LETTER OF OFFER

This Document is important and requires your immediate attention

This Letter of Offer is sent to you as an Equity Shareholder (s) of Phoenix Lamps Limited. If you require any clarifications about the action to be taken, you may consult your Stock Broker or Investment Consultant or Manager to the Offer / Registrar to the Offer. In case you have recently sold your Equity Shares in the Company, please hand over this Letter of Offer and the accompanying Form of Acceptance cum Acknowledgement [which includes Form of Withdrawal] and Transfer Deed to the Purchaser of Shares or Member of the Stock Exchange through whom the said sale was effected.

Cash Offer

BY

Argon India Limited and Argon South Asia Limited [“Acquirers”]

Registered Office: Les Cascades, Edith Cavell Street, Port Louis, Mauritius
Tel: 00 230 212 9800; Fax: 00 230 212 9833

&

Actis India Fund 2 LP and Actis South Asia Fund 2 LP [“Persons Acting in Concert”/ “PAC”]

Registered Office: 2 More London Riverside, London SE1 2JT
Tel: 00 44 020 7234 5000; Fax: 00 44 020 7234 5010

&

Actis Executive Co-Investment Plan LP [“Person Acting in Concert”/ “PAC”]

Registered Office : PO Box 431, 13-15 Victoria Road, St. Peter Port, Guernsey, Channel Islands, GY 1 3ZD
Tel: 00 44 01481 713843 ; Fax: 00 44 01481 715219

&

Actis Capital LLP [“Person Acting in Concert”/ “PAC”]

Registered Office: 2 More London Riverside, London SE1 2JT
Tel: 00 44 020 7234 5000; Fax: 00 44 020 7234 5010

to acquire

upto 56,03,860 fully paid up equity shares of the face value of Rs.10/- each, representing 20% of the voting paid up equity share capital, at a price of Rs. 190/- per fully paid up Equity Share payable in cash, of

PHOENIX LAMPS LIMITED [“PLL”]

Registered Office: 59-A, Noida Special Economic Zone, Phase-II, Noida, District Gautam Budh Nagar, Uttar Pradesh-201 305

Tel: 0120 4012222; Fax: 0120 2562943; Email ID: halonix@vsnl.com

Notes:

1. This Offer is being made pursuant to Regulation 10 & 12 of the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 1997 and subsequent amendments thereto [SEBI Takeover Regulations] for the purpose of substantial acquisition of Shares and voting rights of the Company accompanied with a change in control of the Company.
2. Pursuant to Press Note No. 4 (2006 Series) dated February 10, 2006 issued by the Department of Industrial Policy & Promotion, Ministry of Commerce & Industry, Government of India, transfer of shares from residents to non-residents in compliance of SEBI Takeover Regulations and falling under the automatic route, does not require a specific approval from Foreign Investment Promotion Board (“FIPB”), provided that the transfers are within the sectoral FDI limits as specified therein. As per Regulation 5(1) of Notification No. FEMA 20 / 2000 – RB dated May 3, 2000 issued by RBI, FDI is permitted up to 100% in the Company under Automatic Route.
3. Pursuant to the receipt of approval for opening of domestic escrow account from Reserve Bank of India [“**RBI**”] vide its letter dated August 7, 2006 the acquirer has transferred the funds from overseas escrow account to the domestic escrow account. For more details, please refer Para 6.2 of this letter of offer.

   Further, RBI, vide aforesaid letter, conveyed their no objection to the Acquirers to acquire up to 56,03,860 equity shares of the target company from the public shareholders by way of open offer in accordance with the SEBI Takeover Regulations and advised the Acquirers to approach the Authorised Dealer in terms of A.P.(Dir Series) Circular No. 16 dated October 4, 2004.

As soon as requisite approval is obtained from RBI, Acquirers will transfer additional funds [deposited in view of revision in open offer price] from off shore escrow account to the domestic cash escrow account.

4. Shareholders who have accepted the Offer by tendering the requisite documents in terms of the Public Announcement / Letter of Offer can withdraw the same up to three working days prior to the date of the closure of the Offer i.e. up to Tuesday –February 20, 2007.

5. The Acquirers are permitted to revise the Offer Price and number of Shares to be acquired upward any time up to seven working days prior to the date of closure of the Offer i.e. up to Tuesday - February 13, 2007. If there is an upward revision of the Offer Price in terms of Regulation 26, the same would be informed by way of a Public Announcement in the same newspapers where the original Public Announcement has appeared as mentioned in Para No. 2.2.8 of this Letter of Offer. Such revised price would be payable by the Acquirers for all the shares tendered at anytime during the Offer.

6. This offer is not conditional upon any minimum level of acceptances.

7. There has been no competitive bid.

As the Offer price cannot be revised during 7 working days prior to the closing date of the Offer, it would be in the interest of the Shareholders to wait till the commencement of that period to know the final Offer Price and tender their acceptance accordingly.

8. A copy of the Public Announcement and Letter of Offer (including Form of acceptance-cum-acknowledgement which includes Form of Withdrawal) are also available on SEBI's website at www.sebi.gov.in from the date of opening of the Offer i.e. Monday - February 5, 2007.

MANAGER TO THE OFFER	REGISTRAR TO THE OFFER
YES BANK EXPERIENCE OUR EXPERTISE	alankit
YES BANK Limited 12th Floor, Discovery of India Building Nehru Centre, Dr. Annie Besant Road Worli, Mumbai 400018 Tel No: 91 22 6669 9000 Fax No: 91 22 2497 4158 Email ID: phoenix@yesbank.in SEBI Reg No: MB / INM 0000 10874 Contact : Dhanraj Uchil/ Job Philip	**Alankit Assignments Ltd** Alankit House, 2E/21 Jhandewalan Extension New Delhi 110 055 Tel. No.: 91 11 2354 1234 / 4254 1234 Fax No.: 91 11 4154 0064 E-mail: mj@alankit.com SEBI Registration No: INR 00000 2532 Contact: Mahesh Jairath

Offer Opens : Monday - February 5, 2007	**Offer Closes :** Saturday - February 24, 2007

Schedule of the Activities

Activities	**Schedule as per PA**	**Revised Schedule**
Public Announcement date	Friday - July 7, 2006	Friday - July 7, 2006
Specified Date *	Saturday - July 8, 2006	Saturday - July 8, 2006
Last date for Competitive Bid	Friday - July 28, 2006	Friday - July 28, 2006
Date by which Letter of Offer will be posted to Shareholders	Monday - August 21, 2006	Thursday - January 25, 2007
Date of Opening of the Offer	Thursday - August 31, 2006	Monday - February 5, 2007
Last date for revising the Offer Price/ number of Equity Shares	Friday - September 8, 2006	Tuesday - February 13, 2007
Last date up to which Shareholders may withdraw	Thursday - September 14, 2006	Tuesday - February 20, 2007
Date of Closure of the Offer	Tuesday - September 19, 2006	Saturday - February 24, 2007
Date for communicating acceptance/rejection under the Offer and payment of consideration for applications accepted and / or return of Shares / Share certificates for applications rejected	Wednesday - October 4, 2006	Saturday - March 10, 2007

* Specified Date is only for the purpose of determining the names of Shareholders of PLL as on such date to whom the Letter of Offer would be sent.

Risk Factors (a) relating to Transaction, (b) relating to Offer and (c) involved in associating with the Acquirers and likely adverse effect of these risk factors on the shareholders

1. An application will be filed with the RBI for their requisite permission for transfer of requisite additional funds [deposited in view of upward revision in open offer price] from off shore escrow account to the domestic escrow account.

2. In the event that either (a) regulatory approvals are not received in time, (b) there is any litigation leading to a stay on the Offer, or (c) SEBI instructing the Acquirers not to proceed with the Offer, 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 Phoenix Lamps Limited whose Equity Shares are accepted under this Offer as well as the return of the Shares not accepted under this Offer by the Acquirers may get delayed. In case of delay, due to non-receipt of statutory approval(s), as per Regulation 22(12) of the SEBI Takeover Regulations, SEBI may, if satisfied that non-receipt of approvals was not due to any willful default or negligence on the part of the Acquirers, grant an extension for the purpose of completion of the Offer subject to the Acquirers agreeing to pay interest to the Shareholders. Further, Shareholders should note that after the last date of withdrawal i.e. Tuesday - February 20, 2007, Shareholders who have lodged their acceptances 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.

3. The Shares tendered in the Offer will be held in trust by the Registrar to the Offer till the completion of the Offer formalities, and the Shareholders will not be able to trade such Shares. During such period there may be fluctuations in the market price of the Shares. The Acquirers make no assurance with respect to the market price of the Shares both during the Offer period and upon completion of the Offer and disclaims any responsibility with respect to any decision by the Shareholders on whether or not to participate in the Offer.

4. The Acquirers make no assurance with respect to the financial performance of Phoenix Lamps Limited.

5. In the event of oversubscription in the Offer, the acceptance of the Shares tendered will be on a proportionate basis and will be contingent on the level of oversubscription.

The risk factors set forth above pertain to the acquisition and the Offer and not in relation to the present or future business or operations of Phoenix Lamps Limited or any other related matters, and are neither exhaustive nor intended to constitute a complete analysis of the risks involved in participation or otherwise by a Shareholder in the Offer. Shareholders of Phoenix Lamps Limited are advised to consult their stock broker or investment consultant, if any, for further risks with respect to their participation in the Offer.

Form of Acceptance cum Acknowledgement, with Withdrawal Form, is enclosed

DEFINITIONS	
Acquirers	Argon India Limited and Argon South Asia Limited
Board / Board of Directors / Directors	Board of Directors of Phoenix Lamps Ltd
BSE	Bombay Stock Exchange Limited
CSE	The Calcutta Stock Exchange Association Limited
DSE	The Delhi Stock Exchange Association Limited
FIIs	Foreign Institutional Investors
FIPB/SIA	Foreign Investment Promotion Board / Secretariat of Industrial Assistance / Any other appropriate authority of the Government of India
GOI	Government of India
Manager to the Offer/ YES BANK	YES BANK Limited
NSE	The National Stock Exchange of India Limited
Offer	Offer to acquire upto 56,03,860 fully paid up Equity Shares of the face value of Rs.10/- each representing 20.00% of the voting paid up equity share capital (assuming conversion of 41,70,000 Warrants issued to the Acquirers into 41,70,000 Equity Shares before the completion of Offer formalities)
Offer Price	Rs.190/- per fully paid up Equity Share
PACs/ Persons Acting in Concert	Actis India Fund 2 LP, Actis South Asia Fund 2 LP, Actis Executive Co-Investment Plan LP and Actis Capital LLP
Persons eligible to participate in the Offer	All owners (registered and unregistered) of shares of PLL except (i) parties to the WSSPA i.e. (a) Acquirers and (b) Sellers as defined therein and (c) PACs
PICUP	Pradeshiya Industrial Investment Corporation of U.P. Limited
Promoters	Promoters of Phoenix Lamps Limited i.e. Indian Promoters: Mr. Bhushan Kumar Gupta, Mr. Hulas Rahul Gupta, Ms. Priya Desh Gupta, Ms. Abha Gupta and Mr. Anand Kumar Agarwal Foreign Promoter : SOEI Tsusho Company Limited
Public Announcement/ PA	Public Announcement for the Open Offer released on behalf of the Acquirers on July 7, 2006
Registrar / Registrar to the Offer	Alankit Assignments Limited
Regulations/ Takeover Regulations/ SEBI Takeover Regulations	Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 1997 and subsequent amendments thereto
RBI	Reserve Bank of India
SEBI	Securities and Exchange Board of India
Sellers	Mr. Bhushan Kumar Gupta, Mr. Hulas Rahul Gupta, Ms. Priya Desh Gupta and Ms. Abha Gupta
SEZ	Special Economic Zone
Shares / Equity Shares	Fully paid-up equity shares of Rs.10/- each of PLL

Shareholders	All owners (registered or un registered) of Shares
Stock Exchanges	BSE and NSE where the Shares are presently listed
Target Company/ The Company/ PLL	Phoenix Lamps Limited
UP SE	The U.P. Stock Exchange Association Limited
Warrants	41,70,000 Zero Coupon Convertible Warrants issued to the Acquirers at a price of Rs.102/- per warrant
Warrant Subscription and Share Purchase Agreement/ WSSPA	Agreement dated July 3, 2006 entered into between the Acquirers, Sellers and Phoenix Lamps Limited

1 DISCLAIMER CLAUSE

"It is to be distinctly understood that the filing of the 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 Phoenix Lamps Limited to take an informed decision with regard to the Offer. SEBI does not take any responsibility either for financial soundness of the Acquirers, or the Company whose shares are proposed to be acquired or for the correctness of the statements made or opinions expressed in the Draft Letter of Offer. It should also be clearly understood that while the Acquirers are primarily responsible for the correctness, adequacy and disclosure of all relevant information in the Draft Letter of Offer, the Manager to the Offer is expected to exercise due diligence to ensure that the Acquirers duly discharge their responsibility adequately. In this behalf and towards this purpose, the Manager to the Offer, YES BANK Limited has submitted a due diligence certificate dated July 21, 2006 to SEBI in accordance with the SEBI (Substantial Acquisition of Shares and Takeovers) Regulations 1997 and subsequent amendments thereof. The filing of the Draft 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."

The Acquirers, Persons Acting in Concert and Manager to the Offer accept no responsibility for statements made otherwise than in this Letter of Offer or in the advertisement or any material issued by or at the instance of the Acquirers, Persons Acting in Concert and the Manager to the Offer, and anyone placing reliance on any other source of information would be doing so at his/ her/their own risk.

2 DETAILS OF THE OFFER

2.1 Background of the Offer

This Offer is being made pursuant to Regulation 10 & 12 of the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 1997 and subsequent amendments thereto [SEBI Takeover Regulations] for the purpose of substantial acquisition of Shares and voting rights of the Company accompanied with a change in control of the Company.

2.1.1 A Warrant Subscription and Share Purchase Agreement (hereinafter referred to as "**WSSPA**") was entered into on July 3, 2006 by Argon India Limited and Argon South Asia Limited (hereinafter referred to as "**Acquirers**") with the promoters of Phoenix Lamps Limited (hereinafter referred to as the "**Company**" / "**PLL**") viz. Mr. Bhushan Kumar Gupta, Mr. Hulas Rahul Gupta, Ms. Priya Desh Gupta and Ms. Abha Gupta (hereinafter referred to as "**Sellers**") to acquire their total existing holding of 87,35,727 fully paid up equity shares representing 36.63% of the paid-up equity share capital of the Company [11,360 shares, 46,63,618 shares, 35,00,000 shares and 5,60,749 shares respectively] at a price of Rs.152.00 per share (the "**Negotiated Price**").

2.1.2 As per the terms of the WSSPA, the Sellers were to be paid a non-compete fee of Rs. 38/- per Equity Share. As per the terms of the non-compete clause, the Sellers or their affiliates shall not participate in any business which is similar to or competes with the business of the Company anywhere in the world for a period of 3 years, subject to the conditions as specified therein.

SEBI, while conveying their comments on the draft letter of offer vide their letter dated Dec 27, 2006 advised the Manager to the Offer to revise the offer price after including the payment of non compete fee (per share) in the negotiated price (per share).

In view of above and in the spirit of taking the Offer to a reasonable completion, the parties to WSSPA effected first amendment to WSSPA on December 28, 2006 and have revised the negotiated price to Rs. 190/- per share and made consequential changes to the WSSPA inter-alia by deleting provisions pertaining to Non Compete Consideration.

WSSPA contains a clause to the effect that in case of non compliance of any provisions of SEBI Takeover Regulations by the Acquirers, WSSPA, to the extent it relates to the sale and purchase of the Sale Shares, shall not be acted upon by the Sellers, the Target Company or the Acquirers.

2.1.3 In accordance with the terms of the WSSPA, the overall management and control of PLL shall be transferred to the Acquirers. In accordance with the terms of the WSSPA, the Acquirers may exercise their right to nominate a majority of the Directors at any time after a period of 21 (twenty one) days of the Public Announcement as, in accordance with the second proviso to Regulation 22 (7) of the Takeover Regulations, the Acquirers have deposited in escrow account, 100% (one hundred percent) of the purchase consideration payable to the public shareholders assuming full acceptance of the all the Shares offered to be purchased in the Offer.

2.1.4 Further, the Board of Directors of the Company at their meeting held on July 3, 2006 allotted 41,70,000 Warrants to the Acquirers [33,36,000 Warrants to Argon India Limited and 8,34,000 Warrants to Argon South Asia Limited]. Each Warrant is convertible into one Equity Share of the face value of Rs. 10/- each at a premium of Rs.92/- per Equity Share i.e. at a price of Rs.102/- per converted Share. Such conversion may be effected by the Acquirers within 18 months from the date of allotment of the Warrants i.e. on or prior to January 2, 2008, in terms of Chapter XIII of SEBI (Disclosure and Investor Protection) Guidelines, 2000 as amended. ("SEBI DIP Guidelines"). However, the Acquirers have undertaken to exercise the conversion option and accordingly convert the Warrants into Equity Shares before the completion of Offer formalities. The aggregate consideration payable by the Acquirers upon exercise of the Warrants (which would translate into 14.88% of the fully diluted paid up equity share capital of the Company upon conversion) amounts to Rs. 42,53,40,000/- [Rupees Forty Two Crores Fifty Three Lakhs Forty Thousand only]. The Acquirers have paid upfront, 10% of the exercise price payable upon conversion of the Warrants i.e Rs. 4,25,34,000/- @ Rs. 10.20 per Warrant in respect of 41,70,000 Warrants and the balance exercise price of Rs. 38,28,06,000/- @ Rs. 91.80 per Warrant in respect of 41,70,000 Warrants shall be payable upon conversion of the Warrants, in accordance with the SEBI DIP Guidelines.

2.1.5 The Company has allotted these Warrants pursuant to a special resolution passed by the Members of the Company in the Extraordinary General Meeting held on June 19, 2006, which was convened by a resolution passed by the Directors in their meeting held on May 19, 2006. Consequently, May 19, 2006, being the date falling 30 days prior to the date of the Extraordinary General Meeting was the "Relevant Date" for the purpose of determination of the minimum issue price pursuant to the preferential allotment as per Clause 13.1.1 of SEBI DIP Guidelines i.e., 30 days prior to the date of the EGM. The average of the weekly high and low of the closing prices of the Equity Shares of PLL on the NSE as per the certificate dated May 19, 2006 of M/s. Arun K. Gupta & Associates, Statutory Auditors of the Company was: (a) for the 6 months ended on May 19, 2006 was Rs.92.98 per share and (b) for the 2 weeks ended on May 19, 2006 was Rs.101.69. Therefore, the conversion price of Rs.102/- per warrant is not less than the higher of above mentioned (a) and (b).

2.1.6 Acquirers, PACs, Sellers and the Company have not been prohibited by SEBI from dealing in securities in terms of directions issued under section 11B of SEBI Act or under any of the regulations made under the SEBI Act.

2.2 Details of the proposed Offer

2.2.1 As the aggregate equity stake of the Acquirers in the paid up equity share capital of PLL, after the transfer of shares covered in the WSSPA and the conversion of Warrants provided for in the WSSPA will be more than the stipulated limit of 15%, in compliance with Regulation 10 and 12 of SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 1997 and subsequent amendment thereof ("**Takeover Regulations**"), Acquirers are making this Offer to acquire up to 56,03,860 equity shares of Rs.10/- each representing 20% of the voting capital of PLL, from the remaining Shareholders of PLL, (assuming conversion of 41,70,000 Warrants issued to the Acquirers into 41,70,000 Equity Shares before the completion of Offer formalities), at a price of Rs.190/- per Share ("**Offer Price**") payable in cash ("**Offer**") subject to the terms and conditions mentioned hereinafter.

Paid up equity share capital of PLL, prior to WSSPA [entered into on July 3, 2006] comprised of 2,38,49,300 equity shares. The Board of Directors of PLL at their meeting held on July 3, 2006 allotted 41,70,000 Warrants to the Acquirers. Assuming conversion of 41,70,000 Warrants issued to the Acquirers into 41,70,000 Equity Shares before the completion of Offer formalities, paid up equity share capital of PLL would comprise of 2,80,19,300 equity shares. Acquirers are making this Offer to acquire up to 56,03,860 equity shares representing 20% of the voting capital of PLL. This is in accordance with Regulation 21(5) of the Takeover Regulations which provides that for the purpose of computing 20%, voting rights as at the expiration of 15 days after the closure of the public offer shall be reckoned.

2.2.2 The Sellers, the Acquirers, the Sellers' Depositary Participant, the Acquirers' Depositary Participant and ABN Amro Bank NV acting as an Escrow Agent have entered into an Agreement dated July 3, 2006 in relation to the mechanism for (a) completing the transfer of the shares agreed to be acquired from the Sellers by the Acquirer under the WSSPA and (b) the payment of the Negotiated Price per share and (c) the non compete consideration upon completion of the Acquirer's obligations in respect of the offer under the SEBI Takeover Regulations.

In light of the First amendment to the WSSPA effected on December 28, 2006, the Parties to the Escrow Agreement dated 3rd July 2006 will be entering into a first amendment to the Escrow Agreement to effect consequential changes to the Escrow Agreement.

2.2.3 The Offer is not conditional on any minimum level of acceptance and the Acquirers will be obliged to acquire up to a maximum of 56,03,860 Equity Shares that are tendered in terms of this Offer subject to the terms and conditions mentioned in this Letter of Offer to be mailed to the equity Shareholders of PLL.

2.2.4 The Acquirers do not hold any shares in PLL as on the date of this Public Announcement, save and except for the Warrants (which are covered by the definition of the term "shares" in terms of Regulation 2(1)(k) of the Takeover Regulations). Further, the Acquirers have not acquired directly or through any person, any Shares in PLL during the twelve months preceding the date of Public Announcement or after the date of the Public Announcement other than the Warrants and shares to be acquired through the WSSPA as specified in the Letter of Offer.

2.2.5 Other than the Warrants issued in favour of the Acquirers, there are no other securities issued by the Company which can be converted into Shares.

2.2.6 While determining 20.00% of the paid up equity share capital of PLL for the purpose of the Offer size, paid up equity share capital of Rs. 28,01,93,000/- comprising of 2,80,19,300 Equity Shares of Rs.10/- each is being considered in terms of Regulation 21(5) of SEBI Takeover Regulations which includes 41,70,000 Equity Shares to be issued upon conversion of the Warrants to the Acquirers. Preference shares issued by the Company have been ignored for this purpose since they do not carry any voting rights as specified in the said provision.

2.2.7 There are no partly paid up Equity Shares in the books of PLL.

2.2.8 The Public Announcement of the Offer [PA] was published in the newspapers in terms of Regulation 15(1) of SEBI Takeover Regulations on July 7, 2006 and the details of the same are as follows:

Language	Name of Newspaper	Editions
English	Financial Express	All editions
Hindi	Jana Satta	Kolkata, New Delhi
Marathi	Navashakti	Mumbai

2.2.9 In case of any upward revision in the Offer Price by the Acquirers at any time up to 7 working days prior to the date of closure of the Offer i.e. Tuesday - February 13, 2007 the same would be announced in the above mentioned newspapers and the same price would be payable by the Acquirers for all the Equity Shares tendered at anytime during the Offer and accepted under the Offer.

2.2.10 On the date of Public Announcement, Acquirers were not holding any Equity Shares in PLL, save and except for the Warrants. The Acquirers have agreed to acquire, vide the WSSPA dated July 3, 2006, 87,35,727 fully-paid Equity Shares of the Company from the Sellers. Save as stated above, the Acquirers have not acquired any Equity Shares of PLL during the 12 months period prior to the date of the PA or after the date of PA.

2.2.11 Other than as stated above, the Acquirers have not acquired any Equity Shares in PLL during the 26 weeks period prior to the PA by way of preferential allotment, rights issue, public issue or otherwise.

2.2.12 Other than as stated above, the Acquirers do not hold any Equity Shares or securities convertible into Shares of PLL as on the date of the PA and have not acquired any Equity Shares of PLL from the date of PA till the date of this Letter of Offer.

2.2.13 A copy of the Public Announcement and Letter of Offer will be available on SEBI's website i.e. www.sebi.gov.in

2.2.14 The Equity Shares will be acquired by Acquirers, pursuant to this Offer, free from all liens, charges and encumbrances and together with all rights attached thereto, including the right to all dividends, bonus and rights offer declared hereafter.

2.2.15 There has been no competitive bid.

As the Offer price can not be revised during seven working days prior to the date of closure of this Offer, it would, therefore be in the interest of Shareholders to wait till the commencement of that period to know the final Offer Price and tender their acceptance accordingly.

2.2.16 Details of Sellers

Mr. Bhushan Kumar Gupta	C-12, Friends Colony, New Delhi – 110 065	Ph : 011-26841375 Fax : 011-26843949
Mr. Hulas Rahul Gupta	C-12, Friends Colony, New Delhi – 110 065	Ph : 011-26841375 Fax : 011-26843949
Ms. Priya Desh Gupta	C-12, Friends Colony, New Delhi – 110 065	Ph : 011-26841375 Fax : 011-26843949
Ms. Abha Gupta	C-12, Friends Colony, New Delhi – 110 065	Ph : 011-26841375 Fax : 011-26843949

2.3 Reasons for the acquisition, rationale for the offer and future plans

2.3.1 The aggregate equity stake of the Acquirers in the paid up equity share capital of PLL after the transfer of shares provided for in the WSSPA and the conversion of the Warrants will be more than the threshold of 15% stipulated in Regulation 10 of the Takeover Regulations. Further there is a transfer of control to the Acquirers envisaged in the WSSPA. In view of the above, to comply with Regulation 10 and 12 of the Takeover Regulations, the Acquirers are making this Offer to acquire up to 56,03,860 Equity Shares of Rs.10/- each, representing 20% of the voting rights in PLL, (assuming conversion of 41,70,000 Warrants issued to the Acquirers into 41,70,000 Equity Shares before completion of Offer formalities), computed in accordance with Regulation 21(5) of the Takeover Regulations at a price of Rs.190.00 per share ("**Offer Price**") payable in cash ("**Offer**") subject to the terms and conditions mentioned hereinafter.

2.3.2 Substantial acquisition of shares and voting rights with change in control and management is the reason and rationale for the acquisition of the abovementioned equity stake in the paid-up equity share capital of PLL by the Acquirers in accordance with Regulation 10 and 12 of the Takeover Regulations.

2.3.3 As on the date of PA, there were no representatives of the Acquirers on the board of PLL. However, in accordance with the terms of the WSSPA, "the Acquirers may exercise their right to nominate a majority of the Directors at any time after a period of 21 (twenty one) days of the Public Announcement as, in accordance with the second proviso to Regulation 22 (7) of the Takeover Regulations, the Acquirers have deposited in escrow account, 100% (one hundred percent) of the purchase consideration payable to the public shareholders assuming full acceptance of the all the Shares offered to be purchased in the Open Offer". Accordingly, two nominee directors were inducted into the Board of PLL on September 25, 2006.

2.3.4 The Company is a leader in manufacturing of automotive lamps for the domestic Indian market. PLL is a supplier to all major 2-wheeler manufacturers and a majority of 4-wheeler players in India. PLL also exports its products into the after-markets of Europe and US. The future strategy for the Company would include further increasing market share among the automotive OEM's and increasing penetration in the domestic after market, while improving its position in the after markets in Europe, US and other international markets through introduction of new products.

2.3.5 PLL also has substantial capacity to manufacture CFL (Compact Fluorescent Lamps) and is a reliable supplier to many lighting majors in India. In this regard, the future strategy would include strengthening its brand in the CFL segment and increasing capacity to achieve better economies of scale. PLL also has the opportunity to tap into the phenomenal growth in the energy efficient CFL segment outside India since it has already established expertise in manufacturing a wide variety of CFL products.

2.3.6 This Offer is being made to all Shareholders except (i) parties to the WSSPA i.e. (a) Acquirers and (b) Sellers as defined therein and (ii) PACs.

3. BACKGROUND OF THE ACQUIRERS AND PERSONS ACTING IN CONCERT

This Open Offer is being made by the Acquirers along with the Persons Acting in Concert.

Pursuant to the acquisition of shares under the WSSPA and completion of formalities under the Takeover Regulations, the control of the Company shall be transferred in favour of the Acquirers.

The Acquirers undertake that they have no plans to dispose of or otherwise encumber any assets of PLL in the next two years, other than in the ordinary course of business.

Upon completion of Offer formalities, the Acquirers shall exercise control over the Company. The Acquirers undertake that they shall not sell, dispose of or otherwise encumber any substantial assets of PLL other than in the ordinary course of business of PLL except with the prior approval of the Shareholders of PLL and in accordance with and subject to the applicable laws, permissions and consents, if any.

In accordance with the terms of WSSPA, the overall management and control of PLL shall transfer to the Acquirers.

Details of Acquirers

3.1 Argon India Limited

3.1.1 Argon India Limited was incorporated as a Private Limited Company in the name of 'Actis Investment Holdings No. 27 Limited' on March 23, 2006 in the Republic of Mauritius under the (Mauritius) Companies Act, 2001 with its registered office at Les Cascades, Edith Cavell Street, Port Louis, Mauritius, Tel: 00 230 212 9800 ; Fax: 00 230 212 9833. Its name was changed to 'Argon India Limited' vide Certificate of Incorporation on Change of Name dated May 30, 2006.

3.1.2 Argon India Limited was granted a Global Business Licence Category 1 certificate under the Financial Services Development Act, 2001 on June 21, 2006 to be involved in investment holding activities.

3.1.3 The paid-up equity capital of Argon India Ltd consist of 1 ordinary equity share of USD1 held by Actis India Fund 2 LP, one of the PACs and this share is not presently listed on any stock exchange.

3.1.4 As on the date of this Letter of Offer, Argon India Limited does not hold any shares of the Company save 33,36,000 Warrants convertible into Equity Shares of the Company which were allotted in favour of Argon India Limited on July 3, 2006. Since the said Warrants would be covered by the definition of the term "shares" in terms of Regulation 2(1)(k) of the Takeover Regulations, Argon India Limited has filed a disclosure under Regulation 7(1) of the Takeover Regulations on July 5, 2006 in compliance with the provisions of Chapter II of SEBI Takeover Regulations.

3.1.5 There were no mergers, demergers and / or spin-offs involving Argon India Limited during the last three years.

3.1.6 The details of Board of Directors of Argon India Limited, as on the date of PA, are as under:

Name	Date of Appointment	Qualification	Residential Address	Experience
Mr. Ashraf Ramtoola	March 23, 2006	Fellow Member of the Chartered Association of Certified Accountants	4 Bis Church Street Port Louis Mauritius	Director Intl Mgt (Mauritius) Ltd
Mr. Marie Jospeh Gaetan Bouic	June 5, 2006	Fellow of the Institute of Chartered Accountants in England and Wales (1961)	Poste Lafayette, Poste de Flacq, Mauritius	Former Finance Manager- United Basalt Products Ltd Chairman– Listing Committee Stock Exchange of Mauritius

None of the aforementioned directors of Argon India Limited are on the board of the Target Company.

None of the aforesaid directors of Argon India Limited have acquired any Equity Shares of the Target Company during the 12 (twelve) months preceding the date of the Public Announcement or after the date of the PA.

3.1.7 Since Argon India Limited is a newly incorporated company (incorporated on March 23, 2006) there are no audited / un-audited accounts or historical financial information as on date.

3.1.8 Compliance Officer:

Mr. Marie Jospeh Gaetan Bouic
Argon India Ltd
Les Cascades
Edith Cavell Street
Port Louis, Mauritius
Tel: 00 230 212 9800
Fax: 00 230 212 9833

3.2 Argon South Asia Limited

3.2.1 Argon South Asia Limited was incorporated as a Private limited company under the name 'Actis Investment Holdings No. 28 Limited' on May 15, 2006 in the Republic of Mauritius under the (Mauritius) Companies Act, 2001 with its registered office at Les Cascades Building, Edith Cavell Street, Port Louis, Mauritius, Tel: 00 230 212 9800 ; Fax: 00 230 212 9833. Its name was changed to 'Argon South Asia Limited' vide Certificate of Incorporation on Change of Name dated May 30, 2006.

3.2.2 Argon South Asia Limited was granted a Global Business Licence Category 1 certificate under the Financial Services Development Act, 2001 on June 21, 2006 to be involved in investment holding activities.

3.2.3 The paid-up equity capital of the company consist of 1 ordinary equity share of USD1 held by Actis South Asia Fund 2 LP, one of the PACs, and this share is not presently listed on any stock exchange.

3.2.4 As on the date of this Letter of Offer, Argon South Asia Limited does not hold any shares of the Company save 8,34,000 Warrants convertible into Equity Shares of the Company which were allotted in favour of Argon South Asia Limited on July 3, 2006. Since the said Warrants would be covered by the definition of the term "shares" in terms of Regulation 2(1)(k) of the Takeover Regulations, Argon South Asia Limited has filed a disclosure under Regulation 7(1) of the Takeover Regulations on July 5, 2006 in compliance with the provisions of Chapter II of SEBI Takeover Regulations.

3.2.5 There were no mergers, demergers and / or spin-offs involving Argon South Asia Limited during the last three years.

3.2.6 The details of Board of Directors of Argon South Asia Limited, as on the date of PA, are as under:

Name	Date of Appointment	Qualification	Residential Address	Experience
Mr. Ashraf Ramtoola	May15, 2006	Fellow Member of the Chartered Association of Certified Accountants	4 Bis Church Street Port Louis Mauritius	Director Intl Mgt (Mauritius) Ltd
Mr. Marie Jospeh Gaetan Bouic	June 5, 2006	Fellow of the Institute of Chartered Accountants in England and Wales (1961)	Poste Lafayette, Poste de Flacq, Mauritius	Former Finance Manager- United Basalt Products Ltd Chairman– Listing Committee Stock Exchange of Mauritius

None of the aforementioned directors are on the board of the Target Company.

None of the aforesaid directors of Argon South Asia Limited have acquired any Equity Shares of the Target Company during the 12 (twelve) months preceding the date of the Public Announcement or after the date of the PA.

3.2.7 Since Argon South Asia Limited is a newly incorporated company (incorporated on May 15, 2006), there are no audited / un-audited accounts or historical financial information as on date.

3.2.8 Compliance Officer:

Mr. Marie Jospeh Gaetan Bouic
Argon South Asia Ltd
Les Cascades
Edith Cavell Street
Port Louis, Mauritius
Tel: 00 230 212 9800
Fax: 00 230 212 9833

Details of PACs

3.3 Actis India Fund 2 LP ("Actis India")

3.3.1 Actis India Fund 2 LP, the holding company of Argon India Limited, having its registered office at 2 More London Riverside, London SE1 2JT, Tel: 00 44 020 7234 5000; Fax: 00 44 020 7234 5010, was established by a Limited Partnership Agreement dated July 7, 2004 under the Limited Partnership Act 1907 in England. The Primary purpose of Actis India is to make investments in the developing Indian markets, which will typically be medium to long term in nature with the principal object of generating capital growth.

3.3.2 Since it is a Limited Partnership, it is not listed on any stock exchange. The ownership of Actis India is broad-based and its limited partners comprise international banks, pension funds and other such institutional investors. Actis India is managed and ultimately controlled by Actis Capital LLP.

3.3.3 Shareholding pattern of Actis India is as follows:

CDC Group – 54%

Govt of Singapore Investment Corporation – through Lathe Investments -11%

HSBC Group – 11%

Abu Dhabi Investment Authority – 7%

Employees Provident Fund Board (Malaysia) – 7%

Siguler Guff BRIC Opportunities Fund – 3%

Skoll Foundation – 2%

UOB Capital Investments (United Overseas Bank, Singapore) – 2%

Lord Baltimore Equity Partners – 1%

National Bank of Kuwait - 1%

Valinco Investments – 1%

3.3.4 Actis India does not hold any shares of the Company and hence the provisions of Chapter II of SEBI Takeover Regulations does not apply.

3.3.5 It is a limited partnership and does not have directors.

3.3.6 Financial information of Actis India is as under:

[Rs. in lakhs]

For the period ended	March 31, 2006	December 31, 2005	December 31, 2004
INCOME STATEMENT			
Total Income	313.28	533.51	24.29
Total Expenditure	664.75	3,784.03	837.87
Net Profit / (Loss)	(351.47)	(3,250.52)	(813.58)
Partner's annual priority share	-	0.45	0.44
Profit / (Loss) allocable to partners	(351.47)	(3,250.97)	(814.02)
BALANCE SHEET STATEMENT			
Sources of funds			
Capital contribution	1.81	1.83	0.82
Income Account	(4,402.53)	(4,092.83)	(814.02)
Net Worth	(4,400.72)	(4,091.00)	(813.20)
Loans	26,475.39	27,061.18	9,422.59
Total	22,074.67	22,970,18	8,609.39
Uses of funds			
Net fixed assets	-	-	-
Investments	22,728.72	21,541.62	2,091.84
Net Current Assets	(654.05)	1,428.56	6,517.55
Total	22,074.67	22,970.18	8,609.39
OTHER FINANCIAL DATA			
Dividend (%)	NC	NC	NC
Earnings per share (Rs.)	NC	NC	NC
Return on Net Worth (%)	NC	NC	NC
Book value per share (Rs.)	NC	NC	NC

Source: Annual Report for the year ended December 31, 2005

Notes:

- *All amounts have been converted at a standard conversion rate of 1USD=Rs.44.61 (March 31, 2006); 1USD=Rs.45.07 (December 30, 2005) and 1USD=Rs.43.58 (December 31, 2004) [Source: www.rbi.org.in]*
- *Since Actis India is a partnership firm, EPS, Book value etc. cannot be computed;*
- *NC- Non computable*
- *Financials for the period ended March 31, 2006 are as per the limited review of accounts by KPMG Audit Plc as per their letter dated July 14, 2006.*
- *The requirement with respect to adjustments to financial statements as per Clause 11 (a) to (e) of Annexure - 1 of Standard Letter of Offer format of SEBI is not applicable and therefore not relevant*

3.3.7 Note on Accounting policies: The significant accounting policies followed by Actis India as per Annual Report for the year ended December 31, 2005 are as under:

Accounting convention: These financial statements have been prepared in accordance with the historical cost accounting convention and in accordance with applicable accounting standards.

Income: Dividends from investments are accounted for when they are received in cash. Bank Interest and loan interest income is accounted for on accrual basis. If there is reasonable doubt over the recoverability of interest, a provision will be made.

Taxation: Taxation has not been recorded in these accounts as any tax liabilities that may arise, on income or capital, are borne by the individual partners comprising the Limited Partnership. Accordingly, no provision for taxation is made in these financial statements. Capital losses are passed onto the partners on a pro-rata basis.

Investments: Unquoted investments are stated at lower of cost or net book value. Manager's valuations have been determined using International Private Equity and Venture Capital valuation guidelines.

Quoted investments are valued at their bid price less any applicable valuation discount. Unquoted investments held for less than one year are stated at cost unless there is any permanent diminution in value.

Foreign Exchange: Transactions denominated in foreign currencies are recorded at actual exchange rates at the date of the transaction. Assets and liabilities in currencies other than US Dollar are translated into US Dollars at the rates of exchange ruling at the balance sheet date. Exchange differences are taken to the profit and loss account.

Distributions: All capital and income receipts shall be distributed among the partners of Actis India based on allocations made in accordance with the partnership agreement. Any other income of the partnership shall be distributed to the investors pro-rata to their commitments.

3.3.8 **Compliance Officer**:

Paul Owers
Actis Capital LLP
(Manager of Actis India Fund 2 LP and Actis South Asia Fund 2 LP)
2 More London Riverside
London SE1 2JT
United Kingdom
Tel: 00 44 020 7234 5000
Fax: 00 44 020 7234 5010

3.4 Actis South Asia Fund 2 LP ("Actis South Asia")

3.4.1 Actis South Asia Fund 2 LP, the holding company of Argon South Asia Limited, having its registered office at 2 More London Riverside, London SE1 2JT, Tel: 00 44 020 7234 5000; Fax: 00 44 020 7234 5010 was established by a Limited Partnership Agreement dated July 7, 2004 under the Limited

Partnership Act 1907 in England. The primary purpose of Actis South Asia is to make investments in the developing South Asia markets, notably India, Pakistan, Bangladesh and Sri Lanka, which will typically be medium to long term in nature with the principal objective of generating capital growth.

3.4.2 Since it is a Limited Partnership, it is not listed on any stock exchange. The ownership of Actis South Asia is broad-based and its limited partners comprise international institutional investors. Actis South Asia is managed and ultimately controlled by Actis Capital LLP.

3.4.3 Shareholding pattern of Actis South Asia is as follows:

CDC Group – 91%

Actis Umbrella Fund - 8%

Valinco Investments – 1%

3.4.4 Actis South Asia does not hold any Shares of the Company and hence the provisions of Chapter II of SEBI Takeover Regulations does not apply.

3.4.5 Since it is a limited partnership, it does not have directors.

3.4.6 Financial information of Actis South Asia is as under:

[Rs. In lakhs]

For the period ended	March 31, 2006	December 31, 2005	December 31, 2004
INCOME STATEMENT			
Total Income	335.44	337.49	6.10
Total Expenditure	312.11	1,505.65	574.69
Net Profit/ (Loss)	23.33	(1,168.16)	(568.59)
Partner's annual priority share	-	0.45	0.44
Profit/(Loss) allocable to partners	23.33	(1,168.61)	(569.02)
BALANCE SHEET STATEMENT			
Sources of funds			
Capital contribution	0.56	0.57	0.54
Income Account	(1,715.82)	(1,757.09)	(569.02)
Net Worth	(1,715.26)	(1,756.52)	(568.48)
Loans	7,164.82	9,583.01	2,728.23
Total	5,449.56	7,826.49	2,159.75
Uses of funds			
Net fixed assets	-	-	-
Investments	5,700.07	7,344.04	522.96
Net Current Assets	(250.51)	482.45	1,636.79
Total	5,449.56	7,826.49	2,159.75
OTHER FINANCIAL DATA			
Dividend (%)	NC	NC	NC
Earnings per share (Rs.)	NC	NC	NC
Return on Net Worth (%)	NC	NC	NC
Book value per share (Rs.)	NC	NC	NC

Source: Annual Report for the year ended December 31, 2005

Notes:

- *All amounts have been converted at a standard conversion rate of 1USD=Rs.44.61 (March 31, 2006), 1USD=Rs.45.07 (December 30, 2005) and 1USD=Rs.43.58 (December 31, 2004) [Source: www.rbi.org.in]*
- *Since Actis South Asia is a partnership firm, EPS, Book value etc. cannot be computed;*
- *NC- Non computable*
- *Financials for the period ended March 31, 2006 are as per the limited review of accounts by KPMG Audit Plc as per their letter dated July 14, 2006.*
- *The requirement with respect to adjustments to financial statements as per Clause 11 (a) to (e) of Annexure - 1 of Standard Letter of Offer format of SEBI is not applicable and therefore not relevant*

3.4.7 Note on Accounting policies: The significant accounting policies followed by Actis South Asia as per Annual Report for the year ended December 31, 2005 are as under:

Accounting convention: These financial statements have been prepared in accordance with the historical cost accounting convention and in accordance with applicable accounting standards.

Income: Dividends from investments are accounted for when they are received in cash. Bank Interest and loan interest income is accounted for on accrual basis. If there is reasonable doubt over the recoverability of interest, a provision will be made.

Taxation: Taxation has not been recorded in these accounts as any tax liabilities that may arise, on income or capital, are borne by the individual partners comprising the Limited Partnership. Accordingly, no provision for taxation is made in these financial statements. Capital losses are passed onto the partners on a pro-rata basis.

Investments: Unquoted investments are stated at lower of cost or net book value. Manager's valuations have been determined using International Private Equity and Venture Capital valuation guidelines.

Quoted investments are valued at their bid price less any applicable valuation discount. Unquoted investments held for less than one year are stated at cost unless there is any permanent diminution in value.

Foreign Exchange: Transactions denominated in foreign currencies are recorded at actual exchange rates at the date of the transaction. Assets and liabilities in currencies other than US Dollar are translated into US Dollars at the rates of exchange ruling at the balance sheet date. Exchange differences are taken to the profit and loss account.

Distributions: All capital and income receipts shall be distributed among the partners of Actis South Asia based on allocations made in accordance with the partnership agreement. Any other income of the partnership shall be distributed to the investors pro-rata to their commitments.

3.4.8 **Compliance Officer**:

Paul Owers
Actis Capital LLP
(Manager of Actis India Fund 2 LP and Actis South Asia Fund 2 LP)
2 More London Riverside
London SE1 2JT
United Kingdom
Tel: 00 44 020 7234 5000
Fax: 00 44 020 7234 5010

3.5 Actis Executive Co-Investment Plan LP ("ACIP")

3.5.1 Actis Executive Co-Investment Plan LP, having its registered office at Alexander House, 13-15 Victoria Road, St. Peter Port, Guernsey, Channel Islands, GY 1 3ZD, Tel: 00 44 01481 713843, Fax: 00 44 01481 715219, was registered as a Guernsey Limited Partnership on July 29, 2005 under The Limited Partnership (Guernsey) Law, 1995, as amended in Guernsey, Channel Islands.

3.5.2 The Primary purpose of ACIP is to provide a facility for eligible investors (select members and employees of Actis Capital LLP) to co-invest alongside certain private equity funds managed by Actis Capital LLP.

3.5.3 ACIP entered into a co-investment agreement with Actis India Fund 2 LP on February 06, 2006, under which ACIP will have a relevant portion of the total permitted investments.

3.5.4 ACIP entered into a co-investment agreement with Actis South Asia Fund 2 LP on April 10, 2006, under which ACIP will have a relevant portion of the total permitted investments.

3.5.5 ACIP is not listed on any stock exchange and the ownership of ACIP is widely held among Actis employees. ACIP is managed by Actis Capital LLP.

3.5.6 ACIP does not hold any Shares of the Company and hence the provisions of Chapter II of SEBI Takeover Regulations does not apply.

3.5.7 Certified Financial Statements for the period from July 29, 2005 ie the date of registration to December 31, 2005 and further, for the period from January 1, 2006 to March 31, 2006 are as under:

[Rs. In lakhs]

For the period ended	**March 31, 2006**	**December 31, 2005**
INCOME STATEMENT		
Total Income	5.18	46.31
Total Expenditure (including provision for unrealized gains on investments)	(491.49)	(653.62)
Net Profit/ (Loss)	496.67	699.93
BALANCE SHEET STATEMENT		
Sources of funds		
Capital contribution	0.03	0.03
Income Account (excluding revaluation reserve)	(196.94)	(47.70)
Net Worth	(196.91)	(47.67)
Loans	2,347.88	1,208.57
Total	2,150.97	1,160.90
Uses of funds		
Net fixed assets	-	-
Investments (excluding unrealized gain on investments)	1,061.30	72.08
Net Current Assets	1,089.67	1,088.82
Total	2,150.97	1,160.90
OTHER FINANCIAL DATA		
Dividend (%)	NC	NC
Earnings per share (Rs.)	NC	NC
Return on Net Worth (%)	NC	NC
Book value per share (Rs.)	NC	NC

Source: Financials of Actis Executive Co-Investment Plan Limited as certified by M/s. KPMG Channel Islands Limited vide their letter dated July 18, 2006.

Notes:

- *All amounts have been converted at a standard conversion rate of 1USD=Rs.44.61 (March 31, 2006) and 1USD=Rs.45.07 (December 30, 2005) [Source: www.rbi.org.in]*
- *Since ACIP is a partnership firm, EPS, Book value etc. cannot be computed; NC- Non computable*
- *The requirement with respect to adjustments to financial statements as per Clause 11 (a) to (e) of Annexure - 1 of Standard Letter of Offer format of SEBI is not applicable and therefore not relevant*

3.5.8 Note on Accounting policies: The significant accounting policies followed by ACIP as per Annual Report for the year ended December 31, 2005 are as under

Basis of accounting: The financial statements have been prepared under the historical cost convention in dealing with items which are considered material in relation to the Partnership's Financial Statements.

Income: Investment Income and loan interest on equity related instruments are accounted for on a receipt basis. Investment Income from listed investments is accounted for on an ex-div basis. Under FRS 16 (Current tax), investment income and loan interest are recognized at an amount that includes withholding tax where applicable. Bank Interest is accounted for on an accrual basis.

Expenses: Expenses are accounted for on an accrual basis.

Investments: Investments are carried in the balance sheet at their fair value as determined by the General Partner in accordance with the International Private Equity and Venture Capital valuation Guidelines. Eventual realizations proceeds may differ from the valuation generated by the above policy and the difference can be significant. Unrealized gains and losses arising in subsequent measurement of values of investments and realized gains and losses on transactions are accounted for through the Partners Capital Account as disclosed in the Statement of Total Recognized Gains and Losses.

Foreign Exchange: Current assets and liabilities in currencies other than USD are translated into USD at the rate of exchange ruling at the balance sheet date. Transactions in currencies other than USD are translated into the reporting currency at the rate of exchange ruling at the date of the transaction. Foreign exchange gains and losses are taken into the Income statement.

Distributions: All capital and income receipts shall be distributed to the partners of ACIP based on allocations made in accordance with the limited partnership agreement.

3.5.9 Compliance Officer

International Private Equity Services Limited (IPES) is the Administrator of ACIP and the IPES compliance officer is:

Active Compliance Services Limited
3rd floor Natwest House
Le Truchot St Peter Port
Guernsey. GY1 1WD
Tel: 0044 1481 711822
Fax: 0044 1481 726590

3.6 Actis Capital LLP ("Actis ")

3.6.1 Actis Capital LLP, having its registered office at 2 More London Riverside, London SE1 2JT, Tel: 00 44 020 7234 5000; Fax: 00 44 020 7234 5010, was established by a Limited Partnership Agreement dated October 31, 2003 under the Limited Partnership Act 1907 in England. Actis is in the business of Fund management. Actis does not belong to any Group.

3.6.2 The Primary purpose of Actis is to become premier alternative Asset Manager in the emerging Market & meet its core objective of managing CDC funds for investment in viable business in the poorer developing markets & mobilizing third party capital for investment in the poorer developing countries.

3.6.3 Since it is a Limited Partnership, it is not listed on any stock exchange. The ownership of Actis is broad-based. 40% of the total capital is held by the Government of UK and the balance 60% is held by the employees of Actis.

3.6.4 Actis does not hold any shares of the Company and hence the provisions of Chapter II of SEBI Takeover Regulations does not apply.

3.6.5 It is a limited partnership and does not have directors.

3.6.6 Actis acts as Fund manager to the acquirers.

3.6.7 Actis does not hold any shares or acquired any shares in Target Co at any point of time.

3.6.8 Financial information of Actis is as under:

[Rs. in lakhs]

For the period ended	December 31, 2005	December 31, 2004 (For 15 Months)
INCOME STATEMENT		
Total Income	37302.64	12536.83
Total Expenditure	31347.99	11076.16
Net Profit / (Loss)	5954.64	1460.67
Profit / (Loss) allocable to partners	5954.64	1460.67
BALANCE SHEET STATEMENT		
Sources of funds		
Capital contribution	2332.24	1684.98
Net Worth	2332.24	1684.98
Loans	3518.25	3822.01
Total	5850.49	5506.99
Uses of funds		
Net fixed assets	3715.21	4156.83
Investments	293.31	92.22
Net Current Assets	1841.97	1257.94
Total	5850.49	5506.99
OTHER FINANCIAL DATA		
Dividend (%)	NC	NC
Earnings per share (Rs.)	NC	NC
Return on Net Worth (%)	NC	NC
Book value per share (Rs.)	NC	NC

Source: Annual Report for the year ended December 31, 2005

Notes:

- *All amounts have been converted at a standard conversion rate of 1USD=Rs.45.07 (December 30, 2005) and 1USD=Rs.43.58 (December 31, 2004) [Source: www.rbi.org.in]*
- *Since Actis is a partnership firm, EPS, Book value etc. cannot be computed;*
- *NC- Non computable*
- *The total Income has increased due to normal business expansion*
- *There are no contingent liabilities as on date.*
- *The requirement with respect to adjustments to financial statements as per Clause 11 (a) to (e) of Annexure - 1 of Standard Letter of Offer format of SEBI is not applicable and therefore not relevant*

3.6.9 Note on Accounting policies: The significant accounting policies followed by Actis as per Annual Report for the year ended December 31, 2005 are as under:

Accounting convention: These financial statements have been prepared in accordance with the historical cost accounting convention and in accordance with applicable accounting standards.

Income: Dividends from investments are accounted for when they are received in cash. Bank Interest and loan interest income is accounted for on accrual basis. If there is reasonable doubt over the recoverability of interest, a provision will be made. Fees and other Income is recognized when due.

Taxation: Taxation has not been recorded in these accounts as any tax liabilities that may arise, on income or capital, are borne by the individual partners comprising the Limited Partnership. Accordingly, no provision for taxation is made in these financial statements. Capital losses are passed on to the partners on a pro-rata basis. The Taxes payable by the subsidiaries companies are recognized in the accounts.

Investments: Unquoted investments are stated at lower of cost or net book value. Manager's valuations have been determined using International Private Equity and Venture Capital valuation guidelines.

Quoted investments are valued at their bid price less any applicable valuation discount. Unquoted investments held for less than one year are stated at cost unless there is any permanent diminution in value.

Foreign Exchange: Transactions denominated in foreign currencies are recorded at actual exchange rates at the date of the transaction. Assets and liabilities in currencies other than US Dollar are translated into US Dollars at the rates of exchange ruling at the balance sheet date. Exchange differences are taken to the profit and loss account.

Distributions: All capital and income receipts shall be distributed among the partners of Actis based on allocations made in accordance with the partnership agreement. Any other income of the partnership shall be distributed to the investors pro-rata to their commitments.

3.6.10 **Compliance Officer**:

Paul Owers
Actis Capital LLP
2 More London Riverside
London SE1 2JT
United Kingdom
Tel: 00 44 020 7234 5000
Fax: 00 44 020 7234 5010

Relationship of each PAC with the Acquirer companies

Actis India is the 98.85% shareholder and ACIP is the 1.15% shareholder of Argon India. Actis South Asia is the 98.85% shareholder and ACIP is the 1.15% shareholder of Argon South Asia. Actis Capital LLP is the Manager of Actis India, Actis South Asia and ACIP.

Manager (Actis Capital LLP) has full control over the PACs viz Actis India, Actis South Asia and ACIP. Actis Capital LLP act as Funds / Investment Manager to the Funds that hold a controlling stake in the Argon Entities.

No agreement was entered into between the Acquirers and the PACs for acquisition of equity stake from the promoters of PLL and the open offer. The Acquirers and the PACs have not promoted any companies.

4. DISCLOSURE IN TERMS OF REGULATION 21(3)

Assuming full acceptance, the Open Offer will not result in the public shareholding of the Company falling below the limits specified for the purpose of listing on a continuous basis. The minimum public shareholding required for continuous listing in relation to PLL is twenty five (25) percent of the total issued equity share capital and shall remain above 25% assuming full acceptance of the Offer. There will be no violation of Clause 40A of the Listing Agreement and the equity shares of PLL shall continue to be listed on BSE and NSE.

5. BACKGROUND OF THE TARGET COMPANY – PHOENIX LAMPS LIMITED ("PLL")

5.1 Phoenix Lamps Limited, having its registered office and corporate office at 59-A, Noida SEZ, Phase-II, Noida, District Gautam Budh Nagar, Uttar Pradesh-201 305 was incorporated as a public limited company by the name of 'Phoenix Lamps India Limited' on March 26, 1991 in Noida, Uttar Pradesh by Mr. B.K. Gupta, the core promoter, in technical and foreign collaboration with two Japanese Companies namely Phoenix Electric Co. Ltd. and SOEI Tsusho Company Ltd together with the Pradeshiya Industrial Investment Corporation of U.P. Ltd. [PICUP], to manufacture halogen automotive lamps, compact fluorescent lamps and other general lighting lamps. It obtained its certificate of commencement of business on June 11, 1991.

5.2 The name of Phoenix Lamps India Limited was changed to 'Phoenix Lamps Limited' vide fresh certificate of incorporation dated October 8, 2003.

5.3 The Company is engaged in manufacturing of Halogen Automotive Lamps, Compact Fluorescent Lamps and other General Lighting Lamps, Components, parts and fittings thereof. Its Two plants are located in the Special Economic Zone at Noida, U.P. The Third plant is located outside SEZ area in Noida, U.P. The Fourth plant is located at Dehradun, Uttaranchal. Now the Company is in the process of setting up its Fifth plant at Haridwar, Uttaranchal. The company's products include automobile head lamps under the Halonix brand, H3 type halogen lamps for fog lamps, J-type halogen lamps for general lighting applications, compact fluorescent lamps (single / double Htype), etc.

5.4 The Company has quality system compliance for all the units namely ISO 9001:2000 and TS 16949: 2002 certified by RWTUV, Germany. The Company's various locations comply with the environmental, occupational health & safety standards i.e. ISO 14001: 2004 and OHSAS 18001: 1999 and are certified by RWTUV Germany.

5.5 Pursuant to the consent of creditors, preference shareholder and equity shareholders, Allahabad High Court vide its order dated February 9, 2000, approved the scheme of arrangement and re-organisation of the share capital of PLL. As per the terms of this arrangement, PLL paid off 5.34 million equity shares held by PICUP for a total consideration of Rs.113.06 million [on an average of Rs.21.17 per share]. Further, the share capital was to be reduced to the extent of repayments made to PICUP i.e. 5.34 million equity shares was extinguished [for details of repayments made & shares extinguished, please refer to clause 5.9 of this Letter of Offer].

5.6 PLL restructured its Equity share capital held by its then main collaborator 'Phoenix Electric Co. Japan', by converting the equity shares into redeemable preference shares and varying the rate of dividend on the preference shares held by IDBI. As per the terms of approval given by Allahabad High Court vide its orders dated February 09, 2000 and April 10, 2002:

(i) In accordance with the terms of above schemes, 13,160,000 equity shares held by the erstwhile foreign collaborator, Phoenix Electric Co. Ltd, Japan, was converted into 1,316,000 Zero Coupon Redeemable Preference Shares of Rs.100/- of which 766,000 preference shares to be redeemed at par after March 31, 2007 and 550,000 preference shares to be redeemed at par after April 1, 2012.

(ii) The coupon rate of 1.09 million 15% Cumulative Redeemable Preference Shares of Rs.100/- each, held by IDBI, was reduced to 6% per annum, to be redeemed in 28 quarterly installments commencing from July 1, 2005.

(iii) Balance 0.91 Million 15% Cumulative Redeemable Preference Shares of Rs.100/- each was to be redeemed prematurely against fresh rupee loan from IDBI.

5.7 Capital Structure of PLL as on the date of this Letter of offer is as under:

Equity Shares	No of Shares / voting rights	% of Shares / voting rights
Fully paid-up equity shares of Rs.10/- each	23,849,300	100.00
Partly paid-up equity shares	-	-
Total paid up equity shares of Rs.10/- each	23,849,300	100.00
Total voting rights in target company	23,849,300	100.00
Zero Coupon Redeemable Preference share of Rs.100/- each	1,316,000	-
7.5% Cumulative Redeemable Preference share of Rs.100/- each	824,500	-
Zero Coupon Convertible Warrants, each Warrant convertible into One Equity Share*	41,70,000	-

Note: None of the preference shares are convertible.

* The Acquires have undertaken to exercise the conversion option and accordingly convert 41,70,000 Warrants into 41,70,000 Equity Shares before the completion of Offer formalities.

5.8 As on the date of this Letter of Offer, there are 1,316,000 Zero Coupon Redeemable Preference share of Rs.100/- each and 824,500 7.5% Cumulative Redeemable Preference share of Rs.100/- each which are not convertible. Further, in the Board meeting held on July 3, 2006; the Board of Directors allotted 4,170,000 warrants to the Acquirers. These Warrants can be converted into Equity Shares within 18 months from the date of allotment i.e July 3, 2006. However, The Acquires have undertaken to exercise the conversion option and accordingly convert 41,70,000 Warrants into 41,70,000 Equity Shares before the completion of Offer formalities.

5.9 Details of share capital history of PLL as on the date of this Letter of Offer are as under:

Equity Share Capital

Date of Issue/ Allotment	Shares		Cumulative No. of Shares	Consideration	Nature of allotment
	Number	Issue Price			
26-03-1991	70	10.00	70	Cash	Initial subscription to Memorandum
23-05-1992	15149930	10.00	15150000	Cash	Allotment of Shares under Promoters Quota
27-12-1992	5,780,000	10.00	20930000	Cash	Initial Public Offer
27-12-1992	2,680,000	10.00	23610000	Cash	Allotment of Shares to Promoters, their Friends and Relatives
27-12-1992	3,390,000	10.00	27000000	Cash	Allotment of Shares to Foreign Collaborators
30-06-1997	14,000,000	-	41,000,000	Amalgamation	Shares issued pursuant to amalgamation of PLL with Phoenix Electric (India) Limited
15-03-2000	(1,100,000)	-	39,900,000	Reduction	Payment and extinguishment of shares held by PICUP #

Date of Issue/ Allotment	Shares		Cumulative No. of Shares	Consideration	Nature of allotment
	Number	Issue Price			
15-03-2000	(7,660,000)	-	32,240,000	Conversion	Conversion of equity shares held by Phoenix Electric Co. Ltd., Japan into Zero Coupon Preference shares #
29-03-2001	(240,000)	-	32,000,000	Reduction	Payment and extinguishment of shares held by PICUP #
31-05-2001 28-07-2001 31-10-2001 27-03-2002	(400000) (200000) (500000) (760000)	-	30,140,000	Reduction	Payment and extinguishment of shares held by PICUP #
26-04-2002	(5,500,000)	-	24,640,000	Conversion	Conversion of equity shares held by Phoenix Electric Co. Ltd., Japan into Zero Coupon Preference shares #
29-06-2002 30-09-2002 16-12-2002 24-03-2002	(500000) (500000) (540000) (600000)	-	22,500,000	Reduction	Payment and extinguishment of shares held by PICUP #
26-04-2002	1,349,300	Rs. 10/-	23,849,300	In lieu of sacrifices made in re-structuring	Preferential Allotment ##

for details pertaining to capital restructuring, please refer clause 5.5 and 5.6 above

The Company made allotment of 13,49,300 fully paid up equity shares of Rs. 10/- each to Industrial Development Bank of India (IDBI) in lieu of sacrifice made by IDBI in debt re-structuring of the Company in terms of IDBI letter No. NDBO/476/CFD(IV)PLIL dated December 14, 2001 issued by IDBI with regard to restructuring of outstanding liabilities.

Notes:

- Company issued 4,170,000 Warrants to the Acquirers vide Board resolution dated July 3, 2006. The Acquires have undertaken to exercise the conversion option and accordingly convert 41,70,000 Warrants into 41,70,000 Equity Shares before the completion of Offer formalities.
- BSE and NSE have given their in-principle approval in respect of the Warrants vide their letters dated June 20, 2006 and June 21, 2006 respectively.

<u>Preference Share Capital</u>

Date of Allotment	Description	Amount of Preference Shares
08-12-1998	1087000 7.5% Cumulative Redeemable Preference Shares – To be redeemed at par in 28 Quarterly Installments from 01/04/2005	10,87,00,000
Less	7 Installments of 37,500 Preference Shares redeemed till date	2,62,50,000
	Preference Shares Outstanding	82450000
15-03-2000	766000 Redeemable Preference Shares – To be redeemed at Par on or after 31.03.2007	76600000
31-03-2002	550000 Redeemable Preference Shares – To be redeemed at Par on or after 01.04.2012	5,50,00,000
	Total Preference Share Capital	214050000

5.10 Listing: The Equity Shares of the Company are presently listed on BSE and NSE. Pursuant to the approval of Shareholders in the General Meeting held on July 30, 2004, the Equity Shares of the Company were voluntarily de-listed from UPSE, CSE and DSE vide letter no. UPSE/LC/2004-2005/3360 dated October 28, 2004; letter no. CSE/LD/716/ 2005 dated July 4, 2005 and letter no. DSE/LIST/332 dated December 10, 2004 respectively.

5.11 Compliance of SEBI Takeover Regulations: The following Shareholders were required to comply with the requirements of Chapter II of the SEBI Takeover Regulations as on the date of Public Announcement. There were no other Shareholders holding the required percentage of voting capital so as to warrant disclosure under Chapter II: Promoters have complied with the provisions of Chapter II of SEBI Takeover Regulations till date except for 21 days delay in filing declarations for the year ended March 31, 1997.

Promoters Share Capital Build up:

Sr. No.	Name & Address	Telephone No. / Fax No.	No. of Shares	%age
1.	Mr. Hulas Rahul Gupta C-12, Friends Colony, New Delhi – 110 065	Ph : 011-26841375 Fax : 011-26843949	46,63,618	19.55
2.	Ms. Priya Desh Gupta C-12, Friends Colony, New Delhi – 110 065	Ph : 011-26841375 Fax : 011-26843949	35,00,000	14.68
3.	M/s. SOEI Tsusho Company Limited	*	18,80,000	7.88
4.	Ms. Abha Gupta C-12, Friends Colony, New Delhi – 110 065	Ph : 011-26841375 Fax : 011-26843949	5,60,749	2.35
5.	Mr. Anand Kumar Agarwal 38, Sheikh Sarai, RPS Flats, Phase-I, New Delhi – 110 017	Ph : 26011993, 26015952	1,35,306	0.57
6.	Mr. Bhushan Kumar Gupta C-12, Friends Colony, New Delhi – 110 065	Ph : 011-26841375 Fax : 011-26843949	11,360	0.05
		Total Shareholding of the promoter group	**1,07,51,033**	**45.08**

* SOEI Tsusho Company Ltd has been adjudicated as bankrupt on August 5, 1998 by the Osaka District Court and Bankruptcy in Japan, which bankruptcy was registered on August 8, 2005. Hence telephone and fax numbers are not available as on date.

Shareholding of the promoter group

<u>Hulas Rahul Gupta</u>

Date of Acquisition/ Transfer	Particulars	No. of Shares	Purchase/ (Sale)	Cumulative Shares
27.12.1992	Promoter Quota Allotment	4,04,000		4,04,000
20.11.1997	Purchase	12,300	12,300	4,16,300
17.03.1998	Inter se Promoter Transfer	36,50,000	36,50,000	40,66,300
15.04.1998	Acquired from distribution of Assets of M/S. Sunstar Investments Pvt. Ltd.	38,000	38,000	41,04,300
15.04.1998	Acquired from distribution of Assets of M/S. Betterdeal Investments Pvt. Ltd.	75,550	75,550	41,79,850

Date of Acquisition/ Transfer	Particulars	No. of Shares	Purchase/ (Sale)	Cumulative Shares
07.07.2000	Purchase	55,000	55,000	42,34,850
07.04.2002	Inter se Promoter Transfer	3,62,960	3,62,960	45,97,810
12.11.2002	Purchase	1,000	1,000	45,98,810
13.11.2002	Purchase	1,400	1,400	46,00,210
14.11.2002	Purchase	7,500	7,500	46,07,710
22.11.2002	Purchase	9,980	9,980	46,17,690
09.12.2002	Purchase	33,662	33,662	46,51,352
10.12.2002	Purchase	7,066	7,066	46,58,418
11.12.2002	Purchase	2,500	2,500	46,60,918
09.01.2003	Purchase	1,000	1,000	46,61,918
13.01.2003	Purchase	200	200	46,62,118
13.03.2003	Purchase	1,500	1,500	46,63,618

Priya Desh Gupta

Date of Acquisition/ Transfer	Particulars	No. of Shares	Purchase/ (Sale)	Cumulative Shares
23.05.1992	Promoter Quota Allotment	2,00,000		2,00,000
30.06.1997	Issue of Shares on Amalagamation of erstwhile Phoenix Electric (India) Ltd. into the Company	20		2,00,020
During 1997-1998	Purchase	2,37,300	2,37,300	4,37,320
01-11-1998	Inter se Promoter Transfer	2,34,000	2,34,000	6,71,320
22.02.1999	Inter se Promoter Transfer	10,46,480	10,46,480	17,17,800
During 1998-1999	Purchase	2,35,100	2,35,100	19,52,900
During 1999-2000	Purchase	2,98,400	2,98,400	22,51,300
During 2000-2001	Sale	1,35,202	(1,35,202)	21,16,098
During 2001-2002	Purchase	27,600	27,600	21,43,698
During 2002-2003	Sale	62,765	(62,765)	2,080,933
During 2003-2004	Purchase	8,600	8,600	20,89,533
During 2004 -2005	Purchase	43,127	43,127	21,32,660

Date of Acquisition/ Transfer	Particulars	No. of Shares	Purchase/ (Sale)	Cumulative Shares
During 2005-2006	Purchase	17,500	17,500	21,50,160
During 31.03.2006	Inter se Promoter Transfer	13,60,000	13,60,000	35,10,160
Upto 19.05.2006	Purchase	1,200	1,200	35,11,360
23.06.2006	Inter se Promoter Transfer	11,360	(11,360)	35,00,000

<u>Soei Tsusho Company Limited</u>

Date of Acquisition/ Transfer	Particulars	No. of Shares	Purchase/ (Sale)	Cumulative Shares
23.05.1992	Promoter Quota Allotment	7,50,000		7,50,000
27.12.1992	Promoter Quota Allotment	6,00,000		13,50,000
01.11.1996	Inter se Promoter Transfer	1,70,000	(1,70,000)	11,80,000
30.06.1997	Issue of Shares on Amalagamation of erstwhile Phoenix Electric (India) Ltd. into the Company	7,00,000		18,80,000

<u>Abha Gupta</u>

Date of Acquisition/ Transfer	Particulars	No. of Shares	Purchase/ (Sale)	Cumulative Shares
26.03.1991	Susbscription to Memorandum	10		10
23.05.1992	Promoter Quota Allotment	24,000		24,010
30.06.1997	Issue of Shares on Amalagamation of Erstwhile Phoenix Electric (India) Ltd. into the Company	20		24,030
01.11.1998	Inter se Promoter Transfer	3,69,500	3,69,500	3,93,530
30.09.1999	Inter se Promoter Transfer	1,50,000	1,50,000	5,43,530
24.03.2005	Purchase	15,219	15,219	5,58,749
29.03.2005	Purchase	2,000	2,000	5,60,749

<u>Anand Kumar Agarwal</u>

Date of Acquisition / Transfer	Particulars	No. of Shares	Purchase / (Sale)	Cumulative Shares
26.03.1991	Susbscription to Memorandum	10		10
23.05.1992	Promoter Quota Allotment	30		40
27.12.1992	Promoter Quota Allotment	4,500		4,540
01.04.1993	Purchase	1,000	1,000	5,540

Date of Acquisition / Transfer	Particulars	No. of Shares	Purchase / (Sale)	Cumulative Shares
01.02.1994	Purchase	300	300	5,840
15.02.1996	Sale	600	(600)	5,240
15.07.1996	Sale	200	(200)	5,040
16.08.1996	Sale	2,800	(2,800)	2,240
02.09.1996	Sale	1,200	(1,200)	1,040
16.09.1996	Sale	400	(400)	640
02.01.1997	Sale	500	(500)	140
15.04.1997	Purchase	4,500	4,500	4,640
30.06.1997	Issue of Shares on Amalagamation of erstwhile Phoenix Electric (India) Ltd. into the Company		27,420	32,060
15.07.1998	Purchase	500	500	32,560
14.08.1998	Purchase	4,100	4,100	36,660
30.09.1998	Purchase	10,000	10,000	46,660
01.12.1998	Purchase	25,200	25,200	71,860
30.09.1999	Purchase	3,700	3,700	75,560
18.09.2001	Purchase	200	200	75,760
As on 31.03.2002	Purchase	14,545	14,545	90,305
As on 31.03.2003	Purchase	7,450	7,450	97,755
As on 31.03.2004	Purchase	20,440	20,440	1,18,195
As on 31.03.2005	Purchase	2,250	2,250	1,20,445
As on 31.03.2006	Sale	2,639	(2,639)	1,17,806
As on 16.05.2006	Purchase	17,500	17,500	1,35,306

Bhushan Kumar Gupta

Date of Acquisition/ Transfer	Particulars	No. of Shares	Purchase/ (Sale)	Cumulative Shares
26.03.1991	Susbscription to Memorandum	10		10
23.05.1992	Promoter Quota Allotment	4,00,000		4,00,010
01.03.1994	Transmission of Shares	900	900	4,00,910
30.06.1997	Issue of Shares on Amalagamation of Erstwhile Phoenix Electric (India) Ltd. into the Company	4,420	4,420	4,05,330

Date of Acquisition/ Transfer	Particulars	No. of Shares	Purchase/ (Sale)	Cumulative Shares
15.04.1998	Acquired from distribution of Assets of M/S. Sunstar Investments Pvt. Ltd.	38,000	38,000	4,43,330
15.04.1998	Acquired from distribution of Assets of M/S. Betterdeal Investments Pvt. Ltd.	75,550	75,550	5,18,880
01.11.1998	Inter se promoter transfer	4,91,000	4,91,000	10,09,880
10.02.1999	Purchase	27,900	27,900	10,37,780
13.02.1999	Purchase	200	200	10,37,980
17.02.1999	Purchase	8,400	8,400	10,46,380
20.02.1999	Purchase	100	100	10,46,480
22.02.1999	Inter se Promoter Transfer	10,46,480	(10,46,480)	NIL
23.06.2006	Inter se Promoter Transfer	11,360	11,360	11,360

5.12 Compliance of listing agreement and penal action taken by Stock Exchanges: PLL has complied with the provisions of the listing agreement and no penal action has been taken by the Stock Exchanges.

5.13 The Company's management is vested with the Board of Directors. The composition of the Board of Directors as on the date of PA was as under.

Name of Directors	Designation	Date of appointment	Qualification	Address	Experience
Mr. Bhushan Kumar Gupta	Chairman	30-04-2004	Graduate	C-12, Friends Colony, New Delhi-110 065	46
Mr. Hulas Rahul Gupta	Managing Director	22-09-1992	Bachelors in Business Admn	C-12, Friends Colony, New Delhi-110 065	22
Mr. Anand Kumar Agarwal	Whole Time Director	26-03-1991	Chartered Accountant	38, Sheikh Sarai, Phase-I, RPS, New Delhi-110 017	35
Mrs. Sudesh Yadav	IDBI Nominee	05-09-2002	Advocate	House No. 1567, Sector-15, Part-II, Gurgaon	30
Mr. K Mohan Ram Pai	Independent & Non-Executive Director	30-09-2003	Bachelors in Arts, CAIIB	904, Salvation Apartments CHS, N M Kale Marg, Dadar, Mumbai- 400 028	45
Mr. Anil Sharma	Independent & Non-Executive Director	24-12-1997	B.E.(Electrical), Post Graduate Diploma in Mgt	A-3/23, Vishwas Khand-III, Gomtil Nagar, Lucknow-226 010	37

The Acquirers did not have any representatives on the Board of Directors as on the date of PA. In accordance with the terms of the WSSPA, "the Acquirers may exercise their right to nominate a majority of the Directors at any time after a period of 21 (twenty one) days of the Public Announcement. In accordance with the second proviso to Regulation 22 (7) of the Takeover Regulations, the Acquirers have deposited in escrow 100 (one hundred) % of the purchase consideration payable to the public shareholders assuming full acceptance of the all the Shares offered to be purchased in the Offer". Accordingly, two nominee directors were inducted into the Board of PLL on September 25, 2006.

Mr. Bhushan Kumar Gupta: Mr. Bhushan Kumar Gupta, aged 70 years, the main Promoter of the Company has wide industrial, operational and administrative experience of more than 4 decades in India and abroad with a Western outlook to industrialization and a flare for identifying new products and ideas with potential. He has widely travelled and got substantial exposure in all functional areas of lighting industry. He has been instrumental in exponential growth and development of the Company.

Mr. Hulas Rahul Gupta: Mr. Hulas Rahul Gupta, aged 46 years, a Bachelor in Business Administration from Concordia University, Montreal (Canada), is associated with the Company since 1991. He has widely travelled and got substantial exposure in all functional areas of lighting industry. He has been instrumental in exponential growth and development of the Company. As CEO of the Company, he is responsible for its operations, growth and future prospects.

Mr. Anand Kumar Agarwal: Mr. Anand Kumar Agarwal is a Chartered Accountant with varied business experience of over 35 years in the fields of sales, finance, taxation, legal, business administration and planning. He is a Whole-time Director and takes care of the day-to-day operations of the company.

Mrs. Sudesh Yadav: Mrs. Sudesh Yadav, Advocate by Profession is a Nominee Director of Industrial Development Bank of India Limited. She is associated with the Company since January, 2003.

Mr. K Mohan Ram Pai: Mr. K. Mohan Ram Pai, aged 68 years, having qualification B.A., C.A.I.I.B. has expertise in Banking & Finance. He is associated with the Company since January, 2003.

Mr. Anil Sharma: Mr. Anil Sharma is an Engineering Graduate from the University of Roorkee and holds a Post Graduate Diploma in Management from All India Management Association, New Delhi. He retired as a Dy. General Manager of PICUP. He has over 37 years of experience in project development, implementation and follow-up in different segments of the Industry; Automobile components and Telecommunications sector in specific.

Subsequent to PA, following 5 Directors have been appointed on the Board including 2 nominee directors of the Acquirers.

Name of Directors	Designation	Date of Appointment	Qualification	Address	Exper-ience
MR. DONALD MACINNES PECK	Nominee Director of M/s. Argon India Limited and Argon South Asia Limited	25-09-2006	MA and a Doctorate in economic history from Oxford University	B 12, 2nd Floor, Nizamuddin East, New Delhi – 110013	30
MR. STEVEN MARK ENDERBY	Nominee Director of M/s. Argon India Limited and Argon South Asia Limited	25-09-2006	Degree in Economics from Queens University, Belfast Qualified Accountant	E-2, Pushpanjali Farms, Village Bijwasan, New Delhi – 110061	21
MR. JAYANT DAVAR	Independent Director	25-09-2006	Mechanical Engineer, Alumni of Harvard Business School	50, Sultanpur Farms, Prakarti Marg, M. G. Road, New Delhi-110030	21
MR. RAJ KRISHAN SAHGAL	Independent Director	25-09-2006	Graduate Electrical Engineer – Faraday House College of Engineering, London, U.K. AMP, Harvard Business School, Cambridge, MA, USA.	Upper Dahlia Cottage, Kasauli, Himachal Pradesh – 173204, India	43
MR. GURDEEP SINGH	Independent Director	25-09-2006	B.Tech. Chem. Engg. IIT- Delhi	B-17, Vasant Marg, Vasant Vihar, New Delhi – 110057 India	40

5.14 Brief audited financial details of PLL:

Profit & Loss Statement Rs. in Lakhs

For the year ended	**31st March 2006**	**31st March 2005**	**31st March 2004**
Income from Operations - Net	23,603.99	19,674.15	14,865.87
Other Income	335.13	149.94	163.93
Total Income	23,939.12	19,824.09	15,029.80
Total Expenditure	19,523.12	15,983.02	11,640.27
Profit before Depreciation, Interest and tax	4,416.00	3,841.07	3,389.53
Depreciation	1,429.95	1,483.41	1,417.99
Interest	600.87	654.92	637.68
Profit before tax	2,385.18	1,702.74	1,333.86
Extra-ordinary Items	(209.15)	-	—
Provision for tax	96.70	451.94	389.13
Profit after tax	2,497.63	1,250.80	944.73

Balance Sheet Statement Rs. in Lakhs

As on	**31st March 2006**	**31st March 2005**	**31st March 2004**
Sources of Funds			
Paid up share capital			
Equity shares of Rs.10/- each	2,384.93	2,384.93	2,384.93
Zero Coupon Redeemable Preference shares of Rs.100/- each	974.50	1,087.00	1,087.00
7.5% Cumulative Redeemable Preference shares of Rs.100/- each *	1,316.00	1,316.00	1,316.00
Reserves & Surplus (excluding revaluation reserve)	3,158.45	1,367.02	614.61
Net Worth (excluding Preference shares)	**5543.38**	**3751.95**	**2999.54**
Secured Loan	5,578.37	5,498.06	5,072.66
Unsecured Loan	2,500.00	588.82	603.63
Deferred tax liability	852.02	1,125.91	1,343.46
Total	**16,764.27**	**13,367.74**	**12,422.29**
Uses of Funds			
Net Fixed Assets	8,596.30	8,817.13	8,981.32
Investments	5.20	0.20	0.20
Net Current Assets	8,162.77	4,550.41	3,440.77
Total	**16,764.27**	**13,367.74**	**12,422.29**

Contingent Liability as at March 31, 2006 Rs. in Lakhs

Unexpired Bank Guarantee	86.50
Unexpired letters of credit	25.61
Suspension period wages under dispute	37.71
Disputed demand of Custom/ Excise	6.00
Disputed demand of Income Tax	49.00
Trade Tax/ Sales Tax demand under appeal	3.37

Other Financial data

Particulars	**31st March 2006**	**31st March 2005**	**31st March 2004**
Dividend (%)			
Equity shares	20.00	15.00	10.00
Preference shares	7.50	6.00	6.00
Earning Per Share (Rs.)	9.67	4.84	3.53
Return on Net Worth (%)	45.06	33.34	31.50
Book Value per share (Rs.)	23.24	15.73	12.58

Note:

(a) Net worth does not include Preference share capital

(b) Earnings Per Shares (Rs.) = Profit attributable to Equity Shareholders/ Weighted average number of Shares

(c) RONW= Profit after tax/ Net Worth

(d) Book Value per share (Rs.) = [Net Worth-Preference share capital]/ No of Equity Shares

* Coupon rate changed from 6%p.a. to 7.5% p.a. with effect from July 1, 2005 as decided with IDBI.

Reason for fall/rise in total income and PAT:

Financial Year 2005-06 vis-a-vis Financial Year 2004-05 [Extract from Directors Report]:

PLL's gross sales grew by 22% to Rs.24,868 Lakhs in 2005-06 while net profit witnessed an increase of around 94%. The improvement in performance of the Company could mainly be attributed to healthy growth of automobile sector, higher capacity utilization, ongoing emphasis on productivity and efficiency, improvement in all areas of operation.

Financial Year 2004-05 vis-a-vis Financial Year 2003-04 [Extract from Directors Report]:

Gross turnover at Rs. 20,275.06 Lakhs recorded a growth of 22%. Profit before tax at Rs. 1,702.74 Lakhs registered a growth of 28%. Net Profit after tax at Rs. 1,232.73 Lakhs recorded a growth of 32%. Production of automotive lamps increased by 10% and production of general lighting lamps increased by 33% over the previous year 2003-04. The improvement in performance of the Company could mainly be attributed to growth in automobile as well as Compact Fluorescent Lamps sector.

5.15 **Shareholding pattern before and after the Offer (assuming full acceptances) as on the date of Public Announcement:**

Category	Shareholding & voting rights prior to WSSPA		Warrants acquired by way of preferential allotment	Shares acquired through WSSPA, which triggered regulation	Shares/voting rights to be acquired in open offer (assuming full acceptances)		Share holding / voting rights after open-offer	
	Shares	%	Number		Shares	%		
(1) Promoter & Promoter Group								
a) Parties to agreement	8,735,727	36.63		(8,735,727)	-	-	-	-
b) Parties other than above	2,015,306	8.45			-	-	-	-
Total 1 (a + b)	**10,751,033**	**45.08**		**(8,735,727)**	**-**	**-**	**-**	**-**
(2) Acquirer Company								
a) Argon India Limited	-	0.00	3,336,000	6,988,582				
b) Argon South Asia Limited	-	0.00	834,000	1,747,145				
Total 2 (a+b)	**-**	**0.00**	**4,170,000**	**8,735,727**	**5,603,860**	**20.00**	**18,509,587**	**66.06**
(3) Public (other than parties to agreement, promoters, acquirers & PACs)	**13,098,267**	**54.92**			**(5,603,860)**	**(20.00)**	**7,494,407**	**26.75**
(4) Erstwhile Promoters							**2,015,306**	**7.19**
GRAND TOTAL	**23,849,300**	**100.00**	**4,170,000**				**28,019,300**	**100.00**

Note:

(a) Acquirers or PACs have not acquired any shares of PLL after the date of Public Announcement.

(b) Since there is transfer of control the existing promoters of the company will cease to be the promoters of the Company. Their holding post open-offer shall form part of the Public holding. Open Offer size is 20% of the equity share capital 'post conversion of warrants'.

5.16 Shareholding of Promoters: As on the date of this Letter of Offer, Promoter & Promoter Group hold 10,751,033 equity shares constituting 45.08% of the paid-up equity share capital of the Company.

5.17 As on July 08, 2006 ie Specified Date, there were 24,062 Shareholders and all owners (registered or unregistered) of Equity Shares of PLL except the signatories to the WSSPA i.e. Acquirers, Sellers and PACs are eligible to participate anytime before closure of the Offer.

5.18 *Corporate Governance:* PLL is committed to the concept and philosophy of Corporate Governance as a means of effective internal control, highest level of transparency, professionalism and accountability in all areas of its operations for enhancing customer satisfaction and stakeholder value. M/s. Chandrasekaran Associates, Company Secretaries have certified vide their letter dated May 26, 2006 that PLL has complied with all the mandatory conditions of Clause 49 of the Listing Agreement *[Source: Audit Report 2005-06]*.

5.19 Compliance Officer: PLL has appointed Mr. Atul Kumar Mittal, Company Secretary as the Compliance Officer and his address is 59-A, Noida SEZ, Phase-II, Noida, District Gautam Budh Nagar, Uttar Pradesh-201 305; Tel: 0120 401 2222; Fax: 0120 256 2943.

5.20 Pending Litigation matters / Disputed Liability : As per the Audit Report 2005-06, details of pending disputes are as under:

Nature of dispute	Amount as on March 31, 2006 (Rs. in Lakhs)
Trade Tax/ Sales Tax demand under appeal	3.37
Disputed amount of Income Tax	49.00
Disputed demand of Custom/Excise	6.00
Suspension period wages under dispute	37.71

Source: Audit Report 2005-06

5.21 There were no mergers, demergers and/or spin-offs involving the Target Company during the last three years.

6. OFFER PRICE AND FINANCIAL ARRANGEMENTS

6.1 Justification of Offer Price

6.1.1 The Equity Shares of PLL are presently listed and traded on BSE and NSE.

6.1.2 During the six months prior to the month in which the Public Announcement was made i.e. January 2006 to June 2006 the shares were traded only on BSE and NSE. Details of trading during this period was as follows:

Stock Exchanges	Total shares traded	Total No. of listed shares as on the date of Board Meeting	Annualized trading turnover as a % of total number of listed shares
BSE	12,315,317	23,849,300	103.28
NSE	18,848,242	23,849,300	158.06

Source: www.bseindia.com; www.nseindia.com

Based on the information available, the Equity Shares are deemed to be frequently traded on BSE & NSE as the annualized trading turnover based on the trading during 6 calendar months i.e. January 2006 to June 2006 is more than 5% of the total number of listed equity shares in terms of Explanation (i) to Regulation 20(5) of the SEBI Takeover Regulations.

As the annualized trading turnover on NSE based on the trading during 6 calendar months i.e. January 2006 to June 2006 is 158.06% of the total number of listed shares which is more than 5%, the shares of PLL are deemed to be "most frequently traded" on NSE in terms of Explanation (i) to Regulation 20(5) of SEBI Takeover Regulations. As per the parameters set out in Regulation 20(4) of SEBI Takeover Regulations, applicable for companies whose shares are frequently traded, the minimum offer price works out to Rs. 190.00 and the open offer price of Rs. 190.00 is the highest of the parameters as specified in Regulation 20(4) of SEBI Takeover Regulations.

6.1.3 Average of the weekly high and low of the closing prices and volume data in NSE (where the shares are most frequently traded) for the 26 weeks period ended July 6, 2006 i.e. date preceding the date of Public Announcement:

Wk No	Week Ending	Weekly High	Weekly Low	Weekly Average	Volume Traded
1	12-Jan-06	109.30	103.25	106.28	284,362
2	19-Jan-06	104.10	98.45	101.28	248,386
3	26-Jan-06	105.25	99.35	102.30	375,914

Wk No	Week Ending	Weekly High	Weekly Low	Weekly Average	Volume Traded
4	2-Feb-06	99.05	87.40	93.23	443,480
5	9-Feb-06	91.40	87.65	89.53	180,772
6	16-Feb-06	91.85	89.65	90.75	119,667
7	23-Feb-06	95.35	86.20	90.78	439,627
8	2-Mar-06	96.35	91.15	93.75	225,669
9	9-Mar-06	90.60	86.95	88.78	230,512
10	16-Mar-06	87.40	85.65	86.53	110,075
11	23-Mar-06	86.55	81.75	84.15	275,208
12	30-Mar-06	85.40	81.15	83.28	150,579
13	6-Apr-06	90.30	83.10	86.70	223,934
14	13-Apr-06	86.70	82.15	84.43	271,686
15	20-Apr-06	86.10	80.20	83.15	240,278
16	27-Apr-06	84.15	82.40	83.28	327,233
17	4-May-06	101.30	82.50	91.90	1,948,737
18	11-May-06	102.40	97.00	99.70	774,863
19	18-May-06	114.15	94.00	104.08	2,358,085
20	25-May-06	129.15	106.80	117.98	4,965,249
21	1-Jun-06	130.30	120.15	125.23	1,790,446
22	8-Jun-06	121.75	103.15	112.45	1,191,339
23	15-Jun-06	110.30	95.75	103.03	295,999
24	22-Jun-06	121.30	99.75	110.53	58,012
25	29-Jun-06	131.05	122.70	126.88	610,185
26	6-Jul-06	136.30	124.00	130.15	256,570
				26 weeks average (Rs.)	**98.85**

Source: www.nseindia.com

The Target Company announced a dividend of Rs.2/- per share on May 26, 2005 and the Shares of the Company started trading on an ex-dividend basis from June 14, 2006. Hence in compliance with Regulation 20(11) of the Takeover Regulations, cum-dividend quotation between periods May 26, 2005 to June 14, 2006 shall be adjusted for the dividend amount of Rs.2/- per Equity Share, as under:

Sr. No.	Week Ending	Average (Rs.)	Adjusted Average (Rs.)	Weeks
1.	6-Jun-06	122.52	124.52	3
2.	15-Jun-06	113.57	113.57	3
3.	25-May-06	93.09	95.09	20
Weighted Average for 26 weeks (Rs.)				100.62
Adjusted for dividend of Rs. 2/- per share				**98.62**

6.1.4 Average of daily high and low prices for the 2 weeks period ended July 6, 2006 i.e. date preceding the date of Public Announcement:

Relevant Dates	DailyHigh	DailyLow	DailyAverage
23-Jun-06	127.40	120.00	123.70
25-Jun-06	132.00	129.25	130.63
26-Jun-06	133.00	124.50	128.75
27-Jun-06	126.00	118.30	122.15
28-Jun-06	126.70	120.00	123.35
29-Jun-06	131.40	124.75	127.95
30-Jun-06	137.40	131.00	134.20
3-July-06	139.00	132.75	135.88
4-July-06	138.00	130.00	134.00
5-July-06	134.00	126.60	130.03
6-July-06	124.95	122.10	123.53
		2 weeks Average (Rs.)	**128.58**

Source: www.nseindia.com

6.1.5 The Offer Price of Rs.190/- per equity share of the face value Rs.10/- each of PLL is justified in terms of Regulation 20(4) of the Takeover Regulations in view of being the highest of the following:

Parameters as per Regulation 20(4)	**Price per Equity Share of Rs.10/- each of PLL**
Negotiated Price in WSSPA as amended	190.00
Average of the weekly high and low of the closing prices of PLL as quoted on NSE where the Equity Shares are most frequently traded during the 26 weeks preceding the Public Announcement i.e. July 7, 2006 as a djusted for dividend in terms of Regulation 20(11) of the Takeover Regulations [Please refer to clause 6.1.3 above]	98.62
Average of daily high and low prices of PLL as quoted on NSE where the equity shares are most frequently traded during the 2 weeks preceding the date of Public Announcement i.e. July 7, 2006	128.58

6.1.6 Therefore the Offer Price of Rs.190/- per equity share of the Face Value of Rs.10/- each of PLL is as per the parameters as set out in Regulation 20(4) of SEBI Takeover Regulations and the Offer Price is justified as per Regulation 20(11) of SEBI Takeover Regulations as stated above.

6.1.7 Based on the above, (a) the Manager to the Offer and (b) the Acquirers and PACs are of the opinion that the Offer Price of Rs.190/- per Equity Share is justified.

6.1.8 It will be ensured that the Offer Price is higher than the highest price paid by the Acquirers and PACs, for any acquisition of Equity Shares of PLL, if any, from the date of Public announcement i.e. July 7, 2006 up to 7 working days prior to the closure of the Offer i.e. Tuesday – February 13, 2007.

6.2 Financial Arrangements

6.2.1 The total funds required for the acquisition of 56,03,860 Equity Shares of PLL in the Open Offer assuming full acceptance at the originally announced open offer price of Rs.152/- per equity share amounts to Rs. 85,17,86,720/- [Rupees Eighty Five Crores Seventeen Lakhs Eighty Six Thousand Seven Hundred and Twenty Only]. Mr. Heerdaye Jugbandhan, Chartered Accountants, [Membership No: 0125329] Les Cascades, Edith Cavell Street, Port Louis, Mauritius, Tel No: (230) 212 9800, Fax No: (230) 212 9833, Email ID: heerdaye.jugbandhan@imm.mu have certified vide their letters dated July 04, 2006 and July 21, 2006 that Acquirers and the PACs have adequate financial resources to finance the above mentioned acquisition, to the extent of their obligations of the Offer.

Aforesaid certificate was issued based on the financial highlights of PACs which are disclosed under the head "Details of PACs"

6.2.2 Pending receipt of the approval of the RBI to open and operate escrow and special accounts in India, prior to release of Public Announcement, the Acquirers have opened an offshore cash escrow account with Standard Chartered Bank, Level 8 Happy World House, 37 Sir William Newton Street, Port Louis, Mauritius (hereinafter referred to as "Cash Escrow") under the name and style of "**Argon Escrow A/C Phoenix Lamps Open Offer**" bearing No. 01/001/10366/00 and deposited USD 16,140,000 equivalent to Rs.74,29,24,200 (Rupees Seventy Four Crores Twenty Nine Lakhs Twenty Four Thousand Two Hundred only) at an exchange rate of Rs.46.03 per USD [RBI Reference Exchange Rate as on July 5, 2006]

Subsequently, after the release of Public Announcement, the Acquirers have deposited USD 2,817,200 equivalent to Rs.13,19,57,648 (Rupees Thirteen Crores Nineteen Lakhs Fifty Seven Thousand Six Hundred Forty Eight only) at an exchange rate of Rs.46.84 per USD [RBI Reference Exchange Rate as on July 20, 2006]. Accordingly, total funds lying in the offshore cash escrow account is USD 18,957,200 equivalent to Rs. 88,79,55,248/- at an exchange rate of Rs.46.84 per USD [RBI Reference Exchange Rate as on July 20, 2006].

However, subsequent to PA, the Acquirers received approval from RBI vide letter No. FE.CO.FID/ 2768/10.21.047/2006-07 dated August 7, 2006 for opening and operation of domestic escrow account and special account and transferred the aforementioned funds i.e. US$ 18,957,200 from offshore cash escrow account with Standard Chartered Bank, Mauritius to domestic cash escrow account opened with Standard Chartered Bank, 23/25, Mahatma Gandhi Road, Fort, Mumbai 400001 under the name and style of "Argon Escrow (Domestic) a/c Phoenix Lamps Open Offer" and bearing No. 22205330068. Standard Chartered Bank Mumbai vide their letter dated January 18, 2007 certified that as on September 4, 2006 an amount of Rs. 87,58,19,408.25 was lying to the credit of the said domestic cash escrow account.

SEBI vide their letter dated December 27, 2006 advised the Acquirers to revise the offer price from Rs. 152/- per share to Rs. 190/- per share which necessitated additional escrow funding. Therefore, Acquirers have deposited USD 4,817,800 equivalent to Rs. 21,49,22,058/- (Rupees Twenty One Crores Forty Nine Lakhs Twenty Two Thousand Fifty Eight only) at an exchange rate of Rs. 44.61 per USD [RBI Reference Exchange Rate as on January 12, 2007] into offshore cash escrow account. As soon as requisite approval is obtained from RBI, Acquirers will, upon the instructions of the Manager to the Offer, transfer these funds to the domestic cash escrow account opened with Standard Chartered Bank, 23/25, Mahatma Gandhi Road, Fort, Mumbai 400001.

Funds lying in the offshore cash escrow account and domestic cash escrow account is more than 100% of the total purchase consideration payable under the Offer assuming full acceptance at the aforesaid Offer Price. Acquirers have confirmed that the funds lying in the above mentioned offshore Cash Escrow account and domestic cash escrow account will be utilized exclusively for the purpose of the Offer. Further, Manager to the Offer have been empowered to operate the offshore Cash Escrow account and domestic cash escrow account in compliance with Regulation 28 of SEBI Takeover Regulations.

6.2.3 As (a) aforesaid offshore Cash Escrow account and domestic cash escrow account constitute more than 100% the total purchase consideration payable under the Offer and (b) Mr. Heerdaye Jugbandhan, Chartered Accountants has certified that the Acquirers and the PACs have adequate financial resources to finance the Offer, the Manager to the Offer are satisfied that firm arrangements for financial resources required to implement the Offer i.e. funds and money for payment through verifiable means are in place to fulfill the Offer obligations and are satisfied that Acquirers have the ability to implement the Offer in accordance with the Regulations.

6.2.4 In the event of any short fall in the Cash Escrow amount arising on account of exchange rate fluctuations, the Acquirers have undertaken to provide additional funds to ensure that the escrow account has adequate funds to the extent of 100% of the total purchase consideration payable under the Offer, to discharge their Offer obligations irrespective of fluctuations in the exchange rate.

6.2.5 Source of funds which are put in the escrow account for meeting the offer obligation: Argon India and Argon South Asia are companies incorporated under the laws of Mauritius which are 98.85% owned by Actis India and Actis South Asia (the "Funds") respectively. The Funds are managed by Actis Capital LLP ("Actis") under a Management Agreement with the Funds. The remaining 1.15% of Argon India and Argon South Asia is owned by Actis Executive Co-Investment Plan L.P. whose principal investors are the officers and employees of Actis.

The Funds are limited liability partnerships registered in the UK. Actis India has USD 325 million in commitments from its limited partners while Actis South Asia has USD 115 million in commitments from its limited partners. CDC Group plc (formerly known as Commonwealth Development Corporation - owned by the Government of the United Kingdom) is the cornerstone investor in both the Funds and several other global financial institutions, mutual funds are amongst the principal investors in the Funds.

Actis India and Actis South Asia through their corpus of funds have created and funded Argon India and Argon South Asia to acquire the shareholding of the Promoters of PLL (for approximately INR 166 crores) and also funded the acquisition of additional 20% paid up capital of the company through the public open offer (approximately INR 85 crores). Specifically, the entire amount of funds required for the open offer is already deposited in escrow account in Mauritius and India and the relevant details of the certificate obtained from a CA are given in Clause 6.2.1.

7. TERMS AND CONDITIONS OF THE OFFER

7.1 The Offer is being made by the Acquirers to (a) all Shareholders of PLL whose names appeared in the Register of Members on Saturday – July 8, 2006 i.e. Specified Date except parties to the WSSPA and PACs (b) beneficial owners of the Equity Shares of PLL whose names appeared as beneficiaries on the records of the respective Depositories, at the close of business hours on Saturday – July 8, 2006 i.e. Specified Date and (c) to those persons who acquire Equity Shares of PLL any time prior to the date of the closure of the Offer i.e. Saturday – February 24, 2007 but who are not the registered Shareholders of PLL.

7.2 The Offer is not subject to any minimum level of acceptance and the Acquirers will be obliged to acquire up to a maximum of 56,03,860 equity shares of PLL that are tendered in the valid form in terms of this Offer subject to the terms and conditions mentioned in the PA and this Letter of Offer. Equity Shares of PLL that would be tendered in the valid form in terms of this Offer will be transferred in favour of Acquirers in the ratio to be decided by the Acquirers and PACs after the closure of the Offer in consultation with the Manager to the Offer.

7.3 The Offer will open on Monday - February 5, 2007 and close on Saturday – February 24, 2007.

7.4 Shareholders who have accepted the Offer by tendering the requisite documents in terms of the Public Announcement / Letter of Offer can withdraw the same up to three working days prior to the date of the closure of the Offer i.e. on or up to Tuesday – February 20, 2007.

7.5 The instructions, authorizations and provisions contained in the Acceptance Form constitute an integral part of the terms of this Offer.

7.6 Each Shareholder of PLL to whom this Offer is being made to is free to offer his shareholding in PLL in whole or in part while accepting the Offer. However, (i) parties to the WSSPA i.e. (a) Acquirers and (b) Sellers and (c) the PACs are not eligible to tender their Shares under the Offer.

7.7 The Shares will be acquired by the Acquirers free from all liens, charges and encumbrances and together with all rights attached thereto, including the right to all dividends, bonus and rights offer declared thereafter.

7.8 The Offer is subject to receipt of the following statutory and regulatory approvals, and clearances:

Approval of the Reserve Bank of India [RBI] for remittance of requisite additional funds [deposited into off shore escrow account in view of upward revision in open offer price] from off shore escrow account to domestic escrow account.

No approvals from banks / financial institutions are required for the Offer.

7.9 As on date no other statutory / other approvals other than those indicated above are required for the Offer. If any other statutory approvals become applicable, the offer would be subject to such approvals. The Acquirers will have a right, in terms of Regulation 27 (1)(b) of SEBI Takeover Regulations, not to proceed with the Offer in the event that statutory approvals indicated above are not received or are refused.

7.10 In case of delay in receipt of statutory approvals as explained above, SEBI has power to grant extension of time to Acquirers for payment of purchase consideration to eligible Shareholders, subject to Acquirers agreeing to pay interest at the rate of 10% pa or as directed by SEBI, for the delayed period in terms of Regulation 22(12) of the Regulations. If the delay occurs due to willful default of the Acquirers in obtaining requisite approvals, Regulation 22(13) of the Regulations will become applicable.

7.11 Where the Acquirers fail to obtain the requisite approvals in time on account of willful default or neglect or inaction or non-action on its part, the amount lying in the escrow account shall be liable to be forfeited and dealt with in the manner provided in Regulation 28 of SEBI Takeover Regulations, apart from the Acquirers being liable for penalty as provided in the Regulations.

7.12 There has been no competitive bid.

7.13 As the Offer Price cannot be revised during 7 working days prior to the closing date of the Offer, it would be in the interest of the Shareholders to wait till the commencement of that period to know the final Offer Price and tender their acceptance accordingly.

7.14 The Manager to the Offer shall within a period of 45 days of the closure of the Offer inform the Stock Exchanges and SEBI as to level of acceptance received thereof.

7.15 The acceptance of the Offer of the Acquirers is entirely at the discretion of the Equity Shareholders of PLL. The Acquirers will not be responsible for any loss of Share certificate(s) and Offer acceptance documents during transit and the Shareholders of PLL are advised to adequately safeguard their interests in this regard.

7.16 The Acquirers will proceed with the Offer even if they are unable to obtain acceptance to the extent of 56,03,860 fully paid-up equity shares of face value of Rs.10/- each of PLL.

7.17 In the case of Shares acquired from non resident shareholders, the Acquirers will not be responsible for any fall in the value of the Rupee due to any fluctuation in the foreign exchange market on account of delay in the approval.

7.18 Accidental omission to dispatch this Letter of Offer to any person to whom this Offer has been made to or non-receipt of this Offer by any such person shall not invalidate the Offer in any way.

7.19 The acceptance must be unconditional and should be sent with the attached form duly filled in, signed by the applicant Shareholder(s) which should be received by the Registrar to the Offer at the address mentioned in Para No. 8.13 on or before Saturday – February 24, 2007. If any change or modification is made, the acceptance is liable to be rejected.

7.20 Expenses relating to the Offer will be borne by the Acquirers.

7.21 The Acquirers reserve the right of upward revision of (a) price and (b) number of shares to be acquired at any time up to 7 working days prior to the closure of the Offer as per Regulation 26 of SEBI Takeover Regulations. The same price would be paid by the Acquirers for all the shares tendered any time during the Offer and accepted under the Offer. The information about such revision(s), if any, would appear in the same newspapers in which Public Announcement has appeared.

7.22 Details of locked in shares of PLL is as under:

As per the terms of Chapter XIII of the SEBI DIP Guidelines, 41,70,000 Warrants issued to the Acquirers shall be subject to lock-in for a period of 1 year from the date of its allotment. Other than these Warrants, there are no Equity Shares which are subject to lock in as on date.

8. PROCEDURE FOR ACCEPTANCE AND SETTLEMENT OF THE OFFER

8.1 Shareholders of PLL who wish to avail this Offer should forward the under mentioned documents by hand delivery or by registered post or by courier to Alankit Assigments Ltd, Registrar to the Offer [details of collection centre are given in Para No. 8.13] so as to reach them on or before Saturday – February 24, 2007 on their working days during business hours indicated in Para No. 8.13. In the case of dematerialized shares, the Registrar is not bound to accept those offers which have not yet been credited to the Escrow Depository Participant (DP) account as on the date of Closure of the Offer, i.e. Saturday – February 24, 2007. No documents for tendering the shares should be sent either to the Acquirers or PACs or Manager to the Offer or PLL.

8.2 Registered Shareholders of PLL holding physical shares should submit:

- The enclosed Acceptance Form duly completed and signed in accordance with the instructions contained therein by the equity shareholders of PLL in the same order in which they hold Shares in PLL. The order cannot be changed or altered nor can any new name be added for the purpose of accepting the Offer.
- Original Equity Share Certificate(s).
- Valid Share Transfer Deed(s) duly signed as transferors by all shareholders (in case of joint holdings) in the same order and as per specimen signatures lodged with PLL.

  In case of non-receipt of the aforesaid documents, but receipt of the original share certificate(s) and transfer deed(s) duly signed, the Offer shall be deemed to be accepted

  In case the present signature of the shareholder(s) differ from the specimen signatures lodged with PLL, transfer deeds should be duly attested at the appropriate place by a notary or bank manager or member of stock exchange under their seal of office and membership number. In each case, the name and address of the attesting authority, attesting authority's seal and registration number (if the authority is a notary public / member of stock exchange) or the name and address of the bank (if the authority is a Bank manager) should appear. Further, all attestations should be unconditional, i.e. the authority attesting should not deny the responsibility of identifying the person and the signature by qualifying the attestation. If the said guidelines are not followed, Acquirers reserve the right to reject the transfer deed along with the application.

8.3 Not withstanding that the signature(s) of the transferor(s) has / have been attested as aforesaid, if the signature(s) of the transferor(s) differ(s) from the specimen signature(s) recorded with PLL or are not in the same order, such equity shares are liable to be rejected under this Offer even if the Offer has been accepted by a bonafide owner of such equity shares.

8.4 Unregistered Owners of equity shares / Registered shareholders who have not received the Letter of Offer and are holding physical shares should enclose the Acceptance Form which is available on SEBI web site (www.sebi.gov.in), duly completed and signed in accordance with the instructions contained therein or an application in writing on a plain paper with Original Equity share certificates, original broker contract note, valid share transfer deed(s) as received from the market stating the name, address, number of shares held, number of shares offered, distinctive numbers and folio number. All other requirements for valid transfer (including matching of signatures) will be precondition for acceptance. No indemnity is required from the unregistered owners.

8.5 In the case of shareholders who have sent their physical share certificates for transfer to PLL can enclose the acknowledgement if any, received from PLL. Shareholders who are attaching the acknowledgement are requested to direct PLL in writing to retain the share certificates for onward submission to the Registrar to the Offer.

8.6 If required such shareholders, may download the Acceptance Form from the SEBI's site (www.sebi.gov.in) or may request for the Acceptance Form from the Registrar to the Offer.

PLEASE DO NOT FILL IN ANY OTHER DETAILS IN THE TRANSFER DEED EXCEPT NAME, SIGNATURE AND WITNESS.

8.7 Procedure for Equity shares held in Dematerialized form - Registered Beneficiary Owners:

Beneficiary owners (holders of shares in Dematerialized Form) who wish to tender their shares will be required to send their Form of Acceptance cum Acknowledgement along with a photocopy of the delivery instructions in “Off-market” mode or counterfoil of the delivery instruction in “Off-market” mode, duly acknowledged by the Depository Participant (DP) in favor of the escrow demat / depository account.

8.8 Unregistered Beneficiary Owners/ Registered Demat Shareholders who have not received Letter of Offer:

These shareholders can apply on a plain piece of paper giving details like the Name, address, Number of shares held, No of shares offered, Depository Details i.e. DP name, DP ID and Client ID along with a photocopy of the delivery instructions in “Off-market” mode or counterfoil of the delivery instruction in “Off-market” mode, duly acknowledged by the Depository Participant (DP) in favor of the escrow demat / depository account. Alternatively, they may download the Acceptance Form from the SEBI’s site (www.sebi.gov.in) or may request for the Acceptance Form from the Registrar to the Offer. All other requirements for valid transfer (including matching of signatures) will be precondition for acceptance.

8.9 Alankit Assignments Ltd., Registrar to the Offer, have opened a special depository account. The details are as under:

Depository	NSDL
DP Name	Alankit Assignments Limited
Client ID Number	10977858
DP ID Number	IN300118
ISIN	INE 455 B 01016

8.10 Shareholders having their depository account with a Depository Participant who is registered with CDSL have to use inter-depository delivery instruction slip for the purpose of crediting their shares in favour of the special depository account opened by Alankit Assignments Limited which is registered with NSDL. Shareholders may note that the credit for the shares tendered must be received in the special depository account, as specified above, must be received on or before 15.00 IST on Saturday – February 24, 2007.

8.11 For each delivery instruction, the beneficial owner should submit a separate Acceptance Form.

8.12 The Equity Shareholders should also provide all relevant documents, which are necessary to ensure transferability of the Shares in respect of which the acceptance is being sent. Such documents may include (but are not limited to):

- Duly attested death certificate and succession certificate / No Objection Certificates / letters from legal heirs (in the case of single Shareholder) where the original Shareholder has expired.
- Duly attested Power of Attorney, if any person other than the Shareholder has signed the Form of Acceptance cum acknowledgement or transfer deed(s).
- In case of companies, the necessary corporate authorizations (including Board and General Meeting Resolutions) and specimen signatures of authorized signatories.
- Any other relevant documents, as deemed necessary.

Incase of non-receipt of the aforesaid documents, but receipt of shares in the special depository account on or before 15.00 IST Saturday – February 24, 2007, the Offer shall be deemed to be accepted provided subsequent receipt of all the relevant documents.

8.13 The Shareholders of PLL who wish to avail of the Offer can deliver all the relevant documents referred to above to the Registrar to the Offer at the address given below (on all days except holidays and Sundays) in accordance with the instructions specified in the Letter of Offer.

Address of Collecting Centre	Contact Person	Mode of Delivery	Phone/Fax/Email
Alankit House, 2E/21, Jhandewalan Extension, New Delhi-110 055	Mr. Mahesh Jairath	Hand Delivery / Regd Post / Courier	Tel No: 91-11-2354 1234 /4254 1234 Fax No: 91-11-4154 0064 Email: mj@alankit.com

Note: Collection centre mentioned above would remain open from Monday to Friday from 10 am to 1 pm and from 2pm to 4 pm and on Saturdaysfrom 10 am to 1 pm.

8.14 The documents sent by Registered Post / Speed Post / Courier or through other means will be at the applicant's own risk and cost.

8.15 All owners (registered or unregistered) of shares of PLL except (i) parties to the WSSPA i.e. (a) Acquirers and (b) Sellers as defined therein and (ii) the PACs, anytime before closure of the Offer, are eligible to participate in the Offer.

In the event that the shares tendered in the Offer by the Shareholders of PLL are more than the Shares to be acquired under the Offer, the acquisition of Equity Shares from each Shareholder will be as per the provisions of Regulation 21(6) of the Regulations i.e on a proportionate basis, to be decided in a fair and equitable manner, in consultation with the Manager to the Offer, irrespective of whether the Shares are held in physical or dematerialized form.

The minimum marketable lot for the purpose of acceptance, for both physical and DEMAT Shares, would be one (1) Share.

8.16 Equity Shares, if any, that are the subject matter of litigation wherein the Shareholder(s) is / are / may be precluded from transferring the Shares during the pendency of the said litigation are liable to be rejected in case directions / orders from competent authority regarding these Shares are not received together with the Shares tendered under the Offer. The Letter of offer in such cases, would be forwarded to the concerned competent authority for further action at their end. In cases where the Shares of PLL are in the name of tainted persons or the transfer of Shares were kept in abeyance due to the inclusion of the tainted persons as declared by the Special Custodian under the Special Act, offers will not be accepted until the Shares are cleared by the Special Court appointed for this purpose.

8.17 Shareholders who have sent their Shares for dematerialization need to ensure that the process of getting shares dematerialized is completed well in time so that the credit in the Escrow demat / depository account should be received on or before the date of closure of the Offer, else the application would be rejected.

8.18 The Registrar to the Offer will hold in trust the Share certificates, Shares lying in credit of the escrow demat / depository account, Form of Acceptance cum Acknowledgement, if any and the transfer form(s) on behalf of the shareholders of PLL who have accepted the Offer, till the cheques / demand drafts for the consideration and / or the unaccepted Shares / Share certificates are returned / dispatched.

8.19 In the case of dematerialized Shares, the Shares would reside in the Escrow Demat / Depository Account as mentioned above. The Registrar to the Offer will debit the Escrow Demat / Depository account to the extent of payment of consideration made by the Acquirers and give instructions for the credit to the beneficiary account of the Acquirers. The Shares held in dematerialized form to the extent not accepted as a result of non-payment / part payment of consideration by the Acquirers will be released to the Beneficial Owner's depository account with the respective beneficial owner's depository participant as per details furnished by the Beneficial owner in the Acceptance Form, at the sole risk of the beneficial owner.

8.20 In accordance with Regulation 22(5A) of the Regulations, Shareholders who have tendered the requisite documents in terms of the PA and this Letter of Offer shall have the option to withdraw acceptances tendered up to three working days prior to the closing date of the Offer. The withdrawal option can be exercised by submitting the documents as per the instructions given below so as to reach the Registrar to the Offer at the collection centers mentioned above as per the mode of delivery indicated therein on or before Tuesday – February 20, 2007.

8.21 The withdrawal option can be exercised by submitting (a) the form of withdrawal which will be sent to Shareholders along with the Letter of Offer and (b) the copy of the acknowledgement received from the Registrar to the offer while tendering the acceptances together with (c) In respect of physical shares – name, address, distinctive numbers, folio number, and number of shares tendered and in respect of dematerialized shares – name, address, number of shares tendered, DP Name, DP ID, beneficiary account number and photocopy of the delivery instruction in off market mode duly acknowledged by DP. In case of non-receipt of form of withdrawal, the above application can be made on a plain paper.

8.22 In case of partial withdrawal of the offer or rejection of Shares:

- Shareholders who have tendered Shares in physical form and wish to partially withdraw their tenders, should also enclose valid share transfer form(s) for the remaining Shares (i.e. Shares not withdrawn) duly signed as transferors by all registered Shareholders (in case of joint holdings) in the same order and as per specimen signatures registered with PLL and duly witnessed at the appropriate place
- The withdrawal of Shares will be available only for the Share certificates / shares that have been received by the Registrar to the Offer / Special Depository Account
- The intimation of returned Shares / rejected Shares to the Shareholders will be at the address as specified in the Acceptance Form
- The Form of Withdrawal should be sent only to the Registrar to the Offer, at the collection centre mentioned in clause 8.13
- In case of partial withdrawal of Shares tendered in **physical form** and the original Share certificates are required to be split, the withdrawn Shares will be returned on receipt of Share certificates from PLL.
- In case of partial withdrawal of Shares / rejection of Shares tendered in **DEMAT form**, the Shares withdrawn / rejected will be credited to the beneficial owner's depository account with the respective Depository Participant as furnished in the Acceptance-cum-acknowledgment form. **It is the responsibility of the Shareholder to ensure that the withdrawn Shares/ unaccepted Shares are accepted by their respective Depository Participant when transferred by the Registrar to the Offer. Shareholders should ensure that their depository account is maintained till the offer formalities are completed.**
- Partial withdrawal of tendered Shares can be done only by the registered shareholders / beneficial owners.
- In case of partial withdrawal, the earlier Form of Acceptance-cum-Acknowledgement will stand revised to that effect.

  Shareholders holding Shares in dematerialized form are requested to issue the necessary standing instruction for receipt of the credit in their DP account

8.23 **Transfers not lodged**: In case any person has lodged Shares of PLL for transfer and such transfer has not yet been effected, the concerned person may apply as per instruction contained in clause 8.4 above together with the acknowledgement of the lodgement of Shares for transfer. Such persons should also instruct PLL to send the transferred Share certificate(s) directly to the collection centre at New Delhi. The applicant should ensure that the certificate(s) reach the designated collection centre on or before the Offer closing date, else the offer will be deemed invalid

Dematerialization process not complete: In case any person has tendered his physical shares in PLL for dematerialization and such dematerialization has not yet been effected then, the concerned Shareholder may apply in the Offer as per instructions mentioned above together with a photocopy of the completed dematerialization request form acknowledged by Shareholder's DP. Such

Shareholders should ensure the credit of the shares to the special depository account on or before 3 pm of Saturday – February 24, 2007and forward a copy pf the delivery instructions acknowledged by the DP to the collecting centre.

8.24 The consideration for the Equity Shares accepted by the Acquirers will be paid by crossed account payee cheques / demand drafts. Such considerations in excess of Rs.1,500/- or unaccepted Share certificates, transfer forms and other documents, if any, will be returned by Registered Post / Speed post at the Shareholders / unregistered owners' sole risk to the sole / first Shareholder. Consideration up to Rs.1,500/- will be dispatched Under Certificate of Posting. It is mandatory that shareholders provide bank account details in the Acceptance Form so that the same can be incorporated in the cheque / demand draft.

8.25 While tendering Shares under the open offer, non resident Shareholders (NRI/OCB/FII etc) will be required to submit the previous RBI / GOI approvals, if any, which they would have obtained for acquiring the Shares of PLL and No Objection Certificate / Tax Clearance Certificate from the Income Tax Authorities under the Income Tax Act, 1961 indicating the rate at which the tax is required to be deducted by the Acquirers before remitting the consideration. In case previous approvals as explained above are not submitted, Acquirers reserve the right to reject the Shares tendered in the open offer. In case the aforesaid No Objection Certificate / Tax Clearance Certificate is not submitted, Acquirers will deduct the tax at the current prevailing rates as applicable on the Offer Price and interest thereon if applicable.

8.26 As per the provisions of Section 196D (2) of the Income Tax Act, no deduction of tax at source shall be made from any income by way of capital gains arising from the transfer of securities referred to in section 115AD of the Income Tax Act payable to a Foreign Institutional Investor ("FII") as defined in section 115AD of the Income Tax Act. However the Interest payment for delay in payment of consideration if any shall not be governed by this provision. For interest payments, if any, FIIs shall also have to provide their Tax Clearance Certificate, indicating the amount of tax to be deducted. In absence of the same, acquirers will arrange to deduct tax on the Interest component, at the rate as may be applicable to the category of shareholder under the Income Tax Act.

8.27 In the case of resident Shareholders, the Acquirers will deduct the tax on the interest component exceeding Rs.5,000/- at the current prevailing rates as applicable, if applicable. If the resident Shareholder requires that no tax is to be deducted or tax is to be deducted at a lower rate than the prescribed rate, he will be required to submit No Objection Certificate from the Income Tax authorities or a self declaration in Form 15H as may be applicable indicating the rate at which tax is to be deducted by the Acquirers. Shareholders eligible to receive interest component exceeding Rs. 5,000/- would be required to give their PAN for Income Tax purposes. Clauses relating to payment of interest will become applicable only in the event of Acquirers becoming liable to pay interest for delay in release of purchase consideration.

8.28 The securities transaction tax will not be applicable to the Shares accepted in this Offer.

9. DOCUMENTS FOR INSPECTION

Copies / certified copies of the following documents will be available for inspection at the office of YES BANK Limited, 12th Floor, Discovery of India Building, Nehru Centre, Dr. Annie Besant Road, Worli, Mumbai 400 018 during normal business hours on any working day i.e. Monday to Friday between 10:00 am and 3:00 pm during the Offer period i.e. from Monday – February 5, 2007 to Saturday – February 24, 2007.

1. Certificate of Incorporation of Acquirers and PACs
2. Name change certificate of the Acquirers
3. Constitution of Acquirers
4. Audited Annual Reports of PACs
5. Certified financials of PACs
6. Audited Annual Reports of Phoenix Lamps Limited

7. Letters dated July 6, 2006, July 21, 2006 and January 12, 2007 from Standard Chartered Bank Mauritius confirming deposit in off shore escrow cash account
8. Letter dated January 18, 2007 from Standard Chartered Bank Mumbai confirming deposit in domestic escrow cash account
9. Warrant Subscription and Share Purchase Agreement, including the non-compete agreement dated July 3, 2006 [WSSPA]
10. WSSPA Amendment agreement dated December 28, 2006
11. Letters dated July 6, 2006 received from Acquirers that the off shore escrow funds will be exclusively utilized for the Offer
12. Newspaper Clipping of the Public Announcement published on July 7, 2006
13. Letter dated December 27, 2006 received from SEBI in terms of Regulation 18(2)
14. Escrow Depository agreement entered into with Registrar to the Offer
15. Delisting approvals of The U.P. Stock Exchange Association Limited, The Calcutta Stock Exchange Association Limited and The Delhi Stock Exchange Association Limited vide their letter no. UPSE/LC/2004-2005/3360 dated October 28, 2004; letter no. CSE/LD/716/ 2005 dated July 4, 2005 and letter no. DSE/LIST/332 dated December 10, 2004 respectively
16. Certificate dated July 04, 2006 from Mr. Heerdaye Jugbandhan, Chartered Accountants, certifying that Acquirers and the PACs have adequate financial resources to finance the above mentioned acquisition, to the extent of their obligations of the Offer

10. DECLARATION BY THE ACQUIRERS & PACs

10.1 A copy of the Draft Letter of Offer was delivered to (a) the Board of Directors of PLL, (b) Bombay Stock Exchange Limited (c) The National Stock Exchange of India Limited; for their information and perusal on July 21, 2006.

10.2 (a) Acquirers, (b) Directors of Acquirers and (c) PACs accept full responsibility for the information contained in this Letter of Offer and also for the obligations of Acquirers as laid down in Regulation 22(6) of SEBI Takeover Regulations.

10.3 Acquirers and PACs are severally and jointly responsible for ensuring compliance with SEBI Takeover Regulations.

10.4 The Manager to the Offer have ensured that Mr. Donald Peck or Mr. Steven Enderby or Mr. G Rathinam or Mr. Manish Kheterpal as attorneys on behalf of each of the Acquirers and PACs be duly and legally authorized to sign the Letter of Offer.

For and on behalf of **Argon India Limited and Argon South Asia Limited [“Acquirers”], Actis India Fund 2 LP, Actis South Asia Fund 2 LP, Actis Executive Co-Investment Plan and Actis Capital LLP [“Persons acting in concert”]**

Sd/-

Mr. G Rathinam

Authorized Signatory

Place: Mauritius

Date: January 19, 2007

Encl: 1. Form of Acceptance cum Acknowledgement with Form of Withdrawal

2. Transfer Deed (as applicable)