LETTER OF OFFER

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

This Letter of Offer is being sent to you as a shareholder(s) of KRONE Communications Limited. If you require any clarifications about the action to be taken, you may consult your stock broker or your investment consultant or the Manager to the Offer or the Registrar to the Offer. In case you have recently sold your Shares in the Target Company, please hand over this Letter of Offer and the accompanying Form of Acceptance cum Acknowledgement and Transfer Deed to the member of the Stock Exchange through whom the said sale was effected.

ADC TELECOMMUNICATIONS, INC.

a company incorporated under the laws of the State of Minnesota, USA
(Registered Office: 13625 Technology Drive, Eden Prairie, Minnesota 55344, USA
Tel: +1 952 938 8080 Fax: +1 952 917 0637)

MAKES A CASH OFFER AT Rs. 92 PER FULLY PAID UP EQUITY SHARE TO ACQUIRE
1,058,000 fully paid up equity shares of Rs. 10 each representing 23% of the voting equity capital of

KRONE COMMUNICATIONS LIMITED

a company incorporated under the Companies Act, 1956
(Registered Office: No. 10 (C) II Phase 1st Main, Peenya Industrial Area, Bangalore – 560 058, Karnataka, India
Tel: + 91 80 2225 1904 Fax: +91 80 2225 1693)

Note:

- This Offer is being made pursuant to and in accordance with the provisions of the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 1997, and subsequent amendments thereof.
- The Offer is subject to the statutory and regulatory approvals and clearances from FIPB/ SIA and RBI required to acquire Shares tendered pursuant to this Offer (described in Section VI). The Acquirer received FIPB approval on October 13, 2004 and an amendment to the FIPB approval on November 11, 2004. It has also received RBI approval dated November 25, 2004 for opening escrow and special accounts and would apply to RBI for its approval for acquisition of the Shares in due course. As on date, to the best of the knowledge of the Acquirer, there are no other statutory approvals required, other than those indicated above.
- If there is any upward revision of the Offer Price by the Acquirer till the last permitted date for revision viz. March 3, 2005 or withdrawal of the Offer, the same would be informed by way of a public announcement in the same newspapers in which the original Public Announcement had appeared. Such revised Offer Price would be payable for all the Shares tendered anytime during the Offer and accepted under the Offer.
- Shareholders, who have accepted the Offer by tendering the requisite documents in terms of the Public Announcement/ Letter of Offer, can withdraw the same up to three working days prior to the closure of the Offer viz. March 10, 2005
- **If there is a competitive bid: (i) the public offers under all the subsisting bids shall close on the same date; (ii) as the Offer Price cannot be revised during seven working days 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 offer price of each bid and tender their acceptance accordingly.**
- **There has been no competitive bid as on date.**
- A copy of the Public Announcement and this Letter of Offer (including the Form of Acceptance cum Acknowledgement and the Form of Withdrawal) is expected to be available on SEBI's website (www.sebi.gov.in).

MANAGER TO THE OFFER	REGISTRAR TO THE OFFER
kotak Investment Banking **Kotak Mahindra Capital Company Limited** 3rd Floor, Bakhtawar, 229, Nariman Point, Mumbai 400 021. Tel. : +91 22 5634 1110 Fax : +91 22 2282 6632 Contact Person : Mr. Ajay Vaidya Vice President (Compliance) and Company Secretary Email: krone.offer@kotak.com	KARVY Karvy Computershare Private Limited **Karvy Computershare Private Limited** Karvy House, 46, Avenue 4, Street No.1, Banjara Hills, Hyderabad 500 034. Tel.: +91 40 2331 2454 Fax: +91 40 2331 1968 Contact Person: Mr. Murali Krishna Email : murali@karvy.com

The schedule of activities is as per the following table:

Issue of Public Announcement	August 9, 2004	Monday
Specified Date	August 13, 2004	Friday
Last date by which Letter of Offer will be dispatched to the Shareholders	February 9, 2005	Wednesday
Offer Opening Date	February 14, 2005	Monday
Offer Closing Date	March 15, 2005	Tuesday
Last date for a competitive bid, if any	August 30, 2004	Monday
Last date for revising the Offer Price/ Offer Size	March 3, 2005	Thursday
Last date for withdrawing acceptance of the Offer	March 10, 2005	Thursday
Date by which the acceptance / rejection would be intimated and the corresponding payment for the acquired Shares and / or the share certificate(s) / demat delivery instruction for the rejected Shares will be dispatched / issued	April 14, 2005	Thursday

Risk Factors:

- The Offer is subject to the statutory and regulatory approvals and clearances from FIPB/ SIA and RBI required to acquire Shares tendered pursuant to this Offer
- Acquirer will require an RBI approval for the purpose of releasing payment of purchase consideration to the shareholders, after the closure of the Offer.
- Association with the ADC group involves numerous risks. Among those risks, which is not necessarily an exhaustive list but is illustrative of the types of risks associated with the business of the ADC group, are the following:

1. A significant downturn in the communications equipment industry that began in 2001. The magnitude and duration of the downturn remains uncertain, particularly with respect to the demand for equipment and services by telecommunication service providers from which a majority of the ADC group revenues are derived;
2. ADC has taken dramatic steps to restructure its business to achieve operating profitability and it remains unclear whether these efforts will prove successful;
3. Macroeconomic factors that influence the demand for telecommunications services and the consequent demand for communications equipment;
4. Possible consolidation among customers or competitors of the ADC group, which could cause disruption in the ADC group's customer relationships or displacement of the ADC group as an equipment vendor to the surviving entity in a customer consolidation;
5. The ability of the ADC group to keep pace with rapid technological change in its industry;
6. The ability of the ADC group to make the proper strategic choices with respect to product line acquisitions or divestitures;
7. The ability of the ADC group to successfully integrate the Global Acquisition or other businesses it may acquire into its overall operations;
8. Increased competition within the ADC group's industry and increased pricing pressure from its customers;
9. The ADC group's dependence on relatively few customers for a substantial portion of its revenues;
10. Fluctuations in operating results of the ADC group from quarter-to-quarter, which are influenced by many factors outside of the control of the ADC group, including variations in demand for particular products which have varying profit margins;
11. The impact of regulatory changes on the willingness of the ADC group's customers to make capital expenditures for products and services;
12. Financial problems, work interruptions in operations or other difficulties faced by some of the ADC group's customers, which can influence future sales to these customers as well as the ability of the ADC group to collect amounts due to it;
13. Economic and regulatory conditions outside of the United States, including changes in exchange rates of the U.S. dollar into foreign currencies, as approximately 50% of the ADC group's sales presently come from non-U.S. jurisdictions;
14. The ability of the ADC group to protect its intellectual property rights and defend against infringement claims made by third parties;
15. Possible limitations on the ability of the ADC group to raise additional capital if required;
16. The ability of the ADC group to attract and retain qualified employees;
17. The ability of the ADC group to maintain key competencies during a period of reduced resources and restructuring;
18. Potential liabilities that could arise if there are design or manufacturing defects with respect to any of its products.
19. The ability of the ADC group to obtain raw materials and components;
20. Dependence on contract manufacturers to make certain products;
21. Changes in interest rates, foreign currency exchange rates and equity securities prices, all of which will impact operating results;
22. The ability of the ADC group to successfully defend or satisfactorily settle our pending litigation;
23. As on October 31, 2004, ADC had accumulated losses of USD 733.6 mn (Rs 333,421.2 lacs). For further details, please refer to paragraph 20 of the Letter of Offer.

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KEY DEFINITIONS

ADC	ADC Telecommunications, Inc. a company incorporated under the laws of Minnesota, USA and having its registered office at 13625 Technology Drive, Eden Prairie, Minnesota 55344, USA
Acquirer	ADC
BgSE	Bangalore Stock Exchange
BSE	The Stock Exchange, Mumbai
DSE	The Delhi Stock Exchange Association Limited
FEMA	Foreign Exchange Management Act, 1999, as amended
FIPB / SIA	Foreign Investment and Promotion Board / Secretariat of Industrial Assistance
Form	Form of Acceptance-cum-Acknowledgement attached to this Letter of Offer
KEONICS	Karnataka State Electronics Development Corporation Limited
KRONE BmbH	KRONE Beteiligungsgesellschaft mbH , a company incorporated under the laws of Germany and having its registered office at Beeskowdamm 3-11, Berlin, D-14167, Germany (formerly KRONE GmbH, the name change has been effected on October 6, 2004 to KRONE Beteiligungsgesellschaft mbH; KRONE GmbH was formerly KRONE AG, with the name change effected on December 23, 1999)
KRONE GmbH	KRONE GmbH, a wholly owned subsidiary of KRONE Beteiligungsgesellschaft mbH, a company incorporated under the laws of Germany and having its registered office at at Beeskowdamm 3-11, Berlin, D-14167, Germany (formerly aptus50.GmbH, the name change has been effected on October 6, 2004 to KRONE GmbH)
KRONE Holding	KRONE Holding GmbH, a company incorporated under the laws of Germany and having its registered office at Beeskowdamm 3-11, Berlin, D-14167, Germany
Letter of Offer	This Letter of Offer dated February 7, 2005
Manager to the Offer	Kotak Mahindra Capital Company Limited, the merchant bankers appointed by the Acquirer pursuant to regulation 13 of the Regulations, having its registered office at Bakhtawar, 3rd Floor, 229, Nariman Point, Mumbai – 400021
Offer	Offer being made by the Acquirer for 1,058,000 Shares to the public shareholders of the Target Company at the Offer Price payable in cash
Offer Price	Price of Rs. 92 (Rupees Ninety Two only) per Share
Offer Size	1,058,000 Shares representing 23% of the voting equity capital of the Target Company
Public Announcement	Announcement of this Offer made on behalf of the Acquirer to the shareholders of the Target Company published on August 9, 2004 and as amended by public announcement published on February 7, 2005 which appeared in all the editions of Business Standard, Financial Express and Jansatta, the Mumbai edition of Sakal and the Bangalore edition of Kannada Prabha
RBI	Reserve Bank of India
Registrar to the Offer	Karvy Computershare Private Limited, the Registrars to the Offer appointed by the Acquirer, having its office at “Karvy House”, 46, Avenue 4, Street No. 1, Banjara Hills, Hyderabad - 500 034
Regulations	Securities & Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 1997 and subsequent amendments thereto
SEBI	Securities and Exchange Board of India
Share	Fully paid up equity share of KRONE Communications Limited having a face value of Rs.10 each
Shareholders	Shareholders of the Target Company
Specified Date	August 13, 2004 being the date for the purpose of determining the names of the Shareholders to whom the Letter of Offer will be sent
Stock Exchanges	BSE, BgSE and DSE
Target Company	KRONE Communications Limited

Note : All terms beginning with a capital letter used in this Letter of Offer, but not otherwise defined herein, shall have the meanings ascribed thereto in the Regulations.

I. 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 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 KRONE COMMUNICATIONS LIMITED TO TAKE AN INFORMED DECISION WITH REGARD TO THE OFFER. 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 THE ACQUIRER(S) IS (ARE) 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 (THEIR) RESPONSIBILITY ADEQUATELY. IN THIS BEHALF, AND TOWARDS THIS PURPOSE, THE MANAGER TO THE OFFER, KOTAK MAHINDRA CAPITAL COMPANY LIMITED, HAS SUBMITTED A DUE DILIGENCE CERTIFICATE DATED AUGUST 23, 2004 TO SEBI IN ACCORDANCE WITH THE SEBI (SUBSTANTIAL ACQUISITION OF SHARES AND TAKEOVER) REGULATIONS, 1997 AND SUBSEQUENT AMENDMENT(S) THEREOF. THE FILING OF THE LETTER OF OFFER DOES NOT, HOWEVER, ABSOLVE THE ACQUIRER(S) FROM THE REQUIREMENT OF OBTAINING SUCH STATUTORY CLEARANCES AS MAYBE REQUIRED FOR THE PURPOSE OF THE OFFER.

II. THE DETAILS OF THE OFFER

Background of the Offer

1. This Offer is being made by the Acquirer pursuant to and in compliance with, among others, Regulation10, and Regulation 12 of the Regulations, pursuant to the Global Acquisition resulting in the indirect acquisition of 51% interest in the Target Company as more particularly mentioned in paragraphs 2 and 3 below.

2. On May 18, 2004, ADC, indirectly acquired from GenTek Holding Corporation ("GenTek") the entire equity capital of KRONE BmbH, a German corporation which at that time held 2,346,000 equity shares of face value of Rs. 10 each in the Target Company representing 51% of the voting equity capital of the Target Company. This acquisition by ADC was part of a global acquisition pursuant to which, ADC acquired from GenTek, the equity and assets of several companies and businesses involved in the manufacture, sale and distribution of telecommunications related products that are located in different countries ("Global Acquisition"). The consideration paid by ADC and their affiliates pursuant to the Global Acquisition was a composite consideration. In the Global Acquisition ADC paid a total value of USD350 million, adjusted for pension related liabilities and cash. Pursuant to the Global Acquisition ADC indirectly acquired all the outstanding shares of KRONE BmbH for USD172 million (inclusive of reimbursed cash to GenTek) in cash and the assumption of certain liabilities that include, among others, pension related liabilities in Germany of approximately USD58 million. By indirectly acquiring KRONE BmbH, ADC also acquired all interests held by KRONE BmbH in other companies, including the Target Company. An amount of USD138 million was then primarily used to purchase all of the outstanding shares of KRONE International Holding Inc. and KRONE Digital Communications Inc, both Delaware corporations. Like KRONE BmbH these companies hold interests in a variety of other companies. The acquisition agreement related to the Global Acquisition generally has customary provisions for representations, warranties and covenants. Included in the covenants is an agreement from GenTek that it and its affiliates will not for a period of three years directly or indirectly participate in any business that produces, manufactures, supplies, sells or distributes wire, cable or connectivity devices for voice, data or telecommunications networks and devises that designs, plans, constructs or installs telecommunications systems anywhere in the world. This non-compete covenant is subject to certain customary exceptions. In addition, there is an agreement from GenTek that it will not directly or indirectly solicit for employment or other services any individual who was an employee of the KRONE group at any time six months prior to closing or during the two year period after closing the Global Acquisition. This non-solicitation covenant survives for a period of two years. Following the closing of the Global Acquisition all of the assets and liabilities of KRONE BmbH, including the interest it held in the Target Company, were transferred to KRONE GmbH, a wholly owned subsidiary of KRONE BmbH. The details of this transaction are summarized in paragraph 43 of this Letter of Offer.

3. As the Global Acquisition has resulted in ADC indirectly acquiring 51% interest in the Target Company, this Offer is being made pursuant to the Regulations. Acquirer does not directly hold any Shares in the Target Company.

4. As a result of the Global Acquisition, the Acquirer has the ability to cause changes to the composition of the Board of Directors of the Target Company. On July 24, 2004, Gokul Hemmady, the Chief Financial Officer of ADC, was appointed as a Director on the Board of Directors of the Target Company.

5. The Acquirer, KRONE Holding GmbH ("KRONE Holding", an indirect wholly owned subsidiary of ADC and a deemed person acting in concert) and the Target Company have not 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. Since the date of the Public Announcement to the date of this Letter of Offer, the Acquirer has not acquired any Shares. The Acquirer has not acquired any Shares during the 12-month period prior to the date of the Public Announcement. As per information received from the Target Company to the best of their knowledge, KRONE BmbH (an entity that was controlled by GenTek, the sellers, prior to the Global Acquisition) has not 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.

Details of the proposed Offer

6. In accordance with regulation 14(4) of the Regulations, the Acquirer has made a public announcement on August 9, 2004, being within three months from the date of consummation of the transaction viz. May 18, 2004, which appeared in all editions of Business Standard, Financial Express and Jansatta, the Mumbai edition of Sakal and the Bangalore edition of Kannada Prabha. A copy of the Public Announcement and this Letter of Offer (including the Form of Acceptance cum Acknowledgement and the Form of Withdrawal) is expected to be available on SEBI's website (www.sebi.gov.in).

7. Pursuant to this Offer, the Acquirer proposes to acquire 1,058,000 Shares of the Target Company representing 23% of the voting equity capital of the Target Company at a price of Rs. 92 (Rupees ninety two only) for each Share to be paid in cash in accordance with the Regulations. This Offer is not conditional upon any minimum level of acceptance or any differential pricing.

8. To the extent of the Offer Size, all the Shares of the Target Company that are validly tendered pursuant to this Offer are proposed to be acquired by ADC.

9. The Shares to be acquired under this Letter of Offer are to be free from all liens, charges and encumbrances and will be acquired together with all rights attached thereto.

10. The Letter of Offer is being sent to those equity shareholders of the Target Company whose name(s) appeared in the Register of Members of the Target Company at the close of business hours on August 13, 2004, being the Specified Date, as required under the Regulations.

11. This Offer is made to all shareholders of the Target Company except the Acquirer and deemed persons acting in concert.

12. There are no outstanding convertible instruments in the Target Company.

Object of the acquisition / Offer

13. The Offer is pursuant to a Global Acquisition whereby ADC and its affiliates acquired from GenTek, the equity and assets of several companies and businesses involved in the manufacture, sale and distribution of telecommunications related products that are located in different countries.

14. The Acquirer and the Target Company are in the business of manufacture and distribution of telecommunication equipment and related services. The Acquirer believes that the there will not be any substantial change in the market positioning and the capacity utilization of the Target Company resulting from the Global Acquisition. The Acquirer considers the Target Company to be of strategic importance in an emerging market, and may increase its commitment to the Target Company by means of further capitalization/ consolidation, as may be required in accordance with the business conditions as may be prevalent in the future. The Board of Directors of the Target Company will take appropriate decisions in these matters as per the requirements of business and in line with the opportunities from time to time.

III. BACKGROUND OF THE ACQUIRER (INCLUDING DISCLOSURE UNDER REGULATION 21(3))

15. ADC is the ultimate parent company of KRONE Holding, which holds KRONE BmbH (wholly owned subsidiary of KRONE Holding) and which in turn holds KRONE GmbH (a wholly owned subsidiary of KRONE BmbH). KRONE GmbH holds 51% of the Shares of the Target Company.

16. The details of ADC are provided in the table below :

Name	ADC Telecommunications, Inc., a company incorporated under the laws of the State of Minnesota, USA
Address of the registered/corporate office	13625 Technology Drive, Eden Prairie, Minnesota 55344, United States of America
Listed on	NASDAQ
Group	ADC is publicly traded and is not controlled by any particular person, entity or group of persons or entities. ADC is the parent company of the ADC Telecommunications, Inc. Group.
Relationship with KRONE Holding	KRONE Holding is an indirect wholly owned subsidiary of ADC.
Primary Business	Telecommunications Equipment and Integration Services
Experience	Founded in 1935
Compliance with the applicable provisions of the Regulations/other applicable regulations under the SEBI Act, 1992	No compliance applicable as on date

History and major areas of operation

17. ADC was founded in 1935. The company initially made a device to test hearing and within a few years expanded to make products for the broadcast industry. In the early 1940's the company designed an audio system for the University of Minnesota. The resulting jacks and plugs became the cornerstone of ADC's growth in the field of telecommunications equipment. In 1949 ADC sold its products designed to test hearing and throughout the 1950's heightened its focus upon telecommunications equipment as well as transformers and filters for power lines. In the 1980's, government deregulation in the United States provided ADC with even more increased opportunities to sell telecommunications equipment. Overtime the company has continued to provide equipment and services designed to enhance communications of telephone and other networks. Today ADC's core strategy is to provide products and services that provide the foundation for every type of communications network over copper, fiber, coaxial and wireless media. These products and services include fiber optic, copper and coax based frames, cabinets, cables, connectors, cards and other physical components essential to enable the delivery of communications for wireline, wireless, and cable TV networks. ADC's products also include network access devices including high-bit-rate digital subscriber line and wireless coverage solutions. ADC also designs, equips and builds networks through the provision of systems integration services.

18. The residential addresses of the Board of Directors of ADC are given below:

Name	Address
B. Kristine Johnson	465 Bovey Road, Wayzata, MN 55391
J Kevin Gilligan	5804 Crescent Terrace, Edina, MN 55436
James C. Castle, Ph. D.	621, 13th Street Manhattan Beach, CA 90266
Jean-Pierre Rosso	219 E. Lake Shore Dr., Apt. 12A/B Chicago, IL 60611
John A Blanchard III	9869 Hidden Glade Road , White Bear Lake, MN 55110
John D. Wunsch	580 Anchor Circle, Redwood City, CA 94065
John E Rehfeld	377 Bellaire Street, P.O. Box 2473, Del Mar, CA 92014
John J. Boyle III	3 Hancock Street, Portsmouth, NH 03801
Larry Wangberg	110 Elk View Drive Hailey, ID 83333
Lois M. Martin	2460 Sunrise Drive, Little Canada, MN 55117
Mickey P. Foret	7001 Valley View Road Edina, MN 55439
Robert E Switz	5225 Grandview Square, Apartment 410, Edina, MN 55436
Willi0am R. Spivey Ph.D.	4792 Golf Course Drive West Lake Village, CA 91362

None of these Directors is on the Board of Directors of the Target Company.

19. The details of experience and qualifications of the Board of Directors of ADC are given below:

The biographical information below is provided to the best of ADC's knowledge.

B. Kristine Johnson has been a director of ADC since 1990. She is a Principal of Affinity Capital Management, a firm that manages venture capital partnerships. Prior to joining Affinity in 2000, Ms. Johnson was employed for 17 years at Medtronic, Inc., a manufacturer of cardiac pacemakers, neurological and spinal devices and other medical products, serving as Senior Vice President and Chief Administrative Officer from 1998 to 1999. She also served as President of the Vascular business and President of the Tachyarrhythmia Management business of Medtronic from 1990 to 1997. Ms. Johnson also serves as a director of Piper Jaffray Companies, Inc. Ms. Johnson received her B.A. degree from St. Olaf College in 1973 where she majored in Math, Economics and Political Science. She first entered the workforce that same year.

J. Kevin Gilligan has been a director of ADC since September 1, 2004. Mr. Gilligan was recently appointed President and Chief Executive Officer of United Subcontractors, Inc., a nationwide specialty construction contractor. Prior to joining United Subcontractors, Inc., Mr. Gilligan served as President and Chief Executive Officer of the Automation and Control Solutions Division of Honeywell International from 2001 to 2004. From 2000 to 2001, Mr. Gilligan served as President of the Home and Building Control Division of Honeywell International. He also served as president of the Solutions and Services Division of Honeywell International from 1997 to 1999 and as Vice President and General Manager of the North American Region of the Home and Building Control Division from 1994 to 1997. Mr. Gilligan also serves on the Board of Directors of Graco Inc. Mr. Gilligan received B.A. degree from Boston College where he majored in Economics and Political Science. He first entered the workforce in 1977.

Dr. James C. Castle Ph.D. has been a director of ADC since 1994. He has served as President and Chief Executive Officer of Castle Information Technologies, LLC, a provider of information technology and board of directors consulting services since 2001. He was formerly the Chairman of the Board and Chief Executive Officer of DST Systems of California, Inc. (formerly USCS International, Inc.), a position he held from August 1992 to April 2002. DST Systems of California is a worldwide provider of computer services to the cable industry and a provider of billing services to the cable, telephony, financial services and utility industries. From 1991 to 1992, Dr. Castle was President of Teradata Corporation, until that company merged with NCR Corporation, a subsidiary of AT&T. From 1987 to 1991, Dr. Castle was Chairman of the Board, President, Chief Executive Officer and a director of Infotron Systems Corporation. Dr. Castle is also a director of the PMI Group, Inc.,Southwest Water Company, Inc. and VeriFone, Inc. Dr. Castle received a B.S. degree from the United States Military Academy in 1958 where he majored in Military Art & Engineering. In 1963 he received an MSEE degree in Computer Science from the University of Pennsylvania. He received a PhD. in Computer and Information Sciences in 1966 from the University of Pennsylvania. He first entered the workforce in 1958.

Jean Pierre Rosso has been a director of ADC since 1993. Mr. Rosso most recently served as Chairman of CNH Global, N.V., a manufacturer of construction and agriculture equipment from December 1999 to April 2004. Mr. Rosso was President and Chief Executive Officer of Case Corporation, a construction equipment manufacturer from April 1994 to March 1996 and Chairman and Chief Executive Officer of Case from March 1996 to November 1999. He was Chairman and Chief Executive Officer of CNH Global N.V. from December 1999 to December 2000. Prior to joining Case Corporation, Mr. Rosso was President of the Home and Building Control division of Honeywell Inc. from 1991 to 1994 and President of Honeywell Europe in Brussels, Belgium, from 1987 to 1991. Mr. Rosso is also a director of Medtronic, Inc. and Eurazeo. Mr. Rosso received a degree in Civil Engineering from Ecole Polytechnique Federale De Lausanne Switzerland in 1964. He received an M.B.A. degree from the Wharton School of Business at the University of Pennsylvania in 1967. He entered the workforce in 1969.

John A. Blanchard III has been a director of ADC since November 1999 and has served as non-executive Chairman of the Board since August 2003.He served as the Chairman of the Board and Chief Executive Officer of eFunds Corp., a provider of transaction processing and risk management services, from June 2000 to September 2002. He continued to serve as a member of the Board of Directors of eFunds Corp. until his full retirement on December 31, 2002. Previously, Mr. Blanchard had served as President and Chief Executive Officer of Deluxe Corporation, a provider of paper checks and electronic banking services, from May 1995 to May 1996 and as Chairman of the Board and Chief Executive Officer of Deluxe Corporation from May 1996 to December 2000 when eFunds Corporation was spun out of Deluxe Corporation. From January 1994 to April 1995, Mr. Blanchard was Executive Vice President of General Instrument Corporation, a supplier of set boxes and systems components to the cable and satellite television industry. From 1991 to 1993, Mr. Blanchard was Chairman and Chief Executive Officer of Harbridge Merchant Services, Inc., a national credit card processing company. Prior to that, Mr. Blanchard was employed by AT&T for 25 years, most recently as Senior Vice President responsible for national business sales. Mr. Blanchard also serves as a director of Wells Fargo & Company. Mr. Blanchard received a B.A. degree from Princeton University in 1965 where he majored in History. In 1978 he received an M.S. degree in Management from the Sloan School of Business at the Massachusetts Institute of Technology. Mr. Blanchard first entered the workforce in 1965.

John D. Wunsch has been a director of ADC since 1991. Mr. Wunsch is the President of Harris MyCFO, a part of the complete wealth management solution of Harris Private Bank. From March 2002 until June 2003, he was Senior Vice President with Harris Trust and Savings Bank and head of their Private Wealth Group. He was an independent consultant in the financial services industry from December 2001 to March 2002. He was President and Chief Executive Officer of Family Financial Strategies, Inc., a registered investment advisory company, from January 1997 to December 2001. From 1990 to January 1997, he served as President of Perrybell Investments, Inc., a registered investment advisory company. Mr. Wunsch received an Associate of Arts degree from Metropolitan State Junior College in 1969. In 1971 he received a B.A. degree from the University of Minnesota. He received a Fellow degree from the Institute for Court Management in 1977. He first entered the workforce in 1967.

John E. Rehfeld has been a director of ADC since September 2004. Mr. Rehfeld currently serves as an adjunct professor for the Executive MBA program at Pepperdine University in California. During 2001, prior to joining Pepperdine Mr. Rehfeld served as Chairman and Chief Executive Officer of Spruce Technologies, Inc., a DVD authoring software company. From 1997 to 2001, Mr. Rehfeld served as Chairman and Chief Executive Officer of ProShot Golf, Inc., a privately-held company providing GPS distance measuring computers on golf carts. He served as President and Chief Executive Officer of Proxima Corporation, multi-media projector company, from 1995 to 1997 and as President and Chief Executive Officer of ETAK, Inc., a digital map software and content company, from 1993 to 1995. Mr. Rehfeld also serves as a directors of Candle Corporation, Seiko Instruments, America, Inc., Think Outside, Inc., Front Porch, Inc. and Primal Solutions, Inc. Mr. Rehfeld received a Bachelor of Chemical Engineering degree from the University of Minnesota and a M.B.A. degree from Harvard University.

John J. Boyle III has been a director of ADC since November 1999. Mr. Boyce most recently served as President and Chief Executive Officer of Equallogic, Inc., a company dedicated to developing networked storage by building intelligent storage solutions that extend the benefits of consolidated storage throughout the enterprise from 2003 to 2004. From April 2000 to July 2003, Mr. Boyle served as Chief Executive Officer of Cogentric, Inc., a provider of solutions to enable decision makers to evaluate and enhance their Web-based capabilities. He served as Senior Vice President of ADC from October 1999 to April 2000 following ADC's acquisition of Saville Systems PLC. Prior to joining ADC, Mr. Boyle served as President and Chief Executive Officer of Saville Systems PLC from August 1994 to October 1999 and as Saville's Chairman of the Board from April 1998 to October 1999. Mr. Boyle is also a director of eFunds Corp. Mr. Boyle entered the workforce in 1969. He received a B.S. degree in Business Administration from Northeastern University in 1978

Larry W. Wangberg has been a director of ADC since October 2001. Mr. Wangberg served as Chief Executive Officer and Chairman of the Board of TechTV (formerly ZDTV, Inc.), a cable television network focused on technology information, news and entertainment, from August 1997 until his retirement from these positions in July 2002. Previously, Mr. Wangberg was Chief Executive Officer and Chairman of the Board of StarSight Telecast, Inc., an interactive navigation and program guide company, from February 1995 to August 1997. Mr. Wangberg is also a director of Autodesk, Inc. and Charter Communications, Inc. Mr Wangberg received both a B.S. degree in Mechanical Engineering and an M.S. degree in Industrial Engineering from the University of Minnesota.

Lois M. Martin has been a director of ADC since March 2004. Ms. Martin was recently appointed Senior Vice President and Chief Financial Officer for Capella Education Company. Capella Education Company is the privately held parent company of Capella University, an accredited on-line university. From 2002 to 2004, Ms. Martin served as executive vice president and chief financial officer of World Data Products, Inc., an industry-leading provider of server, storage, network and telecom solutions worldwide. From 1993 to 2001, Ms. Martin was with Deluxe Corporation during which time she held a number of positions, including senior vice president and chief financial officer, vice president and corporate controller, vice president and controller of Deluxe Financial Services Group, vice president and controller of Paper Payment Systems Division, director of accounting services, and director of internal audit. Prior to joining Deluxe Corporation, Ms. Martin served as International Controller for Carlson Companies, a privately held, international conglomerate from 1991 to 1993.

Mickey P. Foret has been a director of ADC since February 2003. From September 1998 to September 2002, Mr. Foret served as Executive Vice President and Chief Financial Officer of Northwest Airlines, Inc., a commercial airline company. From September 1998 to September 2002, he also served as Chairman and Chief Executive Officer of Northwest Airlines Cargo Inc., a subsidiary of Northwest Airlines that specializes in cargo transport. From May 1998 to September 1998 he served as a Special Projects Officer of Northwest Airlines, Inc. Prior to that time he served as President and Chief Operating Officer of Atlas Air, Inc. from June 1996 to September 1997 and as Executive Vice President and Chief Financial Officer of Northwest Airlines, Inc. from September 1993 to May 1996. Mr. Foret previously held other senior management positions with various companies including Northwest Airlines, Continental Airlines Holding, Inc. and KLH Computers, Inc. Mr. Foret also serves as a director of URS Corporation, Mair Holdings, Inc. and various funds managed by First American Funds. Mr. Foret received a B.S. degree from Lousiana State University in 1971 where he majored in Business Administration. That same year he received an M.B.A. degree from Louisiana State University. He first entered the workforce in 1966

Robert E. Switz was appointed to serve as a director of ADC on August 13, 2003. Mr. Switz has been President and Chief Executive Officer of ADC since August 2003, and, from January 1994 until August 2003, Mr. Switz served ADC as Chief Financial Officer as well as Executive Vice President and Senior Vice President. Mr. Switz also served as President of ADC's former Broadband Access and Transport Group from November 2000 to April 2001. Prior to joining ADC, Mr. Switz was employed by Burr-Brown Corporation, a manufacturer of precision micro-electronics, most recently as Vice President, Chief Financial Officer and Director, Ventures & Systems Business. Mr. Switz is also a director of Hickory Tech Corporation, Broadcom Corporation and The Telecommunications Industry Association (TIA). Mr. Switz received a B.S. degree in Marketing/Economics from Quinnipiac University and an M.B.A. degree in Finance from the University of Bridgeport. He entered the workforce in 1969.

William R. Spivey Ph.D. has been a director of ADC since September 1, 2004. Dr. Spivey most recently served as President and Chief Executive Officer of Luminent, Inc., a fiber optics transmission products manufacturer, from July 2000 to September 2001. From 1997 to 2000, Dr. Spivey served as Network Products Group President for Lucent Technologies. He also served as vice president of the Systems & Components Group at AT&T Corporation/Lucent Technologies from 1994 to 1997. Dr. Spivey also serves on the Boards of Directors of Novellus Systems, Inc., Lyondell Chemical Company, Raytheon Inc., The Laird Group, PLC and Cascade Microtech, Inc.. Dr. Spivey received his B.S. degree from Duquesne University in 1968 where he majored in Physics. In 1969 he received an M.S. degree in Physics from Indiana University in Indiana, Pennsylvania. In 1990 Dr. Spivey earned a Ph.D. in Administration/Management from Walden University. Dr. Spivey entered the workforce in 1970.

20. Consolidated Financials of ADC (reflect the financials of all companies controlled by ADC during the time periods indicated)

(No adjustments are required pursuant to the provisions of Annexure I, point 11 of the Standard Letter of Offer)

CONSOLIDATED STATEMENT OF OPERATIONS

	Year Ended							
	31-Oct-04		31-Oct-03		31-Oct-02		31-Oct-01	
	US $ mn	Rs. Lac	US $ mn	Rs. Lac	US $ mn	Rs. Lac	US $ mn	Rs. Lac
Net Sales	784.3	356,464.4	589.4	267,882.3	819.5	372,462.8	2,402.8	1,092,072.6
International Sales	316.8	143,985.6	152.9	69,493.1	165.5	75,219.8	692.2	314,604.9
Gross Profit	301.9	137,213.6	207.1	94,127.0	163.2	74,174.4	725.0	329,512.5
Research and Development Exp.	59.1	26,861.0	59.9	27,224.6	106.8	48,540.6	287.3	130,577.9
Selling and Administration Exp.	206.3	93,763.4	160.4	72,901.8	251.6	114,352.2	715.3	325,103.9
Goodwill Amortization	-	-	-	-	-	-	56.6	25,724.7
Operating (Loss) Income	22.5	10,226.3	(56.9)	(25,861.1)	(738.3)	(335,557.4)	(1,031.3)	(468,725.9)
(Loss) Income Before Income Taxes	33.2	15,089.4	(47.9)	(21,770.6)	(731.9)	(332,648.6)	(1,920.7)	(872,958.2)
(Benefit) Provision for Income Taxes	1.9	863.5	(5.3)	(2,408.9)	248.3	112,852.3	(633.0)	(287,698.5)
Income (loss) from Continuing Operations	31.3	14,225.9	(42.6)	(19,361.7)	(980.2)	(445,500.9)	-	-
Discontinued Operations	(14.9)	(6,772.1)	(34.1)	(15,498.5)	(164.8)	(74,901.6)	-	-
Net Income (Loss)	**16.4**	**7,453.8**	**(76.7)**	**(34,860.2)**	**(1,145.0)**	**(520,402.5)**	**(1,287.7)**	**(585,259.7)**

CONSOLIDATED BALANCE SHEET

As on	31-Oct-04		31-Oct-03		31-Oct-02		31-Oct-01	
	US $ mn	Rs. Lac	US $ mn	Rs. Lac	US $ mn	Rs. Lac	US $ mn	Rs. Lac
Current Assets	835.6	379,780.2	1,032.2	469,134.9	717.9	326,285.6	1,305.2	593,213.4
Property and Equipment, Net	233.0	105,898.5	175.3	79,673.9	184.7	83,946.1	614.0	279,063.0
Assets Held for Sale	6.6	2,999.7	25.1	11,407.9	20.0	9,090.0	8.3	3,772.4
Restricted Cash	21.9	9,953.6	15.6	7,090.2	177.0	80,446.5	-	-
Goodwill	180.1	81,855.5	-	-	-	-	-	-
Intagibles	93.0	42,268.4	12.8	5,817.6	19.5	8,862.7	-	-
Available for Sale Securities	26.8	12,180.6	19.5	8,862.8	-	-	-	-
Other Assets	31.1	14,135.0	16.4	7,453.8	25.1	11,408.0	572.2	260,064.9
Total Assets	**1,428.1**	**649,071.5**	**1,296.9**	**589,441.1**	**1,144.2**	**520,038.9**	**2,499.7**	**1,136,113.7**
Current Liabilities	302.0	137,259.0	266.8	121,260.6	400.2	181,890.9	599.4	272,427.3
Long Term Notes Payable	400.0	181,800.0	400.0	181,800.0	10.5	4,772.2	3.0	1,363.5
Other Long Term Liabilities	66.8	30,360.6	2.4	1,090.8	1.3	590.9	3.9	1,772.6
Commitments and Contingencies	-	-	-	-	-	-	-	-
Total Liabilities	768.8	349,419.6	669.2	304,151.4	412.0	187,254.0	606.3	275,563.4
Common Stock	162.0	73,629.0	161.3	73,310.9	159.9	72,674.6	158.4	71,992.8
Paid in Capital	1,250.8	568,488.6	1,246.9	566,716.1	1,272.6	578,396.7	1,256.1	570,897.4
Accumulated Deficit	(733.6)	(333,421.2)	(750.0)	(340,875.0)	(673.3)	(306,014.9)	471.7	214,387.7
Deferred Compensation	(6.4)	(2,908.8)	(9.3)	(4,226.9)	(12.3)	(5,590.3)	(16.7)	(7,590.2)
Accumulated Other Comprehensive Loss	(13.5)	(6,135.7)	(21.2)	(9,635.4)	(14.7)	(6,681.2)	23.9	10,862.6
Shareowners' Investment	659.3	299,651.9	627.7	285,289.7	732.2	332,784.9	1,893.4	860,550.3
Total Liabilities and Shareholders' Investment	**1,428.1**	**649,071.5**	**1,296.9**	**589,441.1**	**1,144.2**	**520,038.9**	**2,499.7**	**1,136,113.7**

OTHER FINANCIAL INFORMATION

	31-Oct-04		31-Oct-03		31-Oct-02		31-Oct-01	
	US $	Rs.	US$	Rs.	US$	Rs.	US$	Rs.
Dividend Declared per Share	-	-	-	-	-	-	-	-
Basic Earnings per Share	0.02	0.91	(0.10)	(4.55)	(1.44)	(65.45)	(1.64)	(74.54)
Diluted Earnings per Share	0.02	0.91	(0.10)	(4.55)	(1.44)	(65.45)	(1.64)	(74.54)
Return on Average Networth	3%	3%	-11%	-11%	-87%	-87%	-54%	-54%
Book Value per Share	0.81	36.81	0.78	35.45	0.92	41.81	2.39	108.63

All financial statements presented above are stated in U.S. GAAP. The financial statements of ADC for FY 2003 and FY 2002 have been restated to reflect the assets, liabilities and results of operations of certain businesses that have met the criteria for treatment as discontinued operations as per U.S. generally accepted accounting principles. The 2001 financial statements presented above do not take into account the impact of certain discontinued operations completed after the closing of the periods referenced above. The financial statements above only reflect the operations of the KRONE group from and after May 18, 2004, the date the Global Acquisition closed.

Note : Exchange rate used is the RBI reference rate as on October 29, 2004– Rs. 45.45 / US$

21. The reasons for rise/fall of net sales and loss of ADC are as follows

Fiscal 2004 vs. Fiscal 2003

Net sales were $784.3 million and $589.4 million for fiscal 2004 and 2003, respectively, which was a 33.1% increase. International net sales were 40.4% and 26.0% of our net sales in fiscal 2004 and 2003, respectively. During fiscal 2004, net sales of Broadband Infrastructure and Access products increased by 41.2% compared to fiscal 2003. ADC's Broadband Infrastructure and Access segment includes infrastructure (Connectivity) and access (Wireless and Wireline) products. The inclusion of sales by the KRONE group beginning on May 18, 2004, accounts for 84.9% of the increase for fiscal 2004 with the remaining increase being accounted for primarily through increased sales of Connectivity and Wireless products. For fiscal 2004, sales of ADC's Connectivity and Wireless increased 67.1% and 98.7%, respectively, compared to fiscal 2003. The inclusion of $149.2 million in sales by the KRONE group beginning on May 18, 2004, as well as fiber-to-the-X sales, accounted for 87.8% of the increase in Connectivity product sales for fiscal 2004. The remaining increase in Connectivity sales was attributable primarily to increased spending by customers in the core central office space. Wireless sales increased primarily due to growing acceptance of ADC's Digivance product. For fiscal 2004, net sales of ADC's Wireline products decreased by 21.5% over the comparable 2003 period. The decrease in Wireline product sales was caused by a combination of decreased volumes and price reductions resulting from decreased demand for certain types of products within the industry generally and competitive pressures. Net sales of ADC's professional services segment increased by 11.8% from $163.4 million in fiscal 2003 to $182.6 million in fiscal 2004. The inclusion of KRONE group's professional services business ("KRONE Services") resulted in a $22.1 million increase in net sales in fiscal 2004. This increase, however, was partially offset by a 1.8% decline in sales of ADC's historical professional services. Excluding KRONE Services, a significant customer of ADC's professional services segment represented 9.3% of revenue in fiscal 2004 compared to 25.4% in fiscal 2003. The decreased spending by this customer, however, was largely offset by market share gains with other customers.

Fiscal 2003 vs. Fiscal 2002

Net sales were $589.4 million and $819.5 million for fiscal 2003 and 2002, respectively, reflecting a 28.1% decrease. International net sales comprised 26.0% and 20.2% of our net sales in fiscal 2003 and 2002, respectively. The 28.1% decrease in net sales was attributable largely to lower volumes of products sold due to significant reductions in communication service provider capital budgets, as well as the lack of new network build-outs or significant expansions of existing networks.

Fiscal 2002 vs. Fiscal 2001

Net sales from continuing operations were $819.5 million and $2,402.8 million respectively. The net sales from continuing operations for 2001 have not been adjusted for discontinued operations completed after the close of ADC's fiscal 2001. Net sales from continuing operations for 2002 have been so adjusted. If net sales for 2001 were adjusted for discontinued operations, they would have decreased to approximately $2,140 million. The significant decrease in net sales between 2002 and 2001 was attributable largely to lower volumes of products sold due to significant reductions in communication service provider capital budgets, as well as the lack of new network build-outs or significant expansions of existing networks

Net income for ADC was $16.4 million (or $0..02 per diluted share) for fiscal 2004, compared to net loss of $76.7 million (or $(0.10) per diluted share) for fiscal 2003. Net loss was $1,145.0 million (or $(1.44) per diluted share) for fiscal 2002. Net loss was $1,287.7 million (or ($1.64) per diluted share) for fiscal 2001.

Contingent liabilities of ADC

The following is a summary description of material contingent liabilities pertinent to the ADC group that have been disclosed in filings with the United States Securities and Exchange Commission with respect to periods ending on October 31, 2004.

- ADC had $17.7 million in outstanding loans under vendor financing arrangements as ofOctober 31, 2004. A $17.5 million reserve had been established for potential loan losses.
- ADC had $14.7 million of outstanding letters of credit at October 31, 2004, which were collateralized by restricted cash.
- ADC is party to a number of operating leases that are non-cancelable and renewable, with expiration dates ranging through the year 2017. The aggregate future minimum rental payment required under these leases was $103.8 million as of October 31, 2004
- ADC is party to certain litigation matters, which are discussed in the "Litigations" section of this Letter of Offer.
- ADC's Board of Directors has approved certain employee benefits, including salary continuation to key employees, in the event of a change of control of ADC.

22. Earlier acquisitions in Target Company made by ADC

Other than indirectly through the Global Acquisition, ADC has made no earlier acquisition of an interest in the Target Company.

23. Significant accounting policies of ADC

The following represents the significant accounting policies of ADC generally as disclosed in ADC's fiscal year 2004 annual report made on form 10-K with the United States Securities and Exchange Commission. All of these policies are in accordance with U.S. GAAP. There have been no significant changes to these policies since the time of that report on Form 10-K.

Principles of Consolidation: The consolidated financial statements include the accounts of ADC and all significant subsidiaries in which ADC has more than a 50% equity ownership. All significant inter-company transactions and balances have been eliminated in consolidation. The 2004 financial statements include the accounts for the period after May 18, 2004 of the KRONE group acquired in the Global Acquisition.

Cash and Cash Equivalents: Cash equivalents represent short-term investments in money market instruments with original maturities of three months or less. The carrying amounts of these investments approximate their fair value due to their short maturities.

Available for Sale Securities: ADC classifies debt securities with maturities of more than three months but less than one year and equity securities in publicly held companies as current available for sale securities. Debt securities with a maturity greater than one year on their acquisition date are classified as long-term available for sale securities.

Inventories: Inventories include material, labor and overhead and are stated at the lower of first-in, first-out cost or market. In assessing the ultimate realization of inventories, ADC is required to make judgments as to future demand requirements compared to current or committed inventory levels. ADC's reserve requirements generally increase as its projected demand requirements decrease due to market conditions, technological and product life cycle changes as well as longer than previously expected usage periods.

Property and Equipment: Property and equipment are recorded at cost and depreciated using the straight-line method over estimated useful lives of three to thirty years or, in the case of leasehold improvements, over the term of the lease, if shorter. Both straight-line and accelerated methods of depreciation are used for income tax purposes.

Impairment of Long-Lived Assets: ADC records impairment losses on long-lived assets used in operations when events and circumstances indicate the assets might be impaired and the undiscounted cash flows estimated to be generated by those assets are less than the carrying amounts of those assets. The impairment loss is measured by comparing the fair value of the asset to its carrying amount.

Goodwill and Other Intangible Assets: Goodwill is not amortized and is reviewed annually for impairment. ADC's other intangible assets (consisting primarily of technology, trademarks, distributor networks and patents) are amortized over their useful lives, which are from one to 20 years.

Research and Development Costs: ADC's policy is to expense all research and development costs in the period incurred.

Revenue Recognition: ADC recognizes revenue, net of discounts, when persuasive evidence of a final agreement exists, delivery has occurred, the selling price is fixed or determinable and collectibility is reasonably assured. Revenue from product sales is generally recognized upon shipment of the product to the customer in accordance with the terms of the sales agreement. Revenue from services consists of fees for systems requirements, system design and analysis, customization and installation services, ongoing system management, system enhancements and maintenance. ADC primarily applies the percentage-of-completion method to these contracts for revenue recognition. ADC records provisions against gross revenue for estimated product returns and allowances in the period when the related revenue is recorded.

Allowance for Uncollectible Accounts: ADC is required to estimate the collectibility of trade and notes receivable. A considerable amount of judgment is required in assessing the realization of these receivables including the current creditworthiness of each customer and related aging of the past due balances. In order to assess the collectibility of these receivables, ADC performs ongoing credit evaluations of its customers' financial condition. Through these evaluations ADC may become aware of a situation where a customer may not be able to meet its financial obligations due to deterioration of its financial viability, credit ratings or bankruptcy. The reserve requirements are based on the best facts available to ADC and are reevaluated and adjusted as additional information is received.

Warranty: ADC provides reserves for the estimated cost of product warranties at the time revenue is recognized. ADC estimates the costs of its warranty obligations based on its warranty policy or applicable contractual warranty, its historical experience of known product failure rates, and use of materials and service delivery costs incurred in correcting product failures. In addition, from time to time, specific warranty accruals may be made if unforeseen technical problems arise.

Income Taxes and Deferred Taxes: ADC utilizes the liability method of accounting for income taxes. Deferred tax liabilities or assets are recognized for the expected future tax consequences of temporary differences between the book and tax bases of assets and liabilities. ADC regularly assesses the likelihood that its deferred tax assets will be recovered from future taxable income, and ADC records a valuation allowance to reduce its deferred tax assets to the amounts it believes to be realizable. ADC considers projected future taxable income and ongoing tax planning strategies in assessing the amount of the valuation allowance. If ADC determines it will not realize all or part of its deferred tax assets, an adjustment to the deferred tax asset will be charged to earnings in the period such determination is made. ADC concluded during the third quarter of fiscal 2002 that a full valuation allowance against its net deferred tax assets was appropriate as a result of our cumulative losses to that point, and the full utilization of its loss carryback potential. In addition, ADC expects to provide a full valuation allowance on any future tax benefits until it can sustain a level of profitability that demonstrates its ability to utilize these assets.

Foreign Currency Translation: ADC converts assets and liabilities of foreign operations to their U.S. dollar equivalents at rates in effect at the balance sheet dates, and ADC records translation adjustments in shareowners' investment. Income statements of foreign operations are translated from the operations' functional currency to U.S. dollar equivalents at the exchange rate on the transaction dates. Foreign exchange transaction gains and losses are reported in other income (expense), net. ADC sometimes hedges forecasted foreign currency transactions. Derivatives entered into for this purpose are classified as economic hedges of foreign currency cash flows. Foreign currency cash flows may arise from cross-border transactions principally in the Euro, British pound, Australian dollar and Canadian dollar. ADC records these instruments at fair value on its balance sheet, with gains and losses recorded in other income (expense) as foreign currency transactions. ADC's foreign currency forward contracts contain credit risk to the extent that its bank counterparties may be unable to meet the terms of the agreements. ADC minimizes such risk by limiting its counterparties to major financial institutions.

Comprehensive Income (Loss): Components of comprehensive income (loss) include net income, foreign currency translation adjustments and unrealized gains (losses) on available-for-sale securities, net of tax. Comprehensive income is presented in the consolidated statements of shareowners' investment.

24. Corporate governance

ADC complies with applicable law and the listing standards of NASDAQ, the exchange on which its stock is traded, with respect to corporate governance matters.

25. Litigations

Members of the ADC group are a party to various lawsuits, proceedings and claims arising in the ordinary course of business. In addition, from time to time members of the ADC group are made party to lawsuits that arise other than in the ordinary course. Presently ADC is a party to two class action lawsuits. The first has been brought by a group of plaintiffs who purchased ADC stock from August 17, 2000 to March 28, 2001. The complaint alleges that ADC violated securities laws by making false and misleading statements about ADC's financial performance and business prospects. ADC successfully had the case dismissed in court but the plaintiffs have appealed this decision. The second class action suit has been brought by individuals who purchased ADC's common stock as one of the investment alternatives under a retirement savings plan offered to ADC employees in the United States. Among other items, this suit alleges that by offering ADC stock as an investment option under the retirement savings plan ADC breached certain fiduciary duties owed to the plan participants. The amount of monetary liability that could result from an adverse outcome in these or other cases involving ADC or its affiliates cannot be determined with certainty at this time. As of October 31, 2004, ADC had recorded $5.2 million in loss reserves against potential adverse outcomes from lawsuits. Because litigation by its nature is uncertain the establishment of reserves involves a considerable amount of judgment.

26. Compliance officer

William Pieper; Address: 13625 Technology Drive, Eden Prairie, Minnesota, USA 55344; Fax:+1-952-917-0637

27. Prior mergers/ demergers during last 3 years involving ADC

Other than mergers of wholly owned subsidiaries into ADC that did not result in the issuance or surrender of any shares of ADC stock, ADC has not directly been a participant in any mergers/demergers during the last 3 years measured from the date of this Letter of Offer.

28. Changes in name

ADC was incorporated in 1953 under the name Magnetic Controls Company, Inc. In 1985 the name of the company was changed to ADC Telecommunications, Inc.

29. Shareholding pattern

Common stock of ADC is publicly traded through NASDAQ. The most current information about significant shareholders of ADC is obtained through quarterly filings made with the United States Securities and Exchange Commission by certain significant shareowners. As of September 30, 2004 the shareholding pattern of the outstanding shares of ADC's common stock was as given below.

	Shareholding (%)
Institutional Shareholders	55%
Individual and Other Entities	45%

Institutions holding more than 1% of the outstanding common stock of ADC on September 30, 2004 are listed in the following table:

Shareowner/Investor Name	**Shares Owned**	**Approximate Ownership Percentage**
Alliance Capital Management L.P.	72,742,536	8.98
State Farm Insurance Companies	32,670,059	4.03
Barclays Global Investors, N.A.	24,985,430	3.08
State Street Global Advisors (US)	23,452,863	2.89
Vanguard Group, Inc.	21,655,268	2.67
Fidelity Management & Research	19,656,840	2.43
Salomon Brothers Asset Management Inc. (US)	18,693,420	2.31
Smith Barney Asset Management	18,560,236	2.29
Kopp Investment Advisors	16,200,148	2.00
Security Management Company, LLC	8,480,500	1.05

30. Details of the companies promoted by ADC in the last three years *(All figures in USD)*

Subsidiary Name	**ADC Metrica Ireland Limited**			**ADC Irish Holding IA, LLC**		
Date of Incorporation	**May 14, 2004**			**January 21, 2004**		
Reporting period	**YTD 8/04**	**FY 10/03**	**FY 10/02**	**YTD 2/04**	**FY 10/03**	**FY 10/02**
Equity Capital	Nominal	N/A	N/A	85,341,939	N/A	N/A
Net Asset Value	0	N/A	N/A	85,341,939	N/A	N/A
Total Income	0	N/A	N/A	0	N/A	N/A
Profit After Tax	0	N/A	N/A	0	N/A	N/A
Shares Outstanding	1	N/A	N/A	1	N/A	N/A
Earnings per Share	0	N/A	N/A	0	N/A	N/A

Subsidiary Name	**ADC Irish Holding IIA, LLC**			**ADC Wireless Solutions LLC**		
Date of Incorporation	**January 21, 2004**			**December 30, 2002**		
Reporting period	**YTD 2/04**	**FY 10/03**	**FY 10/02**	**YTD 8/04**	**FY 10/03**	**FY 10/02**
Equity Capital	9	N/A	N/A	0	0	N/A
Net Asset Value	9	N/A	N/A	(19,523,200)	(9,774,322)	N/A
Total Income	0	N/A	N/A	25,068,523	14,326,948	N/A
Profit After Tax	0	N/A	N/A	(9,748,878)	(9,774,322)	N/A
Shares Outstanding	1	N/A	N/A	1	1	N/A
Earnings per Share	0	N/A	N/A	(9,748,878)	(9,774,322)	N/A

Subsidiary Name	**ADC Broadband (Hong Kong) Limited**			**ADC Wireless Finland Oy**		
Date of Incorporation	**November 2, 2001**			**October 1, 2001**		
Reporting period	**YTD 8/04**	**FY 10/03**	**FY 10/02**	**YTD 8/04**	**FY 10/03**	**FY 10/02**
Equity Capital	0	0	0	7,300	7,300	7,301
Net Asset Value	74,596	71,360	51,419	(424,105)	(401,392)	(758,146)
Total Income	114,266	309,053	635,983	0	2,492	1,577,195
Profit After Tax	3,545	19,044	53,808	(231,238)	754,341	(492,254)
Shares Outstanding	2	2	2	1,000	1,000	1,000
Earnings per Share	1,772.50	9,522.00	26,904.00	(231.24)	754.34	(492.25)

Subsidiary Name	**ADC Connectivity Solutions LLC**		
Date of Incorporation	**December 30, 2002**		
Reporting period	**YTD 8/04**	**FY 10/03** [1]	**FY 10/02**
Equity Capital	(6,129,263)	(6,615,514)	N/A
Net Asset Value	(13,662,400)	11,328,961	N/A
Total Income	232,119,607	244,493,152	N/A
Profit After Tax	(25,478,450)	17,881,561	N/A
Shares Outstanding	1	1	N/A
Earnings per Share	(25,478,450)	17,881,561	N/A

[1] *EPS for FY 2003 is based upon the Profit After Tax for the 10 months of operations only*

Areas of activities of the aforementioned companies

ADC Metrica Ireland Limited	Related to the Metrica software business, which was sold in November 2004. Following the sale the company will remain part of the ADC group and will employ only a few salespeople.
ADC Irish Holding IA LLC and ADC Irish Holding IIA LLC	Each of these companies used to be a holding company for ADC's software business division. ADC completed a sale of a large portion of that business unit earlier this year. The companies are now dormant.
ADC Wireless Solutions LLC	This company was formed in order to hold the portion of our wireless infrastructure business operated out of the United States.
ADC Broadband (Hong Kong) Limited	This company is primarily a sales office.
ADC Wireless Finland Oy	For a very brief period of time this company owned a wireless component business based in Finland. This company is in the process of being liquidated.
ADC Connectivity Solutions LLC	This company was formed in order to hold the portion of ADC's connectivity infrastructure business operated out of the United States. It holds ADC's own historic connectivity infrastructure business operated out of the U.S.

31. The details of KRONE Holding are provided in the table below :

Name	KRONE Holding GmbH, a company incorporated under the laws of Germany
Address of the registered/ corporate office	Beeskowdamm 3-11, Berlin, D-14167, Germany
Listed on	Unlisted
Group	ADC Telecommunications, Inc. Group
Relationship with ADC	Indirect wholly owned subsidiary of ADC Telecommunications, Inc.
Primary Business	Holding company
Experience	Incorporated in 1999
Compliance with the applicable provisions of the Regulations/other applicable regulations under the SEBI Act, 1992	No compliance applicable as on date

32. The details of the sole director of KRONE Holding are as under:

Axel Kahsnitz is the sole director of KRONE Holding. His residential address is Insterburgallee 25, D - 14055 Berlin, Germany. He is not on the Board of Directors of the Target Company. He has been a director of KRONE Holding since March 20, 2001. He is the regional director of Europe, Middle East, Africa (EMEA) region of ADC. Prior to joining the ADC group Mr. Kahsnitz worked for the KRONE group for eight years where he served in varying capacities, including as Regional Director - Germany from July 1996 until April 2001 and then as Managing Director KRONE BmbH and Regional Director - EMEA from April 2001 until May 2004. Prior to joining the KRONE group, Mr. Kahsnitz spent six years with Messetechnik Dresden GmbH, an electronic measurement equipment company, in various capacities. Mr. Kahsnitz has a degree in engineering from the Technical University Dresden.

33. Financials of KRONE Holding

(No adjustments are required pursuant to the provisions of Annexure I, point 11 of the Standard Letter of Offer)

Income statement

	10 month Period ended		Year ended					
	31-Oct-04		31-Dec-03		31-Dec-02		31-Dec-01	
	Euro (in thousands)	Rs. Lac	Euro (in thousands)	Rs. Lac	Euro (in thousands)	Rs. Lac	Euro (in thousands)	Rs. Lac
Total Income	2,750.4	1,592.2	-	-	409.4	237.0	20,317.9	11,762.0
Total Expenses	442.7	256.3	942.3	545.5	1,596.7	924.3	2,090.1	1,209.9
Net Profit / Net Loss	**2,307.7**	**1,335.9**	**(942.3)**	**(545.5)**	**(1,187.3)**	**(687.3)**	**18,227.8**	**10,552.1**

Balance Sheet

As on	31-Oct-04		31-Dec-03		31-Dec-02		31-Dec-01	
	Euro (in thousands)	Rs. Lac	Euro (in thousands)	Rs. Lac	Euro (in thousands)	Rs. Lac	Euro (in thousands)	Rs. Lac
Sources of Funds								
Subscribed Capital	25.0	14.5	25.0	14.5	25.0	14.5	25.0	14.5
Capital Reserve	83,968.9	48,609.6	68,161.0	39,458.4	68,161.0	39,458.3	46,016.3	26,638.7
Accumulated Losses	10,197.9	5,903.6	11,140.2	6,449.0	12,327.5	7,136.4	(5,900.4)	(3,415.7)
Net Loss	2,307.7	1,335.9	(942.3)	(545.5)	(1,187.3)	(687.3)	18,227.8	10,552.1
Total Capital Stock	96,499.5	55,863.6	78,383.9	45,376.4	79,326.2	45,921.9	58,368.7	33,789.6
Payables	89.8	52.0	17,286.1	10,006.9	16,347.4	9,463.5	26,094.9	15,106.4
Total	**96,589.3**	**55,915.6**	**95,670.0**	**55,383.3**	**95,673.6**	**55,385.4**	**84,463.6**	**48,896.0**
Uses of funds								
Financial Assets	94,873.4	54,922.2	94,873.4	54,922.2	94,873.4	54,922.2	84,342.0	48,825.6
Current Assets	1,715.8	993.3	796.4	461.0	800.0	463.1	121.6	70.4
Liquid Funds (Bank Balances)	0.1	0.1	0.2	0.1	0.2	0.1	-	-
Total	**96,589.3**	**55,915.6**	**95,670.0**	**55,383.3**	**95,673.6**	**55,385.4**	**84,463.6**	**48,896.0**

Other financial information

	31-Oct-04		31-Dec-03		31-Dec-02		31-Dec-01	
	Euro	Rs.	Euro	Rs.	Euro	Rs.	Euro	Rs.
Dividend Declared per Share	-	-	-	-	-	-	-	-
Basic Earnings per Share	2,307.7	1,335.9	(942.3)	(545.5)	(1,187.3)	(687.3)	18,227.8	10,552.1
Diluted Earnings per Share	2,307.7	1,335.9	(942.3)	(545.5)	(1,187.3)	(687.3)	18,227.8	10,552.1
Return on Average Networth	3%	3%	-1%	-1%	-2%	-2%	37%	37%
Book Value per Share	96,499.5	55,863.6	78,383.9	45,376.4	79,326.2	45,921.9	58,368.7	33,789.6

KRONE Holding has one equity share of face value 25,000 Euros as subscribed capital and hence its book value per share and loss per share is equal to its total capital stock and loss respectively.
All per share numbers are in unit currency i.e. Euro or Rs.

All financial statements presented above are stated in German GAAP and are not consolidated to include subsidiary or other entities. The financial statements presented above are certified by the sole director, to the best of his knowledge, of KRONE Holding as these are not required to be audited by law.

Note : Exchange rate used is the RBI reference rate as on October 29, 2004 – Rs. 57.89/ Euro

34. Reasons for rise/fall of net sales of KRONE Holding

    KRONE Holding is a holding company with no operational activities and as such any income it derives is through inter-company transactions within its affiliated group.

35. Net loss for the last three fiscal years for KRONE Holding

    KRONE Holding is a holding company with no operational activities and as such any net profits or losses it derives are through inter-company transactions within its affiliated group.

36. Contingent liabilities of KRONE Holding

    KRONE Holding is a holding company with no operational activities. It has no known contingent liabilities.

37. Earlier acquisition in Target Company made by KRONE Holding

    Other than as may have occurred indirectly through KRONE BmbH, KRONE Holding has made no earlier acquisition of an interest in the Target Company.

38. Significant accounting policies of KRONE Holding

    The KRONE Holding financial statements presented above were prepared in accordance with German GAAP. Whereas this entity is a holding company with no operating assets, its activities consist of intercompany transactions with affiliates. The significant accounting policies used on all of the financial statements above (and that continue to be used in the preparation of KRONE Holding's stand alone financial statements) include:

    Financial Assets: Financial assets are valued at lower of acquisition cost or market value

    Receivables and Other Assets: Receivables and other assets are valued at nominal value

    Payables: Payables are recorded at amount repayable

39. There are no acquisitions/open offers by KRONE Holding of Shares in the Target Company.
40. The Acquirer will acquire all the Shares validly tendered pursuant to the Offer, up to the Offer Size.
41. KRONE Holding has not directly promoted any companies in the last three years.
42. Except for KRONE Holding, KRONE BmbH and KRONE GmbH, the other companies controlled by ADC are not directly connected in any manner with the Offer. The financials of the companies controlled by ADC are consolidated in the financials of ADC, which is presented in paragraph 20.
43. The entire assets and liabilities of KRONE BmbH, including the Shares in the Target Company, were transferred to fully owned subsidiary of KRONE BmbH, KRONE GmbH (erstwhile aptus_50. GmbH), by way of a spin-off (in German, Ausgliederung) pursuant to Sec. 123 (3) German Conversion Act (in German, Umwandlungsgesetz) that became effective on October 6, 2004. The spin-off has been undertaken under the German law. The spin-off has been approved by the shareholders of KRONE BmbH and KRONE GmbH with its registration in the Commercial Register of KRONE BmbH and of the fully owned subsidiary, KRONE GmbH. The German civil law courts operate the Commercial Register. In this regard, KRONE GmbH has obtained the FIPB approval vide letter dated December 2, 2004.
44. The details of KRONE BmbH are presented below

Name	KRONE Beteiligungsgesellschaft mbH, a company incorporated under the laws of Germany (formerly KRONE GmbH, the name change has been effected on October 6, 2004)
Address of the registered/ corporate office	Beeskowdamm 3-11, Berlin, D-14167, Germany
Listed on	Unlisted
Group	ADC Telecommunications, Inc. Group
Relationship with ADC	Indirect wholly owned subsidiary of ADC Telecommunications, Inc.
Primary Business	Telecommunications Equipment
Experience	Incorporated in 1999

45. KRONE BmbH, together with its subsidiary companies around the world, supplies copper and fiber based connectivity solutions and cabling products used in public access and enterprise networks.
46. The details of the sole director of KRONE BmbH are as under:

    Axel Kahsnitz is the sole director of KRONE BmbH. His residential address is Insterburgallee 25, D - 14055 Berlin, Germany. He is not on the Board of Directors of the Target Company. He has been a director of KRONE BmbH since March 20, 2001. He is the regional director of Europe, Middle East, Africa (EMEA) region of ADC. Prior to joining the ADC group Mr. Kahsnitz worked for the KRONE group for eight years where he served in varying capacities, including as Regional Director - Germany from July 1996 until April 2001 and then as Managing Director KRONE BmbH and Regional Director - EMEA from April 2001 until May 2004. Prior to joining the KRONE group, Mr. Kahsnitz spent six years with Messetechnik Dresden GmbH, an electronic measurement equipment company, in various capacities. Mr. Kahsnitz has a degree in engineering from the Technical University Dresden.

47. Financials of KRONE BmbH (after adjustments in compliance with point 11 of Annexure I of the Standard Letter of Offer)

Income Statement (German GAAP including Hive Down)

	10 month Period ended		Year ended					
	31-Oct-04		31-Dec-03		31-Dec-02		31-Dec-01	
	Euro (in thousands)	Rs. Lac	Euro (in thousands)	Rs. Lac	Euro (in thousands)	Rs. Lac	Euro (in thousands)	Rs. Lac
Total Income	108,155.0	62,610.9	86,209.0	49,906.4	87,604.0	50,714.0	141,219.0	81,751.7
Total Expenses	164.3	95.1	83,655.0	48,427.9	98,899.0	57,252.7	140,369.0	81,259.6
Net Profit before Extraordinary	107,990.7	62,515,8	2,544.0	1,478.5	(11,295.0)	(6,538.7)	850.0	492.1
Extraordinary Items	0	0	2,749.0	1,591.4	12,107.0	7,008.7	2,443.0	1,414.3
Net Profit / Net loss	107,990.7	62,515,8	(195.0)	(112.9)	(23,402.0)	(13,547.4)	(1,593.0)	(922.2)

Balance Sheet

	31-Oct-04		31-Dec-03		31-Dec-02		31-Dec-01	
	Euro (in thousands)	Rs. Lac	Euro (in thousands)	Rs. Lac	Euro (in thousands)	Rs. Lac	Euro (in thousands)	Rs. Lac
Sources of Funds								
Subscribed Capital	33,000.0	19,103.7	33,000.0	19,103.7	33,000.0	19,103.7	33,000.0	19,103.7
Capital Reserve	12,819.0	7,420.9	12,819.0	7,420.9	12,819.0	7,420.9	2,288.0	1,324.5
Accumulated Losses	(25,190.1)	(14,582.5)	(24,995.0)	(14,469.6)	(1,593.0)	(922.2)	-	-
Net Loss	107,990.7	62,515.8	(195.0)	(112.9)	(23,402.0)	(13,547.4)	(1,593.0)	(922.2)
Total Capital Stock	128,619.6	74,457.9	20,629.0	11,942.1	20,824.0	12,055.0	33,695.0	19,506.0
Payables	166.7	96.5	73,477.0	42,535.9	81,020.0	46,902.5	79,657.0	46,113.5
Total	128,786.3	74,554.4	94,106.0	54,478.0	101,844.0	58,957.5	113,352.0	65,619.5
Uses of funds								
Financial Assets	126,631.3	73,306.9	57,599.0	33,344.1	60,389.0	34,959.2	40,118.0	23,224.3
Current Assets	2,155.0	1,247.5	36,241.0	20,979.9	41,118.0	23,803.2	72,902.0	42,203.0
Liquid Funds (Bank Balances)	-	-	266.0	154.0	337.0	195.1	332.0	192.2
Total	128,786.3	74,554.4	94,106.0	54,478.0	101,844.0	58,957.5	113,352.0	65,619.5

Other financial information

	31-Oct-04		31-Dec-03		31-Dec-02		31-Dec-01	
	Euro	Rs.	Euro	Rs.	Euro	Rs.	Euro	Rs.
Dividend Declared per Share	-	-	-	-	-	-	-	-
Basic Earnings per Share	107,990.7	62,515.8	(195.0)	(112.9)	(23,402.0)	(13,547.4)	(1,593.0)	(922.2)
Diluted Earnings per Share	107,990.7	62,515.8	(195.0)	(112.9)	(23,402.0)	(13,547.4)	(1,593.0)	(922.2)
Return on Average Networth	145%	145%	-1%	-1%	-86%	-86%	-4%	-4%
Book Value per Share	128,619.6	74,457.9	20,629.0	11,942.1	20,824.0	12,055.0	33,695.0	19,506.0

KRONE BmbH has one equity share of face value 33,000,000 Euros as subscribed capital and hence its book value per share and earnings per share is equal to its total capital stock and net profit/loss respectively.

All per share numbers are in unit currency i.e. Euro or Rs

All financial statements presented above are audited with the exception of the October 31, 2004. All financial statements presented above are stated in German GAAP and are not consolidated to include any subsidiary or other entities. The October 31, 2004 financial statements above are certified by the sole managing director of KRONE BmbH to the best of his knowledge.

Note : Exchange rate used is the RBI reference rate as on October 29, 2004 – Rs. 57.89/ Euro.

48. Reasons for rise/fall of net sales of KRONE BmbH

Fiscal 2004 vs. Fiscal 2003

KRONE BmbH has transferred its business to KRONE GmbH with effective date of January 1st 2004. From 2004 on KRONE BmbH has no net sales and the income/ expense appearing in the financial statement refer to non operative business.

Fiscal 2003 vs. Fiscal 2002

Net sales were 86,209 kEuro and 87,604 kEuro for fiscal 2003 and 2002, respectively, which was a 1.6% decrease. During fiscal 2003, net sales decreased primarily because of declines in the sales in KRONE BmbH's AccessNET business (especially in Western Europe) due to lower investment by key network operators and systems integrators. The decline in sales, however, was offset in large measure by capital spending by customers on broadband solutions and UMTS infrastructure as well as increased market share positions with the KRONE BmbH's PremisNET solutions products.

Fiscal 2002 vs. Fiscal 2001

Net sales were 87,604 kEuro and 141,219 kEuro for fiscal 2002 and 2001, respectively, which was a 38.0% decrease. This decrease in net sales primarily was caused by the worldwide downturn and persisting weakness in the telecommunications marketplace. The decrease in sales occured for both the AccessNET and PremisNET business. An above-average decline occured for sectors glass fibers products and protective components. There was sales growth, however, for RJ45 socket and connector products.

49. Net loss in the last three fiscal years of KRONE BmbH

Net Profit 2004

As consideration for the transfer KRONE BmbH's assets and liabilities, KRONE GmbH granted KRONE BmbH an equity interest in KRONE GmbH with a nominal value of 32,975 kEuro. For purposes of the intended step up in tax basis associated with the spin off, the valuation has been established using intermediate values within the meaning of the applicable clauses of the German Conversion Tax Act. Accordingly, the total net value of the transferred assets less liabilities amounts to 126,629 kEuro.

Net loss was 195 kEuro for fiscal 2003, compared to net loss of 23,402 kEuro for fiscal 2002. Net loss was 1,593 kEuro for fiscal 2001.

50. Contingent liabilities of KRONE BmbH

As of October 31, 2004 KRONE BmbH has no contingent liabilities.

51. Earlier acquisition in Target Company made by KRONE BmbH

In 1995, KRONE BmbH acquired 11% of the equity capital of the Target Company from M L Thukral, erstwhile promoter, increasing its shareholding from 40% to 51%. Pursuant to the aforementioned acquisition no open offer was required to be made vide SEBI's exemption letter no. IIMARP/UN/1826/95 dated October 6, 1995 as the same was an inter-se transfer within promoters. There are no other acquisitions/ open offers by KRONE BmbH of Shares in the Target Company. KRONE BmbH is in compliance with the Regulations with regard to the aforementioned acquisition.

52. Significant accounting policies of KRONE BmbH

The KRONE BmbH financial statements presented above were prepared in accordance with German GAAP. The financial statements were not prepared on a consolidated basis. The significant accounting policies used on all of the financial statements above (and that continue to be used in the preparation of KRONE BmbH's stand alone financial statements) include:

Property, Plant and Equipment: Property, plant and equipment are recognized at acquisition or production cost less scheduled depreciation. Depreciation is made on a straight-line basis over the useful lives according to the official deduction for depreciation tables.

Financial Assets: Financial assets are valuated at acquisition cost less necessary write-downs to their lower fair value.

Stocks: Stocks are valued at acquisition or production cost less necessary write-downs to the lower fair value. Acquisition or production cost also includes appropriate portions of indirect material, production overhead and administration overhead as well as depreciation on fixed assets.

Receivables and Other Assets: Receivables and other assets are recognized at acquisition cost less specific and general allowances.

Pension Accruals: Pension accruals are valued according to the entry age normal method according to $6a German Income Tax Law on the basis of an interest factor of 6% and Heubeck's 1998 Standard Tables.

Other Provisions and Accruals: Other provisions and accruals are based on sound business judgment.

Extraordinary items: Extraordinary items are included as part of the total expenses.

53. Details of KRONE GmbH are as under:

Name	KRONE GmbH, a company incorporated under the laws of Germany (formerly aptus_50. GmbH; the name change has been effected on October 6, 2004)
Address of the registered/ corporate office	Beeskowdamm 3-11, Berlin, D-14167, Germany
Listed on	Unlisted
Group	ADC Telecommunications, Inc. Group
Relationship with ADC	Indirect wholly owned subsidiary of ADC Telecommunications, Inc.
Primary Business	Telecommunications Equipment
Experience	Incorporated in May 2004

54. KRONE GmbH, together with its subsidiary companies around the world, supplies copper and fiber based connectivity solutions and cabling products used in public access and enterprise networks.

55. The details of the directors of KRONE GmbH are as under:

Axel Kahsnitz is a director of KRONE GmbH with power to act alone. His residential address is Insterburgallee 25, D - 14055 Berlin, Germany. He is not on the Board of Directors of the Target Company. Axel Kahsnitz has been a director of KRONE GmbH since September 6, 2004. He is the regional director of Europe, Middle East, Africa (EMEA) region of ADC. Prior to joining the ADC group Mr. Kahsnitz worked for the KRONE group for eight years where he served in varying capacities, including as Regional Director - Germany from July 1996 until April 2001 and then as Managing Director KRONE BmbH and Regional Director - EMEA from April 2001 until May 2004. Prior to joining the KRONE group, Mr. Kahsnitz spent six years with Messetechnik Dresden GmbH, an electronic measurement equipment company, in various capacities. Mr. Kahsnitz has a degree in engineering from the Technical University Dresden.

Bernd Ruppert is a director of KRONE GmbH with power to act only jointly with Mr. Kahsnitz. Dr. Ruppert's residential address is Dr. Bernd Ruppert, Rohrbachstraße 24, D - 12307 Berlin, Germany. He is not on the Board of Directors of the Target Company. Bernd Ruppert has been a director of KRONE GmbH since January 1, 2005. He is responsible for controller, accounting, treasury, taxes and IT within ADC's EMEA region. Prior to joining the ADC group Dr. Ruppert worked for the KRONE Group since October 2001 where he served in various capacities in the finance area. Prior to joining the KRONE Group Dr. Ruppert was head of group accounting of Metro AG of Duesseldorf, Germany and head of international accounting of Metro Cash & Carry GmbH of Duesseldorf, Germany, respectively, from 1996 to 2001. He started his career as an internal auditor of VIAG AG of Munich, Germany in 1993. Dr. Bernd Ruppert has a degree in Business Management and has received his doctorate (Dr. rer. pol.) at the University Göttingen in 1992.

Financials of KRONE GmbH. (German GAAP including Hive Down)

(No adjustments are required pursuant to the provisions of Annexure I, point 11 of the Standard Letter of Offer)

Income Statement for the year ended October 31, 2004

	Euro (in thousands)	Rs. Lac
Total Income	83,727.0	48,469.6
Total Expenses	84,393.3	48,855.3
Net Profit / Net Loss	(666.3)	(385.7)

Balance Sheet as of October 31, 2004

Sources of Funds	**Euro (in thousands)**	**Rs. Lac**
Subscibed Capital	33,000.0	19,103.7
Capital Reserve	93,628.9	54,201.7
Accumulated Losses	-	-
Net Loss / Net Profit	(666.3)	(385.7)
Total Capital Stock	125,962.6	72,919.7
Payables	67,087.7	38,837.1
Total	**193,050.3**	**111,756.8**
Uses of Funds		
Financial Assets	151,117.6	87,482.0
Current Assets	28,840.4	16,695.7
Liquid Funds (Bank Balances)	13,092.3	7,579.1
Total	**193,050.3**	**111,756.8**

Other Financial Information as of October 31, 2004

	Euro	**Rs.**
Basic Earnings per Share	(666.3)	(38,572.1)
Diluted Earnings per Share	(666.3)	(38,572.1)
Return on Networth	-1%	-1%
Book Value per Share	125,962.6	7,291,974.9

The financial statement presented above is stated in German GAAP and is not consolidated to include any subsidiary or other entities

The financial statement presented above has been certified, to the best of his knowledge, by the only director of KRONE GmbH with authority to execute documents for the company on his own.

Note : Exchange rate used is the RBI reference rate as on October 29, 2004 – Rs. 57.89/ Euro

Pursuant of the Spin Off Agreement and the corresponding shareholders' resolutions, the amount corresponding to the difference by which the value of the Spin Off Business exceeds the nominal amount of the share granted to KRONE BmbH was booked to the company's capital reserve

KRONE GmbH was formed in May 2004 and had no operations prior to the transfer of the business from KRONE BmbH with effective date of January 1st 2004

56. Contingent liabilities of KRONE GmbH

As of October31, 2004, KRONE GmbH had the following contingent liabilities.

Guarantees

On Oct 31, 2004 KRONE GmbH had extended guarantees of up to 3.213 kEuro for bank loans of its affiliated companies as well as performance bonds and guarantees extended for warranty obligations.

Operating Leases

Portions of KRONE GmbH's operations are conducted using leased equipment and facilities. These leases are non-cancelable and renewable in some instances. On Oct 31, 2004 KRONE GmbH had commitments of 13.556 kEuro concerning rent and lease obligations, including 12.456 kEuro for the rent of main office facility in Berlin, Germany and 1.100 kEuro for leasing cars, IT-and other equipment.

57. Earlier acquisition in Target Company made by KRONE GmbH

KRONE GmbH acquired 51% Shares of the Target Company as a result of the spin off mentioned in paragraph 43 of this Letter of Offer. There are no other acquisitions by KRONE GmbH of Shares in the Target Company. KRONE GmbH is in compliance with the Regulations with regard to the aforementioned acquisition.

58. Significant accounting policies of KRONE GmbH

The KRONE GmbH financial statements presented above were prepared in accordance with German GAAP.

The accounting policies being followed by KRONE BmbH and expected to be followed by KRONE GmbH for preparing its future accounts, as a result of the spin off as referred in paragraph 43, are as under:

Property, Plant and Equipment: Property, plant and equipment are recognized at acquisition or production cost less scheduled depreciation. Depreciation is made on a straight-line basis over the useful lives according to the official deduction for depreciation tables.

Financial Assets: Financial assets are valuated at acquisition cost less necessary write-downs to their lower fair value.

Stocks: Stocks are valued at acquisition or production cost less necessary write-downs to the lower fair value. Acquisition or production cost also includes appropriate portions of indirect material, production overhead and administration overhead as well as depreciation on fixed assets.

Receivables and Other Assets: Receivables and other assets are recognized at acquisition cost less specific and general allowances.

Pension Accruals: Pension accruals are valued according to the entry age normal method according to $6a German Income Tax Law on the basis of an interest factor of 6% and Heubeck's 1998 Standard Tables.

Other Provisions and Accruals: Other provisions and accruals are based on sound business judgment.

Extraordinary items: Extraordinary items are included as part of the total expenses.

59. As of date of this Letter of Offer, the Acquirer does not have any plans to dispose of or otherwise encumber any assets of the Target Company in the next two years except in the ordinary course of business of the Target Company, and except to the extent required for the purpose of restructuring and/or rationalization of operations, assets, investments, liabilities or otherwise of the Target Company. Notwithstanding the immediately preceding sentence, the Board of Directors of the Target Company will take appropriate decisions in these matters as per the requirements of business and in line with the opportunities from time to time.

60. The Acquirer considers the Target Company to be of strategic importance in an emerging market, and may increase its commitment to the Target Company by means of further capitalization/consolidation, as may be required in accordance with the business conditions as may be prevalent in the future.

61. Other than in the ordinary course of business, the Acquirer undertakes that it shall not sell, dispose of or otherwise encumber any substantial asset of the Target Company except with the prior approval of the shareholders of the Target Company.

62. Disclosure under regulation 21(3)

Acquirer shall ensure that pursuant to this Offer or as a result of other purchases of Shares of the Target Company during the Offer Period, the public shareholding in the Target Company will not reduce to 10% or less of its voting equity capital and therefore regulation 21(3) of the Regulations is not applicable

IV. BACKGROUND OF THE TARGET COMPANY (BASED ON PUBLIC INFORMATION AND INFORMATION PROVIDED BY THE TARGET COMPANY)

63. The Target Company was originally incorporated in India on July 26, 1988 as "KRONE Communications Private Limited" under the Companies Act, 1956, as amended from time to time. Its name was changed to "KRONE Communications Limited" with effect from August 4, 1989 and a new certificate of incorporation was issued on January 10, 1990. The address of the registered office of the Target Company is No. 10 (C) II Phase, Peenya Industrial Area, Bangalore – 560 058, Karnataka, India; Phone No.:+91 80 28396101 and that of the corporate office is 43, Hosto Center, II Floor, Miller Road, Bangalore – 560 052; Phone No.: +91 80 2225 1904. Pursuant to the initial public offer by the Target Company on July 1, 1991, the public holding was 38% of the post-issue capital of the Target Company.

64. The Target Company is engaged in the business of manufacturing of telecommunications and networking equipment with manufacturing facilities at Peenya near Bangalore and regional sales offices at Mumbai, Delhi, Hyderabad and Chennai.

65. The total paid up share capital of the Target Company is Rs. 460 lacs consisting of 4,600,000 Shares. The share capital structure of the Target Company is as follows:

Paid up equity shares of the Target Company	Number of shares / voting rights	% of equity shares / voting rights
Fully paid up equity shares	4,600,000	100
Partly paid up equity shares	-	-
Total paid up equity shares	4,600,000	100
Total voting rights in the Target Company	4,600,000	100

66. Build-up of the current capital structure of the Company since inception is as under:

Date of allotment	No. and % of shares issued	Cumulative paid-up Capital	Mode of Allotment	Identify allottees	Status of Compliance
August 22, 1998	5 (~0%)	50	Subscribers to the Memorandum	Promoters and others	Complied
July 27, 1989	4 (~0%)	90	Issued to the nominees of the promoters on the Target Company becoming public	Others	Complied
July 1, 1991	4,599,991 (~100%)	46,000,000	Allotment pursuant to Initial Public Offer	Promoters and others	Complied

67. There are no equity-linked instruments, which are outstanding in the Target Company. No person, directly or indirectly, is entitled to subscribe to or be allotted any equity share in the Target Company, by virtue of any agreement / option / right.

68. The Shares of the Target Company are listed on BSE. The Shares of the Target Company have been voluntarily delisted from BgSE and DSE with effect from June 15, 2004 and September 2, 2004 respectively. The Target Company has complied with the listing requirements and no penal / punitive actions have been taken by the Stock Exchanges.

69. The Target Company as well as KEONICS have complied with Chapter II of the Regulations, except as under:

- Delay by KEONICS in compliance with Regulation 6(1) and 6(3) in 1997
- Delay by the Target Company in compliance with Regulations 6(2), 6(4) and Regulation 8(3) for the financial years 1998, 1999, 2000, 2001 and 2003

We have been advised by SEBI to state that appropriate action will be taken by SEBI for the aforementioned delay in compliance by the Target Company.

70. The Target Company has confirmed that it has not been prohibited by SEBI from dealing in securities in terms of section 11B of the Securities and Exchange Board of India Act, 1992, as amended.

71. The Board of Directors of the Target Company, as of the date of the Public Announcement, is as under:

Name	Date of appointment	Address
Robert Fitzgerald[1]	July 28, 1999	18 Daleys Avenue, Daleys Point, NSW 2258 Australia
K Bala Chandran	June 28, 2000	54, 7th Cross, II Main, AECS Layout, RMV II Stage, Sanjaynagar, Bangalore 94
G Subramanian	February 28, 2002	301, Le Papeyon, Mount Mary Road, Bandra (West), Mumbai – 400 050
S Rajagopalan	July 24, 2002	1 Seshadripuram Layout, Subramaniapuram, Srirangam, Trichy – 620 006
Arun Thiagarajan	October 20, 2003	Grace home 37, Kanakapura Road, Bangalore - 560 004
H C Kishore Chandra	January 31, 2004	Yuvanika II Floor, State Youth Center, Nrupathunga Road, Bangalore – 560001
Gokul Hemmady[1]	July 24, 2004	17522, George Moran Drive Eden Prairie, MN 55347, USA
Michael Day[2]	July 24, 2004	3340 Zircon lane N. Plymouth, MN 55447 USA

[1] Robert Fitzgerald and Gokul Hemmady are nominees of KRONE GmbH

[2] Michael Day is alternate director to Gokul Hemmady.

We have been advised by SEBI to state that the appointment of Gokul Hemmady, the Chief Financial Officer of ADC, and Micheal Day (an alternate director to Gokul Hemmady) as directors on the board of the Target Company on July 24, 2004, i.e. within the offer period, prima facie seems to be in violation of regulation 22(7) of the Regulations and the same may attract appropriate action under the relevant regulations of SEBI.

72. The experience and qualifications of the Board of Directors of the Target Company are as given below

Robert A.W. Fitzgerald has been Vice President and Regional Director of the Indo-Pacific Region for ADC since May 2004. Previously he served in a similar capacity for the KRONE group for three years. From 1981 to 2001, Mr. Fitzgerald served KRONE as Regional Director for the group's Asia-Pacific region and as Director supervising operations in several other countries throughout Asia. Prior to joining the KRONE group, Mr. Fitzgerald spent eight years with Telecom Australia as Senior Technical Officer. Mr. Fitzgerald holds a certificate in electronics and communications and a certificate in management from Technical and Further Education (TAFE), and has completed courses on marketing, strategic planning, research and development, and manufacturing in his 39-year career in the telecommunications industry.

K Bala Chandran has been Managing Director of the Target Company since October 2000. Mr. Chandran joined the Target Company in 1991 and was appointed Chief Executive Officer on December 1997. Prior to joining the Target Company Mr. Chandran served with the S&J Group and started his career with the Lawrence & mayo (I) Private Limited. Mr. Chandran has over 25 years of experience and is a graduate in Physics form the Loyola College (Madras University) and Diploma in Business and Industrial Management.

G Subramanian is a Chartered Accountant. Mr. Subramanian has over 21 years of experience in various fields of financial management while working with companies such as Larsen & Toubro limited, the RPG Group, TIPCO Industries, BPL Mobile Communications Limited and Star India Limited. Mr. Subramanian has completed the Cost and Management Accounting qualifications from the Institute of Cost and Works Accountants of India and the Chartered Institute of Management Accountants, London respectively.

S Rajagopalan has more than 42 years of experience in the telecommunication sector and has been a part of many technical committees appointed by the Government of India responsible for the development of the telecommunications sector in India. Mr. Rajagopalan has held the positions of Chief Executive Officer and the Chairman of the Board of Directors of Mahangar Telephone Nigam Limited, the Head of Telecommunication Services in the state of Tamil Nadu and the Chief Establishment Officer of the Department of Telecommunications in India. Mr. Rajagopalan completed a Bachelors degree in Science from St Josephs College, Trichy in 1959 and a Bachelors degree in Electrical Engineering from the Indian Institute of Science in 1962.

Arun Thiagarajan is presently an advisor and / or a member of the board at ING Vyasa Bank Limited, PSI Data Systems Limited, Alstom Projects Limited and WFP Peripherals Limited. During his career, Mr. Thiagarajan also has worked with Wipro and Hewlett-Packard India Private Limited. Mr. Thiagarajan has over 35 years of experience and has a Masters degree in Engineering from Royal Institute of Technology, Stockholm, Sweden in 1968, a Graduation degree in Business Administration & Information Systems from Uppsala University, Sweden and has also taken a Advanced Management Program of the Harvard Business School earlier.

H C Kishore Chandra is an officer of the Indian Police Services and has held several positions in the Indian Police before joining KEONICS in October 31, 2003 as Managing Director. He was earlier the Assistant Administrative Officer at United India Company Limited from September 1981 to December 1984. Mr. Chandra has over 23 years of experience in various fields and holds a Masters degree in Arts and Bachelors degree in Law.

Gokul Hemmady has been the Chief Financial Officer for ADC since August 2003. As CFO, he is responsible for all ADC financial functions including treasury, control, audit, tax, and investor relations. Mr. Hemmady joined ADC in 1997 as Assistant Treasurer and subsequently served as ADC's Treasurer and Corporate Controller before becoming ADC's Chief Financial Officer. Prior to joining ADC, Mr. Hemmady served in several financial leadership positions. At the former US West (now Qwest), he served as Director of International Finance for US West International. He also held oversight responsibility for financial risk management as US West's Capital Markets Manager. Mr. Hemmady has also served in financial leadership roles at Citibank, S.B. Billimoria & Company, Industrial and Allied Chemicals, and Mahindra and Mahindra Ltd. Mr. Hemmady has a Master's degree in Business Administration from the Yale School of Organization and Management, and a Bachelor of Commerce degree from the University of Bombay. Additionally, Mr. Hemmady is a member of the Institute of Chartered Accounts of India and serves as a member of the board of GConnect, a private company based in Israel. Mr. Hemmady has recused himself and shall refrain from participating in any discussions and decision making of the Board of the Target Company regarding all matters concerning the Offer.

Michael Day is the Vice President of Technology and Strategy and Chief Technical Officer for ADC. Dr. Day joined ADC in 2000. Prior to joining ADC, Dr. Day performed Strategic Network Planning for Alcatel on a global basis and led the development of Alcatel's strategies for optical networking and convergent IP networks. Prior to Alcatel, Dr. Day's career was entirely in carrier network architecture and technology functions, including responsibilities as network architect of Ameritech's regulated networks for three years, Director of Network Development for Telecom New Zealand, and Supervisor of Transmission Network Architecture at AT&T Bell Labs. Dr. Day received his Bachelor of Science with honors in Physics from the University of Missouri, Columbia (Phi Beta Kappa) and his Ph. D. from the University of Wisconsin, Madison in Theoretical Physics. He is a member of the American Physical Society, the IEEE and the IEEE Communications Society. Mr. Day has recused himself and shall refrain from participating in any discussions and decision making of the Board of the Target Company regarding all matters concerning the Offer.

73. The direct shareholder of the Target Company till October 6, 2004, when the spin off mentioned in paragraph 43 became effective, was KRONE BmbH, a corporation organized under the laws of Germany. The Shares in the Target Company are now owned by KRONE GmbH. Pursuant to the spin-off and after compliance by KRONE GmbH with certain regulatory requirements in India, the Target Company will record the KRONE GmbH (formerly aptus 50. GmbH) as its shareholder in respect of the Shares of the Target Company.

74. Other than, to the extent applicable as described in paragraph above, there were no mergers, demergers and / or spin-offs involving the Target Company during the last three years.

75. The financials of the Target Company are as follows:

Income Statement **(Rs. Lacs)**

	Year ended			
	31-Oct-04 (10 months)	**31-Dec-03**	**31-Dec-02**	**31-Dec-01**
Income from Operations	4,008	6,007	5,623	4,616
Other Income	190	198	204	136
Total Income	**4,198**	**6,205**	**5,827**	**4,752**
Total Expenditure	3,547	5,539	5,058	4,099
Profit before Depreciation, Interest and Tax	**651**	**666**	**769**	**653**
Depreciation	92	101	94	104
Interest	3	3	1	24
Profit Before Tax	556	562	674	525
Provision for Tax	198	196	240	167
Profit After Tax	**358**	**366**	**434**	**358**

Balance Sheet **(Rs. in lacs)**

	31-Oct-04	31-Dec-03	31-Dec-02	31-Dec-01
Sources of funds				
Paid up Share Capital	460	460	460	460
Reserves and Surplus	2,419	3,465	3,203	2,855
Net Worth	2,879	3,925	3,663	3,315
Secured Loans	-	-	-	-
Unsecured Loans	-	-	-	-
Net Deferred Tax	13	22	25	43
Total	**2,892**	**3,947**	**3,688**	**3,358**
Uses of funds				
Net Fixed Assets	948	1,016	911	871
Investments	-	-	-	75
Net Current Assets	1,944	2,931	2,777	2,390
Misc. Expenditure Not Written Off	-	-	-	22
Total	**2,892**	**3,947**	**3,688**	**3,358**

Other Financial Data	**31-Oct-04**	**31-Dec-03**	**31-Dec-02**	**31-Dec-01**
Dividend Declared (%)	270	20	18	15
Earning per Share (Rs.)	7.8	8.0	9.4	7. 8
Return on Net worth (%)	10.5	9.7	12.5	11.2
Book Value per Share (Rs.)	62.6	85.3	79.6	72.1

76. Contingent liabilities for the Target Company (As on October 31, 2004)

- Letters of credit – Rs.7,889,515
- Financial guarantees issued to customers of the Target Company – Rs.38,091,356
- Target Company paid Rs. 5,957,857 towards disputed income tax demand of earlier year and has preferred an appeal to higher authorities and has been legally advised that the tax demand is not sustainable. Hence, it has made no provision for this payment.
- Target Company received sales tax notice for Rs. 11,223,615 towards alleged sales tax dues for the years 1994-1995 to 2001-2002. Target Company has been advised that the tax demanded is not sustainable and has suitably responded to the department.
- Estimated amount of contracts remaining to be executed on capital account and not provided for (Net of advances) - Rs.2,994,840.
- Excise duty payable on finished goods lying in the factory and included in the valuation of finished goods amounts to Rs. 2,094,449
- Unclaimed dividends amounting to Rs.2,042,114 for the period from 1997 to 2004. No part thereof has remained unpaid or unclaimed for a period of seven years from the date they became due for payment requiring a transfer to the Investor Education and Protection Fund.

77. The reasons for the rise and fall of net sales and PAT of the Target Company are given below:

Fiscal 2004 vs. Fiscal 2003

It was decided this year to change the financial year of the Company from January – December to November – October. Hence, the fiscal 2004 result is for the period January 2004 – October 2004 (ten months) and is not comparable with the result of 2003 which was for twelve months. Despite the shortened period of reporting, the PAT have been at a higher run rate as a result of improved margins in the product mix. The Target Company continued to maintain its market share in the BSNL Switching MDF Segment. The Target Company also continued its growth in the PremisNet segment of business largely contributed by several customer additions

Fiscal 2003 vs. Fiscal 2002

Fiscal 2003 saw an increase in the Target Company's net sales from the previous fiscal year but the PAT dropped primarily because of market situations where intense competition brought about lower price levels. The deployment of wireline by state owned carriers, Bharat Sanchar Nigam Limited and Mahanagar Telephone Nigam Limited, has considerably reduced and the higher net sales were largely on account of contributions from other carriers. In most cases the steep price drops were matched with reductions in costs. A notable increase of over 20% was registered in the PremisNet segment where the Target Company is gaining market share.

Fiscal 2002 vs. Fiscal 2001

Fiscal 2002 saw an increase in the Target Company's net sales and PAT compared to the previous year. Fiscal 2002 was a year of intense activity in the telecommunications industry with new entrants like the Reliance Group, the Bharti Group and the Tata Group. The initiatives of the government in the disinvestment and the reform processes were strong indicators of the commitment to the growth of the telecommunications sector. With the Bharat Sanchar Nigam Limited turning into a corporation, focus has shifted to profitability and revenue maximization. However, the year passed by with no fresh tenders for wireline and switching equipment. The Target Company was able to maximize opportunities with private players in the telecommunications sector like the Reliance. The Target Company was involved in the successful design and delivery of some new products in large volumes.

The AccessNet segment resulted in commendable growth compared to the previous year. In the PremisNet segment the Target Company successfully addressed larger geographical areas through successful channel management, resulting in growth rates in line with those of the Information Technology sector (close to 50%) primarily coming from medium and smaller towns.

The Target Company also noticeably increased its inter-company exports leveraging its ability to deliver cost effective products from India.

78. Pre and post Offer share holding pattern of the Target Company is as follows:

Shareholders' Category	Shareholding & voting rights prior to the agreement dated March 25, 2004		Shareholding & voting rights acquired which triggered the Regulations		Shareholding & voting rights to be acquired in the Offer (assuming full acceptance)		Shareholding and voting rights after the acquisition and Offer	
	A		B		C		A + B + C = D	
	No.	%	No.	%	No.	%	No.	%
(1) Acquirer								
ADC	-	-	-	-	1,058,000	23%	1,058,000	23%
(2) Promoter Group								
KRONE BmbH	2,346,000	51%	-	-	-	-	2,346,000*	51%*
KEONICS	506,000	11%	-	-	-	-	This will depend on response from and within each category of (3) and (4)	
(3) Institutions								
Financial Institutions/Banks	370	0.01%						
Mutual Funds	1000	0.02%						
Indian Corporate Bodies	254,765	5.54%						
FIIs	600	0.01%						
NSDL (Shares in transit)								
Total Institutions								
(4) Public (other than 1 to 3)	1,478,198	32.13%						
NRIs	12,267	0.27%					1,196,000	26%
OCBs	800	0.02%	-	-				
Total (1 + 2 + 3 + 4)	**4,600,000**	**100%**	**-**	**-**	**1,058,000**	**23%**	**4,600,000**	**100%**

** As on the date of this Letter of Offer, held by KRONE GmbH, pursuant to the spin off mentioned in paragraph 43.*

79. Corporate Governance: The Target Company is committed to a system of good corporate governance, as it firmly believes that good corporate governance signifies good corporate practices aimed at increasing value for its shareholders, customers, employees, the government and all other stakeholders. Corporate governance of the Target Company accords high importance for compliance with laws, rules and regulations at all times. The Target Company's internal control measures help ensure the reliability of financial statements.

80. Pending Litigations:

In 1997, the Target Company filed a case for infringement of a Patent against M/s Udupa Industries and six others.

81. Compliance Officer: Mr. R. Ganesh, Vice President - Finance and Company Secretary; Address: No. 10 (C) II Phase 1st Main, Peenya Industrial Area, Bangalore – 560 058, Karnataka, India; Telephone: + 91 80 2225 1904; Fax: +91 80 2225 1693.

V. OFFER PRICE AND FINANCIAL ARRANGEMENTS

Justification of Offer Price

82. The Shares of the Target Company are listed on BSE. The Shares of the company are frequently traded on the BSE. The Shares of the Target Company have been voluntarily delisted from BgSE and DSE with effect from June 15, 2004 and September 2, 2004 respectively.

83. The Acquirer has made a Public Announcement on August 9, 2004. The annualized trading turnover during the period February 2004 to July 2004, the six calendar months prior to August 2004 (the month in which Public Announcement was made), is as follows:

Name of the Stock Exchange	Total number of Shares traded during the preceeding 6 calendar months prior to the month of the Public Announcement (six months ending July, 2004)	Total number of listed Shares	Annualised trading turnover (as % of total number of listed shares)
BSE	1,523,064	4,600,000	66.22%
DSE	0	4,600,000	0.00%
BgSE	0	4,600,000	0.00%

Source : Official data from BSE and DSE.

84. As the annualized trading turnover (by number of Shares) on BSE is more than 5% of the total number of listed Shares of the Target Company, the Shares of the Target Company are deemed to be frequently traded as per the explanation to regulation 20(5) of the Regulations.

85. The Offer Price of Rs. 92 per Share is justified in terms of Regulation 20 of the Regulations as it is higher than:

a) The average of the weekly high and low of closing prices for Shares of the Target Company on BSE for the 26 weeks before the date of the Public Announcement	Rs. 79.56/ Share
b) The average of the daily high and low of the Shares of the Target Company on BSE for the two week period before the date of the Public Announcement	Rs. 79.45/ Share
c) The highest price paid by the Acquirer or persons acting in concert with him for acquisition, if any, including by way of allotment in a public or rights or preferential issue during the 26 weeks before the date of the Public Announcement	Not applicable
d) The negotiated price	Not allocated in the Global Acquisition. However, on a pro rata basis, it has been derived by the Acquirer to be a maximum of Rs.84/ Share

There has been no issue of Shares in the 26 weeks before the date of the Public Announcement.

No consideration was specifically allocated for 51% interest in the Target Company during the Global Acquisition and the consideration paid by the Acquirer and its affiliates pursuant to the Global Acquisition is a composite consideration.

86. The details of closing prices and volume on BSE for the 26-week period prior to the date of the Public Announcement are as under:

Week Number	Week-ending	High (Rs.)	Low (Rs.)	Average (Rs.)	Total Volume (Number of Shares)
1	February 13, 2004	86.85	82.15	84.50	17,539
2	February 20, 2004	88.05	79.30	83.68	18,633
3	February 27, 2004	78.10	74.90	76.50	12,474
4	March 5, 2004	76.75	76.00	76.38	11,667
5	March 12, 2004	79.00	73.75	76.38	14,128
6	March 19, 2004	73.65	67.85	70.75	13,406
7	March 26, 2004	69.25	62.35	65.80	66,867
8	April 2, 2004	83.75	74.35	79.05	48,015
9	April 9, 2004	88.20	84.60	86.40	26,539
10	April 16, 2004	88.05	85.65	86.85	22,894
11	April 23, 2004	92.90	83.70	88.30	33,582
12	April 30, 2004	141.10	110.35	125.73	401,638
13	May 7, 2004	141.25	131.80	136.53	274,504
14	May 14, 2004	134.05	115.85	124.95	145,154
15	May 21, 2004	86.25	75.05	80.65	96,994
16	May 28, 2004	86.65	82.45	84.55	38,123
17	June 4, 2004	79.60	77.65	78.63	24,623
18	June 11, 2004	80.80	76.10	78.45	23,292
19	June 18, 2004	74.00	68.05	71.03	26,899
20	June 25, 2004	69.45	65.55	67.50	17,773
21	July 2, 2004	70.65	70.15	70.40	18,463
22	July 9, 2004	75.85	70.15	73.00	36,869
23	July 16, 2004	82.00	78.85	80.43	32,024
24	July 23, 2004	83.50	82.15	82.83	34,844
25	July 30, 2004	81.85	75.25	78.55	33,042
26	August 6, 2004	84.85	78.65	81.75	74,282

Source : Official data from BSE.

The Target Company announced a dividend of Rs.26 per Share on April 23, 2004 and the Shares of the Target Company started trading on an ex-dividend basis from May 18, 2004. The Target Company had also announced a dividend of Rs.2 per Share on January 31, 2004 and the Shares of the Target Company started trading ex-dividend on April 23, 2004. Hence, in compliance with Regulation 20 (11) (i), cum-dividend quotations between periods April 23, 2004 and May 17, 2004 and between January 31, 2004 and April 22, 2004 have been adjusted for the dividend amount of Rs.26 per Share and Rs.2 per Share respectively as under:

Period	Weeks Ending	Average (Rs.)	Adjusted Average (Rs.)	Number of Weeks
I	Fri, 23-Apr-04	78.77	104.77 (78.77+26)	11
II	Fri, 21-May-04	120.21	122.21 (120.21+2)	4
III	Fri, 06-Aug-04	77.01	105.01 (77.01+26+2)	11
	Weighted Average		**107.55**	
	Average Market Price		**79.55 (107.55-26-2)**	

Note : Price for April 23, 2004 (part of Period I) falling on ex-dividend for Rs.2/share dividend as also falling on cum-dividend ate for Rs.26/share dividend has been adjusted for the purpose of calculation by adding Rs.2 and subtracting Rs.26.Similarly, prices for May 18, 2004, May 19, 2004, May 20, 2004,May 21, 2004 (part of Period II) falling on and after the ex-dividend date for Rs.26/share dividend have been adjusted for the purpose of calculation by adding Rs.26.

The details of intra-day price and volume on BSE for the 2-week period prior to the date of the Public Announcement are as under:

Day No.	Date	High (Rs)	Low (Rs)	Average (Rs) (Number of Shares)	Volume
1	July 26, 2004	81.85	77.00	79.43	10,665
2	July 27, 2004	80.00	77.00	78.50	5,544
3	July 28, 2004	79.00	76.70	77.85	2,897
4	July 29, 2004	78.95	74.75	76.85	3,321
5	July 30, 2004	82.40	74.00	78.20	10,615
6	August 2, 2004	82.00	78.00	80.00	5,710
7	August 3, 2004	79.95	78.10	79.03	3,275
8	August 4, 2004	80.10	79.00	79.55	2,240
9	August 5, 2004	85.50	78.25	81.88	34,000
10	August 6, 2004	85.50	81.00	83.25	29,057
		Average	**79.45**		

Source : Official data from BSE. Note: Shares of the Target Company started trading on an ex-dividend basis from May 18, 2004, hence all prices preceding and including May 17, 2004 have been adjusted for the dividend amount of Rs.26 per Share

87. As the annualized trading turnover (by number of Shares) on DSE and BgSE is less than 5% of the total number of listed Shares, the Shares of the Target Company are deemed to be infrequently traded on DSE and BgSE. In terms of Regulation 20 (5) of the Regulations the factors required in determining the Offer Price is presented below:

a)	Negotiated price	Refer Paragraph 85(d)
b)	The highest price paid by the Acquirer or persons acting in concert for acquisitions, if any, including by way of allotment in a public / rights / preferential issue during the twenty six weeks period prior to the date of the Public Announcement	Not applicable
c)	Other parameters	Given below

Other parameters:

Parameter	Based on unaudited results for six months ended June 30, 2004	Based on audited results for year ended December 31, 2003
Return on Average Net Worth	5.0%	9.7%
Book Value (Rs. Lacs)	2742	3925
Book Value per Share (Rs.)	59.6	85.3
Earnings per Share (Rs.)	3.6	8.0
PE (based on Offer Price)	24.1	10.9
Industry PE[1]	11.5	

[1]Source: Capital Market Aug 2 – 15 (Volume XIX/11)

88. The Global Acquisition was initially entered into on March 25, 2004 and, as such, announced to the public on that date. The justification in accordance with regulation 20 as on that date is provided below:

a) The average of the weekly high and low of closing prices for Shares of the Target Company on BSE for the 26 weeks before March 25, 2004	Rs. 91.26
b) The average of the daily high and low of the Shares of the Target Company on BSE for the two week period before March 25, 2004	Rs. 67.18
c) The highest price paid by the Acquirer or persons acting in concert with him for acquisition, if any, including by way of allotment in a public or rights or preferential issue during the 26 weeks before March 25, 2004	Not applicable
d) The negotiated price	Refer Paragraph 85(d)

There has been no issue of Shares in the 26 weeks before March 25, 2004.

No consideration was specifically allocated for 51% interest in the Target Company during the Global Acquisition and the consideration paid by the Acquirer and its affiliates pursuant to the Global Acquisition is a composite consideration.

The details of price and volume on BSE for the 26-week period prior to March 25, 2004 are as under:

Week Number	Week-ending	High (Rs.)	Low (Rs.)	Average (Rs.)	Total Volume (Number of Shares)
1	October 1, 2003	91.45	90.65	91.05	22,181
2	October 9, 2003	95.55	90.30	92.93	38,140
3	October 16, 2003	99.70	91.25	95.48	82,454
4	October 23, 2003	99.55	73.10	86.33	55,196
5	October 30, 2003	78.40	69.40	73.90	28,071
6	November 6, 2003	74.15	69.35	71.75	27,781
7	November 13, 2003	79.80	75.95	77.88	67,955
8	November 20, 2003	90.15	75.85	83.00	76,179
9	November 27, 2003	86.00	81.05	83.53	21,113
10	December 4, 2003	90.85	88.65	89.75	63,222
11	December 11, 2003	112.95	90.35	101.65	186,730
12	December 18, 2003	115.30	104.65	109.98	211,502
13	December 24, 2003	123.80	115.40	119.60	110,028
14	January 1, 2004	154.10	131.30	142.70	233,453
15	January 8, 2004	126.60	117.85	122.23	121,551
16	January 15, 2004	123.75	118.55	121.15	57,385
17	January 22, 2004	112.05	91.15	101.60	49,455
18	January 29, 2004	105.85	97.70	101.78	28,984
19	February 5, 2004	92.90	77.55	8.23	32,881
20	February 12, 2004	86.85	79.95	83.40	21,558
21	February 19, 2004	88.05	79.30	83.68	17,089
22	February 26, 2004	80.85	75.95	78.40	14,074
23	March 4, 2004	76.75	74.90	75.83	11,697
24	March 11, 2004	79.00	76.50	77.75	9,498
25	March 18, 2004	73.75	68.55	71.15	17,706
26	March 25, 2004	67.85	62.35	65.10	36,422

Source : Official data from BSE.

The Target Company had announced a dividend of Rs.2 per Share on January 31, 2004 and the Shares of the Target Company started trading ex-dividend on April 23, 2004. Hence, in compliance with Regulation 20 (11) (i), cum-dividend quotations between period January 31, 2004 and March 25, 2004 have been adjusted for the dividend amount of Rs.2 per Share, as under:

Period	Weeks Ending	Average (Rs.)	Adjusted Average (Rs.)	Number of Weeks
I	Thu, 29-Jan-04	98.13	100.13 (98.13+2)	18
II	Thu, 25-Mar-04	77.82	77.82	8
	Weighted Average	**93.26**		
	Average Market Price	**91.26 (93.26-2)**		

Note: Price for January 30, 2004 (part of Period I) falling before the cum-dividend for Rs.2/share dividend has been adjusted for the purpose of calculation by adding Rs.2.

The details of intra-day price and volume on BSE for the 2-week period prior to March 25, 2004 are as under:

Day No.	Date	High (Rs)	Low (Rs)	Average (Rs)	Volume (Number of Shares)
1	March 12, 2004	78.95	73.65	76.30	5,685
2	March 15, 2004	75.95	73.50	74.73	10,769
3	March 16, 2004	74.00	70.00	72.00	5,255
4	March 17, 2004	71.80	69.00	70.40	12,933
5	March 18, 2004	70.95	68.55	69.75	1,780
6	March 19, 2004	71.30	67.35	69.33	2,671
7	March 22, 2004	70.00	65.25	67.63	4,342
8	March 23, 2004	66.15	63.00	64.58	3,130
9	March 24, 2004	65.40	60.00	62.70	1,483
10	March 25, 2004	65.50	63.30	64.40	6,080
	Average			**69.18**	
	Average Market Price			**67.18 (69.18-2)**	

Source : Official data from BSE.

The Target Company had announced a dividend of Rs.2 per Share on January 31, 2004 and the Shares of the Target Company started trading ex-dividend on April 23, 2004. Hence, in compliance with Regulation 20 (11) (i), cum-dividend quotations between period March 12, 2004 and March 25, 2004 have been adjusted for the dividend amount of Rs.2 per Share.

89. The non-compete fee paid by ADC and their affiliates in the Global Acquisition was a composite consideration and no specific non-compete fee was attributable to the interest in the Target Company.

90. Based on the above and in the opinion of the Managers to the Offer and the Acquirer, the Offer Price is justified as per the Regulations.

91. As per the Regulations, the Acquirer can revise the Offer Price upwards up to 7 working days prior to the closure of this Offer and the revision, if any, in the Offer Price would be announced in the same newspapers where the Public Announcement has appeared and the revised price will be paid for all Shares acquired pursuant to this Offer.

92. If the Acquirer acquires Shares after the date of Public Announcement up to 7 working days prior to the close 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.

Financial Arrangements

93. The total financial resources required for this Offer, assuming full acceptance will be Rs. 97,336,000 (Rupees nine crores seventy three lacs and thirty six thousand only) ("Maximum Consideration"). The Acquirer has deposited Rs. 97,336,000 (Rupees nine crores seventy three lacs thirty six thousand only) in an account with ABN Amro Bank BV, having a branch office at 14 Veer Nariman Road, Fort, Mumbai – 400 023 ("Bank") in cash, which is equal to the Maximum Consideration, in accordance with the Regulations. The Manager to the Offer is empowered to instruct the Bank to issue bankers cheques or demand drafts for the amount as provided in the Regulations.

94. The Acquirer has made firm financial arrangements for the Maximum Consideration by way of cash deposited as above with ABN Amro Bank BV, having a branch office at 14 Veer Nariman Road, Fort, Mumbai – 400 023 ("Bank"), for meeting the obligations of this Offer, which has been certified as such by the Bank. Ernst & Young, LLP, Minneapolis, Minnesota ("Accountants"), tel: +1 612 343 1000 fax: +1 612 339 1726 have confirmed vide their letters dated August 6, 2004, October 5, 2004 and January 28, 2005 that the Acquirer has cash available for meeting their obligations under the Regulations. Based on the certificates from Bank and the Accountants, the Manager to the Offer confirms that adequate funds are available with the Acquirer through verifiable means to implement this Offer in full.

VI. TERMS AND CONDITIONS OF THE OFFER

95. This Offer is being made to all Shareholders / beneficial owners (registered or otherwise) of Shares of the Target Company, except the Acquirer and deemed person acting in concert. The Letter of Offer together with the Form of Acceptance-cum-Acknowledgement and Form of Withdrawal will be mailed to the shareholders of the Target Company whose names appear on the Register of Members of the Target Company and the beneficial owners of the Shares of the Target Company, whose names appear as beneficiaries on the records of the respective Depositories, on August 13, 2004, except to the Acquirer and deemed person acting in concert. Accidental omission to dispatch this Letter of Offer to any person to whom this Offer is made or the non-receipt or delayed receipt of this Letter of Offer by any such person will not invalidate this Offer in any way.

96. The Acquirer will acquire the Shares, free from all liens, charges and encumbrances and together with all rights attached thereto, including the right to all dividends, bonus and rights declared hereafter. There are no locked-in Shares in the Target Company.

97. To the extent of the Offer Size, all the Shares of the Target Company that are validly tendered pursuant to this Offer are proposed to be acquired by ADC.

98. The Regulations provide for an upward revision of the Offer Price and the number of Shares to be acquired, at any time up to seven working days prior to the closure of the Offer viz. up to March 15, 2005 and allows withdrawal of the Offer under certain circumstances. Any such revision / withdrawal would be informed by way of an announcement in the same newspapers where the original Public Announcement appeared. In case of revision, the revised price will be payable by the Acquirer for all the Shares that are validly tendered pursuant to the Offer.

99. Each equity shareholder of the Target Company to whom this Offer is being made is free to offer his shareholding in the Target Company in whole or in part while accepting this Offer. The acceptance must be unconditional and should be absolute and unqualified.

100. Shareholders who hold Shares in physical form and who wish to tender their Shares will be required to send the form of Acceptance-cum-Acknowledgement, duly signed and completed in the manner specified therein together with all the necessary documents, as specified in the section of this Letter of Offer entitled "Procedure for Acceptance and Settlement", to the Registrar to the Offer at any of its collection centers, mentioned under paragraph 113 of this Letter of Offer, either by hand delivery during Business Hours or by registered post so that the same are received on or before the closing date i.e. March 15, 2005.

101. In respect of dematerialised Shares the credit for the Shares tendered must be received in the special account (as specified in paragraph 107) on or before 5.00 p.m. Indian Standard Time on March 15, 2005. If the Shareholders hold their Shares through CDSL, their Depository Participant Instruction will have to take the form of an inter-depository delivery instruction to CDSL for the purpose of crediting their Shares in favour of the Special Depository Account with NSDL as mentioned in paragraph 107 below.

102. The Acquirer will not be responsible in any manner for any loss of share certificate(s) and/or Offer acceptance documents during transit and the shareholders of the Target Company are advised to adequately safeguard their interest in this regard. In case of any lacunae and/or defect or modifications in the documents/forms submitted, the acceptance is liable to be rejected.

103. In case of non-receipt of the document, the eligible shareholder may send his consent, to the Registrar to the Offer, on a plain paper stating the name, address, number of Shares held, distinctive numbers, folio number, number of Shares offered, along with the necessary documents (as mentioned in paragraph 107) so as to reach the Registrar to the Offer on or before the closure of the Offer.

104. The instructions, authorizations and provisions contained in the Form of Acceptance cum Acknowledgement constitute part of the terms of this Letter of Offer.

Statutory Approvals

105. The Statutory Approvals pertaining to the Offer are as under:

- The Offer is subject to the statutory and regulatory approvals and clearances from FIPB/ SIA and RBI required to acquire Shares tendered pursuant to this Offer. The Acquirer received FIPB approval on October 13, 2004 and an amendment to the FIPB approval on November 11, 2004.
- Acquirer has received an approval dated November 25, 2004 for opening of an escrow and special account for the purpose of releasing payment of purchase consideration to the shareholders, after the closure of the Offer and for moving the Cash Deposit to a bank in India. The Acquirer would apply to RBI for its approval for acquisition of the Shares tendered in the Offer, in due course.
- No approvals are required from Financial Institutions/ banks for the Offer. To the best of knowledge of the Acquirer and as on the date of the Public Announcement, there are no other statutory approvals required to acquire the Shares that are validly tendered pursuant to this Offer. If any other statutory approvals become applicable, the Offer would be subject to such statutory approvals. The Acquirer will have a right not to proceed with the Offer in the event the statutory approvals indicated above are refused in terms of regulation 27 of the Regulations.
- It may be noted that in case of non-receipt of statutory approvals within time, SEBI has a power to grant extension of time to the Acquirer for payment of consideration to shareholders subject to the Acquirer paying interest for the delay beyond 30 days from the date of the closure of the Offer, as directed by SEBI under regulation 22(12) of the Regulations. In case of extension of time for payment of consideration, interest will be payable as per the provisions of Regulation 22(12) of the Regulations.

VII. PROCEDURE FOR ACCEPTANCE AND SETTLEMENT

106. The Shareholders of the Target Company, who wish to avail of and accept this Offer should deliver the documents mentioned below as soon as possible by Registered Post with acknowledgement due or in person or by courier, so as to reach the Registrar to the Offer or the Registrar's Collection Centers at the addresses mentioned in paragraph 113 before 5.00 pm Indian Standard Time on March 15, 2005 or such other extended date in case there is any competitive bid. Shareholders are advised to ensure that the Form of Acceptance-cum-Acknowledgement and other documents are complete in all respect otherwise the same is liable to be rejected. In the case of dematerialized Shares, the shareholders are advised to ensure that their Shares are credited in favour of the special depository account, before the close of the offer. The Form of Acceptance-cum-Acknowledgment of such dematerialised Shares not credited in favour of the special depository account before the close of the Offer is liable to be rejected.

107. Documents to be delivered by all shareholders

(a) For Shares held in the DEMATERIALIZED FORM

(i) Form of Acceptance-cum-Acknowledgement duly completed and signed in accordance with the instructions contained therein by all the beneficial holders of the Shares, as per the records of the Depository Participant ("DP").

(ii) Photocopy of the Delivery Instruction in "Off-market" mode or counterfoil of the delivery instruction slip in "Off-market" mode, duly acknowledged by the DP. The details of the special depository account are as follows:

DP Name	Karvy Consultants Limited
DP ID Number	IN300394
Account name	ADC KRONE Open Offer Account
Beneficiary Account Number	14367764
ISIN	INE833A01016
Market	Off-Market
Execution Date	Prior to March 15, 2005

Please note the following:

(i) For each delivery instruction, the beneficial owner should submit a separate Acceptance Form.

(ii) The Registrar to the Offer is not bound to accept those acceptances, for which corresponding Shares have not been credited to the above special account as on the date of closure of the Offer.

(b) In case of Shares held in the PHYSICAL MODE by REGISTERED SHAREHOLDERS:

(i) Form of Acceptance-cum-Acknowledgement duly completed and signed in accordance with the instructions contained therein, by all shareholders. In case of Shares held in joint names, names should be filled up in the same order in which they hold Shares in the Company. This order cannot be changed or altered nor can any new name be added for the purpose of accepting the Offer;

(ii) Original equity share certificate(s); and

(iii) Valid equity share transfer form(s) duly signed by transferor (by all the equity shareholders in case the Shares are in joint names) as per the specimen signatures lodged with the Target Company and duly witnessed at the appropriate place(s).

PLEASE DO NOT FILL IN ANY OTHER DETAILS IN THE TRANSFER DEED.

(c) In case of Shares held in the PHYSICAL MODE by PERSONS NOT REGISTERED AS SHAREHOLDERS:

(i) Form of Acceptance-cum-Acknowledgement duly completed and signed in accordance with the instructions contained therein;

(ii) Original equity share certificate(s) accompanied by valid share transfer forms as received from the market, wherein the name of the transferee has not been filled in; and

(iii) Original broker contract note of a registered broker of a recognized stock exchange in relation to the purchase of the Shares being tendered in this case.

(iv) In case the share certificate(s) and the transfer deed(s) are lodged with the Target Company / its transfer agents for transfer, then the acceptance shall be accompanied by the acknowledgment of lodgment with, or receipt by, the Company/ its transfer agents, of the share certificate(s) and the transfer deed(s).

(v) No indemnity is required from persons not registered as shareholders.

PLEASE DO NOT FILL IN ANY OTHER DETAILS IN THE TRANSFER DEED.

108. Non-resident shareholders should, in addition to above, enclose copy(ies) of permission(s) received from Reserve Bank of India to acquire Shares held by them in the Target Company.

109. Shareholders who have sent their physical Shares for dematerialization may participate in the Offer by submitting the Form of Acceptance-cum-Acknowledgement along with a copy of the dematerialization request form duly acknowledged by the Depository Participant. Shareholders who have sent their physical 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 duly instructed by the shareholder should be received on or before the close of the Offer i.e. March 15, 2005, else the application will be rejected.

110. In case of non-receipt of the Letter of Offer, the eligible shareholders may obtain a copy of the Letter of Offer from the SEBI website www.sebi.gov.in, or obtain a copy of the same from the Manager to the Offer or Registrar to the Offer on providing suitable documentary evidence of acquisition of the Shares. Alternatively those desirous of tendering their Shares to the Acquirer may participate in the Offer as follows:

(a) In case Shares are held in the dematerialized form

by sending their consent in writing on a plain paper to the Registrar to the Offer, such that it is received by the Registrar to the Offer before 5.00 p.m. Indian Standard Time on March 15, 2005, stating the name, address, no. of Shares held, no. of Shares offered, DP name, DP ID, beneficiary account number along with a photocopy of the Delivery Instruction in "Off-market" mode, duly acknowledged by the DP, in favour of "ADC KRONE Open Offer Account" filled as specified in 107(a) above.

(b) In case of Shares held in the physical mode

by sending their consent in writing to the Registrar to the Offer, on a plain paper stating the name, address, no. of Shares held, no. of Shares offered, distinctive nos., folio no., the original contract note issued by a registered share broker of a recognized stock exchange through whom such Shares were acquired, along with the original share certificate(s) and transfer deed(s) duly signed (as specified in 107(b) and 107(c), as applicable, above), either by hand delivery or by Registered Post or courier, such that these are received by the Registrar to the Offer before 5.00 p.m. Indian Standard Time on March 15, 2005.

111. All the shareholders should provide all relevant documents which are necessary to ensure transferability of the Shares in respect of which the acceptance is being sent. Such documents may include (but not be limited to):

- Duly attested death certificate and succession certificate (in case of single shareholder) in case the original shareholder has expired.
- Duly attested power of attorney if any person apart from the shareholder has signed acceptance form or transfer deed(s).
- No objection certificate from any lender, if the Shares in respect of which the acceptance is sent, were under any charge, lien or encumbrance.
- In case of companies, the necessary certified corporate authorisations (including board and/or general meeting resolutions).

112. As per the current provisions of Section 195(1) of the IT Act, and in accordance with an opinion obtained from independent tax counsel, any person responsible for paying to a non-resident, not being a company, or to a foreign company, any sum chargeable

to tax is required to deduct tax at source (including surcharge) at the rates in force. Since, under the current provisions of the IT Act, the consideration payable under the Offer would be chargeable to capital gains under Section 45 of the IT Act, the Acquirer will need to deduct tax at source (including surcharge) at the rates in force on the gross consideration payable. Some of the categories of Shareholders, who are not tax residents of India and the tax to be deducted on the gross consideration payable, are as given below:

- **Non-resident Indians:** The Acquirer will deduct tax at source at the rate of 30.6% on the Offer Price in the case of short-term capital gains or business profits, and at the rate of 20.4% on the Offer Price in the case of long-term capital gains. In the event that the aforesaid amount exceeds Rs. 8,50,000/- the aforesaid rate will be increased by a surcharge of 10.2% of the sum.
- **Overseas Corporate Bodies / Non-domestic companies:** The Acquirer will deduct tax at source (including surcharge) at the rate of 41.82% on the Offer Price in the case of short-term capital gains or business profits, and at the rate of 20.91% (including surcharge and education cess) on the Offer Price in the case of long-term capital gains.
- **Foreign Institutional Investors:** The Acquirer will not deduct tax at source from income by way of capital gains, whether short-term or long-term, arising from the transfer of Shares payable by the Acquirer to a foreign institutional investor.

The expression ‘rates in force’ in relation to an assessment year or financial year has been defined under the IT Act to inter-alia mean for the purposes of deduction of tax under Section 195, the rate or rates of income-tax specified in this behalf in the Finance Act of the relevant year or the rate or rates of income-tax specified in an agreement entered into by the Central Government under Section 90, whichever is applicable by virtue of the provisions of Section 90.

Under Indian law, capital gains are treated as long-term only for shares that are deemed to have been held for more than twelve (12) months immediately prior to their sale. For the purpose of determining as to whether the capital gains are short-term or long-term in nature, the Acquirer shall take the following actions based on the information obtained from the Company:

- In the case of Shares held in physical form that are registered with the Company in the name of the Shareholder, the date of registration of the Shares with the Company shall be taken as the date of acquisition.
- In the case of Shares held in a physical form and where the Shareholder is not the registered Shareholder, the capital gain shall assumed to be short-term in nature.
- In the case of dematerialised Shares, the date of credit of the Shares to the Shareholders demat account shall be taken as the date of acquisition.
- In case of any ambiguity, incomplete or conflicting information or the information not being available with the Company/Acquirer regarding the same, the capital gain shall be assumed to be short-term in nature.

Those categories of Shareholders who may be eligible to obtain certificate regarding no deduction of tax or certificate regarding deduction of tax at lower rates may obtain the relevant certificate from the concerned Income Tax authorities under Section 195(3) of the IT Act, or under Section 197(1) and submit the same to the Acquirer while submitting the Bid Form. On failure to produce such certificate from the Income Tax authorities, the Acquirer will deduct tax at the rates in force, and a certificate in the prescribed form shall be issued to that effect.

No tax will be deducted at source for Shareholders, who are tax residents of India.

Shareholders are advised to consult their tax advisors for the treatment that may be given by their respective assessing officers in their case, and the appropriate course of action that they should take. The Acquirer or the Manager to the Offer do not accept any responsibility for the accuracy or otherwise of such advice.

113. The Form of Acceptance-cum-Acknowledgement along with all the relevant documents should be submitted at any of the collection centers below :

No.	Collection Centre	Address of Collection Centre	Contact Person	E-mail Address	Phone No.	Fax No.	Mode of Delivery
1.	Ahmedabad	201–203 “Shail” Opp Madhusudhan House New Navrangpura Tel. Exchange Off CG Road Ahmedabad – 380 006	Edward	edward@karvy.com	079-6420422/ 6400527/28	079-6565551	Hand Delivery
2.	Bangalore	TKN Complex No. 51/2 Vanivilas Road Opp National College Basavanagudi Bangalore – 560 004	Kishore	nkishore@karvy.com	080-6621184/ 6621192	080-26621169	Hand Delivery
3.	Chennai	G-1 Swathi Court 22, Vijay Raghava Road T. Nagar Chennai – 600 017	Gunashekhar	chennaiirc@karvy.com	044-28153445/ 28151034/ 28153658	044-28153181	Hand Delivery
4.	Hyderabad	46, Avenue 4, Street No1 Banjara Hills Hyderabad – 500034	A Anitha	irchyd@karvy.com	040-23312454	040-23311968	Hand Delivery / Registered Post
5.	Kolkata	49 Jatindas Road Nr. Deshpriya Park Kolkata – 700 029	Sujit Kundu	sujitkundu@karvy.com	033-24634787- 89	033-24644866/ 24634787	Hand Delivery

No.	Collection Centre	Address of Collection Centre	Contact Person	E-mail Address	Phone No.	Fax No.	Mode of Delivery
6.	Mumbai	7, Andheri Industrial Estate Off Veera Desai Road Andheri(W), Mumbai – 400 053	Vishakha Shringarapure	vishakhats@karvy.com	022-26730799/ 153	022-26730152	Hand Delivery
		16-22 Bake House Maharashtra Chmb. of Comm. Lane Opp. MSC Bank, Fort Mumbai – 400 023	Nutan Shirke	nutan.shirke@karvy.com	022-56382666	022-56331135	Hand Delivery
7.	New Delhi	105-108, Arunachal Building 19 Barakhamba Road Conn. Place New Delhi – 110 001	Michael George	michaelg@karvy.com	011-23324401/ 23353835/981	011-23324621	Hand Delivery

Working Hours: Monday to Friday 11.00 am to 5 pm; Saturday 11 am to 1 pm

NO SHARES OR DOCUMENTS SHOULD BE SENT DIRECTLY TO THE ACQUIRER / TARGET COMPANY / MANAGER TO THE OFFER

114. Applicants who cannot hand deliver their documents at the collection centers referred to above, may send the same by registered post, at their own risk and cost, to the Registrar to the Offer at its address Karvy Computershare Private Limited, “Karvy House”, 46, Avenue 4, Street No. 1, Banjara Hills, Hyderabad - 500 034.

115. The Registrar to the Offer will hold in trust the share certificates, credit of dematerialized Shares, form of acceptance duly filled in and the transfer deed(s) on behalf of the shareholders of the Target Company who have accepted the Offer, till such time as the Acquirer completes the obligations under the Offer.

116. In case the number of Shares validly tendered in the Offer by the shareholders of the Target Company are more than the Shares to be acquired under the Offer, the acquisition of Shares from each shareholder will be, as per the provisions of Regulation 21(6) of the Regulations, on a proportional basis in such a way that the acquisition from any shareholder shall not be less than the minimum marketable lot, or the entire holding if it is less than the marketable lot. As the Shares trade in the compulsory dematerialized settlement segment of BSE, the minimum marketable lot for the Shares is 1 (one).

117. The payment of consideration for accepted applications will be made by the Acquirer in cash through account payee cheques, drafts, warrants, etc. sent by Registered Post for amounts exceeding Rs. 1,500 and otherwise by UPC in accordance with the Regulations, and the same will be drawn in the name of the first named person in case of joint shareholders. It is desirable that shareholders provide bank details in the Form of Acceptance-cum-Acknowledgement, so that the same can be incorporated in the cheque / demand draft / pay order.

118. The unaccepted share certificates, transfer forms and other documents, if any, would be returned by registered post at the shareholders’ sole risk. Shares, to the extent unaccepted, held in dematerialized form will be credited back to the beneficial owners’ depository account with the respective depository participant as per details furnished in the Form of Acceptance.

119. Subject to the Statutory Approvals as stated in Paragraph 105 above, the Acquirer intends to complete all formalities, including the payment of consideration within a period of 30 days from the closure of the Offer, i.e. April 14, 2005 and for the purpose open a special account as provided under Regulation 29, provided that where the Acquirer is unable to make the payment to the shareholders who have accepted the Offer before the said period of 30 days due to non-receipt of requisite statutory approvals, SEBI may, if satisfied that non-receipt of requisite statutory approvals was not due to any wilful default or neglect of the Acquirer or failure of the Acquirer to diligently pursue the applications for such approvals, grant extension of time for the purpose, subject to the Acquirer agreeing to pay interest to the shareholders for delay beyond 30 days, as may be specified by SEBI from time to time.

120. A copy of this Letter of Offer (including the Form of Acceptance cum Acknowledgement) is expected to be available on SEBI’s web-site (www.sebi.gov.in) during the period the Offer is open. Eligible shareholders can make an application in the Offer in the form downloaded from SEBI’s website as one of the alternatives for applying in the Offer.

121. In terms of the Regulations, shareholders desirous of withdrawing their acceptances tendered in the offer can do so up to three working days prior to the close of the Offer i.e. up to March 10, 2005. The withdrawal option can only be exercised by submitting the Form of Withdrawal as per the instructions below so as to reach the Registrar to the Offer at its address Karvy Computershare Private Limited, “Karvy House”, 46, Avenue 4, Street No. 1, Banjara Hills, Hyderabad - 500 034 either by hand delivery or by registered post.

122. 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 details as mentioned in paragraph 107 above.

VIII. DOCUMENTS FOR INSPECTION

Copies of the following documents will be available for inspection at the office of the Manager to the Offer at 3rd floor, Bakhtawar, 229 Nariman Point, Mumbai 400 021 on any working day (i.e. Monday to Friday and not being a bank holiday in Mumbai) between 10:30 am to 1:00 pm from the date of opening of the Offer up to the closure of this Offer.

- Articles of incorporation of the Acquirer.
- Audited Annual reports of the Acquirer for the last three years, as applicable.
- Certificates from Ernst & Young, LLP, Minneapolis, Minnesota, dated August 6, 2004, October 5, 2004 and January 28, 2005 stating that the Acquirer has cash available for meeting their obligations under the Regulations
- Letter from ABN Amro Bank B.V. confirming the amount kept in an escrow account and empowering the Manager to the Offer in accordance with the Regulations.
- Copy of share purchase agreement with regard to the Global Acquisition.
- Published copy of the Public Announcement
- SEBI's observation letters dated September 13, 2004, November 11, 2004 and December 27, 2004.
- FIPB/SIA approval dated October 13, 2004 and amendment to the FIPB approval dated November 11, 2004 received by ADC/ KRONE Holding for the acquisition of Shares pursuant to the Offer.
- FIPB approval letter dated December 2, 2004 for change in foreign collaborator.
- RBI approval dated November 25, 2004 for opening escrow and special accounts.
- Agreement dated August 6, 2004 regarding the special depository account
- Audited Annual reports of the Target Company for the last three years.
- Documentary evidence for negotiated price.

IX. DECLARATION BY THE ACQUIRER

The Boards of Directors of the Acquirer accept full responsibility for the information (except for the information relating to the Target Company, which has been compiled from publicly available sources) contained in this Letter of Offer as evidenced by the signature of their authorized representative for this purpose. The Acquirer would be responsible for ensuring compliance with the Regulations.

Signed by

Sd/-

For ADC Telecommunications, Inc.

Name : Mark Borman
Designation : Treasurer

Date : February 7, 2005
Place : Eden Prairie, Minnesota, USA

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FORM OF ACCEPTANCE-CUM-ACKNOWLEDGEMENT

ADC KRONE OPEN OFFER

From

Folio No./DP ID No./Client ID No.:

OFFER OPENS ON	**February 14, 2005 (Monday)**
OFFER CLOSES ON	**March 15, 2005 (Tuesday)**

Tel.: **Fax:** **E-mail:**

To

The Acquirer – ADC KRONE Open Offer
Karvy Computershare Private Limited
"Karvy House", 46, Avenue 4, Street No. 1
Banjara Hills, Hyderabad - 500 034.

Dear Sir,

Sub: Open Offer for purchase of 1,058,000 equity shares of KRONE Communications Limited representing 23% of its total issued voting capital at the Offer Price by ADC Telecommunications, Inc. in accordance with the public announcements dated August 9, 2004 and February 7, 2005 and the Letter of Offer dated February 7, 2005 ("Offer")

I/We refer to the public announcements dated August 9, 2004 and February 7, 2005 and the Letter of Offer dated February 7, 2005 for acquiring the equity shares held by me/us in KRONE Communications Limited. I/We, the undersigned have read the aforementioned public announcements and Letter of Offer and understood their contents including the terms and conditions as mentioned therein.

☐ **SHARES IN PHYSICAL FORM**

I/We, accept the Offer and enclose the original share certificate(s) and duly signed transfer deed(s) in respect of my/our Shares as detailed below.

Sr. No.	Ledger Folio No(s)	Certificate No(s)	Distinctive No(s)		No. of Shares
			From	To	
1					
2					
3					
4					
5					
(In case the space provided is inadequate, please attach a separate sheet with details) **Total No. of Equity Shares**					

I/We note and understand that the Registrar to the Offer will hold the original share certificate(s) and valid share transfer deed in trust for me/us until the time the Acquirer dispatches the purchase consideration as mentioned in the Letter of Offer. I/We also note and understand that the Acquirer will pay the purchase consideration only after verification of the documents and signatures.

☐ **SHARES IN DEMATERIALIZED FORM**

I/We, holding Shares in the dematerialized form, accept the Offer and enclose the photocopy of the Delivery Instruction in "Off-market" mode, duly acknowledged by the Depository Participant ("DP") in respect of my Shares as detailed below:

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

I/We have executed an off-market transaction for crediting the Shares to the special depository account as per the details below

via a delivery instruction from my account with NSDL

via an inter-depository delivery instruction from my account with CDSL

— — — — — — — — — — — — — — — — — TEAR HERE — — — — — — — — — — — — — — — — —

ACKNOWLEDGEMENT SLIP
ADC KRONE Open Offer

Received from Mr./Ms._ ____ residing at ____
a Form of Acceptance cum Acknowledgement for ________________ Shares along with:
☐ copy of depository instruction slip from DP ID ________________ Client ID ________________
☐ ____________ share certificate(s) ____________ transfer deed(s) under folio number(s) ____________for accepting the Offer made by the Acquirer.

Stamp of Collection Centre:		Signature of Official:		Date of Receipt:	

DP Name	Karvy Consultants Limited
DP ID Number	IN300394
Account Name	**ADC KRONE Open Offer Account**
Beneficiary Account Number	**14367764**
ISIN	INE833A01016
Market	Off-Market

I/We note and understand that the shares would lie in the special depository account until the time the Acquirer dispatches the purchase consideration as mentioned in the Letter of Offer. I/We also note and understand that the Acquirer will pay the purchase consideration only after verification of the documents and signatures.

For NRIs/ OCBs/ FIIs/ Foreign Shareholders:

☐ I/We have enclosed the following documents:

☐ No Objection Certificate / Tax Clearance Certificate from Income Tax Authorities.

RBI approvals for acquiring shares of KRONE Communications Limited hereby tendered in the Offer.

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

I/We authorize the Acquirer to accept the Shares so offered which they may decide to accept in consultation with the Manager to the Offer and in terms of the Letter of Offer and I/We further authorize the Acquirer to return to me/us, share certificate(s)/shares in respect of which the Offer is not found valid/not accepted without specifying the reasons thereof.

I/We authorize the Acquirer and the Registrar to the Offer and the Manager to the Offer to send by Registered Post/UPC as may be applicable at my/our risk, the draft/cheque/warrant, in full and final settlement of the amount due to me/us and/or other documents or papers or correspondence to the sole/first holder at the address mentioned below. In case I have tendered my shares in dematerialized form, I authorize Acquirer and the Registrar to the Offer and the Manager to the Offer to use my details regarding my address and bank account details as obtained from my depository participant for the purpose of mailing the aforementioned instruments.

I/We authorize the Acquirer to accept the Shares so offered or such lesser number of Shares that they may decide to accept in terms of the Letter of Offer and I/We authorize the Acquirer to split / consolidate the share certificates comprising the Shares that are not acquired to be returned to me/us and for the aforesaid purposes the Acquirer is hereby authorized to do all such things and execute such documents as may be found necessary and expedient for the purpose.

Yours faithfully,

Signed and Delivered

	Full Name(s) of the shareholders	**Signature(s)**
1st/Sole Holder		
Joint Holder 1		
Joint Holder 2		
Joint Holder 3		

Address of First/Sole Shareholder ____________________

Place :

Date :

Bank Details

So as to avoid fraudulent encashment in transit, the shareholder(s) holding shares in physical form should provide details of bank account of the first/sole shareholder and the consideration cheque or demand draft will be drawn accordingly. For shares that are tendered in electronic form, the Bank account as obtained from the beneficiary position download to be provided by the depositories will be considered and the warrants will be issued with the said Bank particulars.

Name of the Bank		Branch	
Account Number		Savings/Current/(Others: please specify)	

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Note : All future correspondence, if any, should be addressed to following address :

Karvy Computershare Private Limited
“Karvy House”, 46, Avenue 4, Street No. 1
Banjara Hills, Hyderabad - 500 034.

Collection Centres

No.	Collection Centre	Address of Collection Centre	Contact Person	E-mail Address	Phone No.	Fax	Mode
1.	Ahmedabad	201–203 "Shail" Opp Madhusudhan House New Navrangpura Tel. Exchange Off CG Road Ahmedabad – 380 006	Edward	edward@karvy.com	079-6420422/ 6400527/28	079-6565551	Hand Delivery
2.	Bangalore	TKN Complex No. 51/2 Vanivilas Road Opp National College Basavanagudi Bangalore – 560 004	Kishore	nkishore@karvy.com	080-6621184/ 6621192	080-26621169	Hand Delivery
3.	Chennai	G-1 Swathi Court 22, Vijay Raghava Road T. Nagar Chennai – 600 017	Gunashekhar	chennaiirc@karvy.com	044-28153445/ 28151034/ 28153658	044-28153181	Hand Delivery
4.	Hyderabad	46, Avenue 4, Street No1 Banjara Hills Hyderabad – 500034	A Anitha	irchyd@karvy.com	040-23312454	040-23311968	Hand Delivery / Registered Post
5.	Kolkata	49 Jatindas Road Nr. Deshpriya Park Kolkata – 700 029	Sujit Kundu	sujitkundu@karvy.com	033-24634787- 89	033-24644866/ 24634787	Hand Delivery
6.	Mumbai	7, Andheri Industrial Estate Off Veera Desai Road Andheri(W), Mumbai – 400 053	Vishakha Shringarapure	vishakhats@karvy.com	022-26730799/ 153	022-26730152	Hand Delivery
		16-22 Bake House Maharashtra Chmb. of Comm. Lane Opp. MSC Bank, Fort Mumbai – 400 023	Nutan Shirke	nutan.shirke@karvy.com	022-56382666	022-56331135	Hand Delivery
7.	New Delhi	105-108, Arunachal Building 19 Barakhamba Road Conn. Place New Delhi – 110 001	Michael George	michaelg@karvy.com	011-23324401/ 23353835/981	011-23324621	Hand Delivery

Working Hours: Monday to Friday 11.00 am to 5 pm ;Saturday 11 am to 1 pm

PLEASE NOTE THAT NO SHARES / FORMS SHOULD BE SENT DIRECTLY TO THE ACQUIRER OR TO THE MANAGER TO THE OFFER

(1) **All queries** pertaining to this Offer may be directed to the Registrar to the Offer.

(2) **Shareholders holding registered Shares** should submit the Form duly completed and signed in accordance, by the holders of the Shares, along with the original equity share certificate(s) and valid equity share transfer form(s) duly signed as per the specimen signatures lodged with the Target Company and duly witnessed at the appropriate place. Please do not fill in any other details in the transfer deed.

(3) **Shareholders holding Shares in dematerialised form** should submit the Form duly completed and signed in accordance with the instructions contained therein by all the beneficial holders of the Shares, as per the records of the Depository Participant ("DP").

(4) **In case of shares held in joint names**, names should be filled up in the same order in the Form and in the transfer deed(s) as the order in which they hold Shares in the Company, and should be duly witnessed. This order cannot be changed or altered nor can any new name be added for the purpose of accepting the Counter Offer.

(5) **In case where the signature is subscribed by thumb impression**, the same shall be verified and attested by a Magistrate, Notary Public or Special Executive Magistrate or a similar authority holding a Public Office and authorized to use the seal of his office.

(6) **Persons who own Shares (as on the Specified Date or otherwise) but are not the registered holders** of such Shares and who desire to accept the Offer, will have to communicate their acceptance in writing to the Registrar to the Offer together with the original contract note issued by the broker, the share certificate(s), the transfer deed(s) with the buyers details not filled in and other relevant documents. In case the share certificate(s) and transfer deed(s) are lodged with the Target Company/its transfer agents for transfer, then the Form shall be accompanied by the acknowledgment of lodgment with, or receipt by, the Company/its transfer agents, of the share certificate(s) and transfer deed(s). Persons under this clause should submit their acceptance and necessary documents by registered post or courier or in person to the Registrar at their offices as mentioned above.

The sole/first holder may also mention particulars relating to savings/current account number and the name of the bank and branch with whom such account is held in the respective spaces allotted in the Form, to enable the Registrar to print the said details in the cheques after the name of the payee.

(7) **Non-resident shareholders** should enclose copy(ies) of permission received from Reserve Bank of India to acquire Shares held by them in the Target Company.

(8) **Non-resident shareholders** are advised to refer to the clause on taxation in Section VII of the Letter of Offer regarding important disclosures regarding the taxation of the consideration to be received by them.

(9) **In case of bodies corporate**, certified copies of appropriate authorization (including Board/shareholder resolutions, as applicable) authorizing the sale of Shares along with specimen signatures duly attested by a bank must be annexed. The common seal should also be affixed.

(10) **All the shareholders** should provide all relevant documents which are necessary to ensure transferability of the Shares in respect of which the acceptance is being sent. Such documents may include (but not be limited to):

(a) Duly attested death certificate and succession certificate (in case of single shareholder) in case the original shareholder has expired.

(b) Duly attested power of attorney if any person apart from the shareholder has signed acceptance form or transfer deed(s).

(c) No objection certificate from any lender, if the Shares in respect of which the acceptance is sent, were under any charge, lien or encumbrance.

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FORM OF WITHDRAWAL

ADC KRONE OPEN OFFER

From

Folio No./DP ID No./Client ID No.:

OFFER OPENS ON	**February 14, 2005 (Monday)**
LAST DATE OF WITHDRAWAL	**March 10, 2005 (Thursday)**
OFFER CLOSES ON	**March 15, 2005 (Tuesday)**

Tel.: **Fax:** **E-mail:**

To
The Acquirer – ADC Krone Open Offer
Karvy Computershare Private Limited
"Karvy House", 46, Avenue 4, Street No. 1
Banjara Hills, Hyderabad - 500 034.

Dear Sir,

Sub: Open Offer for purchase of 1,058,000 equity shares of Krone Communications Limited representing 23% of its total issued voting capital at the Offer Price by ADC Telecommunications, Inc. in accordance with the public announcements dated August 9, 2004 and February 7, 2005 and the Letter of Offer dated February 7, 2005 ("Offer")

I/We refer to the public announcement dated August 9, 2004 and February 7, 2005 and the Letter of Offer dated February 7, 2005 for acquiring the equity shares held by me/us in KRONE Communications Limited. I / We, the undersigned have read the aforementioned public announcements and the Letter of Offer and understood their contents including the terms and conditions as mentioned therein.

I / We hereby consent unconditionally and irrevocably to withdraw my / our shares from the Offer and I / we further authorize the Acquirer to return to me / us, the tendered Share Certificate(s) / Share(s) at my / our sole risk.

I / We note that upon withdrawal of my / our Shares from the Offer, no claim or liability shall lie against the Acquirer / Manager to the Offer / Registrar to the Offer.

I / We note that this Form of Withdrawal should reach the Registrar to the Offer on or before the last date of with drawal i.e. March 10, 2005

I / We note the Acquirer / Manager to the Offer / Registrar to the Offer shall not be liable for any postal delay / loss in transit of the shares held in physical form and also for the non-receipt of shares held in the dematerialized form in the DP account due to inaccurate / incomplete particulars/ instructions.

I / We also note and understand that the Acquirer will return the original share certificate(s), share transfer deed(s) / shares in dematerialized form only on completion of verification of the documents, signatures and beneficiary position as available with the depositories form time to time.

The particulars of tendered original share certificate(s) and duly signed transfer deed(s) are detailed below:

Sr.No.	Ledger Folio No (s)	Certificate No (s)	Distinctive Nos.		No. Shares
			From	To	
1					
2					
3					
4					
5					
(In case the space provided is inadequate, please attach a separate sheet with details.) **Total No. of Equity Shares**					

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ACKNOWLEDGEMENT SLIP
ADC KRONE Open Offer

Received from Mr./Ms._ ____________________ residing at ______________________________
a Form of Withdrawal for ________ Shares along with:

- ☐ copy of depository instruction slip from DP ID ___________ Client ID _____________
- ☐ copy of acknowledgement slip issued when depositing dematerialized shares
- ☐ copy of acknowledgement slip issued when depositing physical shares

for withdrawing from the Offer made by the Acquirer.

Stamp of Collection Centre:		Signature of Official:		Date of Receipt:	

I / We hold the following Shares in dematerialized form and had executed an off-market transaction for crediting the shares to the "ADC KRONE Open Offer Account". Please find enclosed a photocopy of the depository delivery instruction(s) duly acknowledged by DP. The particulars of the account from which my / our Shares have been tendered are as follows:

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

I / We note that the Shares will be credited back only to that depository account, from which the Shares have been tendered and necessary standing instructions have been issued in this regard.

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

In case of dematerialized shares, I / we confirm that the signatures have been verified by the DP as per their records and the same have been duly attested.

Yours faithfully,

Signed and Delivered

	FULL NAME(S) OF THE SHAREHOLDERS	SIGNATURE(S)
First/Sole Holder		
Joint Holder 1		
Joint Holder 2		
Joint Holder 3		

Address of First/Sole Shareholder____

Place:

Date:

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		16-22 Bake House Maharashtra Chmb. of Comm. Lane Opp. MSC Bank, Fort Mumbai – 400 023	Nutan Shirke	nutan.shirke@karvy.com	022-56382666	022-56331135	Hand Delivery
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(b) Duly attested power of attorney if any person apart from the shareholder has signed withdrawal form or transfer deed(s).

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