# LETTER OF OFFER

## THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

This Letter of Offer is sent to you as a Shareholder(s) of Melstar Information Technologies Limited. If you require any clarifications about the action to be taken, you may consult your stockbroker or investment consultant or Manager or Registrar to the Offer. In case you have recently sold your Shares in the Company, please hand over this Letter of Offer and the accompanying Form of Acceptance-cum-acknowledgement, Form of Withdrawal and Transfer Deed to the Member of the Stock Exchange through whom the said sale was effected.

**OPEN OFFER**

Pursuant to Regulations 10 and 12 and applicable provisions of the SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 1997 and amendments thereto ("the Regulations").

**BY**

**GODAVARI CORPORATION PRIVATE LIMITED ("GCPL"),**
**NIRVED TRADERS PRIVATE LIMITED ("NTPL") AND**
**SHEARSON INVESTMENTS & TRADING COMPANY PRIVATE LIMITED ("SITCPL")**
**(hereinafter referred as "The Acquirers")**

All the Acquirers having their Registered Office at Industry House, 159, Churchgate Reclamation, Mumbai – 400 020. Tel.: 022 – 2202 6340 Fax: 022 – 2282 8865. There are no Persons Acting in Concert ("PAC's") with the Acquirers for the purpose of this Offer.

**TO THE SHAREHOLDERS OF MELSTAR INFORMATION TECHNOLOGIES LIMITED**

**(hereinafter referred as "MITL" or "Target Company")** having Registered Office at Melstar House, G – 4, MIDC, Cross Road 'A', Andheri (E), Mumbai – 400 093. Tel.: 022 – 4056 6464; Telefax: 022 – 2831 0520.

**TO ACQUIRE**

28,56,628 Fully Paid-up Equity Shares of Rs. 10/- each, representing in aggregate upto 20% of the Paid up and Voting Equity Share Capital of MITL for cash, at a price of Rs. 15.00 (Rupees Fifteen Only) per Fully Paid-up Equity Share **("Offer Price")**.

**ATTENTION**

1. The acceptance of Shares from Non-Resident Shareholders is subject to the approval of the Reserve Bank of India ('RBI') under the Foreign Exchange Management Act, 1999 ('FEMA') and the RBI's Master Circular No. 2/2008-09 dated 1st July 2008. The Acquirers have filed an application with the RBI for its approval for the transfer of the equity shares tendered by NRIs pursuant to the Offer and for the acquisition of the sale shares. Besides the said approval, no other statutory approvals are required to acquire Shares tendered pursuant to this Offer.
2. In case of delay in the receipt of the statutory approvals, SEBI has the power to grant an extension of time to the Acquirers for payment of consideration to shareholders who have validly tendered their Shares, subject to the Acquirers agreeing to pay interest for the delayed period as directed by SEBI in terms of Regulation 22(12) of the SEBI (SAST) Regulations. Further, if the delay occurs on account of willful default by the Acquirers in obtaining the requisite approval, Regulation 22(13) of the SEBI (SAST) Regulations will also become applicable.
3. **Shareholders who have accepted the Offer by tendering the requisite documents, in terms of the Public Announcement / Letter of Offer, can withdraw the same upto three working days prior to the date of closure of the Offer i.e. they can withdraw on or before Wednesday, 3rd December, 2008.**
4. If there is any upward revision in the Offer Price by the Acquirers prior to or on the last date for revising the Offer Price viz., Thursday, November 27, 2008, you will be informed by way of another Public Announcement in the same newspapers in which the Public Announcement was published. The Acquirers shall pay such revised price for all shares validly tendered any time during the Offer and accepted under the Offer or if the Offer is withdrawn pursuant to Regulation 27 of the Regulations, the same would be communicated by a Public Announcement in the same newspapers in which the Public Announcement appeared.
5. **There is no competitive bid.**
6. As the Offer Price cannot be revised during seven working days prior to the closing date of the Offer, it would, therefore, be in the interest of Shareholders to wait till the commencement of that period to know the final offer price of each bid and tender their acceptance accordingly.
7. This Offer is not conditional upon any minimum level of acceptance.
8. **A copy of the Public Announcement, Corrigendum to Public Announcement and the Letter of Offer (including Form of Acceptance-cum-Acknowledgement and Form of Withdrawal) are also available on SEBI's website: www.sebi.gov.in**

| MANAGER TO THE OFFER | REGISTRAR TO THE OFFER |
|---|---|
| **Aryaman Financial Services Ltd.**<br>306, Mint Chambers, 45/47, Mint Road,<br>Fort, Mumbai – 400 001.<br>Tel: 022 – 2261 8264 / 69; Fax: 022 – 2263 0434<br>Website: www.afsl.co.in<br>Email: aryaman_limited@rediffmail.com; info@afsl.co.in<br>Contact Person: Mr. Deepak Biyani / Mr. Amit Kumar | **Adroit Corporate Services Pvt. Ltd.**<br>19/20, Jaferbhoy Industrial Estate,<br>1st Floor, Makwana Road, Marol Naka,<br>Andheri (E), Mumbai – 400 059.<br>Tel: 022 – 2859 4060 / 6060 Fax: 022 – 2850 3748<br>Email: veenashetty@adroitcorporate.com<br>Contact Person: Ms. Veena Shetty |
| **OFFER OPENS ON: 19/11/2008 (WEDNESDAY)** | **OFFER CLOSES ON: 08/12/2008 (MONDAY)** |

## ACTIVITY SCHEDULE

| ACTIVITY | ORIGINAL | REVISED |
|---|---|---|
| Public Announcement | 17/09/2008 (Wednesday) | 17/09/2008 (Wednesday) |
| Specified Date | 27/09/2008 (Saturday) | 27/09/2008 (Saturday) |
| Last date for a Competitive Bid | 08/10/2008 (Wednesday) | 08/10/2008 (Wednesday) |
| Date by which Letter of Offer to be posted to the shareholders | 27/10/2008 (Monday) | 14/11/2008 (Friday) |
| Date of Opening of the Offer | 05/11/2008 (Wednesday) | 19/11/2008 (Wednesday) |
| Last date for revising the offer price/ Number of Share | 12/11/2008 (Wednesday) | 27/11/2008 (Thursday) |
| Last date for withdrawal of acceptance by the shareholders | 19/11/2008 (Wednesday) | 03/12/2008 (Wednesday) |
| Date of Closure of the Offer | 24/11/2008 (Monday) | 08/12/2008 (Monday) |
| Date of communicating the rejection /acceptance and payment of consideration for the acquired shares | 08/12/2008 (Monday) | 23/12/2008 (Tuesday) |

### SPECIFIED DATE

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

**Note:** Duly Signed Application and Transfer Deed should be dispatched to the Registrar to the Offer, to reach not later than 5.00 p.m. on Monday, December 8, 2008.

### RISK FACTORS

### A. RELATING TO THE OFFER

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

1) The Offer involves an offer to acquire up to 20% of the Voting Capital that will constitute the share capital of MITL from the Eligible Persons for the Offer. In the case of over subscription in the Offer, as per the SEBI (SAST) Regulations, acceptance would be determined on a proportionate basis and hence there is no certainty that all the shares tendered by the shareholders in the Offer will be accepted.

2) In the event that (a) a statutory and regulatory approval is not received in a timely manner, (b) there is any litigation leading to a “stay” of the Offer, or (c) SEBI instructing the Acquirers not to proceed with the Offer, and then the Offer process may be delayed beyond the schedule of activities indicated in this Letter of Offer. Consequently, the payment of consideration to the shareholders of MITL whose Shares has been accepted in the Offer as well as the return of Shares not accepted by the Acquirers may be delayed. In case of the delay, due to non-receipt of statutory approvals, as per Regulation 22(12) of the SEBI (SAST) Regulations, SEBI may, if satisfied that the non-receipt of approvals was not due to willful default or negligence or failure to diligently pursue such approvals on the part of the Acquirers, grant an extension for the purpose of completion of the Offer subject to the Acquirers paying interest to the shareholders, as may be specified by SEBI.

3) Shareholders should note that after the last date of withdrawal i.e. Wednesday, December 3, 2008, the shareholders who have lodged the Shares would not be able to withdraw them even if the acceptance of Shares under the Offer and dispatch of consideration gets delayed. The tendered shares and documents would be held by the Registrar to the Offer, till such time as the process of acceptance of tenders and the payment of consideration is completed.

4) The Offer is subject to the receipt of statutory and regulatory approvals by the Acquirers, and wherever applicable, by the Target Company, in connection with the Offer. The Acquirers may not to be able to proceed with the Offer in the event the approvals are not received in terms of Regulation 27 of the SEBI (SAST) Regulations. Delay, if any, in the receipt of these approvals may delay completion of the Offer. Any approval as may be required for acquiring shares from an NRI that has tendered shares in the Offer shall not be covered under the provisions of Regulation 27 of the SEBI (SAST) Regulations.

5) The Shares tendered in the Offer will be held in trust by the Registrar to the Offer until the completion of the Offer formalities. During such period, there may be fluctuations in the market price of the equity shares of MITL. Accordingly, the Acquirers makes no assurance with respect to the market price of the shares both during the Offer Period and upon the completion of the Offer, and disclaim any responsibility with respect to any decision by any shareholder of MITL on whether to participate or not to participate in the Offer.

**B. IN ASSOCIATION WITH THE ACQUIRERS**

The Acquirers make no assurance with respect to the financial performance of the Target Company. They also make no assurance with respect to the market price of the Shares upon the completion of the Offer, and disclaim any responsibility with respect to any decision by the Shareholders on whether or not to participate in the Offer.

The Acquirers do not accept any responsibility for statements made otherwise than in the Letter of Offer / Public Announcement and anyone placing reliance on any other sources of information (not released by the Acquirers) would be doing so at his / her / its own risk.

**C. RISK IN THE TRANSACTION**

The Share Sale and Purchase Agreement (SSPA) dated September 11, 2008 contains a clause that it is subject to the provisions of SEBI (SAST) Regulations and in case of non-compliance with any of the provisions of the Regulations, the Sellers or the Acquirers shall not act upon the agreement for such sale.

**CURRENCY OF PRESENTATION**

In this Letter of Offer, all references to “Rs.” are to the reference of Indian National Rupees (“INR”). Throughout this Letter of Offer, all figures have been expressed in “Lacs” unless otherwise specifically stated. In this Letter of Offer, any discrepancy in any table between the total and sums of the amount listed are due to rounding off.

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**ABBREVIATIONS / DEFINITIONS**

The following abbreviations / definitions apply throughout this document, unless the context requires otherwise:

| | |
|---|---|
| Acquirers | Godavari Corporation Private Limited "GCPL"; Nirved Traders Private Limited ("NTPL") and Shearson Investments & Trading Company Private Limited ("SITCPL") |
| BPO | Business Process Outsourcing |
| BSE | Bombay Stock Exchange Limited |
| CDSL | Central Depository Services (India) Limited |
| Corrigendum to PA | Corrigendum to Public Announcement of the Offer issued in newspapers on 7th November 2008 (Friday) by the Manager, on behalf of the Acquirers. |
| DP | Depository Participant |
| Eligible Persons | All Shareholders of Melstar Information Technologies Limited (registered and unregistered) who own the Shares at any time prior to the Closure of the Offer, except the Acquirers and Parties to the Agreement |
| FEMA | Foreign Exchange Management Act, 1999 |
| Form of Acceptance | The form of application cum acknowledgement and authority, which is enclosed with this Letter of Offer |
| Income Tax Act | Income Tax Act, 1961 of India |
| IT | Information Technology |
| ITES | Information Technology Enabled Service |
| LOF / LOO | Letter of Offer |
| Manager to the Offer | Aryaman Financial Services Limited |
| NRI | Non – resident Indian |
| NSDL | National Securities Depositories Limited |
| NSE | National Stock Exchange of India Limited |
| Offer | Cash Offer being made by the Acquirers to the shareholders of Target Company to acquire upto 28,56,628 fully paid up equity shares |
| Offer Price | Rs. 15.00 (Rupees Fifteen Only) per share for each fully paid-up Equity Shares payable in cash by Cheque / Demand Draft |
| Public Announcement (PA) | Public Announcement of the Offer issued in newspapers on 17th September 2008 (Wednesday) by the Manager, on behalf of the Acquirers. |
| PAC (Persons Acting in Concert) | There are no Persons Acting in Concert ("PACs") with the Acquirers for the purpose of this offer. |
| RBI | Reserve Bank of India |
| Registrar / Registrar to the Offer | Adroit Corporate Services Private Limited |
| Rs. | Indian Rupees, the legal currency of India |
| SEBI | Securities and Exchange Board of India |
| SEBI Act | Securities and Exchange Board of India Act, 1992 |
| SEBI (SAST) Regulations | Securities and Exchange Board of India (Substantial Acquisition of Shares & Takeover) Regulations, 1997 and subsequent amendments thereof. |
| Share (s) | Fully paid up equity Share with one vote per equity Share of **Melstar Information Technologies Limited,** having face value of Rs. 10/- each. |
| Shareholders | Shareholders of Melstar Information Technologies Limited |
| Specified Date | 27/09/2008 (Saturday) |
| SSPA / the Agreement | Share Sale and Purchase Agreement |
| Target Company / MITL | Melstar Information Technologies Limited, Mumbai. |

## 1. 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 MELSTAR INFORMATION TECHNOLOGIES LIMITED TO TAKE AN INFORMED DECISION WITH REGARD TO THE OFFER. THE SEBI DOES NOT TAKE ANY RESPONSIBILITY EITHER FOR FINANCIAL SOUNDNESS OF THE ACQUIRERS, 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 ACQUIRERS ARE PRIMARILY RESPONSIBLE FOR THE CORRECTNESS, ADEQUACY AND DISCLOSURE OF ALL RELEVANT INFORMATION IN THIS LETTER OF OFFER, THE MANAGER TO THE OFFER IS EXPECTED TO EXERCISE DUE DILIGENCE TO ENSURE THAT ACQUIRERS DULY DISCHARGES THEIR RESPONSIBILITY ADEQUATELY. IN THIS BEHALF, AND TOWARDS THIS PURPOSE, THE MANAGER TO THE OFFER M/S. ARYAMAN FINANCIAL SERVICES LIMITED HAS SUBMITTED A DUE DILIGENCE CERTIFICATE DATED 30TH SEPTEMBER 2008 TO SEBI IN ACCORDANCE WITH THE SEBI (SUBSTANTIAL ACQUISITION OF SHARES & TAKEOVERS) REGULATIONS, 1997 AND SUBSEQUENT AMENDMENT (S) THEREOF. THE FILING OF THE LETTER OF OFFER DOES NOT, HOWEVER, ABSOLVE THE ACQUIRERS FROM THE REQUIREMENT OF OBTAINING SUCH STATUTORY CLEARANCES AS MAY BE REQUIRED FOR THE PURPOSE OF THE OFFER."**

## 2. DETAILS OF THE OFFER

### 2.1 BACKGROUND OF THE OFFER

2.1.1 This Open Offer is being made pursuant to the Regulations 10 and 12 of Chapter III and other applicable provisions in compliance with the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 1997 and subsequent amendments thereof for substantial acquisition of Shares and control over the Target Company.

2.1.2 This Open Offer is being made by Godavari Corporation Private Limited, Nirved Traders Private Limited and Shearson Investments & Trading Company Private Limited (hereinafter referred as "The Acquirers") to the equity Shareholders of Melstar Information Technologies Limited (hereinafter referred to as the "Target Company"). There are no Persons Acting in Concert ("PACs") with the Acquirers for the purpose of this offer.

2.1.3 The Acquirers have entered into Share Sale and Purchase Agreement (SSPA) dated 11th September 2008 with (a) Mr. S. M. Arora & family members (represented by Mr. S. M. Arora through duly executed Power of Attorney); (b) Mr. Sattar Shaikh & family members (represented by Mr. Sattar Shaikh through duly executed Power of Attorney); (c) Mr. Bharat Ramani & family members (represented by Mr. Bharat Ramani through duly executed Power of Attorney) (d) Mr. Suresh Bansal (all belonging to the promoters group) and (e) Mr. Sunil S. Oberoi & family members (represented by Mr. Bharat Ramani through duly executed Power of Attorney); (f) Mr. Anthony C. Gale and (g) Kevin Osborn (represented by Mr. Anthony C. Gale through duly executed Power of Attorney) (non-promoter shareholders), all the above collectively referred to as "the Sellers", for the acquisition of 43,93,817 fully paid up equity shares ("Sale Shares") of Rs. 10/- each representing 30.76% of the issued equity share capital of the Melstar Information Technologies Limited (the "Company" / "Target Company" / "MITL") at a price of Rs. 15/- (Rupees Fifteen Only) per equity share aggregating to Rs. 6,59,07,255/- (Rupees Six Crores Fifty Nine Lacs Seven Thousand Two Hundred Fifty Five Only) payable in cash; as detailed herein below:

| Name of Acquirers | No. of Equity Shares Agreed to be Acquired | % of the Share Capital of the MITL | Name of the Sellers | No. of Shares Agreed to be Sold by Sellers | % of the Share Capital of the MITL |
|---|---|---|---|---|---|
| Godavari Corporation Private Limited | 1,439,279 | 10.08 | Surinder M. Arora & Family Members | 818,171 | 5.73 |
| Nirved Traders Private Limited | 1,462,100 | 10.24 | Sattar Shaikh & Family Members | 945,566 | 6.62 |
| Shearson Investments & Trading Co. Private Limited | 1,492,438 | 10.45 | Bharat V. Ramani & Family Members | 818,944 | 5.73 |
| | | | Sunil S. Oberoi & Family Members | 63,194 | 0.44 |

| | | | | | |
|---|---|---|---|---|---|
| | | | Suresh S. Bansal | 493,713 | 3.46 |
| | | | Anthony C. Gale | 1,089,332 | 7.63 |
| | | | Kevin Osborn | 164,897 | 1.15 |
| **Total** | **4,393,817** | **30.76** | | **4,393,817** | **30.76** |

Mr. Surinder M. Arora & family members consists of Surinder Mohan Arora, Sudha Surinder Arora, Seema Surinder Arora, Sanjay Surinder Arora and Anju Sanjay Arora. All are residing at 502, Jewel Mahal, Seven Bungalows, Versova, Andheri (W), Mumbai – 400 061. Tel. No.: 022 – 2636 1574; Fax No.: 022 – 2831 0520.

Mr. Sattar Shaikh & family members consists of Sattar Shaikh, Sana Shaikh and Mushtaq Shaikh. All are residing at 1, Adore Apartments, Rebello Road, Bandra (W), Mumbai – 400 050. Tel. No.: 022 – 2640 8249; Fax No.: 022 – 2831 0520.

Mr. Bharat V. Ramani & family members consists of Bharat V. Ramani and Jyoti Ramani and both are residing at 4 Colonial Avenue, Princeton Junction, 08550, United State of America.

Mr. Sunil S. Oberoi & family members consists of Sunil S. Oberoi, Babita S. Oberoi and Krishnadevi S. Oberoi. All are residing at A-502, Palm Beach Apartment, J. P. Road, Versova, Andheri (W), Mumbai – 400 061. Tel.: 022 – 2411 5321.

Mr. Suresh Bansal resides at C-11, Old DLF Colony, Near Sector 14, Gurgaon – 122 001. Tel.: 0124 – 426 8498.

Mr. Anthony Clifford Gale resides at Poynter Lodge, 5 Croydon Road, Kent, Keston, Kent BR2 6EA, United Kingdom. Tel.: 0044 – 78180 03210; Fax No.: 0044 – 16898 62804

Mr. Kevin Osborn resides at 6 Bridgewater, Close Orpington Kent, UK BRF 6 QU. Tel.: 0044 – 78180 03210; Fax No.: 0044 – 16898 62804

2.1.4 The salient features of the SSPA are:

a) The Sellers and the Acquirers have entered into an Escrow Agreement dated 11th September 2008 with M/s. Crawford Bayley & Co., Advocate & Solicitor, ("Escrow Agent") to whom the Sale Shares and part of the sale consideration has been entrusted for the purpose of securing the due performance by the parties of their obligations under the SSPA. The Escrow Agreement dated September 11, 2008, sets out the procedure in relation to the escrow.

b) The Acquirers shall have the obligation to acquire the Sale Shares of the Sellers subject to the satisfaction of certain conditions precedent as detailed in the SSPA including inter alia:

- Completion by the Acquirers of their obligations under the Open Offer and submission by the Merchant Banker of the final report to SEBI in terms of Regulation 24(7) of the SEBI (SAST) Regulations;
- receipt of all regulatory and statutory approvals as may be required;
- the Sellers being in compliance with the representations and warranties it has given in relation to due incorporation of the Target Company and its Subsidiaries, title to the Sale Shares and compliance, by the Target Company of all laws;
- there not having occurred any adverse material changes.

c) The Sellers shall not and will procure that no affiliate of the Sellers, for a period of 12 months from the date of closing, directly or indirectly knowingly solicit employment, of any employee of the Target Company and its Subsidiaries.

d) The Sellers have agreed not to compete with the businesses of the Target Company and its Subsidiaries for a period of 12 months from the date of closing at no separate consideration other than negotiated price as mentioned in para 2.1.3 above.

e) The Acquirers will re-constitute the Board of Directors of the Target Company only after completion of all the formalities relating to this Open Offer.

f) The SSPA also contains other customary provisions including provisions in relation to representations, warranties and indemnities.

2.1.5 The Acquirers have paid to the Sellers, an amount of Rs 87,87,634/- (Rupees Eighty Seven Lacs Eighty Seven Thousand Six Hundred and Thirty Four Only) as an advance, which shall be adjusted towards the Purchase Price payable by the Acquirers to the Sellers under this Agreement.

2.1.6 A Bank Guarantee of an amount of Rs 5,71,19,621/- (Rupees Five Crores Seventy One Lacs Nineteen Thousand Six Hundred and Twenty One Only) drawn in favour of the Escrow Agent ("Escrow Amount") has been handed over to the Escrow Agent as per the terms of the Escrow Agreement.

2.1.7 The Sellers and the Acquirers agree and acknowledge that in case of non-compliance with the provisions of the Takeover Code by the Acquirers, the Sellers shall not sell and the Acquirers shall not purchase the Sale Shares pursuant to this Agreement and this Agreement shall immediately terminate and the monies advanced by the Acquirers shall be returned by the Sellers. Pursuant to such termination neither Party shall have any claim against the other Party.

2.1.8 As on the date of the PA, none of the Acquirers hold any share of MITL.

2.1.9 As on date, the Manager to the Offer – Aryaman Financial Services Limited does not hold any Shares in the Target Company. They declare and undertake that they shall not deal in the Shares of Target Company during the period commencing from the date of the appointment as Manager to the Offer till the expiry of 15 days from the date of Closure of the Offer.

2.1.10 The proposed change in control is not through any arrangement other than by virtue of the SSPA.

2.1.11 The Offer is not conditional to any minimum level of the acceptance. The Acquirers will acquire all the Equity Shares of Melstar Information Technologies Limited upto 28,56,628 that are tendered in valid form in accordance with the terms and conditions set out here in the Letter of Offer to be sent to the Shareholders except Parties to the Agreement. The Acquirers have not purchased any Share of Melstar Information Technologies Limited from the date of Public Announcement i.e. 17th September 2008 till date.

2.1.12 The Acquirers, the Target Company and the Sellers have not been prohibited by SEBI from dealing in securities in terms of the direction issued u/s 11B of SEBI Act or under any of the Regulation made under the SEBI Act.

2.1.13 The Acquirers shall also have a right to reconstitute the Board of Directors of the Target Company and appoint their own nominee Directors as Directors/Chairman of the Target Company after completion of acts mentioned in salient features of SSPA at point no. 2.1.4 above.

2.1.14 None of the Acquirers' representative is / are on the Board of Directors of the Target Company.

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

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

2.1.17 The Acquirers have not been allotted any Equity Shares in the Target Company by way of allotment in a Public or Rights or Preferential Issue during the 26-week period prior to the date of PA.

**2.2 DETAILS OF THE PROPOSED OFFER**

2.2.1 The Public Announcement (PA) was made by the Acquirers on 17th September 2008 (Wednesday) and Corrigendum to PA on 7th November 2008 (Friday) as per Regulation 15(1) of the SEBI (SAST) Regulations in the following newspapers:

| | |
|---|---|
| The Financial Express (National English Daily) | All Editions |
| Jansatta (National Hindi Daily) | All Editions |
| Navshakti (Marathi Daily) | Mumbai Edition |

The Public Announcement and Corrigendum to PA is also available on the SEBI's website: www.sebi.gov.in

2.2.2 The Offer to the equity Shareholders of Melstar Information Technologies Limited is to acquire 28,56,628 fully paid up Equity Shares representing 20% of the equity voting capital of Melstar Information Technologies Limited at a price of Rs. 15.00 (Rupees Fifteen Only) per Share ("Offer Price"). The payment to the Shareholders whose Shares have been accepted shall be in cash and will be paid by Cheque / Demand Draft.

2.2.3 All the Equity Shares of the Target Company are fully paid up and there are no partly paid up Equity Shares in the Target Company.

2.2.4 This is not a competitive bid.

2.2.5 The Offer is not subject to any minimum level of acceptance; hence it is not a conditional one. The Acquirers will acquire all the fully paid up Equity Shares of Melstar Information Technologies Limited that are validly tendered and accepted in terms of this Offer upto 28,56,628 fully paid Equity Shares representing 20% of the total paid up and voting capital of the Target Company.

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

2.2.7 The Acquirers have not acquired any Shares of the Target Company after the date of PA till the date of this Letter of Offer.

2.2.8 Competitive Bid: There is no competitive bid in this Offer.

2.2.9 There is no agreement among the Acquirers as regard to this Offer, except as provided in the SSPA.

2.2.10 The Acquirers have not entered into any inter-se agreement for the purpose of allocation of the Shares received in this Offer.

**2.3 OBJECT OF THE ACQUISITION / OFFER**

The Acquirers have entered into an SSPA on 11th September 2008 to acquire 43,93,817 Equity Shares of Rs.10/- each of MITL, representing 30.76% of the paid up Share capital of MITL. This acquisition is thus a substantial acquisition of Shares along with the voting rights in MITL, which will enable the Acquirers to gain control of the Company. As a result of this acquisition, provisions of Regulations 10 and 12 of the Regulations have been attracted. The Acquirers are making an Offer to acquire 28,56,628 fully paid Equity Shares of Rs. 10/- each being 20% of the paid up equity Share capital of MITL in order to comply with the provisions of the Regulations.

The objects of the Acquirers include, inter alia, to provide an extended and consistent range of products, technologies and services to the customers globally in the IT sector and also in the ITES / BPO segments. The Acquirers believe that the transaction will create significant long-term value for all the stakeholders through:

- A complementary business combination that provides sustainable growth by diversification that spans the full spectrum of the Software business;
- An expanded global reach that enables leading market positions in both mature and emerging markets.

As required under regulation 16 (ix), the Acquirer state and comfirm that they currently do 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 for commercial reasons and operational efficiencies. The Acquirers undertake not to sell / dispose of or otherwise encumber any substantial asset of MITL except with the prior approval of the shareholders of the Company.

**3. BACKGROUND OF THE ACQUIRERS**

**3.1 GODAVARI CORPORATION PRIVATE LIMITED ("GCPL")**

3.1.1 The registered office of the GCPL is situated at Industry House, 159, Churchgate Reclamation, Mumbai – 400 020. Tel.: 022 – 2202 6340; Fax: 022 – 2282 8865.

3.1.2 GCPL was incorporated as "Godavari Corporation Limited" on February 13, 1946 under the Indore Companies Act VII, 1940 as a Public Limited Company with the Registrar of Companies, Indore, Madhya Pradesh with Registration No. 112 of 1945-1946. The Registered Office of the company shifted to Mumbai, Maharashtra on December 15, 1979 from the state of Madhya Pradesh. The name of the Company was changed from "Godavari Corporation Limited" to "Godavari Corporation Private Limited" with effect from September 21, 2004 and a fresh Certificate of Incorporation was obtained under Companies Act, 1956 bearing Registration No. 11-22398 from the Registrar of Companies, Mumbai. The objects of the GCPL is to deal / invest in shares, stock, debentures, securities of all kinds on its own account or as agents for others, to underwrite any shares debentures or debentures stock, engage in finance related works including other businesses.

3.1.3 GCPL is a company of the Yash Birla Group and its promoters are (a) Shearson Investments and Trading Company Private Limited, (b) Nirved Traders Private Limited and (c) Yash Society.

3.1.4 Shareholding pattern of GCPL as on June 30, 2008

| Sr. No. | Shareholder's Category | No. of Shares | % of Total Capital |
|---|---|---|---|
| 1 | Promoters | 37,040 | 87.54 |
| 2 | FII/ Mutual-Funds/ FIs/ Banks | - | - |
| 3 | Public | 5,274 | 12.46 |
| | **Total Paid Up Capital** | **42,314** | **100.00** |

3.1.5 Details of Board of Directors of GCPL as on date of Public Announcement

| Sr. No. | Name & Residential Address of Directors | Qualification | Experience | Date of Appointment |
|---|---|---|---|---|
| 1 | Mr. Radheshyam P. Malani<br>First Floor, Brahaman Wadi,<br>98 V. P. Road, C. P. Tank,<br>Mumbai - 400 004. | B. Com | He is associated with Yash Birla group since 1980. He specializes in estate and liasioning matters. | 31-Oct-98 |
| 2 | Mr. Arun Singhi<br>Laxmi House,<br>T. H. Kataria Marg,<br>Matunga (W),<br>Mumbai - 400 016. | B. A. | He is associated with Yash Birla group since 1969. He specializes in investment and finance matters. | 7-Mar-03 |
| 3 | Mrs. Avanti Y. Birla<br>Birla House,<br>21, Mount Pleasant Road,<br>Mumbai - 400 006. | M. A. | She is actively involved in development & managing of lifestyle business of the Yash Birla Group. | 31-Dec-90 |
| 4 | Mr. Girdhari Lal Lath<br>Flat No. 801,<br>A-Wing, Aster Tower,<br>Vasant Valley II, Film City Road,<br>Malad (E), Mumbai - 400 097. | Chartered Accountant | He has more than 35 years of experience in the various business sectors and associated with Group since last 33 years. | 7-Mar-03 |

None of the Director or their representative is on the Board of the Target Company.

3.1.6 The paid up equity capital of GCPL is Rs. 42.31 Lacs, consisting of 42,314 equity shares of Rs. 100/- each. As on date, shares of GCPL are not listed on any Stock Exchange.

3.1.7 The audited financial details of GCPL for last three years (Rs. in Lacs)

| **Profit & Loss Account as on** | **31/03/08** | **31/03/07** | **31/03/06** |
|---|---|---|---|
| Income from Operations | 961.32 | 195.47 | 181.54 |
| Increase/(decrease) in stock | 3.17 | (9.13) | 2.03 |
| Other Income | 87.17 | 86.00 | 51.53 |
| Total Income | 1,051.66 | 272.34 | 235.10 |
| Total Expenditure | 587.13 | 96.43 | 125.78 |
| PBDIT | 464.53 | 175.91 | 109.32 |
| Depreciation | 36.04 | 42.47 | 70.96 |
| Interest | 83.96 | 337.20 | 65.34 |
| Profit/(Loss) Before Tax | 344.53 | (203.76) | (26.98) |
| Provision for Tax | 37.14 | 0.50 | 0.50 |
| **Profit/(Loss) After Tax** | **307.39** | **(204.26)** | **(27.48)** |

| **Balance Sheet as on** | **31/03/08** | **31/03/07** | **31/03/06** |
|---|---|---|---|
| **Sources of Funds** | | | |
| Capital Account | 42.31 | 42.31 | 42.31 |
| Reserves and Surplus<br>(Excluding Revaluation Reserve)* | 5,523.76 | 4,496.65 | 4,700.91 |
| Net worth | 5,566.07 | 4,538.96 | 4,743.22 |
| Secured Loans | 1,760.34 | 1,788.38 | 1,966.54 |
| Unsecured Loans | 421.14 | 3,153.86 | 438.79 |
| **Total** | **7,747.55** | **9,481.20** | **7,148.55** |

| **Uses of Funds** | | | |
|---|---|---|---|
| Net Fixed Assets | 154.35 | 197.76 | 235.47 |
| Investments | 2,195.63 | 6,940.33 | 8,933.80 |
| Current Assets Loan and Advances | 6,067.20 | 3,032.39 | 2,752.97 |
| Current Liabilities | 669.63 | 689.29 | 4,773.69 |
| Net Current Assets | 5,397.57 | 2,343.10 | (2,020.72) |
| Total Misc. Exp. Not Written Off | - | - | - |
| **Total** | **7,747.55** | **9,481.19** | **7,148.55** |

| **Other Financial Data** | **31/03/08** | **31/03/07** | **31/03/06** |
|---|---|---|---|
| Dividend (%) | - | - | - |
| Earning Per Share (Rs.) | 726.48 | (482.73) | (64.97) |
| Return on Net worth (%) | 5.52 | (4.50) | (0.58) |
| Book Value Per Share (Rs.) | 13,154.22 | 10,726.85 | 11,209.58 |

Note: After making provisions and appropriations, the balance of Profit after Tax is carried to Balance Sheet. In Balance Sheet, the same is shown under separate heading i.e. 'Surplus/(Deficit) in Profit & Loss Account'.

**Reasons for fall/rise in Profit After Tax**

- Comparison between 2007 – 08 and 2006 – 07

  Profit after Tax in 2007 – 08 stood at Rs. 307.39 Lacs as against Rs. (204.26) Lacs in 2006 – 07. The main reason behind increase in Profit after Tax was Profit on Sale of Investment amounting Rs. 601.26 Lacs in the year 2007 – 08 as against Rs. 36.29 Lacs in the year 2006 – 07.

- Comparison between 2006-07 and 2005-06

  Profit after Tax in 2006 – 07 stood at Rs. (204.26) Lacs as against Rs. (27.48) Lacs in 2005 – 06. The main reason behind this variation was interest expenses amounting Rs. 337.20 Lacs in the year 2006 – 07 as against Rs. 65.34 Lacs in the year 2005 – 06.

**Reasons for fall/rise in Total Income**

The company is primarily engaged in the Investment Business. The Turnover (Total Income) is by virtue of sale of various investments which are purchased by the Company. The sale of investment is generated by markets sentiments, so the Turnover cannot be compared on year to year basis.

**3.1.8 Contingent liabilities and significant accounting policies**

**Contingent Liabilities**

a) Fixed Deposits of Rs.1,50,000/- with Bank is pledged as security against guarantee furnished by a Bank in favour of Custom Department.

b) Fixed Deposit of Rs. 5,29,050/- with Union Bank of India is pledged as Security against Guarantee furnished by Bank in favour of Maharashtra Energy Development Agency (MEDA) for Wind Mill.

**Significant Accounting Policies**

**(i) Fixed Assets**

Fixed Assets are stated at their Original Cost of acquisition inclusive of duties, taxes and incidental expenses incurred in relations to acquisition & commissioning of concerned assets less depreciation.

**(ii) Depreciation**

Depreciation on Fixed Assets acquired upto 31.03.1988 have been provided on written down value method basis as per rules & rates prescribed under Income Tax Act, 1961 and thereafter at the rate prescribed in Schedule XIV of the Companies Act, 1956.

For Fixed Assets added from 1.4.1988 onwards, depreciation has been provided on written down value method at the rates prescribed in Schedule XIV of the Companies Act, 1956.

Depreciation in respect of Wind Mill is provided at rates specified for continuous process Plant based on Opinion obtained by the Management.

(iii) Income and Expenditure are accounted for on accrual basis except dividend income, which is accounted on receipt basis.

(iv) Investments in shares are stated at Cost. However, in the case of shares of certain companies including Birla VXL, Tungabhadra Industries, Zenith, P.T.South Pacific although the value is considerably less than the cost, no provisions is being made for all in market value of these shares as these are held at Long Term Investments. During the financial year 2006 – 07 there was a change in Accounting Policy and part of the Quoted Investments were revalued at market rate as on 31.01.2007 as against Cost in Financial Year 2006 – 2007.

(v) Stock in trade representing shares are stated at cost and/or at cost/market value whichever is lower.

**(vi) Retirement Benefits**

(a) Year end liabilities on account of Gratuity benefit to employees are provided.

(b) No provision for earned leave is made as the same is accounted for as and when concerned employee goes on leave.

(c) Accounting Policies not specifically referred to above are in conformity with generally accepted accounting policies.

**3.1.9 Companies promoted by GCPL –** Birla Capital and Financial Services Limited, Birla Power Solutions Limited, Birla Transasia Carpets Limited, Dagger-Forst Tools Limited, Shloka Infotech Limited and Zenith Birla (India) Limited. The brief details of all the companies are mentioned at para 3.5 below.

**3.2 NIRVED TRADERS PRIVATE LIMITED (“NTPL”)**

3.2.1 The registered office of the NTPL is situated at Industry House, 159, Churchgate Reclamation, Mumbai – 400 020. Tel.: 022 – 2202 6340; Fax: 022 – 2282 8865.

3.2.2 NTPL was incorporated as “Nirved Traders Private Limited” on October 25, 1994 under the Companies Act, 1956 as a Private Limited Company having Registration No. 11-82365 of 1994. The main object of the NTPL is to carry on the business as merchants, traders, commission agents, buying agents, selling agents, brokers, adatias, buyers, sellers, agents, depot managers, importers, exporters, dealers in, collections, distributors of and to export, buy, sell, barter, exchange, pledge, distribute, mortgage, advance upon or otherwise trade and deal in merchandise, general produce, substances, materials, goods, machinery and equipments, including textile machinery, its spare parts and accessories, chemicals, dyes, intermediaries, fertilizers, electrical goods, electronic devices, components, textile yarns, etc.

3.2.3 NTPL is a company of the Yash Birla Group and its promoter is Birla International Private Limited.

3.2.4 Shareholding pattern of NTPL as on June 30, 2008

| Sr. No. | Shareholder’s Category | No. of Shares | % of Total Capital |
|---|---|---|---|
| 1 | Promoters | 250,000 | 100.00 |
| 2 | FII/ Mutual-Funds/ FIs/ Banks | - | - |
| 3 | Public | - | - |
| | Total Paid Up Capital | 250,000 | 100.00 |

3.2.5 Details of Board of Directors of NTPL as on date of Public Announcement

| Sr. No. | Name & Residential Address of Directors | Qualification | Experience | Date of Appointment |
|---|---|---|---|---|
| 1 | Mr. Kashi Prasad Chokhani<br>1/E, Utkarsha, Madhavdas Amarshi Road, Andheri (W), Mumbai - 400 058. | B. Com, MIMA | He has been associated with the Yash Birla group since 1960. He specializes in investment related matters. | 25-Oct-94 |
| 2 | Mr. Arun Singhi<br>Laxmi House,T. H. Kataria Marg, Matunga (W),<br>Mumbai - 400 016. | B. A. | He has been associated with the Yash Birla group since 1969. He specializes in investment and finance matters. | 16-Jun-95 |

| | | | | |
|---|---|---|---|---|
| 3 | Mr. Girdhari Lal Lath<br>Flat No. 801, A-Wing,<br>Aster Tower, Vasant Valley<br>II, Film City Road, Malad (E),<br>Mumbai - 400 097. | Chartered Accountant | He has more than 35 years of experience in the various business sectors and associated with Group since last 33 years. | 3-Aug-99 |

None of the Director or their representative is on the Board of the Target Company.

3.2.6 The paid up equity capital of NTPL is Rs 25.00 Lacs consisting of 2,50,000 equity shares of Rs. 10/- each. As on date, shares of NTPL are not listed on any Stock Exchange.

3.2.7 The audited financial details of NTPL for last three years (Rs. in Lacs)

| **Profit & Loss Account as on** | **31/03/08** | **31/03/07** | **31/03/06** |
|---|---|---|---|
| Income from Operations | 961.03 | 642.96 | 76.95 |
| Increase / (decrease) in stock | 109.79 | - | - |
| Other Income | 1,756.17 | - | - |
| Total Income | 2,826.99 | 642.96 | 76.95 |
| Total Expenditure | 1,344.78 | 212.51 | 38.79 |
| PBDIT | 1,482.21 | 430.45 | 38.16 |
| Depreciation | 142.54 | 146.31 | 12.57 |
| Interest | 687.58 | 501.64 | 27.70 |
| Profit/(Loss) Before Tax | 652.09 | (217.50) | (2.11) |
| Provision for Tax | 29.58 | (104.86) | 5.04 |
| **Profit/(Loss) After Tax** | **622.51** | **(112.64)** | **(7.15)** |

| **Balance Sheet as on** | **31/03/08** | **31/03/07** | **31/03/06** |
|---|---|---|---|
| **Sources of Funds** | | | |
| Capital Account | 25.00 | 25.00 | 25.00 |
| Reserves and Surplus<br>(Excluding Revaluation Reserve)* | 3,210.32 | 2,427.41 | 2,217.78 |
| Net worth | 3,235.32 | 2,452.41 | 2,242.78 |
| Secured Loans | - | 4,821.32 | 2,627.82 |
| Unsecured Loans | 9,594.49 | 5,307.28 | 5,261.16 |
| **Total** | **12,829.81** | **12,581.01** | **10,131.76** |
| **Uses of Funds** | | | |
| Net Fixed Assets | 2,374.89 | 2,503.52 | 2,632.25 |
| Investments | 5,803.50 | 5,707.83 | 3,793.40 |
| Current Assets Loan and Advances | 4,887.79 | 5,042.24 | 4,922.80 |
| Current Liabilities | 369.19 | 779.48 | 1,216.69 |
| Net Current Assets | 4,518.60 | 4,262.76 | 3,706.11 |
| Deferred Tax Assets | 132.82 | 106.90 | - |
| Total Misc. Exp. Not Written Off | - | - | - |
| **Total** | **12,829.81** | **12,581.01** | **10,131.76** |

| **Other Financial Data** | **31/03/2008** | **31/03/07** | **31/03/06** |
|---|---|---|---|
| Dividend (%) | - | - | - |
| Earning Per Share (Rs.) | 249.01 | (45.06) | (2.86) |
| Return on Net worth (%) | 19.24 | (4.59) | (0.32) |
| Book Value Per Share (Rs.) | 1,294.13 | 980.96 | 897.11 |

Note: After making provisions and appropriations, the balance of Profit after Tax is carried to ‘Reserves & Surplus’.

**Reasons for fall/rise in Profit After Tax**

- Comparison between 2007 – 08 and 2006 – 07

Profit after Tax in 2007 – 08 stood at Rs. 622.51 Lacs as against Rs. (112.64) Lacs in 2006 – 07. The main reason behind increase in Profit after Tax was that the profit on sale of investment in 2007 – 08 Rs. 1,115.78 Lacs as compared to Rs. 44.37 Lacs in 2006 – 07.

- Comparison between 2006 – 07 and 2005 – 06

Profit after Tax in 2006 – 07 stood at Rs. (112.64) Lacs as against Rs. (7.15) Lacs in 2005 – 06. The main reason behind this variation was interest expenses amounting Rs. 501.64 Lacs in the year 2006 – 07 as against Rs. 27.70 Lacs in the year 2005 – 06.

**Reasons for fall/rise in Total Income**

The company is primarily engaged in the Investment Business. The Turnover (Total Income) is by virtue of sale of various investments which are purchased by the Company. The sale of investment is generated by markets sentiments, so the Turnover cannot be compared on year to year basis.

**3.2.8 Contingent liabilities and significant accounting policies**

**Contingent Liabilities**

a) Wealth tax Appeals pending before CWT (Appeals) for the Assessment Years 1986 – 87 to 1992 – 93 and refund, if any, due will be accounted for during the year or receipt.

b) Income Tax Appeals are pending before Income Tax Appellate Tribunal for Assessment Year 2002 – 03 to 2004 – 05 and refund, if any; due will be accounted for during the year of receipt.

**Significant Accounting Policies**

**1.** Accounting Policies

a) Basis of preparation of Financial Statements

Financial Statements are prepared in accordance with Indian Generally Accepted Accounting Principles (GAAP) under the historical cost convention on the accrual basis of accounting and comply with the mandatory accounting standards and statements issued by the Institute of Chartered Accountants of India (ICAI) and the provisions of Companies Act, 1956.

b) Use of Estimates

The presentation of financial statements are in conformity with GAAP, required estimates and assumptions been made, that affect the reported amount of assets and liabilities on the date of the financial statements and reported amount of revenues and expenses during the reporting period. Difference between the actual result and estimates are recognized in the period in which the results are known / materialized.

**2.** Fixed Assets and Depreciation

Fixed Assets, both tangible and intangible, are stated at cost of acquisition/construction. Costs include taxes, duties, freight and other incidental expenses related to acquisition/construction. Interest on borrowings (if any), to finance acquisition/construction of fixed assets are capitalized.

Depreciation on tangible fixed assets is provided on written down value method at the rate and in the manner prescribed in Schedule XIV to the Companies Act, 1956. Depreciation on additions or on sale / discardment of fixed assets is provided on pro-rata basis from the month of such addition or up to the month of such sale / discardment, as the case may be.

**3.** Revenue Recognition

Revenue/Income is generally accounted on accrual basis as they are earned, except in case of significant uncertainty, except Dividend, Interest on Debentures and Share of Profit, which are accounted for, on payment / receipt basis on account of uncertainties.

**4.** Investments

Investments are classified into Current and Long-term Investments. Current Investments are stated at lower of cost and fair value. Long-term Investments are stated at cost. A provision for diminution is made to recognize a decline, other than temporary, in the value of Long-term Investments.

**5.** Retirement Benefits

a) Contributions made to Provident Fund and Family Pension Fund are accounted on accrual basis with corresponding contribution to relevant authorities.

b) Liabilities on account of Gratuity benefits to employees are provided and funded to approve Gratuity Fund as per actuarial valuation basis.

c) Leave Encashment has not been provided for as it is charged to Profit and Loss Account on cash basis.

**6.** Taxation

Income-tax expense comprises of current tax and deferred tax charge or credit. Provision for current tax is made on the assessable income at the tax rate applicable to the relevant assessment year. The deferred tax asset and deferred tax liability is calculated by applying tax rate and laws that have been enacted or substantively enacted by the Balance Sheet date at the end of the financial year. Deferred tax assets arising mainly on account brought forward losses and unabsorbed depreciation under tax laws, are recognized, only if there is a virtual certainty of its realization, supported by convincing evidence. Deferred tax assets on account of other timing differences are recognized only to the extent there is a reasonable certainty of its realization.

**7.** Borrowing cost

Borrowing costs are charged to Profit & Loss Account except in cases where the borrowings are directly attributable to the acquisition, construction or production of a qualifying asset. A qualifying asset is one that necessarily takes substantial period of time to get ready for intended use.

**8.** Contingent Liability

Liabilities which are material and whose future outcome cannot be ascertained with reasonable certainty is treated as contingent and to the extent not provided for in the books of account are disclosed by way of notes to the accounts.

**9.** Refurbishment, Renovation, Repairs, upgradation, Land Development expenses to the rented premises are charged to Profit & Loss Account, while items of Capital in nature only are capitalized. In the case of termination of leased premises, the up gradation and refurbishment expenses will be recovered as mutually agreed and capital items will be transferred at WDV as per accounts.

**10.** Miscellaneous Expenditure

Miscellaneous Expenditure (to the extent not written off or adjusted) is written off over a period of ten of years.

**3.2.9 Companies promoted by NTPL** – Birla Capital and Financial Services Limited, Birla Cotsyn (India) Limited, Birla Power Solutions Limited, Birla Precision Technologies Limited, Birla Transasia Carpets Limited, Dagger-Forst Tools Limited, Shloka Infotech Limited and Zenith Birla (India) Limited. The brief details of all the companies are mentioned at para 3.5 below.

## 3.3 SHEARSON INVESTMENTS & TRADING COMPANY PRIVATE LIMITED ("SITCPL")

3.3.1 The registered office of the SITCPL is situated at Industry House, 159, Churchgate Reclamation, Mumbai – 400 020. Tel.: 022 – 2202 6340 Fax: 022 – 2282 8865.

3.3.2 SITCPL was incorporated as "Shearson Investments & Trading Company Private Limited" on November 10, 1989 under the Companies Act, 1956 as a Private Limited Company, having Registration No. 11-54227 of 1989. The main object of the SITCPL is to carry on the business of investment company and to underwrite, sub-underwrite to invest in and acquire and hold sell, buy or otherwise deal either in the name of the company or in that of any nominee, in shares, stocks, debentures, debenture – stocks, bonds, units, and other finance related works.

3.3.3 SITCPL is a company of the Yash Birla Group and its promoters are (a) Mr. Yashovardhan Birla, (b) Godavari Corporation Private Limited (c) Birla Global Corporate Limited and (d) Birla International Private Limited.

3.3.4 Shareholding pattern of SITCPL as on June 30, 2008

| Sr. No. | Shareholder's Category | No. of Shares | % of Total Capital |
|---|---|---|---|
| 1 | Promoters | 13,335 | 100.00 |
| 2 | FII/ Mutual-Funds/ FIs/ Banks | - | - |
| 3 | Public | - | - |
| | Total Paid Up Capital | 13,335 | 100.00 |

Details of shareholders holding more than 5% of the Capital of SITCPL

| Sr. No. | Name of Shareholder | No. of Shares | % of Total Capital |
|---|---|---|---|
| 1 | Mr. Yashovardhan Birla | 7,335 | 55.01 |
| 2 | Godavari Corporation Private Limited | 5,892 | 44.18 |

Details of shareholders holding more than 5% of the Capital of Birla International Private Limited

| Sr. No. | Name of Shareholder | No. of Shares | % of Total Capital |
|---|---|---|---|
| 1 | Godavari Corporation Private Limited | 86,600 | 19.24 |
| 2 | Ms. Avanti Birla | 50,000 | 11.11 |
| 3 | Shearson Investments & Trading Company Private Limited | 2,19,390 | 48.76 |
| 4 | Yash Society | 40,000 | 8.89 |
| 5 | Sunanda Educational Society | 35,000 | 7.78 |

3.3.5 Details of Board of Directors of SITCPL as on date of Public Announcement

| Sr. No. | Name & Residential Address of Directors | Qualification | Experience | Date of Appointment |
|---|---|---|---|---|
| 1 | Mr. Yashovardhan Birla<br>Birla House, 21,<br>Mount Pleasant Road,<br>Mumbai - 400 006. | M. Com, LLB | He is the Chairman of the Yashovardhan Birla Group, which has diversified interests. He has been the Chairman of the group for over 13 years. He has played a key role in the growth and development of the Yashovardhan Birla Group. | 31-Oct-90 |
| 2 | Mr. Rajendra Prasad Todi<br>G-2/F-2,<br>Shri Ram Apartments,<br>17, Gen A. K. Vaidya Marg,<br>Malad (E), Mumbai - 400 092. | B. Com,<br>ICWAI - Inter | He has been associated with the Yash Birla group for last 31 years. He has vast experience and specializes in operational & finance matters. | 20-Dec-95 |
| 3 | Mr. Arun Singhi<br>Laxmi House,<br>T. H. Kataria Marg,<br>Matunga (W),<br>Mumbai - 400 016. | B. A. | He has been associated with the Yash Birla group since 1969. He specializes in investment and finance matters. | 07-Jun-06 |
| 4 | Mr. Girdhari Lal Lath<br>Flat No. 801, A-Wing,<br>Aster Tower,<br>Vasant Valley II,<br>Film City Road, Malad (E),<br>Mumbai - 400 097. | Chartered Accountant | He has more than 35 years of experience in the various business sectors and associated with Group since last 33 years. | 12-May-95 |

None of the Director or their representative is on the Board of the Target Company.

3.3.6 The paid up equity capital of SITCPL is Rs 1.33 Lacs, consisting of 13,335 equity shares of Rs. 10/- each. As on date, shares of NTPL are not listed on any Stock Exchange.

3.3.7 The audited financial details of SITCPL for last three years (Rs. in Lacs)

| Profit & Loss Account as on | 31/03/08 | 31/03/07 | 31/03/06 |
|---|---|---|---|
| Income from Operations | 2,340.16 | 228.25 | 4,147.71 |
| Increase / (decrease) in stock | - | - | - |
| Other Income | 0.71 | 0.70 | 19.50 |
| Total Income | 2,340.87 | 228.95 | 4,167.21 |
| Total Expenditure | 1,119.58 | 57.23 | 50.28 |
| PBDIT | 1,221.29 | 171.72 | 4,116.93 |

| | | | |
|---|---|---|---|
| Depreciation | 39.66 | 41.80 | 25.56 |
| Interest | 85.04 | 14.33 | 19.13 |
| Profit/(Loss) Before Tax | 1,096.59 | 115.59 | 4,072.24 |
| Provision for Tax | 121.58 | 18.05 | 7.37 |
| Profit/(Loss) After Tax | 975.01 | 97.54 | 4,064.87 |

| **Balance Sheet as on** | **31/03/08** | **31/03/07** | **31/03/06** |
|---|---|---|---|
| Sources of Funds | | | |
| Capital Account | 1.33 | 1.33 | 1.33 |
| Reserves and Surplus (Excluding Revaluation Reserve)* | 14,524.41 | 6,430.23 | 6,392.79 |
| Net worth | 14,525.74 | 6,431.57 | 6,394.12 |
| Secured Loans | 742.71 | 250.00 | 250.00 |
| Unsecured Loans | 1,077.75 | 211.08 | 127.27 |
| **Total** | **16,346.20** | **6,892.65** | **6,771.39** |
| **Uses of Funds** | | | |
| Net Fixed Assets | 730.57 | 766.44 | 808.03 |
| Investments | 7,207.80 | 4,102.85 | 2,450.49 |
| Current Assets Loan and Advances | 9,289.75 | 2,224.46 | 4,796.72 |
| Current Liabilities | 881.92 | 245.52 | 1,381.50 |
| Net Current Assets | 8,407.83 | 1,978.94 | 3,415.22 |
| Deferred Tax Assets | - | 44.41 | 97.65 |
| Total Misc. Exp. Not Written Off | - | - | - |
| **Total** | **16,346.20** | **6,892.65** | **6,771.39** |

| **Other Financial Data** | **31/03/08** | **31/03/07** | **31/03/06** |
|---|---|---|---|
| Dividend (%) | - | - | - |
| Earning Per Share (Rs.) | 7,311.65 | 731.48 | 30,482.67 |
| Return on Net worth (%) | 6.71 | 1.52 | 63.57 |
| Book Value Per Share (Rs.) | 108,929.47 | 48,230.72 | 47,949.92 |

Note: After making provisions and appropriations, the balance of Profit after Tax is carried to Balance Sheet. In Balance Sheet, the same is shown under separate heading i.e. 'Surplus in Profit & Loss Account'.

**Reasons for fall/rise in Profit After Tax**

- **Comparison between 2007 – 08 and 2006 – 07**

  Profit after Tax in 2007 – 08 stood at Rs. 975.01 Lacs as against Rs. 97.54 Lacs in 2006 – 07. The main reason behind increase in Profit after Tax was Profit on Sale of Investment amounting Rs. 1,547.21 Lacs in the year 2007 – 08 as against Rs. Nil Lacs in the year 2006 – 07.

- **Comparison between 2006 – 07 and 2005 – 06**

  Profit after Tax in 2006 – 07 stood at Rs. 97.54 Lacs as against Rs. 4,064.87 Lacs in 2005 – 06. The main reason behind decrease in Profit after tax was that the Profit on sale of investment in 2006 – 07 was Rs. Nil Lacs as against Rs. 4,137.15 Lacs in the year 2005 – 06.

**Reasons for fall/rise in Total Income**

The company is primarily engaged in the Investment Business. The Turnover (Total Income) is by virtue of sale of various investments which are purchased by the Company. The sale of investment is generated by markets sentiments, so the Turnover cannot be compared on year to year basis.

3.3.8 **Contingent liabilities and significant accounting policies**

**Contingent Liabilities:** There are no contingent liabilities.

**Significant Accounting Policies:**

**1. Accounting Convention**

These accounts have been prepared on historical cost basis of accounting, unless otherwise specifically stated.

**2. Fixed Assets & Depreciation**

a) Fixed Assets includes land and building which is stated at their original cost of acquisition inclusive of duties, taxes and incidental expenses incurred in relation to acquisition of the concerned.

b) Depreciation on Fixed Assets is provided on Written Down Value Basis of rates specified under Schedule XIV of the Companies Act, 1956.

**3. Recognition of Income & Expenditure**

Income & Expenditure are accounted on accrual basis except dividend on Investments which is accounted on receipt basis.

**4. Investments**

Part of the Quoted Investments were revalued at market rate as on 01.04.1997 / 31.01.07 while Unquoted Investments are stated at cost. Difference between cost of acquisition and market value as on 01.04.1997 / 31.01.07 is transferred to revaluation reserve. Other Long Term Investments are stated at cost. Provision for permanent Diminution is considered as per the opinion of the Management.

**5. Stock-in-trade**

Stock-in-trade is stated at cost.

**6. Retirement Benefits**

a) Year end Liabilities on Account of Gratuity benefits to employees will be provided as and when employees are entitled to Gratuity.

b) No provision for earned leave is made as the same is accounted for as and when concern employee goes on leave.

**7.** Accounting policies not specifically referred to above are in accordance with generally accepted accounting polices.

**3.3.9 Companies promoted by SITCPL** – Birla Capital and Financial Services Limited, Birla Cotsyn (India) Limited, Birla Power Solutions Limited, Birla Precision Technologies Limited, Birla Transasia Carpets Limited, Dagger-Forst Tools Limited and Zenith Birla (India) Limited. The brief details of all the companies are mentioned at para 3.5 below.

**3.4 OTHER INFORMATION ABOUT THE ACQUIRERS**

3.4.1 The Acquirers have not been prohibited by SEBI from dealing in securities, in terms of direction issued u/s 11B of SEBI Act or under any of the Regulation made under the SEBI Act.

3.4.2 There are no ‘Persons Acting in Concert’ within the meaning of Regulation 2(1)(e)(1) of the Regulations in relation to this Offer. However, due to the applicability of Regulation 2(1)(e)(2) of the Regulations, there could be certain entities deemed to be Persons Acting in Concert with the Acquirers.

3.4.3 There is no agreement among the Acquirers as regard to the Open Offer, except as provided in the SSPA.

3.4.4 The Acquirers GCPL, NTPL and SITCPL are associated with each other as all belong to the Yash Birla Group of companies.

3.4.5 Compliance with requirements of Chapter II of the Regulations is not applicable to the Acquirers since they do not hold any shares of MITL.

3.4.6 The Acquirers GCPL, NTPL and SITCPL are not registered as an intermediary with SEBI.

**3.5 Brief details of the companies, which are promoted by Acquirers, are as follows:**

| Sr. No. | Name of Company | Date of Incorpora-tion | Nature of Business | Equity Capital, Reserves (Excluding Revaluation Reserves) (Rs. in Lacs) | Total Income (Rs. in Lacs) | Profit After Tax (Rs. in Lacs) | Earning Per Share (Rs.) | Net Asset Value Per Share (Rs.) | Sick/Loss making Company |
|---|---|---|---|---|---|---|---|---|---|
| 1 | **Birla Capital and Financial Service Ltd** | 7-May-85 | Trading in Chemicals & Marketable Products | | | | | | No |
| | FY - 2008 | | | 918.00 | 50.78 | 13.17 | 0.03 | 2.35 | |
| | 18 months ended 31st March 2007* | | | 904.83 | 72.71 | 42.39 | 0.11 | 2.32 | |
| | 12 months ended 30th Sep 2005 | | | 862.44 | 81.36 | 20.93 | 0.27 | 11.04 | |
| 2 | **Birla Power Solutions Ltd** | 27-Apr-84 | Manufacturing of Generators, Batteries, etc. | | | | | | No |
| | FY - 2008$ | | | 18,519.67 | 21,616.01 | 552.46 | 2.06 | 43.61 | |
| | 18 months ended 31st March 2007 | | | 11,411.56 | 23,206.66 | 573.60 | 3.10 | 48.01 | |
| | 12 months ended 30th Sep 2005 | | | 5,667.24 | 9,218.33 | 208.55 | 1.99 | 54.07 | |
| 3 | **Birla Precision Technologies Ltd** | 13-Oct-86 | Manufacturing of Tools Holders | | | | | | No |
| | FY - 2008* | | | 1,989.82 | 3,153.61 | 533.23 | 3.33 | 12.44 | |
| | FY - 2007 | | | 1,512.75 | 2,474.37 | 602.37 | 18.82 | 47.27 | |
| | FY - 2006 | | | 966.53 | 1,537.85 | 226.18 | 7.07 | 30.20 | |
| 4 | **Birla Transasia Carpets Ltd** | 4-Sep-72 | Manufacturing of Carpets | | | | | | Yes |
| | FY - 2008 | | | (2,864.16) | 272.70 | (80.50) | (2.84) | (100.82) | |
| | FY - 2007 | | | (2,783.66) | 283.46 | (360.56) | (12.69) | (97.99) | |
| | FY - 2006 | | | (2,423.10) | 311.17 | (258.40) | (9.10) | (85.30) | |
| 5 | **Birla Cotsyn (India) Ltd** | 24-Sep-41 | Manufacturing of Cotton & Synthetic Yarn, Woolen Yarn, Gin-ning, etc. | | | | | | No |
| | FY - 2008 | | | 5,949.81 | 8,507.54 | 166.32 | 1.22 | 43.69 | |
| | FY - 2007 | | | 3,139.84 | 5,472.28 | 256.97 | 1.89 | 23.06 | |
| | FY - 2006 | | | 2,025.33 | 424.07 | 46.88 | 0.35 | 89.23 | |
| 6 | **Dagger Forst Tools Ltd** | 4-May-65 | Manufacturing of Cutting Tools | | | | | | No |
| | FY - 2008 | | | 4,957.63 | 4,085.88 | 10.82 | 0.12 | 41.64 | |
| | FY - 2007 | | | 2,427.93 | 3,831.20 | 101.90 | 2.19 | 52.16 | |
| | FY - 2006 | | | 2,369.60 | 2,325.81 | 126.98 | 2.73 | 50.91 | |
| 7 | **Shloka Infotech Ltd** | 25-May-92 | Information Technology - Software & Hardware | | | | | | No |
| | FY - 2008 | | | 372.96 | 3,880.16 | 114.58 | 3.02 | 9.82 | |
| | FY - 2007 | | | 262.52 | 104.32 | 5.99 | 0.16 | 6.91 | |
| | FY - 2006 | | | 256.56 | 106.89 | 4.78 | 0.13 | 6.75 | |
| 8 | **Zenith Birla (India) Ltd** | 5-Aug-60 | Manufacturing of Steel Pipes | | | | | | No |
| | FY - 2008 | | | 21,502.51 | 47,900.79 | 1,920.68 | 4.79 | 53.66 | |
| | FY - 2007 | | | 19,910.99 | 40,629.44 | 1,661.36 | 6.59 | 49.69 | |
| | FY - 2006 | | | 6,438.44 | 32,101.42 | 1,031.50 | 6.99 | 39.61 | |

* Face Value of share reduces from Rs. 10/- to Rs. 2/- per share.

$ Based on unaudited financial figure.

**3.6 DISCLOSURE IN TERMS OF REGULATION 16 (IX)**

3.6.1 The Acquirers do 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 for commercial reasons and operational efficiencies.

3.6.2 Other than in the ordinary course of business, the Acquirers undertake that they will not sell, dispose of or otherwise encumber any substantial asset of the Target Company except with the prior approval of the shareholders of the Target Company.

**3.7 FUTURE PLANS OF THE ACQUIRERS WITH REGARD TO THE TARGET COMPANY**

The objects of the Acquirers include, inter alia, to provide an extended and consistent range of products, technologies and services to the customers globally in the IT sector and also in the ITES / BPO segments. The Acquirers believe that the transaction will create significant long-term value for all the stakeholders through:

- A complementary business combination that provides sustainable growth by diversification that spans the full spectrum of the Software business;
- An expanded global reach that enables leading market positions in both mature and emerging markets.

**4. DISCLOSURE IN TERMS OF REGULATION 21(2)**

As per the Listing Agreements with the BSE and NSE and in terms of clause 40A of the Listing Agreement (as amended), the Target Company is required to maintain at least 25% public shareholding for listing on a continuous basis.

Pursuant to successful closure of the Offer and even assuming full acceptances, the public shareholding of the Target Company shall not fall to less than 25% of the Voting Capital of the Target Company i.e minimum public shareholding will be maintained after closure of the Offer. Further the Acquirers confirmed that clause 40A of listing agreement will be complied with all times.

**5. BACKGROUND OF TARGET COMPANY (MITL / MELSTAR INFORMATION TECHNOLOGIES LIMITED)**

**5.1 Registered Office**

The Registered & Corporate Office of Melstar Information Technologies Limited is situated at Melstar House, G – 4, MIDC, Cross Road 'A', Andheri (E), Mumbai – 400 093. Tel.: 022 – 4056 6464 Telefax: 022 – 2831 0520.

**5.2 Brief History and Main Areas of Operations**

MITL was incorporated in Mumbai on 12th August 1986 under the Companies Act, 1956 in the name of "SIFA India Private Limited". The name of the Company was subsequently changed to "Melstar Information Technologies Private Limited" on 22nd March 1994 and became a Public Limited Company i.e. "Melstar Information Technologies Limited" on 28th July 1994. MITL has five subsidiary companies, one each in USA and Singapore and 3 companies in UK. The Registered Office of the Company is situated at Melstar House, G – 4, MIDC, Cross Road 'A', Andheri (E), Mumbai – 400 093.

SIFA India Private Limited was promoted by SIFA GmbH, West Germany and Patel Group of Mumbai. Initially SIFA GmbH held 66% of the Paid up Capital and the balance was held by Patel Group. In August 1991, the Company was taken over by the present management of the Company. Currently the promoter group consists of Mr. S. M. Arora & family members; Mr. Sattar Shaikh & family members; Mr. Bharat Ramani & family members and Mr. Suresh Bansal. The Company came out with its maiden public issue in February 2000 and subsequently the equity shares of the Company got listed on BSE and NSE.

The Company is engaged in the business of providing application support service, offers services that can be undertaken onsite, off-site, offshore, or any combination thereof like Applications Development, Applications Management, Product based Solutions. Ongoing application maintenance and support and Integration, enhancement and support of third party applications.

**5.3 Other service-providing center**

MITL has its branches in almost all the major centers of India. Its branches are located in Bangalore, Chennai, Kolkata, Hyderabad, Gurgaon and Pune.

**5.4 Share Capital Structure of Melstar Information Technologies Limited**

| Paid-up Equity Shares of Target Company | No. of Shares / Voting Rights | % of Share /Voting Rights |
|---|---|---|
| Fully Paid-up Equity Shares | 14,283,139 | 100.00 |
| Partly Paid-up Equity Shares | - | - |
| Total Paid-up Equity Shares | 14,283,139 | 100.00 |
| Total Voting Rights in Target Company | 14,283,139 | 100.00 |

The Authorized Share Capital of the Company is Rs. 20,00,00,000 (Rupees Twenty Crores Only) consisting of 1,99,50,000 equity shares of Rs.10/- each aggregating to Rs. 19,95,00,000 (Rupees Nineteen Crores Ninety Five Lacs Only) and 50,000 Preference shares of Rs.10/- each aggregating to Rs. 5,00,000 (Rupees Five Lacs Only).

As on date, the issued & paid-up share capital is Rs. 14,28,31,390 (Rupees Fourteen Crores Twenty Eight Lacs Thirty One Thousand Three Hundred & Ninety Only) divided into 1,42,83,139 equity shares of Rs. 10/- each. There are no partly paid up shares in the Target Company. There are no outstanding convertible instruments (debentures/warrants/ FCDs /PCDs) etc. into equity shares on any later date. There is no share under lock-in period. The shares are listed at Bombay Stock Exchange Limited (BSE) & National Stock Exchange (NSE). The equity shares of MITL are traded in Demat mode only, with the lot size of 1 share. The scrip code of MITL shares at BSE is “532307” and at NSE is “MELSTAR”.

**5.5 Details of Share Capital history of MITL are as follows:**

| Date of Allotment | No. and % of Shares Issued | | Cumulative Paid-up Capital (Rs.) | Mode of Allotment | Identity of Allottees (Promoters / Others) | Status of Compliance |
|---|---|---|---|---|---|---|
| | No. of Shares | % of Shares | | | | |
| 18/08/1986 | 500 | 0.00 | 5,000 | Cash | Subscriber tothe Memorandum | Capital Issued prior to the IPO |
| 14/02/1987 | 134,500 | 0.94 | 1,350,000 | Cash | Promoters/Directors/ their Friends & Relatives | Capital Issued prior to the IPO |
| 31/10/1992 | 270,000 | 1.89 | 4,050,000 | Against Reserves | Bonus Issue - To all shareholders | Capital Issued prior to the IPO |
| 08/06/1994 | 810,000 | 5.67 | 12,150,000 | Against Reserves | Bonus Issue - To all shareholders | Capital Issued prior to the IPO |
| 31/03/1995 | 334,650 | 2.34 | 15,496,500 | Cash | Employees & Private Investors | Capital Issued prior to the IPO |
| 09/05/1995 | 350,350 | 2.45 | 19,000,000 | Cash | Employees & Private Investors | Capital Issued prior to the IPO |
| 22/08/1995 | 2,850,000 | 19.95 | 47,500,000 | Against Reserves | Bonus Issue - To all shareholders | Capital Issued prior to the IPO |
| 15/01/1998 | 818,125 | 5.73 | 55,681,250 | Cash | Right Issue at Par | Capital Issued prior to the IPO |
| 31/03/1998 | 384,000 | 2.69 | 59,521,250 | Cash | Right Issue at Par | Capital Issued prior to the IPO |
| 18/09/1998 | 2,380,850 | 16.67 | 83,329,750 | Against Reserves | Bonus Issue - To all shareholders | Capital Issued prior to the IPO |
| 13/01/1999 | 119,800 | 0.84 | 84,527,750 | Cash | Issue to NRI / Foreign Nationals | Capital Issued prior to the IPO |
| 11/02/1999 | 106,022 | 0.74 | 85,587,970 | Cash | Issue to NRI / Foreign Nationals | Capital Issued prior to the IPO |
| 20/04/1999 | 1,276,000 | 8.93 | 98,347,970 | Cash | Investor - Usha Martin Group | Capital Issued prior to the IPO |
| 14/07/1999 | 5,000 | 0.04 | 98,397,970 | Against Shares | Shareholders of Melstar Industries Ltd due to Amalgamation | Capital Issued prior to the IPO |
| 20/09/1999 | 49,203 | 0.34 | 98,890,000 | Cash | Melstar Employees Welfare Trust | Capital Issued prior to the IPO |
| 17/02/2000 | 2,261,700 | 15.83 | 121,507,000 | Cash | Public Issue of Shares | Issue of shares interms of Pros-pectus in 2000 |
| 20/12/2000 | 1,675,449 | 11.73 | 115,644,490 | Against Shares - Acquisition of Company | Shareholders of Linkhand Limited | Complied |
| 09/05/2002 | 456,990 | 3.20 | 126,076,900 | Against Shares - Acquisition of Company | Shareholders of Global Systems Development Inc, New York | Complied |
| **Total** | **14,283,139** | **100.00** | **142,831,390** | | | |

5.6 MITL is listed on Bombay Stock Exchange Limited, Mumbai (BSE) and National Stock Exchange of India Limited (NSE) only. The Shares of the company are frequently traded on both the Stock Exchanges, in terms of explanation (i) to Regulation 20(5) of the Regulations. The Shares of the Company have not been suspended any time from either of the stock exchange since listing.

5.7 All the Equity Shares of MITL have been listed on BSE & NSE. There is no outstanding instrument in the nature of warrants / fully convertible debentures / partly convertible debentures, etc. convertible into Equity Shares on any later date. There are no Shares under lock-in period.

5.8 The Promoters / major shareholders of MITL, have complied with the provisions of Chapter II of the Regulations except 3 filings under Reg. 7 of SEBI (SAST) Regulations. There were delays in compliance with Regulation 8(3) of Chapter II of the Regulations by the Target Company by 199 days for the year ended 31st March 2000 and 20 days for the year ended 31st March 2002. There was no delay in compliance with Regulation 8(3) by the Target Company for the year ended 31st March 2001, 2003, 2004, 2005, 2006, 2007 and 2008. SEBI may initiate action against the Target Company for the delay in the compliances with the chapter II of the Regulations and against the Promoters for not complying with Reg. 7 of chapter II of the Regulations.

5.9 MITL is in compliance with the listing requirements of BSE and NSE, and no penal actions have been initiated by BSE or NSE against MITL. The Target Company has been complying with the relevant listing requirements of BSE and NSE from time to time and there is no penal / punitive action taken by BSE and NSE against the Target Company.

5.10 Details of Directors of Melstar Information Technologies Limited

As on the date of the PA, the Board of Directors of MITL comprises of Mr. S. M. Arora, Mr. Sattar Shaikh, Mr. Bharat Ramani, Mr. Suresh Bansal, Mr. Anthony Gale, Mr. Mulk Raj Lal, Mr. Ashok Kumar Katial and Mr. Richard D'Souza. Details of Board of Directors of MITL is given below:

| Sr. No. | Name & Residential Address of Directors | Qualification | Experience | Date of Appointment |
|---|---|---|---|---|
| 1 | Mr. S. M. Arora<br>(Managing Director)<br>205, Jewel Mahal,<br>Versiva Road, Andheri (W),<br>Mumbai - 400 061. | MBA | Experience of over 45 years of all facets of management i.e. strategic planning & directions, establishing & maintaining business relations, etc. | 24-Jan-91 |
| 2 | Mr. Sattar Shaikh<br>(Executive Director)<br>1, Adore Apartments,<br>Rebello Road, Bandra (W),<br>Mumbai - 400 050. | B. Com | Experience of more than 25 years in Computer / Electronics Industry at Executive and Board Level. He is looking after Business development, fulfillment, finance, corporate affairs, etc. | 24-Jan-91 |
| 3 | Mr. Bharat Ramani<br>(Non-Executive Director)<br>4, Colonial Avenue,<br>Princeton Junction - 08550,<br>NJ, USA. | B.E. & MMM | Experience of more than 20 years in Computer Industry at Executive and Board Level. | 12-Nov-91 |
| 4 | Mr. Suresh Bansal<br>(Non-Executive Director)<br>C-11, Old DLF Colony,<br>Gurgaon - 122 001. | B. Com & DBIM | Experience of more than 25 years of marketing of Computer & Software products. | 12-Nov-91 |
| 5 | Mr. Anthony Gale<br>(Non-Executive Director)<br>Poynters Lodge,5, Croydon Road,<br>Keston,Kent, BR2 6EA,<br>United Kingdom. | Qualified UK Accountant | Experience of around 40 years in Finance Management, Consulting, Income Tax & Corporate Management. | 21-Dec-00 |
| 6 | Mr. Mulk Raj Lal<br>(Independent Director)<br>F2/701, Poonam Kunj,<br>Poonam Nagar, Andheri (E),<br>Mumbai - 400 093. | Company Secretary & LLM | Experience of more than 30 years in Secretarial, Legal, HRD, Administration & Corporate Communication. | 30-Apr-01 |

| | | | | |
|---|---|---|---|---|
| 7 | Mr. Ashok Kumar Katial (Independent Director) 1103-04, Windsor Shastri Ng, Four Bungalow, Andheri (W), Mumbai - 400 053. | Chartered Accountant & CAIIB | Experience of more than 20 years in Banking, Finance Management & Corporate Management. | 8-Oct-07 |
| 8 | Mr. Richard D'Souza (Independent Director) 302, Bella Villa, St. Andrews Rd, Bandra (W), Mumbai - 400 050. | B. Sc, MBA, AMIIE, AICWA & ACS | Over 35 years of experience in various fields like Corporate Management at various levels, BPO/KPO, Business Strategies, Banking, Cost Management / Cost Control, etc. | 30-Apr-08 |

None of the above Director(s) is/are neither representative of the Acquirers nor associated / related with them in any manner.

**5.11 Details of merger, de-merger, spin-offs during last 3 years**

Melstar Fashions Private Limited ("MFPL"), merged with the Target Company as per the Scheme of Arrangement approved by Bombay High Court during the month of September 2006. In consideration for approved merger, MITL issued Cumulative Redeemable Preferential Share ("CRPS") of Rs. 10/- each to the shareholder of MFPL in the ratio of 1:50 and allotted a total of 2000 CRPS to the shareholder of MFPL in October 2006. Those shares were redeemed in the month of July 2008. Other than this, there has not been any merger / demerger or spin-off in Melstar Information Technologies Limited during the past 3 years.

The Target Company was incorporated on August 12, 1986, under the name of SIFA India Private Limited, in the state of Maharashtra, under the Companies Act 1956. The name of the Company was subsequently changed to "Melstar Information Technologies Private Limited" on 22nd March 1994 and later on converted into a Public Limited Company i.e. "Melstar Information Technologies Limited" on 28th July 1994.

**5.12 Brief Audited Financial Details of Target Company** **(Rs. In Lacs)**

| **Profit & Loss Account as on** | **31/03/08** | **31/03/07** | **31/03/06** |
|---|---|---|---|
| Income from Operations | 1,555.98 | 1,769.00 | 1,754.65 |
| Other Income | 121.58 | 146.61 | 66.64 |
| Total Income | 1,677.56 | 1,915.61 | 1,821.29 |
| Total Expenditure | 1,779.01 | 1,738.28 | 1,575.28 |
| PBDIT | (101.45) | 177.33 | 246.01 |
| Depreciation | 106.87 | 124.34 | 156.19 |
| Interest | 15.31 | 27.12 | 37.77 |
| Profit/(Loss) Before Tax | (223.63) | 25.87 | 52.05 |
| Provision for Tax | (88.85) | 10.91 | 9.62 |
| **Profit/(Loss) After Tax** | **(134.78)** | **14.96** | **42.43** |

| **Balance Sheet as on** | **31/03/08** | **31/03/07** | **31/03/06** |
|---|---|---|---|
| Sources of Funds | | | |
| Capital Account | 1,428.51 | 1,428.51 | 1,428.31 |
| Reserves and Surplus (Excluding Revaluation Reserve) | 47.84 | 185.20 | 174.10 |
| Net worth | 1,476.35 | 1,613.71 | 1,602.41 |
| Secured Loans | 182.88 | 192.51 | 357.52 |
| Unsecured Loans | 17.40 | 17.21 | - |
| **Total** | **1,676.63** | **1,823.43** | **1,959.93** |
| **Uses of Funds** | | | |
| Net Fixed Assets | 1,447.76 | 1,524.55 | 1,596.83 |
| Investments | 12.50 | 12.50 | 63.58 |
| Current Assets Loan and Advances | 658.11 | 718.34 | 751.34 |
| Current Liabilities | 441.74 | 431.96 | 451.82 |
| Net Current Assets | 216.37 | 286.38 | 299.52 |
| Total Misc. Exp. Not Written Off | - | - | - |
| **Total** | **1,676.63** | **1,823.43** | **1,959.93** |

| Other Financial Data | 31/03/08 | 31/03/07 | 31/03/06 |
|---|---|---|---|
| Dividend (%) | - | - | - |
| Earning Per Share (Rs.) | (0.94) | 0.10 | 0.30 |
| Return on Net worth (%) | (9.13) | 0.93 | 2.65 |
| Book Value Per Share (Rs.) | 10.33 | 11.30 | 11.22 |

**5.13 Reasons for fall / rise in the total income and PAT in the relevant year**

**Financial Year 2007-08 to 2006-07**

There was a reduction in total income and reduction in the Profit After Tax for 2007-08 as compared to 2006-07. This is because of following reasons:

- The offshore export projects got over in the financial year 2006-07 and no export contract received or renewed during the year 2007-08. Local offshore projects have also reduced during the year.
- Reduction in local onsite sales to major customers as the flow of requirements from these customers have significantly reduced as they were primarily focusing on deploying their internal bench resources.
- Growing competition from a number of market players having large capacities, resulted in lower sales.
- Timely availability of skilled software professionals has fallen short of the industry requirements, besides high attrition rate.

There is a general slowdown in the industry. The downward trend has impacted the Company's IT and Non-IT customers and at the end it has resulted in an overall reduction in the requirements.

The Company has incurred a loss during the Financial Year 07-08. The losses in the Company as discussed above was due to reduction in the turnover & the level of major expenses like salaries remaining at the same level as that of previous year due to following reasons:

(a) Annual increments.
(b) Retention Policy prevailing in the industry.
(c) Redeployment of bench resources to another project to longer time than anticipated.
(d) Starting of a new branch in Gurgaon.

**Financial Year 2006-07 to 2005-06**

During the financial year 2006-07 the total income of the Company has improved compared to financial year 2005-06 mainly on account of rental income accounted under "Other Income". There was a marginal increase in the sales.

There was a reduction in the PAT in 2006-07 as compared to 2005-06. The reasons for reduction in PAT is due to following reasons:

(a) Reduction in the export sales. Major projects got over during financial year 05-06 and no renewal of the contracts during the year. The margin from such sales used to be very high.

(b) The level of major expenses like salaries remaining at the same level as that of previous year due to annual increments, retention policy etc.

(c) Major amount of expenses were incurred during the year towards advertisement expenses for recruitment, employee background check, consultancy charges in connection with merger of Melstar Fashions Pvt. Ltd. with the Company, expenses related to starting of a new branch in the Gurgaon towards the end of the financial year.

5.14 Pre and Post Offer Shareholding Pattern of the MITL is and shall be as follows:

| Shareholders' Category | Shareholding & votingrights prior to the agreement / acquisition & offer (A) | | Shares / voting rights agreed to be acquired which triggered off the Regulations (B) | | Shares/ voting rightsto be acquired in open offer (assuming full acceptances) (C) | | Shareholding / voting rights after the acquisition and offer i.e. (A) + (B) + (C) = (D) | |
|---|---|---|---|---|---|---|---|---|
| | No | % | No | % | No | % | No | % |
| **(1) Promoter group** | | | | | | | | |
| a) Parties to agreement | | | | | | | | |
| Sellers: | | | | | | | | |
| 1) Surinder M. Arora & Family Members | 818,171 | 5.73 | (818,171) | (5.73) | - | - | - | - |
| 2) Sattar Shaikh & Family Members | 956,567 | 6.70 | (945,566) | (6.62) | - | - | 11,001 | 0.08 |
| 3) Bharat V. Ramani & Family Members | 818,944 | 5.73 | (818,944) | (5.73) | - | - | - | - |
| 4) Suresh Bansal | 494,874 | 3.46 | (493,713) | (3.45) | - | - | 1,161 | 0.01 |
| b) Promoters other than (a) above | - | - | - | - | - | - | - | - |
| **Total 1 (a+b)** | **3,088,556** | **21.62** | **(3,076,394)** | **(21.54)** | **-** | **-** | **12,162*** | **0.09** |
| | | | | | | | | |
| (2) Acquirers | | | | | | | | |
| a) Main Acquirers | | | | | | | | |
| 1) GCPL | - | - | 1,439,279 | 10.08 | 952,209 | 6.67 | 2,391,488 | 16.74 |
| 2) NTPL | - | - | 1,462,100 | 10.24 | 952,209 | 6.67 | 2,414,309 | 16.90 |
| 3) SITCPL | - | - | 1,492,438 | 10.45 | 952,210 | 6.67 | 2,444,648 | 17.12 |
| b) PACs | - | - | - | - | | | | |
| **Total 2 (a+b)** | **-** | **-** | **4,393,817** | **30.76** | **2,856,628** | **20.00** | **7,250,445** | **50.76** |
| | | | | | | | | |
| **(3) Parties to agree- ment other than (1) (a) & (2)** | | | | | | | | |
| a) Anthony C. Gale | 1,089,332 | 7.63 | (1,089,332) | (7.63) | - | - | - | - |
| b) Kevin Osborn | 164,897 | 1.15 | (164,897) | (1.15) | - | - | - | - |
| c) Sunil S. Oberoi & Family Members | 63,194 | 0.44 | (63,194) | (0.44) | - | - | - | - |
| **Total 1 (a+b+c)** | **1,317,423** | **9.22** | **(1,317,423)** | **(9.22)** | **-** | **-** | **-** | **-** |
| | | | | | | | | |
| **(4) Public (other than parties to agree- ment, acquirers & PACs) **** | | | | | | | | |
| a) FIs/MFs/FIIs/Banks | 100,000 | 0.70 | - | - | | | | |
| b) Others | | | | | | | | |
| 1) Private & Corporate Bodies | 1,311,830 | 9.18 | - | - | (2,856,628) | (20.00) | 7,020,532 | 49.15 |
| 2) Directors & their Relatives & Friends | 2,934 | 0.02 | - | - | | | | |
| 3) NRIs / OCBs | 864,735 | 6.05 | - | - | | | | |
| 4) Indian Publics | 7,597,661 | 53.19 | - | - | | | | |
| **Total (4) (a+b)** | **9,877,160** | **69.15** | **-** | **-** | **(2,856,628)** | **(20.00)** | **7,020,532** | **49.15** |
| | | | | | | | | |
| **Grand Total (1+2+3+4)** | **14,283,139** | **100.00** | **-** | **-** | **-** | **-** | **14,283,139** | **100.00** |

* These Shares will be transferred to the Public Category after the Closure of the Offer.

** Number of Shareholders in Public category as on 30th June 2008 is 13055 (Thirteen Thousand and Fifty Five Only).

**5.15 Details of Changes in the Shareholding of the Promoters till the date of Public Announcement.**

| Period of Purchase / Sale | Purchase / Sale | | Cumulative Shareholding | | Status of Compliances |
|---|---|---|---|---|---|
| | No. of Shares | % of Total Paid-up Equity Share Capital | No. of Shares | % of Total Paid-up Equity Share Capital | |
| As on March 31, 2000 | - | - | 4,228,223 | 30.58 | Complied at the time of its maiden public issue in February 2000. |
| Purchases made in the year ending March 31, 2001 | 84,182 | 0.61 | 4,312,405 | 31.19 | Filing under Regulation 7 (1A) of SEBI (SAST) Regulations, 1997 is not applicable. |
| Sales made in the year ending March 31, 2001 | (117,440) | (0.85) | 4,194,965 | 30.34 | Filing under Regulation 7 (1A) of SEBI (SAST) Regulations, 1997 is not applicable. |
| Purchases made in the year ending March 31, 2002 | 610,130 | 4.41 | 4,805,095 | 34.75 | Filling under Regulation 7(1A) has not been done till date. |
| Sales made in the year ending March 31, 2002 | (639,579) | (4.63) | 4,165,516 | 30.13 | Filling under Regulation 7(1A) has not been done till date. |
| Purchases made in the year ending March 31, 2003 | 119,520 | 0.84 | 4,285,036 | 30.00 | Filing under Regulation 7 (1A) of SEBI (SAST) Regulations, 1997 is not applicable. |
| Sales made in the year ending March 31, 2003 | (285,074) | (2.00) | 3,999,962 | 28.00 | Filling under Regulation 7(1A) has not been done till date. |
| Purchases made in the year ending March 31, 2004 | 42,465 | 0.30 | 4,042,427 | 28.30 | Filing under Regulation 7 (1A) of SEBI (SAST) Regulations, 1997 is not applicable. |
| Sales made in the year ending March 31, 2004 | (210,850) | (1.48) | 3,831,577 | 26.83 | Filing under Regulation 7 (1A) of SEBI (SAST) Regulations, 1997 in not applicable. |
| Sales made in the year ending March 31, 2005 | (283,195) | (1.98) | 3,548,382 | 24.84 | Filing under Regulation 7 (1A) of SEBI (SAST) Regulations, 1997 is not applicable. |
| Sales made in the year ending March 31, 2006 | (175,500) | (1.23) | 3,372,882 | 23.61 | Filing under Regulation 7 (1A) of SEBI (SAST) Regulations, 1997 is not applicable. |
| Purchases made in the year ending March 31, 2007 | 20,200 | 0.14 | 3,393,082 | 23.76 | Filing under Regulation 7 (1A) of SEBI (SAST) Regulations, 1997 is not applicable. |
| Sales made in the year ending March 31, 2007 | (262,092) | (1.83) | 3,130,990 | 21.92 | Filing under Regulation 7 (1A) of SEBI (SAST) Regulations, 1997 is not applicable. |

| | | | | | |
|---|---|---|---|---|---|
| Purchases made in the year ending March 31, 2008 | 16,603 | 0.12 | 3,147,593 | 22.04 | Filing under Regulation 7 (1A) of SEBI (SAST) Regulations, 1997 is not applicable. |
| Sales made in the year ending March 31, 2008 | (100,000) | (0.70) | 3,047,593 | 21.34 | Filing under Regulation 7 (1A) of SEBI (SAST) Regulations, 1997 is not applicable. |
| Purchases made from March 31, 2008 till date | 40,963 | 0.29 | 3,088,556 | 21.62 | Filing under Regulation 7 (1A) of SEBI (SAST) Regulations, 1997 is not applicable. |

The promoters have not purchased or sold any Shares other than mentioned above till the date of this Letter of Offer. Also the promoters have not engaged in any inter-se transfers among themselves.

**5.16 Status of Corporate Governance**

The 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 Company accords high importance for compliance with laws, rules and regulations at all times. The Company's internal control measures help ensure the reliability of financial statements.

The Board of Directors consists of 8 members. Out of 8 members, 2 are Executive Director, 3 are Non-Executive Director and 3 are Independent and Non-Executive Director. The composition of the Board is in conformity with Clause 49 of the Listing Agreements.

**5.17 Status of Pending Litigation**

The dues to Income Tax and Employees' State Insurance Corporation (ESIC), which have not been deposited on account of the dispute as mentioned below.

| Sr. No. | Remarks | Amount |
|---|---|---|
| 1 | Income Tax demands / matters in respect of earlier year under dispute, pending in appeals before higher authorities, consequent to department preferring an appeal on the favorable order passed by the CIT (Appeals). | Rs. 921,975 |
| 2 | ESIC demand disputed and pending decisions before higher authorities. | Rs. 135,627 |

**5.18 Compliance Officer**

The Compliance Office of the Target Company is Mr. Vijay Modi, Company Secretary. He resides at Building No. 2, B – 504, Akshar Apartment, Iraniwadi No.3, Mathradas Extn. Road, Kandivali (W), Mumbai – 400 067.

**6. OFFER PRICE AND FINANCIAL ARRANGEMENTS**

**6.1 Justification of Offer Price**

6.1.1 The shares of the Target Company are presently listed in India on the Bombay Stock Exchange Limited (the 'BSE') and the National Stock Exchange of India Limited (the 'NSE'). The Equity Shares are held partly in demat mode and partly in physical mode and placed in T Group on BSE.

6.1.2 Based on the information available on the website of the NSE and the BSE, the equity shares of the Target Company are frequently traded on both the BSE and the NSE in terms of the Regulations. In the 26 weeks and the 2 weeks preceding the date of the PA, the shares of the Target Company are more frequently traded on BSE within the meaning of Regulation 20(5) of the Regulations.

The annualized trading turnover in the shares of the Target Company on BSE and NSE based on trading volume during March 2008 to August 2008 (six calendar months preceding the month in which the PA is made) is as given below:

| Name of the Stock Exchange | Total number of shares traded during the 6 calendar months prior to the month in which PA was made | Total Number of Listed Shares | Annualized Trading Turnover (in terms of % to Total Listed Shares) |
|---|---|---|---|
| BSE | 1,457,292 | 14,283,139 | 20.41 |
| NSE | 763,487 | 14,283,139 | 10.69 |

6.1.3 The Offer Price of Rs. 15.00 per Share has been determined in terms of Regulation 20(4) of the Regulations applicable to frequently traded Shares.

| | | |
|---|---|---|
| (a) | Negotiated price under the Shares Purchase Agreement | Rs. 15.00 |
| (b) | Highest price paid by the Acquirers for acquisitions, if any, including by way of allotment in a Public or Rights or Preferential Issue, during the 26 week period prior to the date of the Public Announcement. | Nil |
| (c) | The average of the weekly high and low of closing prices of the shares during 26 weeks period preceding the Date of Public Announcement | Rs. 9.34 |
| (d) | The average of the daily high and low of the prices of the shares during two weeks period preceding the Date of Public Announcement | Rs. 11.29 |
| (e) | Other Parameters as at: | **31st March 2008** |
| | (i) Return on Networth (%) | (9.14%) |
| | (ii) Book Value Per Share | Rs. 10.32 |
| | (iii) Earning Per Share | (Rs. 0.94) |

In view of the parameters considered and presented in table above, in the opinion of the Acquirers and Manager to the Offer, the Offer Price of Rs. 15.00 (Rupees Fifteen Only) per Share being the highest of the prices mentioned above is justified in terms of Regulation 20(4) & 20(11) of the Regulations.

The details of the average of the weekly high and low of the closing prices and volume of the Shares on BSE for the 26-week period prior to the date of the Public Announcement are as under:

| Weeks | From | To | Volume | Closing High | Closing Low | Average |
|---|---|---|---|---|---|---|
| 1 | 19-Mar-08 | 25-Mar-08 | 35,168 | 7.27 | 7.01 | 7.14 |
| 2 | 26-Mar-08 | 01-Apr-08 | 23,069 | 8.61 | 7.95 | 8.28 |
| 3 | 02-Apr-08 | 08-Apr-08 | 19,101 | 8.60 | 8.03 | 8.32 |
| 4 | 09-Apr-08 | 15-Apr-08 | 29,716 | 8.90 | 8.40 | 8.65 |
| 5 | 16-Apr-08 | 22-Apr-08 | 125,332 | 10.36 | 9.34 | 9.85 |
| 6 | 23-Apr-08 | 29-Apr-08 | 40,570 | 10.20 | 9.82 | 10.01 |
| 7 | 30-Apr-08 | 06-May-08 | 81,306 | 10.09 | 9.61 | 9.85 |
| 8 | 07-May-08 | 13-May-08 | 84,404 | 10.27 | 10.05 | 10.16 |
| 9 | 14-May-08 | 20-May-08 | 50,295 | 10.60 | 9.95 | 10.28 |
| 10 | 21-May-08 | 27-May-08 | 76,465 | 10.74 | 10.48 | 10.61 |
| 11 | 28-May-08 | 03-Jun-08 | 184,347 | 11.40 | 10.25 | 10.83 |
| 12 | 04-Jun-08 | 10-Jun-08 | 38,568 | 10.36 | 9.34 | 9.85 |
| 13 | 11-Jun-08 | 17-Jun-08 | 66,991 | 11.00 | 9.20 | 10.10 |
| 14 | 18-Jun-08 | 24-Jun-08 | 50,462 | 11.04 | 9.10 | 10.07 |
| 15 | 25-Jun-08 | 01-Jul-08 | 69,214 | 9.31 | 8.00 | 8.66 |
| 16 | 02-Jul-08 | 08-Jul-08 | 86,383 | 8.86 | 7.87 | 8.37 |
| 17 | 09-Jul-08 | 15-Jul-08 | 35,595 | 8.58 | 7.76 | 8.17 |
| 18 | 16-Jul-08 | 22-Jul-08 | 22,359 | 8.40 | 7.60 | 8.00 |
| 19 | 23-Jul-08 | 29-Jul-08 | 24,382 | 9.05 | 8.31 | 8.68 |
| 20 | 30-Jul-08 | 05-Aug-08 | 15,367 | 9.01 | 8.64 | 8.83 |
| 21 | 06-Aug-08 | 12-Aug-08 | 11,998 | 8.85 | 8.53 | 8.69 |
| 22 | 13-Aug-08 | 19-Aug-08 | 11,263 | 9.00 | 8.83 | 8.92 |
| 23 | 20-Aug-08 | 26-Aug-08 | 22,229 | 8.80 | 8.65 | 8.73 |
| 24 | 27-Aug-08 | 02-Sep-08 | 64,514 | 9.68 | 8.65 | 9.17 |
| 25 | 03-Sep-08 | 09-Sep-08 | 428,994 | 12.85 | 9.46 | 11.16 |
| 26 | 10-Sep-08 | 16-Sep-08 | 161,479 | 12.10 | 10.80 | 11.45 |
| | | | **1,859,571** | **Average Price** | | **9.34** |

(Source: Website of BSE: www.bseindia.com)

The details of the average of the daily high and low prices and volume on BSE for the 2-week period prior to the date of the Public Announcement are as under:

| Days | Date | Volume | Daily High | Daily Low | Average |
|---|---|---|---|---|---|
| 1 | 03-Sep-08 | - | - | - | - |
| 2 | 04-Sep-08 | 25,407 | 9.95 | 9.15 | 9.55 |
| 3 | 05-Sep-08 | 14,335 | 10.55 | 9.01 | 9.78 |
| 4 | 08-Sep-08 | 131,085 | 11.86 | 10.50 | 11.18 |
| 5 | 09-Sep-08 | 258,167 | 13.70 | 12.00 | 12.85 |
| 6 | 10-Sep-08 | 37,629 | 12.70 | 11.70 | 12.20 |
| 7 | 11-Sep-08 | 33,039 | 12.40 | 11.65 | 12.03 |
| 8 | 12-Sep-08 | 24,861 | 12.50 | 11.50 | 12.00 |
| 9 | 15-Sep-08 | 40,714 | 12.00 | 10.20 | 11.10 |
| 10 | 16-Sep-08 | 25,236 | 11.80 | 10.00 | 10.90 |
| | | | **590,473** | **Average Price** | **11.29** |

(Source: Website of BSE: www.bseindia.com)

6.1.4 Non-compete Fee

The Acquirers have not entered into any agreement for payment of non-compete fee and have not made payment of any non-compete fees.

6.1.5 Based on the above and in the opinion of the Manager to the Offer and the Acquirers, the Offer Price is justified as per the Regulation 20 (11).

6.1.6 The Acquirers shall not acquire any Shares in MITL during the Offer Period except in compliance with the Regulations and the details of such acquisitions shall be disclosed to the Stock Exchange and to the Manager within 24 hours thereof in terms of Regulation 22(17) of the Regulations.

6.1.7 If the Acquirers acquire Shares after the original PA and upto seven working days prior to closure of the offer at a price higher than the Offer Price, then the highest price paid for such acquisitions shall be payable for all the acceptances received under the Offer. Any such revision in the Offer Price shall be notified by advertisement in the same newspapers in which the PA has appeared.

**6.2 Financial Arrangements**

6.2.1 The maximum purchase consideration payable by the Acquirers in the case of full acceptance of the Offer is Rs. 4,28,49,420 (Rupees Four Crores Twenty Eight Lacs Forty Nine Thousands Four Hundred and Twenty Only).

In accordance with Regulation 28 of the Regulations, the Acquirers have opened 2 Fixed Deposit Accounts with Union Bank of India, Veer Nariman Road Branch, Mumbai aggregating Rs. 1,07,13,354/- (Rupees One Crores and Seven Lacs Thirteen Thousands Three Hundred Fifty Four Only) being more than 25% of the total consideration under the Open Offer and lien marked in favour of the Manager to the Offer, M/s. Aryaman Financial Services Limited, Mumbai.

The financial obligations of the Acquirers under SSPA & Open Offer will be fulfilled through the existing resources of the Acquirers and no borrowings from Banks or Financial Institutions is required. The total fund requires for SSPA & Open Offer is Rs. 10.88 Crores and total Net Current Assets of all Acquirers comes to Rs. 183.24 Crores, which is more than 16 times of the total obligations.

6.2.2 The Acquirers have empowered the Manager to the Offer to realise the value of the Escrow Account in terms of Regulation 28 of the Regulations. Union Bank of India, Veer Nariman Road Branch, Mumbai has confirmed that a lien has been marked on the said Fixed Deposits of Rs. 1,07,13,354/- (Rupees One Crore and Seven Lac Thirteen Thousand Three Hundred Fifty Four Only) in favour of the Manager to the Offer.

6.2.3 In terms of Regulation 16 (xiv) of the Regulations, it is confirmed that the Acquirers have adequate resources and have made firm financial arrangements to meet their offer obligations in full. The financial obligations of the Acquirers under the Offer will be fulfilled through internal resources of the Acquirers and no borrowings from Banks or FI's or NRI's or otherwise is envisaged.

6.2.4 Mr. Vijay Agarwal, Chartered Accountant (Membership No. 32174), Partner of M/s. Agarwal Vijay & Associates, Chartered Accountants, having office at 503, Jolly Bhavan 1, New Marine Lines, Mumbai – 400 020. Tel. No.: 022 – 2207 6097; Fax No.: 022 – 2200 2604; has certified vide Certificates dated September 9, 2008 that on the basis of necessary information and explanation given by the Acquirers and on the verification of their assets, liabilities, and the requirement of the funds, the Acquirers have adequate resources and immediate access to liquid assets to meet the financial requirements of the Open Offer.

6.2.5 The Acquirers in compliance with Regulation 22(11) of the Regulations have made firm financial arrangements to fulfill the obligations under the Offer.

6.2.6 The Manager to the Offer is satisfied about the ability of the Acquirers to implement the Offer in accordance with the Regulations and confirms that firm arrangements for funds and money for payment through verifiable means are already in place to fulfill the Offer obligations.

## 7. TERMS AND CONDITIONS OF THE OFFER

7.1 OPERATIONAL TERMS AND CONDITIONS

7.1.1 The Offer is being made in compliance with the provisions of Regulations 10 and 12 and other applicable provisions of the Regulations for the purpose of substantial acquisition of Equity Shares accompanied with change in control and Management of MITL.

7.1.2 The acceptance of the Offer is entirely at the discretion of the equity Shareholders of MITL and each Shareholder (except the Acquirers and the Sellers) of MITL holding fully paid-up Equity Shares to whom this Offer is being made is free to offer his shareholding in MITL, in whole or in part while accepting the Offer.

7.1.3 Accidental omission to despatch this Letter of Offer or any further communication to any person to whom this Offer is made or the non-receipt of this Letter of Offer by any such person shall not invalidate the Offer in any way.

7.1.4 The instructions, authorisations and provisions contained in the Form of Acceptance and Form of Withdrawal constitute an integral part of the terms of this Offer.

7.1.5 The acceptance of the Offer must be unconditional and should be sent in the attached Form of Acceptance along with the other documents duly filled in and signed by the applicant shareholder(s) which should be received by the Registrar to the Offer at the collection centres mentioned in para 8.1 under “Procedure for Acceptance and Settlement” on or before Monday, 8th December, 2008. If any change or modification is made in the Form of Acceptance, the same is liable to be rejected.

7.1.6 The Offer is not subject to any minimum level of acceptance. The Acquirers will acquire all the fully paid up Equity Shares of MITL that are validly tendered and accepted in terms of this Offer upto 28,56,628 fully paid-up Equity Shares of Rs. 10 each representing 20% of the paid up and voting capital of the Company. Thus, the Acquirers will proceed with the Offer even if they are unable to obtain acceptance to the full extent of the Equity Shares of MITL for which this Offer is made.

7.1.7 All Shares tendered under this Offer should be free from any charge, lien or encumbrances of any kind whatsoever.

7.1.8 The Acquirers will not be responsible in any manner for any loss of equity Share certificate(s) and Offer acceptance documents during transit. The equity shareholders of MITL are advised to adequately safeguard their interest in this regard.

7.1.9 Shareholders who have accepted the Offer by tendering the requisite documents, in terms of the Public Announcement / Letter of Offer, can withdraw the same upto three working days prior to the date of Closure of the Offer i.e. upto Wednesday, 3rd December, 2008.

7.1.10 If the aggregate of the valid responses to the Offer exceeds 28,56,628 fully paid up Equity Shares, then the Acquirers shall accept the valid applications received on a proportionate basis in accordance with Regulation 21(6) of the Regulations in such a way that acquisition from a shareholder shall not be less than the market lot or the entire holding, if it is less than the market lot. The Equity Shares of MITL are traded in Demat mode only, with the lot size of 1 Share. Since the Shares are compulsorily traded in dematerialized form, minimum acceptance will be one Share.

7.1.11 The Acquirers reserve the right to withdraw the Offer pursuant to Regulation 27 of the Regulations. Any such withdrawal will be notified in the form of an Announcement in the same newspapers in which the Public Announcement had appeared.

### 7.2 LOCKED IN SHARES

There are no Shares of MITL that are “locked-in” as per SEBI guidelines.

### 7.3 ELIGIBILITY FOR ACCEPTING THE OFFER

The Offer is made to all the equity shareholders (except the Acquirers and the Sellers) of MITL whether registered or not who own the fully paid Shares anytime prior to the Closure of the Offer. However, the Letter of Offer is being mailed to those Shareholders whose names appear on the Register of Members of MITL at the close of business hours on the Specified Date i.e. Saturday, 27th September, 2008. Shareholders (except the Acquirers and the Sellers) holding fully paid Shares of MITL any time prior to the closure of the Offer are eligible to tender their Shares in terms of this Offer.

**7.4 STATUTORY APPROVALS**

7.4.1 As the Offer Price for the shares is higher than the ruling market price on the Stock Exchange; the acquisition will not qualify for the Automatic Approval Route of the RBI. Approval of the Reserve Bank of India (the 'RBI') under the Foreign Exchange Management Act, 1999 ('FEMA') and the RBI's Master Circular No. 2/2008-09 dated 1st July 2008 will, therefore, be required for acquiring shares from non-residents, who tender their shares in the Offer. The Acquirers have filed an application with the RBI for its approval for the transfer of the equity shares tendered by NRI pursuant to the Offer and for the acquisition of the sale shares.

7.4.2 The Acquirers shall make the necessary applications to and filings with the various authorities to obtain the statutory approvals described above.

7.4.3 To the best of the knowledge of the Acquirers, as on the date of this Public Announcement, there are no other statutory approvals required to implement the Offer, other than those mentioned above. If any other statutory approvals become applicable, the Offer would also be subject to such statutory approvals. The Acquirers, in terms of Regulation 27 of SEBI (SAST) Regulations, will not to proceed with the Offer in the event the statutory approvals indicated above are refused.

7.4.4 In case of delay in receipt of any statutory approval(s), SEBI has the power to grant an extension of time to Acquirers for payment of consideration to shareholders of MITL, subject to Acquirers agreeing to pay interest for the delayed period as directed by SEBI in terms of Regulation 22(12) of the SEBI (SAST) Regulations. Further, if the delay occurs on account of the willful default or neglect or inaction or non-action by the Acquirers in obtaining the requisite approval(s), the amount held in the escrow account shall be subject to forfeiture and be dealt with in the manner provided in Regulation 28(12) of the SEBI (SAST) Regulations.

7.4.5 To the best of its knowledge, the Acquirers do not require any approvals from financial institutions or banks for the Offer.

**8. PROCEDURE FOR ACCEPTANCE AND SETTLEMENT**

8.1 Shareholders who are holding fully paid Equity Shares and wish to tender their Equity Shares will be required to send their Form of Acceptance-cum-Acknowledgement, original Share Certificate(s) and blank transfer deed(s) duly signed to **Adroit Corporate Services Private Limited**, the Registrar to the Offer by Registered Post at the applicants sole risk so that the same are received on or before the Offer closing date, at the address given below, in accordance with the procedures as specified in this Letter of Offer and the Form of Acceptance cum Acknowledgement. The relevant documents should not be sent to the Seller, Acquirers, MITL or the Manager to the Offer.

All eligible owners of fully paid Equity Shares of MITL, registered or unregistered who wish to avail and accept the Offer can hand deliver the Form of Acceptance-cum-Acknowledgement along with all the relevant documents on all working days i.e. from Monday to Friday between 11.00 a.m. and 4.00 p.m. and on Saturdays between 11.00 a.m. to 2.00 p.m.

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

| | |
|---|---|
| Depository Name | NSDL |
| DP Name | Stock Holding Corporation of India Limited |
| DP ID Number | IN301330 |
| Beneficiary Account Number | 2060 8541 |

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

Shareholders of the Target Company who wish to avail of and accept the Offer shall send / deliver the Form of Acceptance along with all the relevant documents to the collection center of the Registrar to the Offer mentioned below in accordance with the procedure as set out in the Letter of Offer.

| Name & Address of Collection Center | Contact Person & Contact Numbers | Mode of Delivery |
|---|---|---|
| Adroit Corporate Services Pvt. Ltd.,<br>19/20, Jaferbhoy Industrial Estate,<br>1st Floor, Makwana Road,<br>Marol Naka, Andheri (E),<br>Mumbai – 400 059. | Ms. Veena Shetty<br>Tel. No. 022 – 2859 4060 / 2859 6060<br>Fax No. 022 – 2850 3748<br>E-mail: veenashetty@adroitcorporate.com | Hand Delivery /<br>Registered Post |

**Neither the share certificate(s) nor transfer deed(s) nor the Form of Acceptance should be sent to the Sellers or the Acquirers or MITL or Manager to the Offer. Delivery made by Registered Post would be received on all days except Sundays and Public Holidays.**

**8.2 Shareholders should send all the relevant documents mentioned above**

8.2.1 Form of acceptance duly completed (in English) and signed (by all the Shareholders in the same order in which Shares are held as per the Register of Members of MITL in case the Shares are in joint names) as per the specimen signature(s) lodged with MITL and witnessed.

8.2.2 Original Share Certificate(s)

8.2.3 Valid Share Transfer Deed(s) duly signed by transferors (by all Shareholders in the same order in which Shares are held as per the Register of Members of MITL in case the Shares are in joint names) as per the specimen signature(s) lodged with MITL and duly witnessed at the appropriate place. The Transfer Deed should be left blank, excepting the signature as mentioned above. Attestation, where required (thumb impression, signature difference, etc.) should be done by a Magistrate, Notary Public or Special Executive Magistrate or a similar authority holding a Public office and authorised to use the seal of his office or a member of a recognised Stock Exchange under their seal of office and membership number or manager of the transferor's bank.

8.2.4 In case the Shares stand in the name of a sole Shareholder, who is deceased, then the Form of Acceptance must be signed by the legal representative(s) of the deceased and submitted along with the probate / letter of administration / succession certificate in original or a certified or attested true copy, while accepting this Offer. The original will be returned on scrutiny.

8.2.5 In case of registered Shareholder, non-receipt of the aforesaid documents, but receipt of the Share certificates and the duly completed transfer deed, the Offer shall be deemed to be accepted. Notwithstanding that the signature(s) of the transferor(s) has / have been attested as aforesaid, if the signature(s) of the transferor(s) differs from the specimen signature(s) recorded with MITL or are not in the same order, such Shares are liable to be rejected under this Offer even if the Offer has been accepted by a bona fide owner of such Shares.

8.2.6 Duly attested power of attorney, if any person other than the Shareholder has signed the acceptance form and transfer deed(s).

8.2.7 In case of companies, the necessary corporate authorisations including the following:

a. Board resolution authorising such acceptance / power to sell the Shares.
b. Board resolution authorising execution of transfer documents.
c. Signature(s) of the Authorised Signatories duly attested.

**8.3 Unregistered Shareholders should enclose:**

8.3.1 Their application in writing on a plain paper stating their name, address, number of Shares held, number of Shares tendered, distinctive nos., folio number together with:

- ✓ Original Share certificate(s)
- ✓ Valid transfer deed(s). The details of buyer should be left blank failing which the same will be considered invalid under the Offer.
- ✓ Original contract note issued by the broker of a recognised stock exchange, through whom the Shares were acquired.

8.3.2 No indemnity is required from unregistered owners.

**8.4 Unregistered owners who have tendered their Shares for registration should enclose:**

8.4.1 Form of Acceptance-cum-Acknowledgement duly completed and signed in accordance with the instructions contained therein by the person accepting the Offer.

8.4.2 Share transfers deed(s) duly executed by the unregistered Shareholder.

8.4.3 Shareholders, who have lodged their Shares for transfer with MITL must also send the acknowledgement, if any, received from MITL towards such lodging of Shares.

8.5 Unregistered owners, if they so desire, may also apply on the Form of Acceptance downloaded from SEBI's website: www.sebi.gov.in

8.6 The Company's Shares are partly in dematerialised and partly in physical form. The Equity Shares are traded in the 'T' Group. The Equity Shares of MITL are traded in Demat mode only, with the lot size of 1 Share.

**8.7 NON-RESIDENT SHAREHOLDERS**

8.7.1 Non-Resident Shareholders may tender their Shares in accordance with the Procedure mentioned at 8.2 or 8.3 (as applicable) above. In case the RBI approvals are not submitted, the Acquirers reserve the right to reject such Equity Shares.

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

8.8 The above documents should not be sent to the Seller or to the Acquirers or to MITL or to the Manager to the Offer. The same should be sent to the Registrar to the Offer only at the collection centre given above in 8.1.

**8.9 PROCEDURE FOR ACCEPTANCE OF THE OFFER BY SHAREHOLDERS WHO DO NOT RECEIVE THE LETTER OF OFFER**

8.9.1 In case of non-receipt of the Letter of Offer, Shareholders may obtain a copy of the same by writing to the Registrar to the Offer at either of the collection centre mentioned at 8.1 marking the envelope "MITL-Open Offer". Alternatively, eligible Shareholders may send their acceptance to the Registrar to the Offer, on a plain paper stating their name, address, folio nos., distinctive nos. no. of Shares held, No. of Shares tendered, along with documents as mentioned at para 8.1 so as to reach the Registrar to the Offer on or before the closure of the Offer i.e. Monday, December 8, 2008.

8.9.2 Shareholders whose names do not appear on the Register of Members of the Company on the specified date are also eligible to participate in the Offer. Your attention is also invited to para 8.3 and 8.4 above.

8.10 If the aggregate of the valid responses to the Offer exceeds 28,56,628 fully paid up Equity Shares, then the Acquirers shall accept the valid applications received on a proportionate basis in accordance with Regulation 21(6) of the Regulations in such a way that acquisition from a shareholder shall not be less than the market lot or the entire holding, if it is less than the market lot. The Equity Shares of MITL are traded in Demat mode only, with the lot size of 1 Share. Since the Shares are compulsorily traded in dematerialized form, minimum acceptance will be one Share.

8.11 In case of delay in receipt of any statutory approval(s), SEBI has the power to grant an extension of time to Acquirers for payment of consideration to shareholders of MITL, subject to Acquirers agreeing to pay interest for the delayed period as directed by SEBI in terms of Regulation 22(12) of the SEBI (SAST) Regulations. Further, if the delay occurs on account of the willful default or neglect or inaction or non-action by the Acquirers in obtaining the requisite approval(s), the amount held in the escrow account shall be subject to forfeiture and be dealt with in the manner provided in Regulation 28(12) of the SEBI (SAST) Regulations.

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

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

8.14 The Acquirers intend to complete all formalities pertaining to the Offer, including despatch of consideration to the Shareholders who have accepted the Offer, by Tuesday, 23rd December 2008.

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

8.16 In terms of Regulation 22(5A) of the Regulations, Shareholders desirous of withdrawing their acceptance tendered in the Offer, can do so up to three working days prior to the date of Closure of Offer. The withdrawal option can be exercised by submitting the document as per the instructions below, so as to reach the Registrars to the Offer at the collection centre mentioned above as per the mode of delivery indicated therein on or before Wednesday, 3rd December 2008.

8.16.1 The withdrawal option can be exercised by submitting the Form of Withdrawal as enclosed herewith.

8.16.2 The Shareholders are advised to ensure that the Form of Withdrawal should reach the Registrar to the Offer at the collection centre mentioned in the Letter of Offer at para 8.1 as per the mode of delivery indicated therein on or before the last date of withdrawal.

8.16.3 **Registered Shareholders should enclose:**

- ✓ Duly signed and completed Form of Withdrawal
- ✓ Copy of the Form of Acceptance-cum-Acknowledgement / Plain Paper application submitted and the Acknowledgement slip in original.
- ✓ In case of partial withdrawal, Valid Share Transfer Form(s) duly signed as transferors by all registered Shareholders (in case of joint holdings) in the same order and as per specimen signatures registered with MITL and duly witnessed at the appropriate place.

**Unregistered owners should enclose:**

- ✓ Duly signed and completed Form of Withdrawal
- ✓ Copy of the Form of Acceptance-cum-Acknowledgement/Plain Paper application submitted and the Acknowledgement slip in original.

8.16.4 The withdrawal of Equity Shares will be available only for the Share Certificates / Shares that have been received by the Registrar to the Offer.

8.16.5 The intimation of returned Shares to the Shareholders will be sent at the address as per the records of MITL.

8.16.6 The Form of Withdrawal along with enclosures should be sent to the Registrar to the Offer at any of the collection centres mentioned in 8.1 only.

8.16.7 In case of partial withdrawal of Equity Shares tendered, if the original Share certificates are required to be split, the same will be returned on receipt of Share certificates from MITL. The facility of partial withdrawal is available only to Registered Shareholders. In case of partial withdrawal, the earlier Form of Acceptance will stand revised to that effect.

8.16.8 In case of non-receipt of the Form of Withdrawal, the withdrawal option can be exercised by making an application on plain paper along with the following details:

Name, Address, Distinctive Nos., Certificate Nos., Folio Number, Number of Shares tendered and withdrawn.

8.16.9 The Shares withdrawn by the Shareholders would be returned by registered post.

## 9. DOCUMENTS FOR INSPECTION

The following documents will be available for inspection to the Shareholders of MITL at the Office of Aryaman Financial Services Limited at 306, Mint Chambers, 45/47, Mint Road, Fort, Mumbai – 400 001 on Monday to Friday except bank holidays till the Offer Closing date (i.e. 8th December, 2008) from 11.00 a.m. to 4.00 p.m.

9.1 Certificate of Incorporation, Memorandum and Articles of Association of Melstar Information Technologies Limited.

9.2 Certificates by Mr. Vijay Agarwal, Chartered Accountant (Membership No. 32174), Partner of M/s. Agarwal Vijay & Associates, Chartered Accountants, having office at 503, Jolly Bhavan 1, New Marine Lines, Mumbai – 400 020 that the Acquirers have adequate resources to fulfill the total obligation of the Offer.

9.3 Audited Accounts of Melstar Information Technologies Limited for the financial years ended 31st March 2006, 31st March 2007 and 31st March 2008.

9.4 Certificate of Incorporation, Memorandum and Articles of Association and Audited Accounts of Godavari Corporation Private Limited for the financial years ended 31st March 2006, 31st March 2007 and 31st March 2008.

9.5 Certificate of Incorporation, Memorandum and Articles of Association and Audited Accounts of Nirved Traders Private Limited for the financial years ended 31st March 2006, 31st March 2007 and 31st March 2008.

9.6 Certificate of Incorporation, Memorandum and Articles of Association and Audited Accounts of Shearson Investments & Trading Company Private Limited for the financial years ended 31st March 2006, 31st March 2007 and 31st March 2008.

9.7 Fixed Deposit Receipts of Union Bank of India, Veer Nariman Road Branch, Mumbai aggregating to Rs. 1,07,13,354 (Rupees One Crore and Seven Lac Thirteen Thousand Three Hundred Fifty Four Only) being over 25% of the total consideration, kept in the Escrow Account with a lien marked in favour of Manager to the Offer.

9.8 Share Sale and Purchase Agreement between the Acquirers and the Sellers.

9.9 A copy of the Public Announcement published on 17th September 2008 & Corrigendum to Public Announcement published on 7th November 2008.

9.10 A Copy of letter bearing reference number CFD/DCR/TO/DA/142155/08 dated October 22, 2008 received from SEBI in terms of proviso to Regulation 18(2) of the Regulations.

9.11 A copy of the agreement with Depository Participant for opening of a special depository account for the purpose of the Offer.

9.12 Memorandum of Understanding between the Acquirers and Aryaman Financial Services Limited.

9.13 Undertaking from the Acquirers that if they acquire any Shares of the Target Company after the date of the Public Announcement till the closure of the offer, they shall inform Stock Exchange and the Manager within 24 hours.

9.14 Undertaking from the Acquirers for unconditional payment of the considerations within 15 days of closure to all the Shareholders of the target company whose applications are accepted in the Open Offer.

9.15 Share price quotations and volume data downloaded from official website of Stock Exchanges.

## 10. DECLARATION

1. We have made all reasonable inquiries, accept responsibility for, and confirm that this Letter of Offer contains all information with regard to the Offer, which is material in the context of the issue, that the information contained in this Letter of Offer is true and correct in all material respects and is not misleading in any material respect, that the opinions and intentions expressed herein are honestly held and that there are no other facts, the omission of which makes this document as a whole or any of such information or the expression of any such opinions or intentions misleading in any material respect.
2. Acquirers are severally and jointly responsible for ensuring compliance with the Regulations. All information contained in this document is as on date of the Public Announcement, unless stated otherwise.
3. We hereby declare and confirm that all the relevant provisions of Companies Act, 1956 and all the provisions of SEBI (Substantial Acquisition of Shares and Takeover) Regulations, 1997 have been complied with and no statements in the Offer document is contrary to the provisions of Companies Act, 1956 and SEBI (Substantial Acquisition of Shares and Takeover) Regulations 1997.

**On behalf of**

**Godavari Corporation Private Limited**

(Sd/-)
G. L. Lath
(Director)

**Nirved Traders Private Limited**

(Sd/-)
G. L. Lath
(Director)

**Shearson Investments & Trading Company Private Limited**

(Sd/-)
G. L. Lath
(Director)

**Date: 08/11/2008**
**Place: Mumbai**

Enclosures: (1) Form of Acceptance cum Acknowledgement
(2) Form of Withdrawal
(3) Transfer Deed for Shareholders holding Shares in Physical Mode

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## THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

(Please send this Form with enclosures to the Registrar to the Offer at their address given overleaf)

## FORM OF ACCEPTANCE – CUM – ACKNOWLEDGEMENT

**OFFER OPENS ON : 19TH NOVEMBER 2008**
**OFFER CLOSES ON : 8TH DECEMBER 2008**

From: -

Folio No.: Sr. No: No of Shares Held:

Tel No: Fax No: E-Mail:

**To,**
**Adroit Corporate Services Pvt. Ltd.,**
19/20, Jaferbhoy Industrial Estate,
1st Floor, Makwana Road,
Marol Naka, Andheri (E), Mumbai – 400 059.
Tel. No. 022 – 2859 4060 / 6060,
E-mail: veenashetty@adroitcorporate.com

**Sub.: Open Offer for purchase of 28,56,628 Equity Shares of MITL representing 20% of the Equity Voting Capital at a price of Rs. 15.00 (Rupees Fifteen Only) per Share by Godavari Corporation Private Limited, Nirved Traders Private Limited and Shearson Investments & Trading Company Private Limited.**

Dear Sir,

**I/We refer to the Letter of Offer dated 08/11/2008 for acquiring the Equity Shares held by me/us in MITL.**

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

**FOR SHARES HELD IN PHYSICAL FORM:**

I/We accepts the Offer and encloses the original Share certificate (s) and duly signed transfer deed (s) in respect of my/our Shares as detailed below:

| Sr. No. | Certificate No. | Distinctive No(s). | | No. of Shares |
|---|---|---|---|---|
| | | From | To | |
| | | | | |
| | | | | |
| | | | | |
| | | | | |
| Total Number of Equity Shares | | | | |

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

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

I/We note and understand that the Shares would lie in the Escrow Account until the time the Acquirers make payment of purchase consideration as mentioned in the Letter of Offer.

I/We confirm that the Equity Shares of MITL, which are being tendered herewith by me/us under the Offer, are free from lien, charges and encumbrances of any kind whatsoever.

I/We authorize the Acquirers to accept the Shares so Offered which they may decide to accept in consultation with the Registrar to the Offer and in terms of the Letter of Offer and I/We further authorize the Acquirers to return to me/us, equity Share certificate(s) in respect of which the Offer is not found valid/not accepted, specifying the reasons thereof.

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

**Acknowledgement Slip**

Folio No.:

Serial No.

Received from Mr. / Ms. ____________________

Address: ____________________

____________________

Number of certificate(s) enclosed ______Certificate Number(s) ______

Total number of Share(s) enclosed ______

| Signature of Official and Date of Receipt | Stamp of Registrar to the Offer |
|---|---|
| | |

Note: All future correspondence, if any should be addressed to Registrar to the Offer at the address mentioned behind in this form.

I/We authorize the Acquirers or the Registrar to the Offer to send by Registered Post (under UCP if less than Rs. 1,500/-) the draft / cheque in settlement of the amount to the sole / first holder at the address mentioned below:

Yours faithfully,

Signed and Delivered:

| | FULL NAME (S) | SIGNATURE (S) |
|---|---|---|
| First / Sole Shareholder | | |
| Second Shareholder | | |
| Third Shareholder | | |

Note: In case of joint holdings, all holders must sign. A corporation / Company must affix its common seal.

Address of First/Sole Shareholder

___________________________________________________________________________

Place:

Date:

So as to avoid fraudulent encashment in transit, Shareholder(s) may provide details of bank account of the first / sole Shareholder and the consideration cheque or demand draft will be drawn accordingly.

Name of the Bank ________________________________________ Branch ____________________

Account Number ______________________ Savings/Current/Others (Please Specify) ________________

I/We want to receive the payment through ECS ☐ RTGS ☐ NEFT ☐

In case of ECS, 9-digit code number of the Bank & Branch (Appearing on the MICR Cheque issued by the Bank

| | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | | | | | | | | |

In the case of RTGS/NEFT, 8 digit code number issued by the Bank

| | | | | | | | |
|---|---|---|---|---|---|---|---|
| | | | | | | | |

Business Hours: Monday to Friday: 11.00 a.m. to 4.00 p.m.; Saturday: 11.00 a.m. to 2.00 p.m.

All queries in this regard to be addressed to the Registrar to the Offer quoting your Folio No.

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

All future correspondence if any should be addressed to Registrar to the Offer at the following address:

**ADROIT CORPORATE SERVICES PVT. LTD.,**
**(Unit : MELSTAR INFORMATION TECHNOLOGIES LIMITED)**
19/20, Jaferbhoy Industrial Estate, 1st Floor, Makwana Road,
Marol Naka, Andheri (E), Mumbai – 400 059.
Tel. No. 022 – 2859 4060 / 6060, E-mail: veenashetty@adroitcorporate.com

# FORM OF WITHDRAWAL

| You have an 'OPTION TO WITHDRAW' the acceptance tendered in response to this Offer any time upto three working days prior to the date of closure of Offer. In case you wish to withdraw your acceptance please use this form. | OFFER SCHEDULE | | |
|---|---|---|---|
| | OFFER OPENS ON | : | 19TH NOVEMBER 2008 |
| | LAST DATE OF WITHDRAWAL | : | 3RD DECEMBER 2008 |
| | OFFER CLOSES ON | : | 8TH DECEMBER 2008 |

From:

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

To,

**Adroit Corporate Services Pvt. Ltd.,**
19/20, Jaferbhoy Industrial Estate,
1st Floor, Makwana Road,
Marol Naka, Andheri (E),
Mumbai – 400 059.
Tel. No. 022 – 2859 4060 / 6060,
E-mail: veenashetty@adroitcorporate.com

**Sub.: Open Offer for purchase of 28,56,628 Equity Shares of MITL representing 20% of the Equity Voting Capital at a price of Rs. 15.00 (Rupees Fifteen Only) per Share by Godavari Corporation Private Limited, Nirved Traders Private Limited and Shearson Investments & Trading Company Private Limited.**

Dear Sir,

**I/We refer to the Letter of Offer dated 08/11/2008 for acquiring the Equity Shares held by me/us in MITL.**

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

**I/We have read the procedure for withdrawal of Equity Shares tendered by me/us in the Offer as mentioned in the Letter of Offer and unconditionally agree to the terms and conditions as mentioned therein.**

I/We hereby consent unconditionally and irrevocably to withdraw my/our Equity Shares from the Offer and I/We further authorize the Acquirers to return to me/us the tendered equity Share certificate(s)/Share(s) at my/our sole risk.

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

I/We note that this form of withdrawal should reach the Registrar to the Offer on or before the last date of withdrawal 03/12/2008.

I/We note that the Acquirers/Manager to the Offer/Registrar to the Offer shall not be liable for any postal delay/loss in transit of the Equity Shares and also for non-receipt of Equity Shares due to inaccurate/incomplete particulars/instructions.

I/We also note that and understand that the original Share certificate(s), Share transfer deeds(s) and Equity Shares only on completion of verification of the documents, signatures carried out by the Registrar.

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

**Acknowledgement Slip**

**Folio No.:** **Serial No.**

Received from Mr. / Ms. ______________________________

Address: ______________________________

______________________________

Form of withdrawal in respect of ______________________

Number of Shares Certificates representing ____________ Number of Shares

| Signature of Officialand Date of Receipt | Stamp of Registrar to the Offer |
|---|---|
| | |

The particulars of tendered original Share certificate(s) and duly signed transfer deed(s) and the Shares we withdraw are detailed below.

Folio No. :

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

| Sr. No. | Certificate No. | Distinctive No(s) | | No. of Equity Shares |
|---|---|---|---|---|
| | | From | To | |
| | Tendered | | | |
| 1) | | | | |
| 2) | | | | |
| 3) | | | | |
| | Withdrawn | | | |
| 1) | | | | |
| 2) | | | | |
| 3) | | | | |
| **Total Number of Equity Shares** | | | | |

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

**I/We authorise the Acquirers to reject the Shares so offered which it may decide in consultation with Registrar to the Offer and in terms of the Letter of Offer.**

Yours faithfully,

Signed (……………….)

| | FULL NAME (S) | SIGNATURE (S) |
|---|---|---|
| First / Sole Shareholder | | |
| Second Shareholder | | |
| Third Shareholder | | |

Address of First/Sole Shareholder ____________________________________________

Place:

Date:

**Note: Incase of joint holdings, all holders must sign. A corporation must affix its common seal.**

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

All future correspondence if any should be addressed to Registrar to the Offer at the following address:

**ADROIT CORPORATE SERVICES PVT. LTD.,**
**(Unit : MELSTAR INFORMATION TECHNOLOGIES LIMITED)**
19/20, Jaferbhoy Industrial Estate, 1st Floor, Makwana Road,
Marol Naka, Andheri (E), Mumbai – 400 059.
Tel. No. 022 – 2859 4060 / 6060, E-mail: veenashetty@adroitcorporate.com