markets Limited have been duly authorised to realize the value of the aforesaid Indian Escrow Account in terms of the SEBI (SAST) Regulations.

c) In the event of any short fall in the cash escrow amount arising on account of exchange rate fluctuations, the Acquirer has undertaken to provide additional funds to ensure that the escrow account has adequate funds required under the Offer, to discharge their offer obligations irrespective of fluctuations in the exchange rate.

d) Kian Kian Siew Sum Lam, Chartered Accountant (Membership No.2140294), having their office at 2 Sir Egdar Laurent Street, Port Louis, Republic of Mauritius (Tel No: +230 2071062) have certified vide their letter dated October 06, 2006 that ETM alongwith CAI have sufficient means to fulfill all the obligations under the Open Offer.

e) In view of above, the Manager to the Offer is satisfied that firm arrangements for financial resources required to implement the Offer i.e. funds for payment through verifiable means are in place to fulfill the obligations of the Acquirer under the Offer and are satisfied that the Acquirer has adequate resources to meet the financial requirements of the Offer and ability to implement the Offer in accordance with the SEBI (SAST) Regulations.

9. OTHER TERMS OF THE OFFER

a) The Letter of Offer together with the Form of Acceptance cum Acknowledgement will be mailed to the shareholders of IIL (other than the Acquirer and PACs), whose names appear on the Register of Members of IIL and to the beneficial owners of the shares of IIL, whose names appear as beneficiaries on the records of the respective Depositories, at the close of business on November 03, 2006 ("Specified Date").

b) Shareholders who wish to tender their shares will be required to send the Form of Acceptance cum Acknowledgement, original share certificate(s) and transfer deed(s) duly signed to the Registrar to the Offer- Intime Spectrum Registry Limited, C-13, Pannalal Silk Mills Compound, L B S Marg, Bhandup (W), Mumbai -400078 either by hand delivery on weekdays or by registered post on or before the Close of the Offer, i.e not later than December 20, 2006, in accordance with the instructions to be specified in the Letter of Offer and in the Form of Acceptance cum Acknowledgment.

c) For shareholders holding Shares in dematerialised form, Intime Spectrum Registry Limited has opened a Special Depository Account with National Securities Depository Limited (NSDL). Beneficial owners are requested to fill in the following details in the delivery instructions for the purpose of crediting their Shares in the special depository account:

DP Name	Kotak Securities Limited
DP ID	IN300214
Client ID	12498744
Account Name	ISRL-IIL Open Offer Escrow Account
Depository	National Securities Depository Limited

d) Shareholders having their beneficiary account in Central Depository Service (India) Limited (CDSL) have to use the inter-depository delivery instruction slip for the purpose of crediting their shares in favour of the Special Depository Account with NSDL.

e) The GDR holders (other than the Acquirer) exercising their option to convert their GDRs into equity shares can avail the Offer.

f) Copy of the Letter of Offer will be submitted to the custodian of GDRs as required under Regulation 22 (3) to enable the GDR holders to participate in the Open Offer. The procedure of accepting the Offer after converting the GDRs into equity shares would be same as in case of the existing equity shareholders

g) Beneficial owners (holders of shares in dematerialized form) who wish to tender their shares will be required to send their Form of Acceptance cum Acknowledgment along with the photocopy of the delivery instruction in "Off-market" mode or counter foil of delivery instructions in "Off-market" mode, duly acknowledged by the Depository Participant ("DP") in favour of the Special Depository Account to the Registrar to the Offer, Intime Spectrum Registry Limited, C-13, Pannalal Silk Mills Compound, L B S Marg, Bhandup (W), Mumbai -400078 either by hand delivery on weekdays or by registered post on or before the Close of the Offer, i.e not later than December 20, 2006, in accordance with the instructions to be specified in the Letter of Offer and in the Form of Acceptance cum Acknowledgment. The credit for the delivered shares should be received in the Special Depository Account on or before Close of the Offer, i.e., no later than December 20, 2006.

h) In addition to the above-mentioned address, IIL shareholders who wish to avail of and accept the Offer can also deliver the Form of Acceptance cum Acknowledgment along with all the relevant documents at any of the collection centers below in accordance with the procedure as set out in the Letter of Offer. All centers mentioned herein below would be open as follows:
(Monday to Saturday 10:00 a.m. to 4.30 p.m.)

Sr. No.	Collection Center	Address of Collection	Contact Person	Phone No.	Fax No.	Mode of delivery
1.	Mumbai	Intime Spectrum Registry Limited, C-13, Panalal Silk Mills Compound, L B S Marg Bhandup (W), Mumbai -400078.	Vishwas Attavar	022-25960320 -28	022-25960329	Hand Delivery & Registered Post
2.	Mumbai	Intime Spectrum Registry Limited, 203, Davar House, Next to Central Camera, D N Road, Fort, Mumbai - 400 001	Vivek Limaye	022-22694127	022-25960329	Hand Delivery
3.	Ahmedabad	Intime Spectrum Registry Limited, 211 Sudarshan Complex, Near Mithakhali Underbridge, Navrangpura, Ahmedabad - 380 009	Hitesh Patel	079-2646 5179	079-26465179 (Telefax)	Hand Delivery
4.	Bangalore	Intime Spectrum Registry Ltd., No:658-57,1st Floor, Laxmi Venkateshwar Archade, 11th Main,4th Block Jayanagar,Opp Vijay Party Hall, Bangalore- 560 011	Chandra Shekhar	080-32720640	080-26910054	Hand Delivery
5.	Baroda	Intime Spectrum Registry Ltd., First Floor, Jaldhara Complex, Nr. Manisha Society, Old Padara Road, Vadodara -390015	Sunil S. Joshi	0265-2250241 / 3249857	0265-2250246 (Telefax)	Hand Delivery
6.	Indore	Intime Spectrum Registry Ltd., 307 City Centre, 3rd Floor, 570 M.G. Rd., Indore 452 001	Mr.Niren	0731-2544512	0731-2544512 (Telefax)	Hand Delivery
7.	Kolkata	Intime Spectrum Registry Limited, 59C,Chowringhee Road 3rd Floor,Kolkata -700020	S.P. Guha	033-2890539/40	033-22890539/ 40 (Telefax)	Hand Delivery
8.	New Delhi	Intime Spectrum Registry Ltd., 3rd Floor, A-31, Naraina Industrial Area, Phase I, New Delhi -110 028	Bharat Bhushan	011-41410592 / 93/94	011-41410591	Hand Delivery
9.	Pune	Intime Spectrum Registry Limited Bhagirathi,1202/3/11,Shivajinagar Off Ghole Road, Opp Hotel Surya, Pune - 411004.	P. N Anbal	020- 65203395	020-25533304 (Telefax)	Hand Delivery
10.	Surat	C/o Skystock Financial Services, 2nd Floor, Sonali Bldg, Ramanarsi Street, Athaunagar Mahallo, Nanpura, Surat 395 001	Sajay M Patel	0261 - 2461332	0261-2472144	Hand Delivery
11.	Rajkot	C/o Perfect Technology, 203, Sterling Apartments, Jawahar Road, Rajkot -360001	Madhukar Desai	0281-2223778 / 79	0281-2223779	Hand Delivery
12	Chennai	C/o Hitech Share Services Pvt Ltd., No 81, Ground Floor, MNO Complex, Greams Road, Chennai 600 006	Lakshmi Subramaniam	044 - 28292272/ 73	044-42142061	Hand Delivery

i) All owners (registered or unregistered) of IIL Shares (except the Acquirer and PACs) are eligible to participate in the Offer anytime before the closure of the Offer. Unregistered owners can send their application in writing to the Registrar to the Offer, on a plain paper stating the Name, address, number of shares held, number of shares offered, distinctive numbers, Folio numbers together with the original share certificate(s) valid transfer deeds and the original contract notes issued by the Broker through whom they acquired their shares. No indemnity is required from the unregistered owners.

j) In the case of non-receipt of Letter of Offer, the eligible persons may send their consent to the Registrar to the Offer, on a plain paper stating the name, address, number of shares held, number of shares offered, distinctive numbers, folio numbers of shares offered along with documents as mentioned above so as to reach Registrar to the Offer on or before the Close of the Offer i.e. not later than December 20, 2006 or in the case of beneficiary they may send the application in writing to the Registrar to the Offer, on a plain paper stating the name, address, number of shares held, number of shares offered, DP name, DP ID, beneficiary account number and a photo-copy of the delivery instruction in "Off-market" mode, duly acknowledged by the DP in favor of the Special Depository Account so as to reach Registrar to the Offer on or before the Close of the Offer i.e. not later than December 20, 2006.

k) In terms of Regulation 22 (5A) of the SEBI (SAST) Regulations, the shareholders desirous of withdrawing the acceptance tendered by them in the Offer may do so up to three (3) working days prior to the date of closure of the Offer. The Withdrawal Option can be exercised by submitting the documents as per the instructions below, so as to reach the Registrar to the Offer at any of the collection centers mentioned above as per the mode of delivery indicated therein on or before December 14, 2006.

(i) The Withdrawal Option can be exercised by submitting the Form of Withdrawal, enclosed with the Letter of Offer.

(ii) In case of non-receipt of Form of Withdrawal, the Withdrawal Option can be exercised by making a plain paper application alongwith the following details:
In case of physical shares, name, address, distinctive numbers, folio number, number of shares tendered; and
In case of dematerialized shares: name, address, number of shares offered, DP name DP ID, beneficiary account number and a photo-copy of delivery instruction in "Off-market" mode or counter-folio of the delivery instruction in "Off-market" mode duly acknowledged by the DP in favour of the Special Depository Account.

l) The Registrar to the Offer will hold in trust the shares/share certificates, shares lying in the credit of the Special Depository Account, Form of Acceptance cum Acknowledgment, if any, and the transfer form(s) on behalf of the shareholders of IIL who have accepted the Offer, till the cheques/ drafts for the consideration and/ or the unaccepted shares/ share certificates are dispatched/ returned.

m) If the aggregate of the valid responses to the Offer exceeds the Offer size of 13,864,082 fully paid-up equity shares of IIL, then the Acquirer shall accept the valid applications received on a proportionate basis in accordance with Regulation 21(6) of the SEBI (SAST) Regulations. The shares of IIL are compulsorily traded in dematerlization form, hence minimum acceptance/market lot will be one share.

n) Unaccepted share certificates, transfer deeds 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 dematerialized 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 cum Acknowledgment. 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.

o) Shareholders who have sent their shares for dematerialization need to ensure that the process of getting their shares dematerialized is completed well in time so that the credit in the Special Depository Account is received on or before the date of Close of the Offer i.e., December 20, 2006 else their application will be rejected.

p) While tendering the shares under the Offer, NRIs/OCBs/foreign shareholders will be required to submit the previous RBI approvals (specific or general) that they would have obtained for acquiring the shares of IIL. In case the previous RBI approvals are not submitted, the Acquirer reserves the right to reject such shares tendered. While tendering shares under the Offer NRI/ OCBs/foreign shareholders will be required to submit a tax clearance certificate from the Income Tax authorities, indicating the amount of tax to be deducted by the Acquirer under the Income Tax Act, 1961, before remitting the consideration. In case the aforesaid tax clearance certificate is not submitted, the Acquirer will arrange to deduct tax at the rate as may be applicable to the category of the shareholders under the Income Tax Act, 1961, on the entire consideration amount payable to such shareholder.

q) A schedule of the activities pertaining to the Offer is given below:

Activity	Day/date
Public Announcement Date	Monday, October 09, 2006
Specified Date*	Friday, November 03, 2006
Last date for a competitive bid	Monday, October 30, 2006
Date by which Letter of Offer will be dispatched to Shareholders	Wednesday, November 22, 2006
Date of opening of the Offer	Friday, December 01, 2006
Last date for revising the Offer Price	Wednesday, December 08, 2006
Last date for withdrawing acceptance from the Offer	Thursday, December 14, 2006
Date of closure of the Offer	Wednesday, December 20, 2006
Date of communicating rejection/ acceptance and payment of consideration for accepted Shares	Wednesday, January 03, 2007

* Specified Date is only for the purpose of determining the names of the shareholders as on such date to whom the Letter of Offer will be sent and all owners (registered or unregistered) of the shares of IIL (except the Acquirer and PACs) are eligible to participate in the Offer anytime before the close of the Offer.

10. GENERAL

a) Shareholders who have accepted the Offer by tendering the requisite documents in terms of this Public Announcement and the Letter of Offer shall have the option to withdraw acceptance tendered by them up to three (3) working days prior to the date of closure of the Offer, in terms of Regulation 22(5A) of the SEBI (SAST) Regulations.

b) If there is any upward revision in the Offer Price by the Acquirer till the last date of revision viz., December 8, 2006 or withdrawal of the Offer, the same will be informed by way of public announcement in the same newspapers in which this Public Announcement has appeared. The Acquirer would pay such revised price for all the shares validly tendered any time during the Offer and accepted under the Offer.

c) If there is a competitive bid:

- The public offers under all the subsisting bids shall close on the same date.
- As the Offer Price can not be revised during the seven (7) working day period prior to the closing date of the Offers/ bids, it would therefore, be in the interest of the shareholders to wait till the commencement of that period to know the final order price of each bid and tender their acceptance accordingly.

d) None of the Acquirer and PACs has been prohibited by SEBI from dealing in securities in terms of direction issued under section 11B or any other regulations made under the SEBI Act, 1992.

e) Pursuant to Regulation 13 of the SEBI (SAST) Regulations, the Acquirer/ PACs have appointed SBI Capital Markets Limited as Manager to the Offer. The Manager to the Offer does not hold any equity shares of the Target Company as on the date of this Public Announcement.

f) The Acquirer/PACs accepts responsibility for the information contained in this Public Announcement. The Acquirer is responsible for each of its obligations in terms of the SEBI (SAST) Regulations.

g) Certain financial details contained in this Public Announcement quoted in Rupees are denominated in USD. The Rupee equivalent (quote in each case is calculated in accordance with the RBI Reference rate as on October 6, 2006 namely 1 US$ = Rs. 45.61(Source: www.rbi.org.in).

This Public Announcement will also be available on the SEBI's website (www.sebi.gov.in). Eligible persons to the Offer may also download a copy of the Form of Acceptance cum Acknowledgment, which will be available on SEBI's website from the Offer Opening date i.e. December 01, 2006.

Manager to the Offer

SBI Capital Markets Limited

SBI Capital Markets Ltd.
202 Maker Tower 'E', Cuffe Parade,
Mumbai – 400 005
Tel: (91) – 22 2218 4704
Fax: (91) – 22 2218 8332
E-mail: iil.openoffer@sbicaps.com
Contact Person: Ms. Kavita Nachnani

Registrar to the Offer

INTIME SPECTRUM REGISTRY LIMITED

Intime Spectrum Registry Limited
C-13, Pannalal Silk Mills Compound,
L B S Marg, Bhandup (W), Mumbai -400078,
Tel. (91) – 22 – 2596 0320- 28
Fax (91) – 22 – 2596 0329
Email: vishwasa@intimespectrum.com
Contact Person: Mr. Vishwas Attavar.

Financial Advisor to the Acquirer

CLSA ASIA-PACIFIC MARKETS

CLSA India Limited
8/F, Dalamal House, Nariman Point, Mumbai – 400 021
Tel: (91) – 22 6650 5050, Fax: (91) - 22 2285 6524

Issued by SBI Capital Markets Limited, Manager to the Offer for and on behalf of the Acquirer

Place : Mumbai
Date : October 07, 2006