LETTER OF OFFER

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

This Letter of Offer is sent to you as Equity Shareholder(s) of Sangam (India) 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 or Registrar to the Offer. In case, you have sold your Equity Shares in Sangam (India) Limited please hand over this Letter of Offer, the accompanying Form of Acceptance-cum-Acknowledgement and Transfer Deed to the purchaser of the Equity Shares or the member of stock exchange through whom the said sale was effected.

India Advantage Fund I (hereinafter referred to as "IAF I"), Swastik Coal Corporation (India) Limited (hereinafter referred to as "Swastik") (IAF I and Swastik hereinafter collectively referred to as "the Acquirers") , India Advantage Fund II (hereinafter referred to as "IAF II") and Thamiraparani Investments Private Limited (hereinafter referred to as "Thamiraparani") (IAF II and Thamiraparani hereinafter collectively referred to as "the PACs")

Make a cash offer at Rs. 47.10 per fully paid up equity share

to acquire

6,665,846 Equity Shares of Rs. 10/- each representing 20 % of the existing outstanding voting Equity Share Capital of

Sangam (India) Limited ("SIL" or "Target")

(Registered Office: Pur Road, Bhilwara – 311 001, Rajasthan, India. Tel.: +91-1482-242 085; Fax: +91-1482-242386.)

For the purpose of computing the voting percentage, the voting rights as at the expiration of fifteen days after the closure of the Offer has been reckoned.

The Offer is being made by the Acquirers and the PACs pursuant to regulation 10 of the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 1997 and subsequent amendments thereto.

The offer is subject to the Acquirers and PACs obtaining the approval of RBI under FEMA to acquire shares, if any, from all the non-resident Indians/OCB shareholders. There are no other statutory approvals required for the purpose of this Offer. However, the Offer would be subject to all statutory approvals that may become applicable at a later date.

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 (i.e. April 20, 2006) prior to the date of the closure of the Offer (i.e. April 25, 2006).

The Acquirer and the PACs are permitted to revise the Offer Price of Equity Shares/ No. of Equity Shares upward any time up to seven working days prior to the date of the closing of the Offer. If there is any upward revision in the Offer Price of Equity Shares/ No. of Equity Shares by the Acquirers and the PACs till the last date of revision viz. April 13, 2006 or in case of withdrawal of the Offer, the same would be informed by way of a Public Announcement in the newspapers mentioned in Clause 2.2.6 of this Letter of Offer and the same revised price would be payable by the Acquirer to all shareholders who tendered their Equity Shares at any time during the Offer and which are accepted by the Acquirer under the Offer.

There is no competitive offer/bid

As the Offer Price cannot be revised during the seven working days prior to the date of closing offer/bids; it would therefore, be in the interest of the shareholders to wait till the commencement of the period to know the final Offer Price of the Offer/Bid and tender their acceptance accordingly.

The Public Announcement, this Letter of Offer (including Form of Acceptance-cum-Acknowledgement and Form of Withdrawal) are available on SEBI's web-site (www.sebi.gov.in).

MANAGER TO THE OFFER	REGISTRAR TO THE OFFER
ENAM FINANCIAL CONSULTANTS PVT. LTD. 801/802 Dalamal Towers, Nariman Point, Mumbai 400 021 Tel. : +91 – 22 - 5638 1800 Fax : +91 – 22 - 2284 6824 Email : sangamopenoffer@enam.com Contact Person : Mr. Santanu Nath Bhaumik	**BIGSHARE SERVICES PVT LTD,** E/2 Ansa Industrial Estate, Saki Vihar Raod,Sakinaka, Andheri (E), Mumbai 400072. Tel. : +91-22-2847 0744/0652/0653 Fax. : +91-22-2847 5207 Email : bigshare@sify.com Contact Person : Mr. V. Kumaresan
OFFER OPENS ON: APRIL 6, 2006	**OFFER CLOSES ON: APRIL 25, 2006**

SCHEDULE OF MAJOR ACTIVITIES OF THE OFFER

Activity	Original Schedule	Revised Schedule
Specified Date (for the purpose of determining the names of shareholders to whom the Letter of Offer would be sent)	Friday, August 12, 2005	Friday, August 12, 2005
Last Date for Competitive Bid	Thursday, September 01, 2005	Thursday, September 01, 2005
Date by which Letter of Offer will be posted to shareholders	Friday, September 23, 2005	Saturday, April 1, 2006
Date of Opening of the Offer	Wednesday, October 05, 2005	Thursday, April 6, 2006
Last date for revising the Offer Price / No. of equity Shares	Thursday, October 13, 2005	Thursday, April 13, 2006
Last date of withdrawal of tendered application by the shareholders of SIL	Wednesday, October 19, 2005	Thursday, April 20, 2006
Date of Closing of Offer	Monday, October 24, 2005	Tuesday, April 25, 2006
Date by which acceptance / rejection under the Offer would be intimated and the corresponding payment for the acquired Equity Shares and/or the unaccepted Equity Shares / Share Certificate(s) will be dispatched / credited	Tuesday, November 08, 2005	Wednesday, May 10, 2006

RISKS IN RELATION TO THE OFFER

Given below are the risks related to the proposed Offer and associated with the Acquirers and PACs.

1. The Acquirers and the PACs make no assurance with respect to the market price of the equity shares during/ after the Offer.

2. Where the number of equity shares tendered by the shareholders are more than the equity shares agreed to be acquired by the Acquirers and the PACs, the Acquirers and the PACs shall accept the equity shares received from the shareholders on a proportional basis in consultation with the Manager to the Offer taking care to ensure that the basis of acceptance is decided in a fair and equitable manner and does not result in non-marketable lots. As the equity shares are traded in compulsory dematerialized segment, the minimum marketable lot for the equity shares is 1 (one).

3. In the event of regulatory approvals not being received in a timely manner or litigation leading to stay on the Offer, the Offer process may be delayed beyond the schedule of the major activities indicated in this Letter of Offer. The Acquirers and the PACs reserve the right to withdraw the Offer in the event the requisite statutory approvals for the purpose of this Offer or those that may be necessary at a later date are refused.

4. The investment by the Acquirers and PACs in SIL is in the nature of financial investment in the ordinary course of business.

   The risk factors set forth above do not relate to the present or future business or operations of SIL or any other matters and are neither exhaustive nor intended to constitute a complete analysis of the risks involved in the participation by a shareholder in the Offer. The shareholders of SIL are advised to consult their stockbrokers or investment consultant, if any, for further risks with respect to their participation in the Offer.

CONTENTS

DEFINITIONS

Acquirers	India Advantage Fund I and Swastik Coal Corporation (India) Limited
AGM	Annual General Meeting
BSE	Bombay Stock Exchange Limited
CDSL	Central Depository Services Limited
DP or Depository Participant	IDBI Bank Ltd
Eligible persons	All owners of equity shares of Sangam (India) Limited, demat/physical, registered/unregistered except the Acquirers, PACs and Promoters
Escrow Bank	UTI Bank Ltd
FEMA	The Foreign Exchange Management Act, 2000
FII(s)	Foreign Institutional Investors registered with SEBI
Form of Acceptance/FOA	Form of Acceptance-cum-Acknowledgement accompanying this Letter of Offer
Form of Withdrawal	Form of Withdrawal accompanying this Letter of Offer
JSE	Jaipur Stock Exchange
LOF or Letter of Offer	This Letter of Offer dated March 28, 2006
Manager or Manager to the Offer or Enam	Enam Financial Consultants Pvt. Ltd.
NRI(s)	Non-Resident Indians
Non-Resident Shareholders	NRIs', OCBs' and FIIs' holding the Equity Shares of SIL
NSDL	National Securities Depository Limited
NSE	The National Stock Exchange of India Ltd
OCB(s)	Overseas Corporate Bodies
Offer or Open Offer	Open Offer to acquire 6,665,846 fully paid-up Equity Shares of Rs. 10/- each of Sangam (India) Limited, representing 20 % of the outstanding equity share capital of Sangam (India) Limited, at a price of Rs. 47.10/- per fully paid up Equity Share, payable in cash
Offer Period	From August 6, 2005 to May 10, 2006
Offer Price	Rs. 47.10/- per fully paid-up Equity Share of Sangam (India) Limited
Public Announcement or PA	Public Announcement for the Open Offer issued on behalf of the Acquirers and PACs on August 11, 2005
PACs	India Advantage Fund II and Thamiraparani Investments Private Limited
Registrar or Registrar to the Offer	Bigshare Services Pvt Ltd
RBI	The Reserve Bank of India
The Regulations	SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 1997 and subsequent amendments thereto
SEBI	Securities and Exchange Board of India
SEBI Act	Securities and Exchange Board of India Act, 1992, as amended from time to time
Specified Date	August 12, 2005
Stock Exchanges	NSE, BSE and JSE
Subscription Agreement/SA	The Subscription Agreement dated August 6, 2005 entered into among India Advantage Fund I, Swastik Coal Corporation (India) Limited, Sangam (India) Limited and the promoters of Sangam (India) Limited and all amendments thereto
Target or SIL	Sangam (India) Limited

1. DISCLAIMER CLAUSE

IT IS TO BE DISTINCTLY UNDERSTOOD THAT FILING OF 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 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 SIL TO TAKE AN INFORMED DECISION WITH REGARD TO THE OFFER. SEBI DOES NOT TAKE ANY RESPONSIBILITY EITHER FOR FINANCIAL SOUNDNESS OF THE ACQUIRERS AND PACS OR THE COMPANY WHOSE EQUITY SHARES / CONTROL IS PROPOSED TO BE ACQUIRED OR FOR THE CORRECTNESS OF THE STATEMENTS MADE OR OPINIONS EXPRESSED IN THE LETTER OF OFFER. IT SHOULD ALSO BE CLEARLY UNDERSTOOD THAT WHILE THE ACQUIRERS AND THE PACS ARE PRIMARILY RESPONSIBLE FOR THE CORRECTNESS, ADEQUACY AND DISCLOSURE OF ALL RELEVANT INFORMATION IN THIS LETTER OF OFFER, THE MANAGER TO THE OFFER IS EXPECTED TO EXERCISE DUE DILIGENCE TO ENSURE THAT THE ACQUIRERS AND PACS DULY DISCHARGE THEIR RESPONSIBILITIES ADEQUATELY. IN THIS BEHALF AND TOWARDS THIS PURPOSE, ENAM FINANCIAL CONSULTANTS PVT. LTD, HAS SUBMITTED A DUE DILIGENCE CERTIFICATE DATED AUGUST 25, 2005 TO SEBI IN ACCORDANCE WITH THE SEBI (SUBSTANTIAL ACQUISITION OF SHARES AND TAKEOVERS) REGULATIONS 1997 AND SUBSEQUENT AMENDMENTS THEREOF. THE FILING OF THE LETTER OF OFFER DOES NOT, HOWEVER, ABSOLVE THE ACQUIRERS AND THE PACS FROM THE REQUIREMENT OF OBTAINING SUCH STATUTORY CLEARANCES AS MAY BE REQUIRED FOR THE PURPOSE OF THE OFFER.

2. DETAILS OF THE OFFER

2. 1 Background to the Offer

2.1.1 The Board of Directors of the Target has issued and allotted on preferential basis

(i) 6,964,646 equity shares (representing 20.90% of voting equity share capital of SIL post preferential issue and post part conversion of warrants) of Rs. 10/- each for cash at a price of Rs. 46.70/- including premium of Rs. 36.70/- per share aggregating Rs. 325,248,968 & 2,141,326 warrants convertible at the option of the holder into equity shares of Rs 10/- each at the rate of 1 equity share for every warrant at a price of Rs. 46.70/- including premium of Rs. 36.70/- per share to the IAF I

(ii) 214,132 equity shares (representing 0.64% of voting equity share capital of SIL post preferential issue and post part conversion of warrants) of Rs. 10/- each for cash at a price of Rs. 46.70/- including premium of Rs. 36.70/- per share aggregating Rs. 9,999,964 to Swastik

(iii) 3,211,991 warrants convertible at the option of the holder into equity shares of Rs 10/- each at the rate of 1 equity share for every warrant at a price of Rs. 46.70/- including premium of Rs. 36.70/- per share to the existing promoters

(iv) 988,950 warrants convertible at the option of the holder into equity shares of Rs 10/- each at the rate of 1 equity share for every warrant at a price of Rs. 46.70/- including premium of Rs. 36.70/- per share to Pinky Exhibitors Pvt. Ltd

The above-mentioned preferential issue has been done in accordance with the guidelines for Preferential Issue of SEBI (Disclosure and Investor Protection) Guidelines, 2000 and the subsequent amendments thereto (“Guidelines”).

The Preferential Issue has been duly authorised by a resolution passed by the Board of Directors of the Target at its meeting held on June 27, 2005 and by the special resolution under section 81(IA) of the Companies Act, 1956 and other applicable provisions passed by the shareholders of the Target at the duly constituted Annual General Meeting (“AGM”) held on July 26, 2005 authorising the Board of Directors of the Target to issue and allot the above equity shares.

Pursuant to the subscription received from IAF I, Swastik, the existing promoters and Pinky Exhibitors Pvt. Ltd, the Board of Directors of the Target allotted 7,178,778 equity shares & 634,267 warrants to IAF I, Swastik, the existing promoters and Pinky Exhibitors Pvt. Ltd on August 6, 2005. The said equity shares & warrants will be subject to “lock-in” as per the aforementioned Guidelines. IAF I, the existing promoters and Pinky Exhibitors Pvt. Ltd on August 6, 2005 had paid an amount of Rs. 4.67/- per warrant as an advance towards the Warrant Price aggregating Rs 29,618,387 as prescribed under Clause 13.1.2.3 of Chapter XIII of SEBI (Disclosure and Investor Protection) Guidelines, 2000. Out of the 2,141,326 warrants issued to IAF I, IAF I has agreed to convert 1,070,663 warrants on or before 9 months from the date of allotment of warrants. The balance 1,070,663 warrants are exercisable at any time within a period of 18 months from the date of allotment of the warrants. The warrants issued to the existing promoters and Pinky Exhibitors Pvt. Ltd are exercisable at any time within a period of 18 months from the date of allotment of the warrants.

Subsequently, the existing promoters have exercised 1,500,000 warrants by paying a consideration of Rs. 6,30,45,000.00 being consideration for 1,500,000 equity shares at a price of Rs. 46.70/- after adjusting the upfront payment of Rs. 7,005,000.00. The board of directors of the Target at its meeting held on March 24, 2006 has issued the said 1,500,000 equity shares to the existing promoters.

The existing promoters have given an undertaking dated March 1, 2006 stating that that they will not exercise the balance 1,711,991 warrants held by them till the payment of consideration to the shareholders for tendering their equity shares in the Offer is made. Further, Pinky Exhibitors Private Limited has given an undertaking dated February 28, 2006 stating that that they will not exercise part or full of 988,950 warrants held by them till 20 days from the closure of the Offer. IAF I has also given an undertaking dated March 1, 2006 stating that that they will not exercise part or full of 2,141,326 warrants held by them till the payment of consideration to the shareholders under the Open Offer is made.

2.1.2 The offer to the shareholders of the Target is being made consequent to the Preferential Issue and is being made in accordance with regulation 10 of the Regulations. Simultaneously with allotment of the Equity Shares as mentioned in paragraph 2.1 above, a Subscription Agreement (“SA”) dated August 6, 2005 was entered into among the IAF I, Swastik, the existing promoters of the Target and the Target. Consequently an Amendatory Agreement (“AA”) was signed on February 27, 2006 between IAF I, Swastik, the existing promoters of the Target and the Target

2.1.3 The main provisions of the SA and AA are the followings :

- IAF I is only a financial investor and non-management shareholder
- The Promoters undertake not to tender any of their equity shares in the open offer.
- Unless otherwise agreed between the IAF I and the Promoters, the strength of the Board of Directors of SIL shall be 8 (Eight) Directors. IAF I shall have the right to appoint two Directors.

2.1.4 The Board of Directors of the Target will be reconstituted after the Open Offer and upon the completion of conditions as specified under the SA. In terms of SA, IAF I has the right to appoint two (2) nominee directors.

2.1.5 Prior to the aforementioned Preferential Issue and part conversion of warrants the Acquirers and PACs did not hold any equity share of the Target. Upon the allotment of 6,964,646 equity shares, IAF I holds 6,964,646 equity shares representing 20.90% of the voting equity share capital of the Target after the preferential issue and part conversion of warrants and upon the allotment of 214,132 equity shares, Swastik holds 214,132 equity shares representing 0.64% of the voting equity share capital of the Target after the preferential issue and part conversion of warrants.

2.1.6 The Acquirers and PACs do not hold any equity share in the Target as on the date of PA except the equity shares allotted through the Preferential Issue as mentioned above. The Acquirers and PACs have not bought or sold any equity share of the Target from the date of PA till the date of Letter of Offer.

As on the date of the PA, the Promoters hold 10,311,482 equity shares representing 32.40 % of the fully paid-up equity capital of the Target. Subsequently, the existing promoters have exercised 1,500,000 warrants by paying a consideration of Rs. 6,30,45,000.00 being consideration for 1,500,000 equity shares at a price of Rs. 46.70/- after adjusting the upfront payment of Rs. 7,005,000.00. The board of directors of the Target at its meeting held on March 24, 2006 has issued the said 1,500,000 equity shares to the existing promoters. As on the date of this Letter of Offer, the Promoters hold 11,811,482 equity shares representing 35.44% of the of voting equity share capital of SIL post preferential issue and post part conversion of warrants.

2.1.7 The Acquirers, the PACs and the Target have not been prohibited by SEBI from dealing in securities, in terms of directions under Section 11B of SEBI Act or under any of the Regulations made under the SEBI Act.

2.1.8 The Acquirers and the PACs are not promoters of the Target either by contract or by law.

2. 2 **The Offer**

2. 2.1 The Acquirers and the PACs are making an offer to the shareholders (other than Acquirers, PACs and Promoters of SIL) of SIL to acquire 6,665,846 fully paid-up Equity Shares of Rs. 10/- each of SIL ("Equity Shares"), representing 20% of the outstanding voting equity share capital (post Preferential Issue and part conversion of warrants) of SIL, at a price of Rs. 47.10 per fully paid-up equity share (the "Offer Price") payable in cash in accordance with regulation 10 of the Regulations, consequent to the Preferential Issue referred to in paragraph 2.1.1, on account of proposed substantial acquisition of equity shares and without change in control/management. There are no partly paid-up equity share of SIL.

However, IAF I is not in management control of the Target and does not intend to acquire management control of the Target.

2.2.2 As on the date of this PA, the Acquirers and the PACs do not hold any equity share of SIL except through the Preferential Issue as stated above. The Acquirers and the PACs have not acquired any equity share of SIL during the 12 months preceding the date of this PA other than the above-mentioned Preferential Allotment.

2.2.3 For the purpose of this Offer, IAF II and Thamiraparani are the PACs with IAF I and Swastik.

2.2.4 The Offer is not conditional on any minimum level of acceptance.

2.2.5 This is not a Competitive Bid.

2.2.6 The PA as per regulation 15(1) of the Regulations, was made in the following newspapers on August 11, 2005

Newspapers	**Language**	**Editions**
The Financial Express	English	All editions
Jansatta	Hindi	All editions
Rajasthan Patrika	Hindi	Bhilwara

A copy of the PA is also available on SEBI's website (www.sebi.gov.in)

If there is any upward revision in the Offer Price of Equity Shares/No. of Equity Shares by the Acquirers and the PACs till the last date of revision i.e. Thursday, April 13, 2006 or in case of withdrawal of the Offer, the same would be communicated by way of a corrigendum to the PA in the Newspapers in which the PA was published on August 11, 2005; and the same revised price would be payable by the Acquirers and the PACs to all shareholders who tender the Equity Shares at any time during the Offer and which are accepted by the Acquirers and the PACs under the Offer.

The Offer is subject to the terms and condition set out herein and in the Letter of Offer ("LOO") that would be sent to the shareholders of SIL.

2.2.7 This Offer is subject to receipt of the statutory approvals mentioned in paragraph 7 of the PA. In terms of regulation 27 of the Regulations, if the statutory approvals are refused, the Offer would stand withdrawn.

2.2.8 The proposed plan of acquisition of Equity Shares tendered in the Open Offer is as under :

- First 3,182,923 Equity Shares tendered in the offer will be acquired by Thamiraparani.
- Next 1,776,858 Equity Shares tendered in the offer will be acquired by IAF II.
- The balance 1,706,065 Equity Shares tendered in the offer will be acquired by Swastik.
- IAF I shall not be acquiring any Equity Shares tendered in the offer.

The Equity Shares to be acquired by the Acquirers and the PACs should be 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.

2.2.9 As on the date of the PA, the Manager to the Offer does not hold any Equity Share in the Target.

2.2.10 The minimum public shareholding requirement in SIL for the purpose of the listing of equity shares of SIL on a continuous basis is 25% of the voting equity share capital. Pursuant to the Offer (assuming full acceptance in the Offer), the public shareholding will not fall below the limit specified for the purpose of the listing of equity shares of SIL on a continuous basis in terms of the listing agreement with the Stock Exchanges.

3 RATIONALE FOR THE ACQUISITION AND OFFER

3.1 This Offer to the shareholders of SIL is made pursuant to regulation 10 of the Regulations consequent to the Preferential Issue of equity shares to the Acquirers as explained in paragraph 2.1 above and for substantial acquisition of equity shares without change in control or management.

3.2 SIL made the preferential issue to augment its long term resources to meet capital expenditure / working capital requirements.

3.3 Since the investment by the Acquirers and PACs in SIL is in the nature of financial investment in the ordinary course of business, the Acquirers/PACs do not have any plan to dispose off or otherwise encumber any asset of SIL in the next two years except in the ordinary course of business. Further, since there will not be any change in control or management of SIL consequent to the aforementioned acquisition, the Acquirers/PACs presently do not have any future plans for SIL. However, the Acquirers/PACs undertake that they shall not sell, dispose off or otherwise encumber any substantial assets of SIL except with the prior approval of the shareholders of SIL and in accordance with and subject to applicable laws, permissions and consents, if any.

4 INFORMATION ON THE ACQUIRERS

4. 1 INDIA ADVANTAGE FUND I

4.1.1 IAF I was setup in-terms of the Indenture of Trust dated October 4, 2002, between Western India Trustee & Executor Company Limited and ICICI Venture Funds Management Company Limited. The Indenture of Trust was executed in the state of Tamil Nadu. IAF I is constituted under the provisions of the Indian Trust Act, 1882 with Western India Trustee & Executor Company Limited as its Trustees. The Fund is managed by ICICI Venture Funds Management Company Limited (“Fund Manager”/ “Investment Manager”). The office of IAF I is located at III Floor, Raheja Plaza, 17, Commissariat Road, Bangalore – 560 025, Tel : +91-80-25583681; Fax:+91-80-25580741.

Both of IAF I and IAF II are managed by ICICI Venture Funds Management Company Limited.

4.1.2 IAF I has not been prohibited by SEBI from dealing in securities, in terms of directions issued under Section 11B of the SEBI Act, 1992, as amended (the “SEBI Act”) or under any regulation made under the SEBI Act.

4.1.3 IAF I has duly complied with the provisions of Chapter II of the Regulations.

4.1.4 IAF I is currently engaged in the activities of investing in equity, quasi-equity and equity related instruments issued by companies, industrial and commercial undertakings. IAF I is registered with the Securities and Exchange Board of India as Venture Capital Fund. The registration number of IAF I is IN/VCF/02-03/ 043..Various banks and institutions including ICICI Bank Ltd have contributed to the Fund. IAF I is not listed on any stock exchange in India or abroad.

4.1.5 As on the date of PA, the details of the Board of Directors of the Trustees of IAF I are as below :

Name & Designation	Address	Date of Appointment
Mr. S. V. Joshi, Chairman	509/A, Sadar Bazar, Satara - 415 001	June 19, 1997
Mr. R.H. Tilak, Director	B/8, Mayura Garden, Survey No.52/26 A, Opp. Guru Ganesh Nagar, Kothrud, Pune - 411 029.	May 15, 1992
Mr. V. G. Palkar, Director	'Saileela', 61/3, The United Western Bank Scy., Karve Nagar, Pune - 411 052.	August 22, 1992
Dr. A. S. Sathe, Director	100, Shaniwar Peth, Satara - 415 001.	January 10, 1998
Mr. R. J. Joshi, Director	The United Western Bank Colony, Sadar Bazar, Satara - 415 001	August 26, 2002
Mr. N. J. Mathure, Managing Director	C-25, 2nd Floor, Mandhana Manor, Moghul Lane, Matunga (W) Mumbai - 400 016.	August 27, 2002
Shri R. L. Narasimhan, Director	Flat 604, Inder Tower, Kaka Saheb Gadgil Road, Dadar (W), Mumbai -400025	January 22, 2005

As on the date of PA, none of the directors of the Trustees of IAF I is on the Board of Directors of the Target.

4.1.6 The audited financial highlights of IAF I are as follows :

All figures in Rs. Mn except per unit figure

For the period ended March 31*	**2003**	**2004**	**2005**
Months	**6**	**12**	**12**
Profit & Loss Statement			
Income from operations	2.911	-	-
Other Income	3.761	13.128	30.953
Total Income	3.761	13.128	33.864
Total Expenditure.	19.532	84.363	299.873
Profit Before Depreciation Interest and Tax	(15.771)	(71.235)	(266.009)
Profit Before Tax	(15.771)	(71.235)	(266.009)
Provision for Tax	-	-	-
Profit After Tax	(15.771)	(71.235)	(266.009)
Balance Sheet Statement			
Sources of funds			
Capital	556.26	576.26	4804.144
Reserves and Surplus (including unrealised reserves)	(15.771)	(87.006)	790.835
Networth	540.489	489.254	5594.979
Total	**540.489**	**489.254**	**5594.979**
Investments	-	265.363	4329.45
Net current assets	537.646	223.891	1265.528
Total miscellaneous expenditure not written off	2.843	-	-
Total	540.489	489.254	5594.979
Net Asset Value	9.716	8.49	11.646

* Certified by Mr. U. Vishwas Rao (Membership No. 209873) of Adithya and Vishwas & Co, Chartered Accountants vide certificate dated August 5, 2005.(Tel No.: +91-80-26572669)

4.1.7 IAF I is in investment mode and hence there has not been substantial increase in income from investments. The rise in total income of IAF I is on account of increase in treasury income. Treasury income has gone up since the amounts called from investors are placed in Mutual Funds till such time they are invested in portfolio companies. Since the commitments to IAF I have increased from the investors, the management fees charged to IAF I have also gone up and hence the increase in loss over the years. Increase in NAV inspite of the loss in the Profit & Loss Account is because of the unrealized gain, which is on account of valuing investments, based on their fair value. The details of these are enumerated below as part of Significant Accounting Policies.

4.1.8 Save and except the Equity Shares of the Target allotted to IAF I through the preferential issue mentioned in the paragraph 2.1.1, there was no earlier acquisition of the Equity Shares of the Target by IAF I.

4.1.9 Significant accounting policies of IAF I are detailed below :

- Basis of Presentation: The financial statements are prepared in compliance with accounting principles generally accepted in India. The accrual method of accounting is followed, except where otherwise stated.
- Cash & Cash Equivalents: Cash & Cash equivalents consist mainly of cash at bank in current account and fixed deposit account and investment in units of Mutual Funds which are carried at the Net Asset Value (NAV) as at the Balance Sheet date.
- Portfolio Transactions: Subscriptions to/purchase of investments are accounted at the cost of acquisition inclusive of brokerage, commission and stamp duty. Bonus shares and right entitlements are recorded when such benefits are known.
- Income Recognition: Dividend on equity shares is recognised on ex-dividend dates in respect of quoted companies and on the respective dates of the shareholders' resolution in the case of unquoted companies. Interest income is recognised on accrual basis unless significant uncertainty as to collectability exists. Realised gains and losses on investments and units in Mutual Fund and unrealized gains or losses on restatement of units in Mutual Fund are dealt with in the Revenue Account. The cost of investments sold is determined on weighted average basis and the cost of units in Mutual Fund sold is determined on first-in, first-out basis for the purpose of calculating gains or losses on sale.
- Portfolio Valuation: Investments are stated at their estimated aggregate fair value category wise as determined by the Fund Manager. The fair value of investments is determined as follows:
- Quoted investments are valued at the closing market price on the valuation date and in the absence at the latest available quote within a period of two months prior to the valuation date. An appropriate discount is applied where the Fund Manager considers it necessary to reflect restrictions on disposal. Quoted investments not traded during the two months' prior to the valuation date are treated as unquoted.
- Unquoted investments are valued at their estimated fair values by applying the following valuation methodology :

  1. Recent investments are normally valued at cost for one year from the date of acquisition.
  2. Investments in respect of which third party transactions at arm's length have taken place or terms for which have been agreed to or valued on the basis of such transactions less discount where applicable to reflect their illiquidity.
  3. In the absence of such third party transaction the any of following methodologies are used :

- By capitalizing the earnings or like performance parameters of the portfolio company with appropriate multiples. For this purpose current earnings or future earnings with appropriate discounts are used.
- At the net asset value of the shares of portfolio companies by determining the fair value of the underlying assets and liabilities of the portfolio companies using appropriate methodologies.
- Investments in special purpose vehicles (SPVs) are valued using the most appropriate of the aforesaid methods. Investments in warrants are valued at cost or on the basis adopted for the underlying equity

shares, less the exercise price. Investments in convertible loans/Debentures are valued at cost or on the basis adopted for the underlying equity shares. Where there is a decline, other than temporary in the carrying amounts of investments, the resultant reduction in the carrying amount is charged to the revenue account during the period in which such decline is identified.

- Income Taxes : Tax expense comprises both current and deferred taxes. Deferred income taxes reflects the impact of current year timing differences between taxable income and accounting income for the year and reversal of timing differences of earlier years. Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the balance sheet date. Deferred tax assets are recognised only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised. Deferred tax assets are recognised on carry forward of unabsorbed tax losses only if there is virtual certainty that such deferred tax assets can be realised against future taxable profits. Unrecognised deferred tax assets of earlier years are re-assessed and recognised to the extent that it has become reasonably certain that future taxable income will be available against which such deferred tax assets can be realised.

  Under the Income Tax Act, subject to the fulfilment of certain conditions laid down under the Income Tax Act, the Fund enjoys a 'tax pass through' status whereby, the income is taxable in the hands of the unit contributors on distribution. Hence, no provision for taxes is required to be made in the books of the Fund for the year ended March 31, 2005. Accordingly, no deferred tax asset/liability is recognized.

- Unrealised Investment Reserve: Unrealised gains and temporary losses on investments are recognised as components of capital contributors and are dealt with under Unrealised Investment Reserve.

- Use of estimates: The preparation of financial statements requires the Investment Manager and the Trustee to make estimates and assumptions that affect the reported amounts and disclosures in the financial statements. Actual results could differ from those estimates.

4. 2 SWASTIK COAL CORPORATION (INDIA) LIMITED ("SWASTIK")

4. 2.1 Swastik was originally incorporated as Jainam Enterprises Private Limited under the Companies Act, 1956 on August 28, 1995. The name was changed to Bindal Coal Sales Private Limited on January 2, 2002. Subsequently the name was changed to Swastik Coal Corporation (India) Private Limited on April 16, 2004. On May 7, 2004 Swastik Coal Corporation (India) Private Limited was converted to a public limited company and the name was changed to Swastik Coal Corporation (India) Limited.

The authorized share capital of Swastik is Rs.50,000,000 divided into 5,000,000 equity shares of Rs.10/- each. Its issued capital is Rs. 8,122,000 divided into 812,200 equity shares of Rs. 10/- each and its paid up capital is Rs. 6,618,000 divided into 752,000 shares paid up at 8 Rs. per share and 60,200 shares fully paid up. The entire issued capital of Swastik is held by the promoters and their friends and relatives.

4.2.2 Swastik has its registered office at 109, Sneh Nagar, Indore.Tel.: +91-731-2515521; Fax: +91-731-2515524.

4.2.3 Swastik has not been prohibited by SEBI from dealing in securities, in terms of directions issued under Section 11B of the SEBI Act, 1992, as amended (the "SEBI Act") or under any other regulation made under the SEBI Act**.**

4.2.4 Since Swastik has neither held nor acquired more than 5% shares or voting rights of the Target, the provisions of Chapter II of the Regulations are not applicable on them.

4.2.5 The main objects of Swastik are to carry on the business of manufacturers, contractors, subcontractors, Engineers, consultants, fabricators (Civil, Mechanical, Electrical or otherwise) and to carry out contract, execute, supervise, maintain and remodel in any part of India or in any part of the world, works and conveniences or otherwise assist or take part in maintenance, development, working, control and management thereof and to acquire contracts, permits, licenses and quota rights from Govt of India, State Govt. or such Government or semi – Government corporations, companies, firms or local authorities.

Currently they are engaged in the business of trading and transportation of coal.

4.2.6 Swastik Coal Corporation (India) Limited has been promoted by Mr. Vishnu Prasad Bindal and is a group company of Swastik group based at Indore. Shares of Swastik are not listed on any stock exchange.

As on the date of PA, the entire share capital of Swastik is held by the promoters and other promoter group entities.

4.2.7 Details of the Board of Directors of Swastik are as below :

Name and Designation	Residential Address	Qualification & Experience	Date of Joining
Shri Vishnu Prasad Bindal Director	10 Navratan Bagh, Indore (M.P)	M.Com. 28 years experience of coal trading	April 6, 2004
Shri Narayan Bindal Director	8/3, Anand Apartment Manoramganj, Indore (M.P)	M.Com. 15 years experience of coal trading	November 20, 2001
Shri Hitesh Bindal Director	10 Navratan Bagh, Indore (M.P)	B.Com. 4 years experience of coal trading	November 20, 2001

As on the date of the Public Announcement, none of the Directors of the Swastik are on the Board of Directors of SIL.

4.2.8 The audited financial highlights of Swastik for the last three years as certified by Certified by Mr. Krishnan Garg (Membership No. 76194, Tel No - +91-731-2520602) of Krishnan Garg & Co., Chartered Accountants vide certificate dated June 29, 2005, are as below :

			(Rs. Million except ratio and share data)
For the period ended March 31	**2003**	**2004**	**2005**
Months	**12**	**12**	**12**
Profit and Loss Statement			
Income from operations	0.03	10.43	230.26
Other Income	-	0.09	0.21
Total Income	**0.03**	**10.51**	**230.48**
Total Expenditure	0.05	10.16	228.62
Profit Before Depreciation Interest and Tax	(0.02)	0.35	4.33
Depreciation	-	-	0.36
Interest	-	0.05	2.54
Profit Before Tax (before extra ordinary item)	**(0.02)**	**0.30**	**1.43**
Provision for Tax		0.11	0.30
Profit After Tax	(0.02)	**0.19**	**1.13**
Sources of Funds			
Paid up Share Capital	0.10	0.10	6.62
Reserves and Surplus (Excluding Revaluation Reserves)	-	0.18	22.85
Networth	**1.02**	**0.28**	**29.46**
Secured Loans	-	-	46.70
Unsecured Loans	0.02	3.00	10.17
Total	**1.04**	**3.27**	**86.32**

(Rs. Million except ratio and share data)			
For the period ended March 31*	**2003**	**2004**	**2005**
Use of Funds			
Net Fixed Assets	-	0.02	2.21
Investments	-	-	-
Net Current Assets	0.09	3.24	83.73
Deferred Tax Assets	-	-	-
Misc. Expenses not written off	0.04	0.02	0.38
Total	**0.13**	**3.27**	**86.32**
Other Financial Data			
Dividend (%)	-	-	-
Earning Per Share (Rs.)	-	188.23	1.39
Return on Networth (%)	-	69.31%	3.83%
Book Value Per Share (Rs.)	62.73	256.86	27.8

4.2.9 As on March 31, 2005 Swastik does not have any contingent liability.

4.2.10 In August 2004, M/s Bindal Coal Sales Pvt. Ltd. acquired Swastik Coal Corporation, a proprietorship firm owned by the same promoters, and during the year changed the name of the company to Swastik Coal Corporation (India) Limited. Due to this acquisition, post the completion of the acquisition, the turnover and profit of Swastik increased from in 2004-05 as compared to the turnover and profits of the pre-merger M/s Bindal Coal Sales Pvt. Ltd.

4.2.11 Significant accounting policies of Swastik are as follows :

- Basis of Preparation: The financial statements have been prepared in compliance with accounting principles generally accepted in India. The method of accounting followed is mercantile method, except where otherwise stated.
- Valuation of closing stock is not applicable, as the company has not had any closing stock in the applicable previous years.
- Valuations with respect to material consumed and finished goods is not applicable as the company is a trading concern.
- Depreciation has been provided on the written down value (WDV) method at the rates specified in Schedule XIV of the Companies Act, 1956

4.2.12 There was no earlier acquisition made by the Swastik in the Target Company**.**

5. INFORMATION ON THE PACs

5. 1 INDIA ADVANTAGE FUND II

5.1.1 IAF II was setup in-terms of the Indenture of Trust dated October 4, 2002, between Western India Trustee & Executor Company Limited and ICICI Venture Funds Management Company Limited. The Indenture of Trust was executed in the state of Tamil Nadu. IAF II is constituted under the provisions of the Indian Trust Act, 1882. The Fund is managed by ICICI Venture Funds Management Company Limited. The office of IAF II is located at III Floor, Raheja Plaza, 17, Commissariat Road, Bangalore – 560 025, Tel : +91-80-25583681; Fax:+91-80-25580741

Both of IAF I and IAF II are managed by ICICI Venture Funds Management Company Limited

5.1.2 IAF II has not been prohibited by SEBI from dealing in securities, in terms of directions issued under Section 11B of the SEBI Act, 1992, as amended (the "SEBI Act") or under any other regulation made under the SEBI Act.

5.1.3 IAF II has never acquired nor held any equity share of the Target and therefore the provisions of Chapter II of the Regulations are not applicable on them.

5.1.4 IAF II is currently engaged in the activities of investing in equity, quasi-equity and equity related instruments issued by companies, industrial and commercial undertakings. IAF II is not registered with the Securities and Exchange Board of India. Various banks and institutions including ICICI Bank Ltd have contributed to the Fund. IAF II is not listed on any stock exchange in India or abroad.

5.1.5 Details of the Board of Directors of the Trustees of IAF II are as below :

Name & Designation	Address	Date of Appointment
Mr. S.V. Joshi, Chairman	509/A, Sadar Bazar, Satara - 415 001	June 19, 1997
Mr. R.H. Tilak, Director	B/8, Mayura Garden, Survey No.52/26 A, Opp. Guru Ganesh Nagar, Kothrud, Pune - 411 029.	May 15, 1992
Mr. V.G. Palkar, Director	'Saileela', 61/3, The United Western Bank Scy., Karve Nagar, Pune - 411 052.	August 22, 1992
Dr. A. S. Sathe, Director	100, Shaniwar Peth, Satara - 415 001.	January 10, 1998
Mr. R.J. Joshi, Director	The United Western Bank Colony, Sadar Bazar, Satara - 415 001	August 26, 2002
Mr. N. J. Mathure, Managing Director	C-25, 2nd Floor, Mandhana Manor, Moghul Lane, Matunga (W.) Mumbai - 400 016.	August 27, 2002
Shri R. L. Narasimhan, Director	Flat 604, Inder Tower, Kaka Saheb Gadgil Road, Dadar (W), Mumbai -400025	January 22, 2005

As on the date of PA, none of the trustees of IAF II is on the Board of Directors of the Target.

5.1.6 The financial highlights of IAF II are as follows :

		All figures in Rs. Mn except per unit figure
For the period ended March 31*	**2004**	**2005**
Months	**18**	**12**
Profit & Loss Statement		
Income from operations	6.75	62.54
Other Income	31.80	24.85
Total Income	38.55	87.36
Total Expenditure.	47.43	75.65
Profit Before Depreciation Interest and Tax	(8.87)	11.71
Profit Before Tax	(8.87)	11.71
Provision for Tax	-	-
Profit After Tax	(8.87)	11.71
Balance Sheet Statement		
Sources of funds		
Capital	1728.76	2178.41
Reserves and Surplus (including unrealised reserves)	(8.87)	1062.22
Networth	1719.89	3240.63
Total	**1719.89**	**3240.63**

All figures in Rs. Mn except per unit figure		
For the period ended March 31*	**2004**	**2005**
Uses of funds	-	-
Net fixed assets	-	-
Investments	110.83	2305.66
Net current assets	1609.06	934.97
Total miscellaneous expenditure not written off	-	-
Total	**1719.89**	**3240.63**
Net Asset Value	9.95	14.88

* Certified by Mr. U. Vishwas Rao (Membership No. 209873) of Adithya and Vishwas & Co, Chartered Accountants vide certificate dated August 5, 2005.

5.1.7 IAF II is in investment mode. The raise in total income is account of interest received from some of the investments. Increase in NAV is because of the unrealized gain, which is on account of valuing investments, based on their fair value. The details of these are enumerated below as part of significant accounting policies.

5.1.8 There was no earlier acquisition made by IAF II in the Target.

5.1.9 Significant accounting policies of IAF II are detailed below :

- Basis of Preparation: The financial statements have been prepared in compliance with accounting principles generally accepted in India. The accrual method of accounting is followed, except where otherwise stated.
- Cash and Cash Equivalents: Cash and Cash Equivalents consist of Cash at Bank in current account and investments in units of mutual funds, which are valued at the Net Asset Value (NAV) as on the Balance Sheet date.
- Portfolio Transactions: Subscriptions to / purchase of investments are accounted at the cost of acquisition inclusive of brokerage, commission and stamp duty. Bonus shares and right entitlements are recorded when such benefits are known.
- Income Recognition : Dividend on equity shares is recognised on ex-dividend dates in respect of quoted companies and on the respective dates of the shareholders' resolution in the case of unquoted companies. Interest income is recognised on accrual basis unless significant uncertainty as to collectability exists. Realized gains and losses on investments and units of Mutual Fund and unrealized gains or losses on restatement of units of Mutual Fund are dealt with in the Revenue Account. The cost of investments sold is determined on weighted average basis and the cost of units in Mutual Fund sold is determined on first-in, first-out basis for the purpose of calculating gains or losses on sale.
- Portfolio Valuation: Investments are stated at their estimated aggregate fair value category wise as determined by the Fund Manager. The fair value of investments is determined as follows:

  Quoted investments are valued at the closing market price on the valuation date and in the absence at the latest available quote within a period of two months prior to the valuation date. An appropriate discount is applied where the Fund Manager considers it necessary to reflect restrictions on disposal. Quoted investments not traded during the two months' prior to the valuation date are treated as unquoted.

  Unquoted investments are valued at their estimated fair values. While determining the fair value :

  1. Recent investments are normally valued at cost for one year from the date of acquisition.
  2. Investments in respect of which third party transactions at arm's length have taken place or terms for which have been agreed to are valued on the basis of such transactions less discount where applicable to reflect their illiquidity.

3. In the absence of such third party transaction any of following methodologies are used :

   - Capitalization of the earnings or like performance parameters of the portfolio company with appropriate multiples.
   - For this purpose current earnings or future earnings with appropriate discounts are used.
   - By deriving the value of the portfolio company using discounted cashflow method.

   At the net asset value of the shares of portfolio companies by determining the fair value of the underlying assets and liabilities of the portfolio companies using appropriate methodologies. Investments in special purpose vehicles (SPVs) are valued using the most appropriate of the aforesaid methods. Investments in warrants are valued at cost or on the basis adopted for the underlying equity shares, less the exercise price.

   Investments in convertible loans/Debentures are valued at cost or on the basis adopted for the underlying equity shares. Where there is a decline, other than temporary in the carrying amounts of investments, the resultant reduction in the carrying amount is charged to the revenue account during the period in which such decline is identified.

- Income Taxes: Under the Income Tax Act, 1961, the income of the Trust can be assessed either in the hands of the trustees, as representatives of the beneficiaries or it could be taxed in the hands of the beneficiaries of the trust directly. Based on an opinion from a legal counsel and a confirmation from the beneficiary that the income tax liability arising on the income of the Fund for the year ended March 31, 2005 would be offered to tax in the hands of and settled by the beneficiary, no provision for taxes is made in the financial statements of the Fund for the year ended March 31, 2005.
- Unrealised Investment Reserve: Unrealised gains and temporary losses on investments are recognised as components of Investors' equity and are dealt with under Unrealised Investment Reserve.
- Use of estimates: The preparation of financial statements requires the Investment Manager and the Trustee to make estimates and assumptions that affect the reported amounts and disclosures in the financial statements. Actual results could differ from those estimates.

5. 2 THAMIRAPARANI INVESTMENTS PRIVATE LIMITED ("THAMIRAPARANI")

5.2.1 Thamiraparani was incorporated as a Private Limited Company on October 11, 1993. It became a Public Limited Company on August 22, 1995 and reconverted into a Private Limited Company on February 21, 2002.

The authorized share capital of Thamiraparani is Rs.51,500,000 divided into 5,150,000 equity shares of Rs. 10/- each. Its issued and paid-up capital is Rs. 37,500,000 divided into 3,750,000 equity shares of Rs. 10/- each. The entire issued capital of Thamiraparani is held by the promoters, SS Investments, a partnership firm.

5.2.2 The office of Thamiraparani is located at Ground Floor, Shristi Cresendo, Lady Desika Road, Mylapore, Chennai 600 004, Tel. No.:+91-44-5525 6885 Fax. No.:+91-44-2461 2657.

5.2.3 Thamiraparani has not been prohibited by SEBI from dealing in securities, in terms of directions issued under Section 11B of the SEBI Act, 1992, as amended (the "SEBI Act") or under any other regulation made under the SEBI Act.

5.2.4 Thamiraparani has never acquired nor held any equity share of the Target and therefore the provisions of Chapter II of the Regulations are not applicable on them.

5.2.5 Thamiraparani is a non deposit taking Non-Banking Finance Company ("NBFC") registered with the Reserve Bank of India ("RBI"). Its registration number is B-07.00674 dated January 10, 2002. Its main objects are to carry on business as an investment company and underwriter.

5.2.6 Thamiraparani has been promoted by S. S. Investments, a partnership firm and the entire beneficial interest in the firm is held by Mrs Srividhya Subramanian. At present, the entire share capital of Thamiraparani is held by S.S.Investments.

5.2.7 Details of the Board of Directors of Thamiraparani are as below :

Name and Designation	Residential Address	Qualification & Experience	Date of Joining
V. Gopal	75 C Second Main Road Gandhi Nagar Adyar, Chennai 600 020.	B. Com	July 19, 1999
K. Balasubramanian	75 C Second Main Road, Gandhi Nagar Adyar, Chennai 600 020	B. Com, A.C.A	May 16, 2005

As on the date of the Public Announcement, none of the Directors of the Thamiraparani are on the Board of Directors of SIL.

5.2.8 The audited financial highlights of Thamiraparani for years ending on March 31, 2003 and March 31, 2004 and management certified financial highlights for the year ending on March 31, 2005 as certified by Mr. Narayan D. Jajoo (Membership No. 101922, Tel No +91-22-56272460) of Kothawade & Laddha Chartered Accountants vide certificates dated August 9, 2005 and August 23, 2005 respectively are as below:

(Rs. Million except ratio and share data)			
For the period ended March 31	**2003**	**2004**	**2005**
Months	**12**	**12**	**12**
Profit and Loss Statement			
Income from operations	0.08	7.80	9.02
Other Income	-	0.20	0.16
Total Income	0.08	8.00	9.18
Total Expenditure	0.53	7.16	8.16
Profit Before Depreciation Interest and Tax	(0.45)	0.84	1.02
Depreciation	-	-	-
Interest	-	-	-
Profit Before Tax (before extra ordinary item)	(0.45)	0.84	1.02
Profit Before Tax (after extra ordinary item)	(0.45)	0.84	1.02
Provision for Tax	-	-	0.25
Profit After Tax	(0.45)	0.84	0.77
Sources of Funds			
Paid up Share Capital	37.5	37.5	37.5
Reserves and Surplus (Excluding Revaluation Reserves)	(2.89)	(2.05)	(1.34)
Networth	34.61	35.45	36.16
Secured Loans	-	-	-
Unsecured Loans	20.0	-	-
Total	**54.61**	**35.45**	**36.16**
Use of Funds			
Net Fixed Assets	-	-	-
Investments	159.59	97.42	14.58
Net Current Assets	(106.27)	(61.96)	21.59
Unexpired ZOCD account	2.29	-	-
Total	**54.61**	**35.45**	**36.16**

(Rs. Million except ratio and share data)			
For the period ended March 31*	**2003**	**2004**	**2005**
Other Financial Data			
Dividend (%)	-	-	-
Earning Per Share (Rs.) =(Profit After Tax /Number of shares)	-	0.22	0.21
Return on Networth (%)={(Profit After Tax ×100%)/Networth}	-	2.39%	2.13%
Book Value Per Share (Rs.) = (Networth/Number of shares)	9.23	9.45	9.64

5.2.9 As on March 31, 2005 Thamiraparani does not have any contingent liability.

5.2.10 The increase in revenues of Thamiraparani in the FY 2003-04 and FY 2004-05 are in the normal course of business and is on account of better margins realisation on investment in view of the improved market conditions.

5.2.11 Significant accounting policies of Thamiraparani are as follows :

- Accounts are prepared under the historical cost convention and on the basis of going concern concept with revenue recognized and expenses accounted on their accrual and in conformity with standard accounting policies and Provisions of the Companies Act, 1956.
- Depreciation has been provide on straight line method at the rates specified in Schedule X1V of the Companies Act 1956
- Fixed Assets are fully depreciated during the year

6 INFORMATION ON SANGAM (INDIA) LIMITED (THE TARGET/ "SIL")

6.1 SIL, having its registered office at Pur Road, Bhilwara – 311 001, Rajasthan, India, was originally incorporated as Arun Synthetics Pvt Ltd on December 29, 1984 under the Companies Act, 1956. On December 23, 1991, it was converted to a public limited company. Subsequently, the name was changed to Sangam India Limited under the Companies Act, 1956 with effect from April 1, 1992.

6.2 SIL's core business is manufacturing and marketing of synthetic blended yarns and fabrics. SIL has facilities to manufacture P/V dyed yarn and weaving facilities.

SIL came in to existence in the year 1985. Initially the activities of the company were confined to weaving operations. In 1995 the company took a strategic decision to integrate backward and made a successful entry in spinning by installing 17280 spindles for manufacturing of PV dyed yarn and it gave the company the volumes, margins and cash surplus which have enabled to embark on a path of rapid and self sustaining growth. The company presently, manufactures Poly/Viscose blended Dyed yarns and Suitings.

In late 1998, SIL completed an expansion programme and added 10368 spindles to its spinning capacity. In the year 2000 the second expansion programme was executed installing 8640 spindles to its spinning capacity along with 16 looms and one 1.9 MW Power Plant.

In the year 2002, SIL undertook one more expansion project installing 12096 spindles along with 10MW Pet Coke based Thermal Power Plant.

6.3 The issued and subscribed Equity Share Capital of SIL as on the date of the PA comprises of 31,829,230 fully paid-up Equity Shares of Rs. 10/- each aggregating Rs. 3,18.29 Mn. There are no partly paid-up Equity Shares of SIL as at the date of this PA.

6.4 Further, SIL had 5,200,000 10% Non-Cumulative Redeemable Preference Shares of Rs. 10/- each aggregating Rs 52.00 Mn as on the date of the PA but the same have subsequently been redeemed and SIL has no preference shares as on date.

6.5 The Equity Shares of SIL are listed on National Stock Exchange of India Limited ("NSE"), Bombay Stock Exchange Limited ("BSE") and Jaipur Stock Exchange ("JSE").

6.6 The share capital structure of SIL as on the date of the Public Announcement was as follows **:**

Issued and paid-up Equity Share Capital	**No. of Equity Shares (Face Value - Rs. 10/-) / Voting Rights**	**% of Equity Shares / Voting Rights**
Fully paid-up Equity Shares (a)	**31829230**	100
Partly paid-up Equity Shares (b)	**-**	-
Total Issued and paid-up Equity Shares (a+b)	**31829230**	100
Total Voting Rights	**31829230**	**100**

Subsequently, the existing promoters have exercised 1,500,000 warrants by paying a consideration of Rs. 6,30,45,000.00 being consideration for 1,500,000 equity shares at a price of Rs. 46.70/- after adjusting the upfront payment of Rs. 7,005,000.00. The board of directors of the Target at its meeting held on March 24, 2006 has issued the said 1,500,000 equity shares to the existing promoters.

6.7 As on the date of the Public Announcement, there are 6,342,267 outstanding convertible instruments (Share Warrants) of SIL pursuant to the Preferential Allotment mentioned in paragraph 2.1.1. Subsequently, the existing promoters have exercised 1,500,000 warrants by paying a consideration of Rs. 6,30,45,000.00 being consideration for 1,500,000 equity shares at a price of Rs. 46.70/- after adjusting the upfront payment of Rs. 7,005,000.00.

6.8 The capital build-up of SIL since its inception is as follows :

Date of Allotment	**Issue Price (Rs)**	**Number & shares issued**	**Cumulative paid-up capital in Rs.**	**Mode of Issue**	**Consider ation**	**Identity of allottees (Promoters/ expromoters /others)**	**Status of compliance**
April 09, 1985	10.00	70,000	700,000	Pre-IPO preferential issue	Cash	Promoters and Promoter Group	Complied with
August 05, 1985	10.00	8,880	788,800	Pre-IPO preferential issue	Cash	Promoters and Promoter Group	Complied with
September, 23 1986	10.00	65,000	1,438,800	Pre-IPO preferential issue	Cash	Promoters and Promoter Group	Complied with
September 18, 1987	10.00	48,000	1,918,800	Pre-IPO preferential issue	Cash	Promoters and Promoter Group	Complied with
May 22, 1991	10.00	169,600	3,614,800	Pre-IPO preferential issue	Cash	Promoters and Promoter Group	Complied with
March 30, 1992	10.00	811,020	11,725,000	Pre-IPO preferential issue	Cash	Promoters and Promoter Group	Complied with
September 30, 1992	10.00	300,000	14,725,000	Pre-IPO preferential issue	Cash	Promoters and Promoter Group	Complied with

Date of Allotment	Issue Price (Rs)	Number & shares issued	Cumulative paid-up capital in Rs.	Mode of Issue	Consideration	Identity of allottees (Promoters/ expromoters /others)	Status of compliance
April 12, 1993	15.00	3,210,000	46,825,000	Initial Public Issue	Cash	810,000 Equity Shares were allotted to the Promoters and Promoter group and balance to Public	Complied with
August 22, 1994	22.50	4,682,500	93,650,000	Rights Issue	Cash	2,810,900 Equity Shares were allotted to the Promoters and Promoter group and balance to Public	Complied with
September 30, 1995	20.00	820,900	101,859,000	Pursuant to amalgamation of Rajasthan Fabrics Pvt Ltd and Soni Synthetics Pvt Ltd. into Sangam (India) Limited	Cash	Entire allotment was made to the Promoters and Promoter group and balance to Public	Complied with
September 30, 1999	10.00	6,250,000	164,359,000	Allotted on conversion of 6,250,000 10% non – cumulative convertible preference shares at par	Cash	1,400,000 Equity Shares were allotted to the Promoters and Promoter group and balance to Public	Complied with

Date of Allotment	Issue Price (Rs)	Number & shares issued	Cumulative paid-up capital in Rs.	Mode of Issue	Consideration	Identity of allottees (Promoters/ expromoters /others)	Status of compliance
January 31, 2004	15.00	8,214,552	246,504,520	Rights Issue	Cash	4,511,498 Equity Shares were allotted to the Promoters and Promoter group and balance to Public	Complied with
August 6, 2005	46.70	7,178,778	318,292,300	Preferential Allotment	Cash	Entire allotment was made to the present Acquirers and Public	Complied with
March 24, 2006	46.70	1,500,000	333,292,300	Allotted on conversion of warrants	Cash	Promoters	Complied with
Total		33,329,230					

6. 9 The shares of SIL are listed on National Stock Exchange of India Limited, Bombay Stock Exchange Limited and the Jaipur Stock Exchange. It is frequently traded on National Stock Exchange of India Limited, Bombay Stock Exchange Limited and infrequently traded on the Jaipur Stock Exchange. The shares of the Target are listed on Bombay Stock Exchange Limited, National Stock Exchange of India Limited and the Jaipur Stock Exchange w.e.f. April 30, 1993, July 16, 1996 and April 30, 1993 respectively. The equity shares allotted through preferential allotment on August 6, 2005 are yet to be listed on Bombay Stock Exchange Limited, National Stock Exchange of India Limited and the Jaipur Stock Exchange.

6.10 SIL has duly complied with all the provisions of the listing agreement entered into with BSE, NSE and JSE from time to time. No penal action has been initiated or taken by these exchanges and the shares have not been suspended for trading on either of these exchanges nor have any of the exchanges denied listing.

6.11 SIL has duly complied with the provisions of Chapter II of the Regulations.

6.12 As on date of the Public Announcement, the Board of Directors of SIL was as below :

Name and Designation	Qualification	Experience	Date of Joining	Residential Address
RP Soni, Chairman	BSc, Diploma in Civil Engineering	Overall Planning and Management	August 28, 1986	01,Main Sector Shastri Nagar, Bhilwara - 311001
SN Modani, Mg.Director	MBA	Day to day Management/ Overall Administration	June 29, 1989	01,Main Sector Shastri Nagar, Bhilwara – 311001
RV Jaju, Director	B.Com	Independent Industrialist in import export since more than 15 years	September 30,1999	Adarsh South Tukoganj Indore – 452 001
Achintya Karati, Director	B.Com & L.L.B	Has held various positions with the ICICI group. Has an experience of over 30 years.	December 26,2004	28/203, East End Apartments, Mayur Vihar Phase I Extn. Delhi – 110 096
SN Baheti, Director	B. Com, CA, CS and CAIIB	Nominee Director-IDBI. 22 Years experience at various positions in IDBI.	May 4, 2005	E-14, Maker Kundan Garden, Opp. Lido Cinema, Juhu Road, Juhu, Santacruz, Mumbai – 400 049

As on the date of the Public Announcement, none of the Directors of the SIL represent the Acquirers and PACs.

6.13 No mergers/ demergers/ spin offs has taken place in SIL during the period of last three years.

6.14 The brief audited financial highlights of SIL for the year March 31, 2002, 2004 and 2005 as certified by Ms. Deepa Rathi (Membership No. 104808) of R. Kabra & Co., Chartered Accountants (Tel No.: +91-22-22830990/22044737) vide their certificate dated August 8, 2005 , are as below :

For the period ended March 31	**2003**	**2004**	**2005**
Months			
Profit and Loss Statement			
Income from operations	2029.35	2699.84	2949.08
Other Income	0.23	18.86	2.53
Total Income	**2029.58**	**2718.69**	**2951.61**
Total Expenditure	1755.26	2332.07	2526.08
Profit Before Depreciation Interest and Tax	274.32	386.63	425.53
Depreciation	118.81	161.29	203.72
Interest	43.80	67.07	44.57
Profit Before Tax (before extra ordinary item)	111.71	158.27	177.25
Profit Before Tax (after extra ordinary item)	111.71	158.27	177.25
Provision for Tax	36.02	37.64	36.76
Profit After Tax	**75.69**	**120.64**	**140.49**
Sources of Funds			
Paid up Share Capital	164.36	246.51	246.51
Reserves and Surplus (Excluding Revaluation Reserves)	449.95	609.03	738.90
Networth	**614.30**	**855.54**	**985.40**
Preference Share Capital	52.00	52.00	52.00
Secured Loans	992.21	1580.17	1800.43
Unsecured Loans	52.10	62.69	50.00
Total	**1710.61**	**2550.39**	**2887.83**
Use of Funds			
Net Fixed Assets	1251.74	1736.54	1857.45
Investments	0.01	-	-
Net Current Assets	458.87	807.08	1013.41
Deferred Tax Assets	-	-	-
Misc. Expenses not written off	-	6.77	16.98
Total	**1710.61**	**2550.39**	**2887.83**
Other Financial Data			
Dividend (%)	8%	8%	11%
Earning Per Share (Rs.)	4.21	5.86	5.46
Return on Networth (%)	16.65%	18.07%	18.46%
Book Value Per Share (Rs.)	27.65	27.09	30.88

6.15 Since fiscal 2002-03 the revenue and profit of SIL has been rising on account of expansion of its production facility in spinning and weaving segments.

6.16 Pre and Post- Offer share holding pattern of the Target is as follows:

Shareholders' Category	Shareholding & voting rights prior to the preferential allotment		Shares /voting rights acquired through preferential allotment.		Shares /voting rights after preferential allotment.		Shares /voting rights after part conversion of warrants.		Shares/voting rights to be acquired in open offer (Assuming full acceptances)		Share holding / voting rights after the acquisition and offer.		Share holding / voting rights after conversion of the balance warrants (assuming no further issuance of equity shares and warrants)	
	(A)		(B)		(C)=(A)+(B)		(D)		(E)		(F)=(D)+(E)		(G)	
	No.	%	No.	%	No.	%	No.	%	No.	%	No.	%	No.	%
(1) Promoters/Promoter group.														
	10,311,482	41.83	0	0	10,311,482	32.4	11,811,482	35.44	0	0	11,811,482	35.44	13,523,473	35.43
Total	**10,311,482**	**41.83**	**0**	**0**	**10,311,482**	**32.4**	**11,811,482**	**35.44**	**0**	**0**	**11,811,482**	**35.44**	**13,523,473**	**35.43**
(2) Acquirers/PACs														
IAF I	0	0	6,964,646	21.88	6,964,646	21.88	6,964,646	20.90	0	0	6,964,646	20.90	9,105,972	23.86
Swastik	0	0	214,132	0.67	214,132	0.67	214,132	0.64	1,706,065	5.12	1,920,197	5.76	1,920,197	5.03
IAFII	0	0	0	0	0	0	0	0	1,776,858	5.33	1,776,858	5.33	1,776,858	4.65
Thamiraparani	0	0	0	0	0	0	0	0	3,182,923	9.55	3,182,923	9.55	3,182,923	8.34
Total 2	**0**	**0**	**7,178,778**	**22.55**	**7,178,778**	**22.55**	**7,178,778**	**21.54**	**6,665,846**	**20.00**	**13,844,624**	**41.54**	**15,985,950**	**41.88**
(3) Public# (other than the Promoters, Acquirers and PACs)														
a. FIs/MFs/FIIs/Banks	515,316	2.09	0	0	515,316	1.62	515,316	1.55	0	0	**7,673,124**	**23.02**	**8,662,074**	**22.69**
b. Others	13,823,654	56.08	0	0	13,823,654	43.43	13,823,654	41.48	0	0				
Total	**14,338,970**	**58.17**	**0**	**0**	**14,338,970**	**45.05**	**14,338,970**	**43.02**	**0**	**0**				
GRAND TOTAL (1+2+3)	**24,650,452**	**100**	**7,178,778**	**22.55**	**31,829,230**	**100**	**33,329,230**	**100.00**	**6,665,846**	**20**	**33,329,230**	**100.00**	**38,171,497**	**100.00**

#Total number of shareholders in public category as on March 10, 2006 is 10,520

As per the undertaking dated August 13, 2005 from the Promoter, there has been no substantial change in the Promoters' Holding in SIL since the date of the Public Issue requiring compliance with the provisions of the SEBI (SAST) Regulations/other applicable Regulations under the SEBI Act, 1992 and other statutory requirements

6.17 The Company has duly complied with all the provisions under Clause 49 of the Listing Agreement relating to Corporate Governance.

6.18 Details of Pending Litigations are as follows :

Sr. No.	Petitioner	Amount	Under Section	Case No.	Jurisdiction	Remark
1	M/s Worldlink Finance Ltd.	50 Lacs	439 R/W S 433(e) of Companies Act, 1956	14-1996	Jodhpur High Court	Petition dispose of with a direction to the D.J.Court, Bhilwara to decide a issue that SIL has received or not Rs. 50 lacs from Worldlink Finance Ltd., which was actually not received by SIL.
2	M/s Himanshu Textile Agency	5.00 lacs Approx.	Civil Suit	64/2003	DJ Court, Bhilwara	The facts of case is that SIL has not paid the agency commission of about Rs. 5.00 lacs to M/s Himanshu Textile Agency, one of the Agents of SIL. The petitioner has received the payment of Rs. 9.57 lacs from the debtors of SIL but not deposited with us. In fact the amount recoverable by SIL on account of the debtors for whom the agent was responsible is more than the amount of the commission payable. SIL has filed reply in the matter and does not for see any liability in this matter.

In a PIL by one Lalit Prasad Kaliya against the State, name of Shri S.N.Modani, one of the directors of the Target is involved in relation to his directorship of 3-4 industries for alleged environmental pollution.

As on March 31, 2005; SIL has the following contingent liabilities :

- Outstanding Bank Guarantee of Rs. 86.85 lacs
- Estimated amount of contracts remaining un-executed on capital account (net of advances) Rs. 1854.39 lacs
- SIL has given guarantee aggregating to Rs. 1994 lacs to FIs/Banks for term loan of other companies. However, the outstanding against the said term loan is Rs. 700.35 lacs.
- Demand for excise duty disputed by SIL Rs. 419.47 lacs which interalia includes demand on power plant amounting to Rs. 403.13 lacs and equivalent penalty.
- Demand for sales tax disputed by SIL amounting to Rs. 1.12 lacs.

6.19 Details of the compliance officer are as follows:

Mr.Anil Jain
C/o Sangam (India) Limited
Pur Road, Bhilwara – 311 001
Rajasthan
Tel. 01482-249073/ 9829044365

7. OFFER PRICE AND FINANCIAL ARRANGEMENTS

7. 1 Justification for the Offer Price

7.1.1 The Board of SIL authorized the preferential allotment in its meeting held on June 27, 2005.

7.1.2 The Equity Shares of SIL are listed on the National Stock Exchange of India Limited (“NSE”), Bombay Stock Exchange Limited (“BSE”) and Jaipur Stock Exchange (“JSE”).

The annualized trading turnover in the shares of SIL in each of the above mentioned Stock Exchanges based on trading volume during February 2005 to July 2005 (six calendar months preceding the month in which the PA is made) is as given below :

Stock Exchange	No. of Shares traded during 6 calendar months preceding the month in which the PA is made	Total No. of Listed Shares	Annualized Trading Turnover (as % of Total Shares Listed)
NSE	16121085	24650452	130.80%
BSE	13852870	24650452	112.39%
JSE	Nil	24650452	Nil

(Source:www.bseindia.com, www.nseindia.com and letter dated from Jaipur Stock Exchange)

The equity shares of the Company are frequently traded on NSE and BSE and infrequently traded on JSE for the past six months in terms of explanation (i) to Regulation 20 (5) of the Regulations**.**

7.1.3 The price and volume data for the equity shares of SIL for 26 weeks and 2 weeks preceding June 27, 2005, the date on which the Board of SIL authorized the preferential allotment are given below:

26 weeks weekly high/ low (NSE)

Week Number	Week End Day	Weekly High	Weekly Low	Weekly Average	Weekly Volume
1	Fri 24 Jun 05	46.05	44.1	45.075	323353
2	Fri 17 Jun 05	50.55	45.95	48.25	926037
3	Fri 10 Jun 05	47.95	46.1	47.025	634961
4	Sat 04 Jun 05	47.25	42.75	45	1081445
5	Fri 27 May 05	45.5	41.75	43.625	2105126
6	Fri 20 May 05	40	37.25	38.625	736752
7	Fri 13 May 05	38.95	36.75	37.85	446094
8	Fri 06 May 05	36.7	34.95	35.825	129555
9	Fri 29 Apr 05	35.8	34.6	35.2	169250
10	Fri 22 Apr 05	35.35	34.7	35.025	180875
11	Fri 15 Apr 05	36.95	35	35.975	162729
12	Fri 08 Apr 05	35.95	34.7	35.325	173615
13	Fri 01 Apr 05	35.3	31	33.15	222406
14	Fri 25 Mar 05	33.65	31.85	32.75	153399
15	Fri 18 Mar 05	35.95	33.5	34.725	232918

Week Number	Week End Day	Weekly High	Weekly Low	Weekly Average	Weekly Volume
16	Fri 11 Mar 05	39	35.8	37.4	980278
17	Fri 04 Mar 05	36.95	32.1	34.525	744590
18	Fri 25 Feb 05	33.25	32.4	32.825	192289
19	Fri 18 Feb 05	33.55	32.25	32.9	197030
20	Fri 11 Feb 05	34.4	33.65	34.025	393055
21	Fri 04 Feb 05	33.45	32.15	32.8	351579
22	Fri 28 Jan 05	32.35	30.6	31.475	113020
23	Fri 21 Jan 05	31.35	30.75	31.05	119363
24	Fri 14 Jan 05	35	30.05	32.525	289040
25	Fri 07 Jan 05	38.85	34.25	36.55	894386
26	Fri 31 Dec 04	38.3	35.95	37.125	545290

Average of the weekly high & low of the closing prices for six months is Rs. 36.79

2 weeks daily high/ low(NSE)

Week No.	Date & Day	Daily High	Daily Low	Daily Average	Daily Volume
1	Fri 24 Jun 05	47	44.5	45.75	75502
	Thu 23 Jun 05	45.9	44.2	45.05	44074
	Wed 22 Jun 05	46.9	43.35	45.125	59663
	Tue 21 Jun 05	45.4	43.8	44.6	71763
	Mon 20 Jun 05	46.7	44	45.35	72351
2	Fri 17 Jun 05	48.4	45.2	46.8	83591
	Thu 16 Jun 05	50.7	47.5	49.1	120941
	Wed 15 Jun 05	51.8	49.3	50.55	264169
	Tue 14 Jun 05	50.8	49	49.9	231382
	Mon 13 Jun 05	49.9	46	47.95	225954

Average of two weeks daily high & low is Rs. 47.01

26 weeks weekly high/ low (BSE)

Week Number	Week End Day	Weekly High	Weekly Low	Weekly Average	Weekly Volume
1	Fri 24 Jun 05	46.05	44.15	45.1	2391505
2	Fri 17 Jun 05	50.45	45.8	48.125	949518
3	Fri 10 Jun 05	47.95	46	46.975	525188
4	Sat 04 Jun 05	47.1	42.75	44.925	315511
5	Fri 27 May 05	45.65	41.5	43.575	1200626
6	Fri 20 May 05	40	37.4	38.7	587753
7	Fri 13 May 05	38.9	36.7	37.8	1104531

Week Number	Week End Day	Weekly High	Weekly Low	Weekly Average	Weekly Volume
8	Fri 06 May 05	36.55	34.85	35.7	1198820
9	Fri 29 Apr 05	35.65	34.85	35.25	1549060
10	Fri 22 Apr 05	35.1	34.75	34.925	2952018
11	Fri 15 Apr 05	36.85	35.1	35.975	307829
12	Fri 08 Apr 05	35.75	34.75	35.25	370823
13	Fri 01 Apr 05	35.1	31.1	33.1	516122
14	Fri 25 Mar 05	33.7	31.45	32.575	318847
15	Fri 18 Mar 05	36.05	33.3	34.675	365139
16	Fri 11 Mar 05	39.25	35.9	37.575	243207
17	Fri 04 Mar 05	37	32.05	34.525	285660
18	Fri 25 Feb 05	33.3	32.6	32.95	139348
19	Fri 18 Feb 05	33.5	32.15	32.825	180654
20	Fri 11 Feb 05	34.25	33.5	33.875	107059
21	Fri 04 Feb 05	33.4	31.95	32.675	95710
22	Fri 28 Jan 05	32.55	30.75	31.65	95789
23	Fri 21 Jan 05	31.2	30.7	30.95	984741
24	Fri 14 Jan 05	34.9	29.95	32.425	271456
25	Fri 07 Jan 05	38.8	34.4	36.6	412205
26	Fri 31 Dec 04	37.9	35.8	36.85	172635

Average of the weekly high & low of the closing prices for six months is Rs. 36.75

2 weeks daily high/ low (BSE)

Week No	Date & Day	Daily High	Daily Low	Daily Average	Daily Volume
1	Fri 24 Jun 05	46.95	44.5	45.73	75250
	Thu 23 Jun 05	46	44.45	45.23	589696
	Wed 22 Jun 05	47	43.25	45.13	173743
	Tue 21 Jun 05	44.75	43.5	44.13	858349
	Mon 20 Jun 05	47	44.05	45.53	694467
2	Fri 17 Jun 05	48.3	45	46.65	364936
	Thu 16 Jun 05	50.9	47.5	49.2	267139
	Wed 15 Jun 05	51.6	49	50.3	133346
	Tue 14 Jun 05	50.8	48.8	49.8	88390
	Mon 13 Jun 05	49.8	46	47.9	95707

Average of two weeks daily high & low is Rs. 46.96

7.1.4 In accordance with regulations 20(4) of the Regulations, the Offer Price of Rs. 47.10/- per share is higher than any of the following:

a.	Negotiated Price under the agreement for acquisition of share or voting rights or deciding to acquire shares or voting rights	Not applicable
b.	Highest Price paid by the Acquirers/PACs for acquisitions including by way of allotment in a public or rights or preferential issue during the 26 weeks prior to August 11, 2005 (i.e. the date of Public Announcement)	Rs 46.70
c.	The highest of the average of the weekly high and low the closing prices for the equity shares of SIL for the 26 week period and the average of the daily high and low prices of the equity shares during the 2 week period prior to June 27, 2005 i.e. the date of the Board Resolution authorizing the Preferential Issue	Rs 47.01

7.1.5 In accordance with regulations 20(5) of the Regulations, the Offer Price of Rs. 47.10/- per share is higher than any of the following:

a.	Negotiated Price under the agreement for acquisition of share or voting rights or deciding to acquire shares or voting rights		Not applicable
b.	Highest Price paid by the Acquirers/PACs for acquisitions including by way of allotment in a public or rights or preferential issue during the 26 weeks prior to August 11, 2005 (i.e. the date of Public Announcement)		Rs 46.70
c	Other Parameters based on the audited accounts of SIL for financial year ended on March 31, 2005		
	(i)	Return on Networth (%)	18.46
	(ii)	Book Value per Share (Rs)	30.86
	(iii)	Earning Per Share (Rs)	5.46
	(iv)	PE ratio	8.63

The Company is classified by Capital Market as operating in Industry segment “Textile Processing”. The Industry segment “Textile Processing” has an industry PE of 9.7 (Source: Capital Market Volume XX/11 dated August 1-14). The Company is in the niche segment of manufacturing P/V dyed yarn while the Textile Processing Industry segment covered by the Capital Market consists of companies, which are primarily cotton based textile maker, operating in integrated textile spinning, weaving and other high value added end products in the textile segment. Since the business parameters of the Company are different from that of “Textile Processing” industry in general the Industry PE is not a strict comparable for the Company’s PE.

Mr. Narayan D. Jajoo (Membership No. 101922) of Kothawade & Laddha Chartered Accountants vide certificate dated August 9, 2005, stated that considering the decision of Hon’ble Supreme Court of India in the case of Hindustan Lever Employee Union Vs Hindustan Lever Limited, 1995, (83 Com case 30) and precedences where weighted average has been used the Value Per Share on a weighted basis, the value of shares of the Target, based on audited financial for the year 2004-05; would be Rs. 31.31 per share (as per CCI formula), considering the Net Asset Value of the Target of Rs. 30.93 per share, the Earning Based Value per share (PECV) of Rs. 31.69.

7.1.6 Hence, in terms of regulation 20(4) & 20(5) of the Regulations, the offer price of Rs. 47.10 per share offered by IAF I, Swastik, IAF II and Thamiraparani to the shareholders of the Target under the proposed open offer is justified.

7.1.7 In the opinion of the Manager to the Offer, the Offer Price of Rs. 47.10/- per Equity Share of SIL is justified in terms of regulation 20(11).

7.1.8 The Offer Price shall not be less than the highest price paid by the Acquirers or the PACs for any acquisition of Equity Shares of SIL from the date of PA upto 7 working days i.e upto April 14, 2006, prior to the date of closing of the Offer.

7.1.9. There is no non-compete agreement.

7. 2 Funding Arrangement for the Offer

7.2.1 The Acquirers/PACs have made firm financial arrangements for financing the acquisition of equity shares under the Offer, in terms of regulation 16 (xiv) of the Regulations.

7.2.2 The maximum purchase consideration payable by the Acquirers and the PACs in the case of full acceptance of the Offer (i.e. 6,665,846 fully paid-up Equity Shares of SIL at the rate of Rs. 47.10/- per Equity Share) would be Rs. 313,961,347. A lien on 5,003,076.753 (Five million three thousand seventy six point seven fifty three) units of Prudential ICICI Liquid Plan – Institutional Plus has been marked in favour of Enam Financial Consultants Pvt Ltd, Manager to the Offer, by IAF II, in terms of regulation 28(4)(c) of the Regulations. The total value of such units as on the date of PA exceeds the escrow amount stipulated under regulation 28(2).

The Acquirers and PACs have also made a cash deposit of Rs. 3,139,614 (being 1% of purchase consideration payable under this Offer) in the Escrow Account with UTI Bank Limited No. 9 M. G. Road,Bangalore – 560001; with a lien in favour of the Manager to the Offer.

Details of 5,003,076.753 (Five million three thousand seventy six point seven fifty three) units of Prudential ICICI Liquid Plan – Institutional Plus, lien on which has been marked in favour of Enam Financial Consultants Pvt Ltd, Manager to the Offer are given below :

- Lien cum pledge agreement was entered on August 8, 2005 between IAF II and Enam Financial Consultants Pvt Ltd.. The pledged securities are 5,003,076.753 units of Prudential ICICI Liquid Plan – Institutional Plus Growth Option
- Face value is Rs. 10/- per unit, acquisition price is Rs. 16.7277/- per unit., market price of Rs. 16.7350/- per unit on the date of creation of escrow account i.e August 8, 2005, with a margin of 1.67%.
- The aforesaid units are free of lien/encumbrances except the lien created in favour of . Enam Financial Consultants Pvt Ltd, Manager to the Offer for the purpose of this Offer.
- These instruments do not carry any voting right
- IAF II is the holder of the securities no NOC is required for depositing the same in the escrow account
- The Manager to the Offer is authorized by the Acquirer to realise the value of the escrow in terms of the Regulations by sale or otherwise.
- If there is any deficit on realisation of value of the securities, Enam Financial Consultants Pvt Ltd, Manager to the Offer shall make good any such deficit in accordance with Regulation 28(7).

7.2.3 The Acquirers and PACs have made firm financial arrangements for the Maximum Consideration by way of resources including cash and marketable securities. M/s Kothawade & Laddha, Chartered Accountants (signing partner Mr. Narayan D. Jajoo having membership no. 101922, contact no +91- 22- 2581 0492, have confirmed vide their letter dated March 1, 2006 that the Acquirers and PACs have made the firm arrangements for meeting their obligations under the Regulations.

7.2.4 The Manager to the Offer on the basis of the above has satisfied itself that the Acquirers and the PACs have the ability to implement the Offer in accordance with the Regulations and amendments thereto as firm arrangements for funds for payment through verifiable means are in place to fulfill the Offer obligations.

8. TERMS AND CONDITIONS

8. 1 The Acquirers and PACs made a Public Announcement on August 11, 2005 for the Offer. All owners of equity shares, demat/physical, registered/unregistered (except the Acquirers, PACs and Promoters) are eligible to participate in the Offer anytime before closure of the Offer and the Letter of Offer together with the Form of Acceptance, Form of Withdrawal and Transfer Deed (for shareholders holding equity shares in the physical form) is being mailed to those shareholders of SIL whose names appear on the register of members of SIL and to the beneficial owners of the equity shares of SIL whose names appear as beneficiaries on the beneficial record of the respective Depositories, at the close of business on the Specified Date (i.e. August 12, 2005). Owners of equity shares but not registered as shareholder(s) are also eligible to participate in the Offer at any time prior to the date of closing of the Offer. No Letter of Offer together with a Form of Acceptance, Form of Withdrawal and Transfer Deed will be mailed to the Acquirers and PACs.

8.2 The Offer is subject to the terms and condition set out herein in the Letter of Offer, the Form of acceptance, the Form of Withdrawal, the PA and any other public announcements that may be issued about the Offer.

8.3 This Offer is subject to receipt of the statutory approvals mentioned in paragraph 9 of this LOF. In terms of regulation 27 of the Regulations, if the statutory approvals are refused, the Offer would stand withdrawn.

8.4 Accidental omission to dispatch Letter of Offer to any member entitled to this Open Offer or non-receipt of the Letter of Offer by any member entitled to this Open Offer shall not invalidate the Open Offer in any manner whatsoever.

8.5 The Offer will open on April 6, 2006 and close on April 25, 2006

8.6 The Offer is not subject to any minimum level of acceptance. The acceptance of the Offer is entirely at the discretion of the equity shareholders of SIL. Each shareholder of SIL to whom the Offer is being made, is free to offer his shareholding in SIL, in whole or in part while accepting the Offer.

8.7 The acceptance of the Offer must be unconditional and should be on the enclosed Form of Acceptance and sent along with the other documents duly filed in and signed by the applicant shareholder(s).

8.8 Equity shares, that are the subject matter of litigation or are held in abeyance due to pending court cases, such that the shareholder(s) of SIL may be precluded from transferring the equity shares during pendency of the said litigation, are liable to be rejected unless directions/orders regarding the free transferability of such equity shares are received together with the equity shares tendered under the Offer prior to the date of closing of the Offer.

8.9 The Acquirers and PACs will not be responsible in any manner for any loss of equity share certificate(s) and other documents during transit. The equity shareholders of SIL are therefore advised to adequately safeguard their interest in this regard.

9 STATUTORY/OTHER APPROVALS REQUIRED FOR THE OFFER

9.1 The Offer is subject to the Acquirers and PACs obtaining the approval of RBI under FEMA to acquire shares, if any, from all the non-resident India/OCB shareholders.

9.2 The Acquirers and PACs will make the above applications, if required, to acquire the shares pursuant to the Offer at an appropriate time.

9.3 There are no other statutory approvals required for the purpose of this Offer. However, the Offer would be subject to all statutory approvals that may become applicable at a later date.

9.4 Non-resident shareholders should also enclose a copy of the RBI permission received by them for acquiring equity shares held by them in SIL. In case the RBI permission is not submitted, the Acquirer reserves the right to reject such equity shares tendered in the Offer.

9.5 The Acquirers and PACs shall complete all procedures relating to the Offer within a period of 15 days from the date of closing of the Offer.

9.6 In case of delay, due to non-receipt of statutory approvals, as per regulation 22(12) of the Regulations, SEBI may, if satisfied that the non-receipt of the approvals was not due to willful default or negligence, grant an extension for the purpose of completion of the Offer provided the Acquirer agrees to pay interest to the shareholders for delay beyond 15 day from the date of closing of the Offer.

9.7 If the Acquirers and PACs fails to obtain the requisite approvals in time due to willful default or neglect or inaction or non-action on his part, the amount lying in the escrow account shall be forfeited in the manner provided in regulation 28 (12) (e) of the Regulations.

9.8 The Acquirers and PACs reserves the right to withdraw the Offer in the event of the requisite statutory approvals being refused. In the event of withdrawal, a public announcement will be made in the same newspapers in which this original PA is being made.

In case the RBI's approval for acquisition of equity shares from Non-Resident Shareholders is unduly delayed, the Acquirer reserve the right to proceed with the payment to the resident shareholders whose equity shares have been accepted by the Acquirers and PACs in terms of the Offer pending payment to Non-Resident Shareholders, subject to total consideration payable to the Non-Resident shareholders being deposited in the escrow/special account with lien marked in favor of the Manger to the Offer.

10 PROCEDURE FOR ACCEPTANCE AND SETTLEMENT

10.1 The Acquirer has appointed M/s Bigshare Services Pvt. Ltd. ("Bigshare") as Registrar to the Offer.

10.2 Bigshare has set up the following centres to collect the acceptances being tendered in this Offer.

Name & Address of Collection Centers	Contact Person	Mode of Delivery	Telephone No.	Fax No.
Mumbai Bigshare Services Pvt Ltd, E/2 Ansa Industrial Estate, Saki Vihar Raod, Sakinaka, Andheri E Mumbai 400072	Mr. V Kumaresan	Post/Hand	022-28470652 022-28470653	022-28475207
Delhi Bigshare Services Pvt Ltd, 39-A Humayun Pur, Near La Mode Shop Safdarjung Enclave, New Delhi -110029	Mr. Sashikumar	Hand	011-26171495 09811894403	011-51410591
Bhilwara Bigshare Services Pvt Ltd, Shop No. 8, Hanuman Complex, Kumbha Circle Road, Near Gupta Hospital, Azad Nagar, Bhilwara	Mr. Santlal Mallah	Hand	01482-243610	01482-242386
Kolkatta Bigshare Services Pvt Ltd, 196 A-G, Arabinda Sarani, Kolkata – 700004	Mr. Gautam Sarka	Hand	033-25333706 09831717229	033-24551077
Chennai Bigshare Services Pvt Ltd, No. 7-A, Laxman Nagar, East Main Road, Chennai – 600082	Mr. B. Srinivas	Hand	044-26711949 09840109859	044-25507845

The documents can be tendered at the above centres between 10.00 am to 1.00 pm and 2.00 pm to 4.00 pm from Monday to Friday. The centres will be closed on Saturdays and Sundays and public holidays.

All registered owners except the Acquirers, PACs and Promoters can send duly completed FOA, filled and signed in accordance with the instructions contained in the LOF and FOA, to the Registrar to the Offer, Bigshare, at the collection centres mentioned in this paragraph, before the closure of the Offer i.e. April 25, 2006. No indemnity shall be required from the unregistered shareholders.

In case of dematerialised Equity Shares, the shareholders should ensure that the credit to the Special Depository Account mentioned below should be received on or before April 25, 2006. In order to ensure this, Beneficial Owners should tender the Delivery Instructions at least two working days prior to April 21, 2006 (i.e. the date of closing of the Offer). Form of Acceptance of such dematerialised Equity Shares not credited to the Special Depository Account before the date of closing of this Offer is liable to be rejected.

No document should be sent to the Acquirers, the PACs or Manager to the Offer or SIL.

10.3 Procedure for Equity Shares held in Physical Form

- **Registered shareholders of SIL should enclose :**
  - ➢ Form of Acceptance duly completed and signed in accordance with the instructions contained therein, by sole/joint shareholders whose name(s) appears on the equity share certificate(s) and in the same order and as per the specimen signature lodged with SIL;
  - ➢ Original Equity Share Certificate(s);
  - ➢ Valid Share Transfer Deed(s) duly signed as transferor(s) by the sole/joint shareholder(s) in the same order and as per specimen signatures lodged with SIL and duly witnessed at the appropriate place. The Transfer Deed should be left blank, except for the signatures as mentioned above. Attestation, where required (thumb impressions, signature difference, etc.) should be done by a Magistrate, Notary Public or Special Executive Magistrate or a similar authority holding a public office and authorized to use the seal of his office or a member of a recognized stock exchange under their seal of office and membership number or manager of the transferor's bank. A blank share transfer form is enclosed along with this Letter of Offer.

    Incase of registered shareholder, non receipt of the aforesaid documents, but receipt of the share certificates and the duly completed transfer deed, shall be deemed that the offer has been accepted.

    Notwithstanding that the signature(s) of the transferor(s) has/have been attested as aforesaid, if the signature(s) of the transferor(s) differs from the specimen signature(s) recorded with SIL 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 bona fide owner of such Equity Shares.

- **Unregistered owners of Equity Shares of SIL should enclose :**
  - ➢ Form of Acceptance duly completed and signed in accordance with the instructions contained therein;
  - ➢ Original Equity Share Certificate(s);
  - ➢ Original Broker Contract Note;
  - ➢ Valid Share Transfer Deed(s) as received from the market. The details of buyer should be left blank failing which the same will be considered invalid under the Offer. All other requirements for valid transfer (including matching of signatures) will be preconditions for acceptance.
  - ➢ The acknowledgement received, if any, from SIL in case the Equity Shares have been lodged with SIL. Such persons should instruct SIL and its Registrar and Transfer agents to send the transferred share certificate(s) directly to the collection center as mentioned in 10.2 above. The applicant should ensure that the certificate(s) reach the designated collection center before the date of closing of the Offer.

    Unregistered owners can send their acceptance of the Offer in writing to the Registrar to the Offer, Bigshare, at the collection centers as mentioned in paragraph 10.2 above, on plain paper stating Name, Address, No. of Equity Shares held, No. of Equity Shares offered, Distinctive Nos., Folio No., together with the original Share Certificate(s), valid transfer deeds in case of Equity Shares held in physical form or photocopy or counterfoil of the delivery instructions in "Off-market" mode in case of Equity Shares held in dematerialised form and the original contract note issued by the broker through whom they acquired their Equity Shares. No indemnity is required from the unregistered owners.

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

10.4 Procedure for Equity Shares held in Demat Form

- **Beneficial Owners should enclose :**

  - Form of Acceptance duly completed and signed in accordance with the instructions contained therein, by sole/joint shareholders whose names appear in the beneficiary account and in the same order therein. The Form of Acceptance has to be tendered by the beneficial holder of Equity Shares only.

    Incase of non receipt of the aforesaid documents, but receipt of the shares in the special depository account, the Offer shall be deemed to be accepted.

  - A photocopy or counterfoil of the Delivery Instructions in “off market” mode, duly acknowledged by the beneficial owners depository participant and SILled as per the details of the Special Depository Account given below.

10.5. Bigshare has opened a special depository account with following details :

DP Name	IDBI Bank Ltd
DP ID	IN 300450
Client ID	13078275
Account Name	Bigshare Services Pvt Ltd – Escrow A/C for Sangam India Ltd Open Offer
Depository	NSDL

Shareholders, having their beneficiary account with CDSL have to use inter-depository delivery instruction slip for the purpose of crediting their Equity Shares in favour of the Special Depository Account with NSDL. Since the Equity Shares of SIL are in compulsory demat mode, the minimum marketable lot for such shares will be one.

- **Shareholders who have sent their Equity Share Certificates for dematerialisation should enclose :**

  - Form of Acceptance duly completed and signed in accordance with the instructions contained therein by the sole/ joint Equity Shareholders whose name appears on the Equity Share Certificate and in the same order and as per the specimen signature lodged with SIL.

  - A copy of the dematerialisation request form duly acknowledged by the Equity Shareholders depository participant.

    Such Equity Shareholders should ensure that the credit of their Equity Shares tendered under Offer to the Special Depository Account is made on or before the date of closing of the Offer, otherwise the same are liable to be rejected. Alternatively, if the Equity Shares sent for dematerialisation are yet to be processed by the Equity Shareholders depository participants, the Equity Shareholders can withdraw their dematerialisation request and tender the Equity Share Certificates in the Offer as per procedure mentioned in paragraph 10.3 above.

10.6 Procedure to be adopted in case of non-receipt of the Letter of Offer

- **By Equity Shareholders holding Equity Shares in physical form**

  In case of non-receipt of the Letter of Offer, eligible persons may send their acceptance of the Offer in writing to the Registrar to the Offer, Bigshare, at the collection centers as mentioned in paragraph 10.2 above, on plain paper stating their Name, Address, No. of Equity Shares held, No. of Equity Shares offered, Distinctive Nos., Folio No together with the original Share Certificate(s), valid transfer deeds in case of Equity Shares held in physical form, so as to reach the Registrars to the Offer on or before the date of closing of the Offer.

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

Shareholders who have sent their equity share certificates for dematerialisation should send a copy of the dematerialised request form duly acknowledged by their depository participant.

- **By Equity Shareholders holding Equity Shares in dematerialised form**

  Beneficial Owners may send the acceptance of the Offer in writing to the Registrar to the Offer, Bigshare, at the collection centers as mentioned in paragraph 10.2 above, on plain paper, stating Name, Address, Number of Equity Shares held, Number of Equity Shares offered, DP name, DP ID, beneficiary account number and a photocopy or counterfoil of the delivery instructions in "Off market" mode, duly acknowledged by the beneficial owners depository participant, in favour of the Special Depository Account, the details of which are mentioned in paragraph 10.5, so as to reach the Registrar to the Offer on or before the closing of the Offer.

  Shareholders, having their beneficial account with CDSL have to use inter-depository delivery instruction slip for the purpose of crediting their Equity Shares in favour of the Special Depository Account with NSDL.

  No indemnity is required while sending the acceptance of the Offer on plain paper.

  Shareholders not receiving the Letter of Offer, if they so desire, may also apply on the Form of Acceptance downloaded from SEBI web site (www.sebi.gov.in).

10.7 **As per the provisions of section 196D(2) of the Income-tax Act, 1961, and as amended ("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 payable to a Foreign Institutional Investor ("FII") as defined in section 115 AD of the Income-tax Act. However, while tendering their equity shares under the Offer, Non Resident Individuals, Overseas Corporate Bodies and other non-resident shareholders will be required to submit a No Objection Certificate ("NOC") or Tax Clearance Certificate or Certificate for Deduction of Tax at Lower Rate from Income Tax authorities under the Income-tax Act indicating the amount of tax to be deducted by the Acquirers and PACs before remitting the consideration. In case the aforesaid NOC or Tax Clearance Certificate or Certificate for Deduction of Tax at Lower Rate is not submitted, the Acquirers and PACs will arrange to deduct tax at the maximum marginal rate as may be applicable to the category of shareholders on the entire consideration amount payable to such shareholders.**

Non Resident shareholders should also submit copy of the permission received from Reserve Bank of India for acquisition of the shares of SIL. In case of its non-submission, Acquirers and PACs reserves their right to reject the shares tendered in the Offer.

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

i) duly attested death certificate and succession certificate in case of single shareholder;

ii) duly attested Power of Attorney if any person apart from the shareholder has signed the Form of Acceptance and/or transfer deed(s);

iii) in case of companies, the necessary corporate authorization (including Board Resolutions);

iv) any other relevant documentation.

10.9 The Registrar to the Offer will hold in trust the FOA, equity share certificates, transfer deeds and shares lying in credit of the special depository account and other documents on behalf of the shareholders of SIL who have tendered in the Offer, until the cheques/drafts for the consideration and/or the unaccepted Equity Shares/ Equity Share certificates are dispatched/returned. The Acquirers and the PACs would not have access to these Equity Shares till such time.

10.10 The Acquirers and PACs shall accept all valid fully paid up shares and partly paid up shares tendered (except those which are withdrawn, within the date specified for withdrawal). Equity shares will be acquired by the Acquirers and PACs free from lien, charges and encumbrances of any kind whatsoever and together with all the rights attached thereto including the right to dividend, bonus and rights issue dividend thereafter.

10.11 If the number of shares tendered by the shareholders is more than the offer size, the acquisition from each shareholder will be as per regulation 21(6) of the Regulations, on a proportionate basis in consultation with the Manager to the Offer taking care to ensure that the basis of acceptance is decided in a fair and equitable manner and does not result in non-marketable lots. Provided that acquisition of equity shares from a shareholder shall not be less than the minimum marketable lot or the entire holding, if it is less than the marketable lot. As the Shares trade in compulsory dematerialized segment, the minimum marketable lot for the Shares is 1 (one).

10.12 The consideration for the Equity Shares accepted by the Acquirers and PACs will be paid by crossed account payee cheques/demand drafts. Such cheques/demand drafts exceeding Rs. 1,500/- or unaccepted Equity Share certificates, transfer deeds and other documents, if any, will be returned by Registered Post/ Speed Post at the shareholders'/unregistered owners' sole risk, to the sole/first shareholder/unregistered owner. Cheques/demand drafts for Rs 1,500/- or less will be sent under certificate of posting. All cheques/ demand drafts will be drawn in the name of the first holder, in case of joint registered holders.

In case of dematerialised Equity Shares, the Equity Shares would reside in the Special Depository Account as mentioned above. The Registrars to the Offer will debit the Special Depository Account to the extent of payment of consideration made by the Acquirer and give instructions for the credit to the beneficial account of the Acquirer. The Equity Shares held in dematerialised form to the extent not accepted as a result of non-payment/ part payment of consideration by the Acquirer under the Offer will be released to the Beneficial Owner's Depository Account with the respective beneficial owners depository participant as per details furnished by the Beneficial Owner in the Form of Acceptance, at the sole risk of the Beneficial Owners.

10.13 In terms of regulation 22(5A) of the Regulations, shareholders desirous of withdrawing their acceptance tendered by them in the Offer, may do so up to three working days prior to the date of closing of the Offer. The withdrawal option can be exercised by submitting the documents as per the instructions below, so as to reach the Registrar to the Offer at any of the collection centers mentioned above as per the mode of delivery indicated therein on or before April 20, 2006.

The withdrawal option can be exercised by submitting the following :

i. For Equity Shares held in demat form :

Beneficial owners should enclose :

- Duly signed and completed Form of Withdrawal accompanying the LOF. The signature(s) should be attested by the depository participant.
- Acknowledgement slip in original/copy of the submitted Form of Acceptance cum Acknowledgement submitted by Registered post.
- Photocopy of the delivery instruction in "Off-market" mode or counterfoil of the delivery instruction in "Off-market" mode, duly acknowledged by the DP.

ii. For Equity Shares held in physical form :

Registered Shareholders should enclose :

- Duly signed and completed Form of withdrawal accompanying the LOF.
- Acknowledgement slip in original/copy of the submitted Form of Acceptance cum Acknowledgement submitted by Registered post.

- In case of partial withdrawal, valid Share Transfer form(s)duly signed as transferors by all registered shareholders (in case of joint holdings) in the same order and as per specimen signatures registered with SIL and duly witnessed at the appropriate place.

Unregistered owners should enclose :

- Duly signed and completed Form of Withdrawal.
- Acknowledgement slip in original/Copy of the submitted Form of Acceptance cum Acknowledgement submitted by Registered post.

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

- In case of physical shares: Name; Address; Distinctive Numbers; Folio Number, Number of Shares tendered and to be withdrawn and
- In case of dematerialized shares: Name; Address; Number of Shares offered and number of shares to be withdrawn; DP name; DP ID; Beneficiary Account Number and a photocopy of the delivery instruction in “Off-market” mode or counterfoil of the delivery instruction in “Off-market” mode, duly acknowledged by the DP, in favour of the special depository account.

b) The withdrawal of shares will be available only for the share certificates/shares that have been received by the Registrar to the Offer / credited to Special Depository Account.

c) The intimation of returned shares to the Shareholders will be at the address as per the records of the SIL/Depository as the case may be.

d) The Form of Withdrawal should be sent only to the Registrar to the Offer.

e) In case of partial withdrawal of shares tendered in physical form by the registered shareholder, if the original share certificates are required to be split, the same will be returned on receipt of share certificates from SIL.

f) 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 will stand revised to that effect.

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

10.14 Barring unforeseen circumstances and factors beyond their control, the Acquirers and PACs intend to complete all procedures relating to the Offer, including payment of consideration to the shareholders who have accepted the Offer, within 15 days from the date of closing of this Offer and for the purpose open a special account as provided under regulation 29 of the Regulations.

Provided that where the Acquirers and PACs are unable to make the payment to the shareholders who have accepted the Offer before the said period of 15 days due to non-receipt of requisite statutory approvals, SEBI may, if satisfied that non-receipt of requisite statutory approvals was not due to any willful default or neglect of the Acquirers or PACs or failure of the Acquirers and PACs to diligently pursue the applications for such approvals, grant extension of time for the purpose, subject to the Acquirer agreeing to pay interest to the shareholders for delay beyond 15 days, as may be specified by SEBI from time to time, in accordance with regulation 22(12) of the Regulations.

11 DOCUMENTS FOR INSPECTION

11.1 The following documents will be available for inspection to the shareholders of SIL at the office of Sangam India Limited - It has its registered office Pur Road, Bhilwara – 311 001, Rajasthan, India, on all working days, from the date of opening of the Offer till the date of closing of the Offer, between 10.00 a.m. and 1.00 p.m., except Saturdays, Sundays and Holidays:

1. Certificate of Incorporation, Memorandum and Articles of Association of the Acquirers & PACs.
2. Certificate by Mr. Krishnan Garg (Membership No. 76194) of Krishnan Grag & Co., Chartered Accountants vide certificate dated June 29, 2005,certifying the financial data of SIL
3. Certificates by Mr. U. Vishwas Rao (Membership No. 209873) of Adithya and Vishwas & Co, Chartered Accountants vide certificate dated August 5, 2005 certifying the financial data of IAF I.and IAF II.
4. Certificate by Mr. Narayan D. Jajoo (Membership No. 101922) of Kothawade & Laddha Chartered Accountants vide certificate dated August 9, 2005 and August 23, 2005 certifying the financial data of Thamiraparani.
5. Certificate by Ms. Deepa Rathi (Membership No. 104808) of R. Kabra & Co., Chartered Accountants vide their certificate dated August 8, 2005
6. Copy of the Subscription Agreement dated August 06, 2005 and Amendatory Agreement dated February 27, 2006.
7. Audited Accounts of IAF I for the accounting years ended March 31, 2003, 2004, 2005.
8. Audited Accounts of Swastik for the accounting years ended March 31, 2003, 2004, 2005.
9. Audited Accounts of IAF II for the accounting years ended March 31, 2004, 2005.
10. Audited Accounts of Thamiraparani for the accounting years ended March 31, 2003 and 2004 and Management certified accounts of Thamiraparani for the accounting year ended March 31, 2005.
11. Annual Reports of SIL for the accounting years ended March 31, 2003, 2004 and 2005.
12. Certificate of Incorporation, Memorandum and Articles of Association of SIL.
13. Copy of the authorization of Ms. Bala Despande by the Investment Manager to IAF I and IAFII to do all acts, things and deeds in the name of and on behalf of IAF I and IAF II in connection with the proposed acquisition of the Equity Shares in the Target.
14. Copy of the Board Resolution of Swastik authorizing Mr. Vishnu Prasad Bindal and Mr. Hitesh Bindal severally to do all acts, things and deeds in the name of and on behalf of Swastik in connection with the proposed acquisition of the Equity Shares in the Target.
15. Copy of the Board Resolution of Thamiraparni authorizing V. Gopal to do all acts, things and deeds in the name of and on behalf of Thamiraparani in connection with the proposed acquisition of the Equity Shares in the Target.
16. Certificate by Mr. Narayan D. Jajoo (Membership No. 101922) of Kothawade & Laddha Chartered Accountants vide certificate dated March 1, 2006, stating that the Acquirers and PACs have made the firm arrangements for meeting their obligations under the Regulations.
17. Letters from the Escrow Bank – UTI Bank confirming cash deposit of Rs. 3,139,614 (Rs. Three Million One Hundred Thirty Nine Thousand Six Hundred and Fourteen) deposited in the Escrow Account and a lien marked in favor of the Manager to the Offer.
18. Undertaking dated March 1, 2006 from IAF I stating that that they will not exercise part or full of 2,141,326 warrants held by them till the payment of consideration to the shareholders under the Open Offer is made
19. Undertaking dated February 28, 2006 from Pinky Exhibitors Pvt. Ltd stating that they will not exercise part or full of 988,950 warrants held by them till 20 days from the closure of the Offer

20. Undertaking dated March 1, 2006 from the existing Promoters stating that they will not exercise the balance 1,711,991 warrants held by them till the payment of consideration to the shareholders for tendering their equity shares in the Offer is made

21. A copy of the lien cum pledge agreement between IAF II and Enam Financial Consultants dated August 8, 2005.

22. A copy of the Cash Escrow agreement between IAF II, UTI Bank Limited and Enam Financial Consultants dated August 6, 2005.

23. Copy of the observation letter from SEBI, dated March 22, 2006 in terms of proviso to regulation 18(2) of the Regulations.

24. A published copy of Public Announcement issued on August 11, 2005.

25. Certificate dated August 9, 2005 by Mr. Narayan D. Jajoo (Membership No. 101922) of Kothawade & Laddha Chartered Accountants stating that considering the decision of Hon'ble Supreme Court of India in the case of Hindustan Lever Employee Union Vs Hindustan Lever Limited, 1995, (83 Com case 30) and precedences where weighted average has been used the Value Per Share on a weighted basis, the value of shares of the Target, based on audited financial for the year 2004-05; would be Rs. 31.31 per share (as per CCI formula), considering the Net Asset Value of the Target of Rs. 30.93 per share, the Earning Based Value per share (PECV) of Rs. 31.69.

26. Letters from the Bombay Stock Exchange Limited; National Stock Exchange of India Limited and the Jaipur Stock Exchange on price-volume data of SIL.

12 DECLARATION BY THE ACQUIRERS AND THE PACS

Declaration by IAF I & IAF II

IAF I & IAF II accept full responsibility for the information contained in this Letter of Offer, Form of Acceptance, Form of Withdrawal and also for ensuring compliance with the Regulations. All information contained in this document is as on the date of the Public Announcement, unless stated otherwise. Ms Bala Deshpande, Director – Investments has been authorised by the Investment Manager to IAF I and IAF II, to be its authorised signatory to the Letter of Offer.

By Order of the Board,

For ICICI Venture Funds Management Company Limited (Investment Manager to India Advantage Fund I and India Advantage Fund II),

Sd/-

Ms Bala Deshpande,

Director – Investments

March 28, 2006

Declaration by Swastik Coal Corporation (India) Limited

Swastik accepts full responsibility for the information contained in this Letter of Offer, Form of Acceptance, Form of Withdrawal and also for ensuring compliance with the Regulations. All information contained in this document is as on the date of the Public Announcement, unless stated otherwise. Mr. Vishnu Prasad Bindal and Mr. Hitesh Bindal have been severally authorised by the Board of Directors of Swastik to be its authorised signatory to the Letter of Offer.

By Order of the Board,

For Swastik Coal Corporation (India) Limited

Sd/-

Mr. Hitesh Bindal

March 28, 2006

Declaration by Thamiraparani Investments Private Limited

Thamiraparani accepts full responsibility for the information contained in this Letter of Offer, Form of Acceptance, Form of Withdrawal and also for ensuring compliance with the Regulations. All information contained in this document is as on the date of the Public Announcement, unless stated otherwise. Mr. V. Gopal has been authorised by the Board of Directors of Thamiraparani to be its authorised signatory to the Letter of Offer.

By Order of the Board,

For Thamiraparani Investments Private Limited

Sd/-

Mr. V.Gopal

March 28, 2006

Enclosed :

a) Form of Acceptance-cum-Acknowledgement

b) Form of Withdrawal

c) Transfer Deed, if applicable

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

OFFER			
Opens on	:	April	6, 2006
Closes on	:	April	25, 2006
Last Date for Withdrawal	:	April	20, 2006

To,
Bigshare Services Pvt Ltd,
E/2 Ansa Industrial Estate, Saki Vihar Raod, Sakinaka,
Andheri (E), Mumbai 400 072.
Dear Sir,

Sub. : Open Offer by India Advantage Fund I (hereinafter referred to as "IAF I"), Swastik Coal Corporation (India) Limited (hereinafter referred to as "Swastik") (IAF I and Swastik hereinafter collectively referred to as "the Acquirers") , India Advantage Fund II (hereinafter referred to as "IAF II") and Thamiraparani Investments Private Limited (hereinafter referred to as "Thamiraparani") (IAF II and Thamiraparani hereinafter collectively referred to as "the PACs") to the equity shareholders of Sangam (India) Limited ("SIL" or "Target Company") to acquire 6,665,846 fully paid-up Equity Shares of Rs. 10/- each of SIL ("Equity Shares"), representing 20% of the outstanding voting equity share capital (post Preferential Issue and part conversion of warrants) of SIL, at a price of Rs. 47.10 per fully paid-up Equity Share (the "Offer Price" payable in cash (the "Offer" or "Open Offer")

I/We refer to the Letter of Offer dated March 28, 2006 for acquiring the Equity Shares held by me/us in SIL.
I/We, the undersigned, have read the Letter of Offer including the procedure for withdrawal of equity shares tendered by me/us in the Offer as mentioned in Paragraph 10 of the Letter of Offer and accept unconditionally its contents including the terms and conditions and procedures as mentioned therein.
I/We have read I/we hereby consent unconditionally and irrevocably to withdraw my/our equity shares as mentioned below from the Offer and I/we further authorize the Acquirer to return to me/us, the tendered equity share certificate(s)/share(s) at my/our sole risk.
I/We note that upon withdrawal of my/our equity shares from the Offer, no claim or liability shall lie against the Acquirers/PACs/ Manager to the Offer/ Registrar to the Offer.
I/We note that this Form of Withdrawal should reach the Registrar to the Offer at any of the collection centres mentioned in the Letter of Offer as per the mode of delivery indicated therein on or before the last date of withdrawal (i.e. April 20, 2006).
I/We note that the Acquirers/PACs/ Manager to the Offer/Registrar to the Offer shall not be liable for any postal delay/loss intransit of the equity shares held in physical form and also for the non receipt of equity shares held in the dematerialized form in the DP account due to inaccurate/incomplete particulars/instructions.
I/We also note and understand that the Acquirers/PACs/ Manager will return Original Share Certificate(s), Share Transfer Deed(s) and equity shares only on completion of verification of the documents, signatures and beneficiary position data as available from the Depository from time to time, respectively.

SHARES IN PHYSICAL FORM

The particulars of withdrawal of original shares certificates and duly signed transfer deed(s) are detailed below :

Sr. No.	Ledger Folio No.	Certificate No.	Distinctive Nos.		No. of Equity Shares
			From	To	
	TENDERED				
1					
2					
3					
	WITHDRAWN				
1					
2					
3					
Total No. of Certificates			Total No. of Equity Shares		

Please attach an additional sheet of paper if the above space is insufficient.

SHARES IN DEMAT FORM

I/We hold the following equity shares in dematerialized Form and tendered the Equity Shares in the Offer through an off-market transaction for crediting the Shares to the Special Depository Account with NDSL "Bigshare Services Pvt. Ltd-Escrow A/c. for Sangam (India) Ltd Open Offer", whose particulars are :

DP ID Number: IN 300450**; DP Name:** IDBI Bank Limited**; Client ID Number:** 13078275**; Depository:** National Securities Depositories Limited

I/we have tendered ____ Equity Shares by debiting my/our account as mentioned below and hereby consent to withdraw _______ (___________ in words) Equity Shares from the Offer.

Please find enclosed a photocopy of the Depository Delivery Instruction(s) duly acknowledged by DP.

The particulars of the account from which my/our Shares have been tendered are as detailed below :

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

Address of First/Sole Shareholder : ____

____

Tel. No.: ______________________ Fax No.:____________________________ E-mail : ____

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

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

In case of dematerialized Shares, I/We confirm that the signatures of the beneficiary holders have been verified by the DP as per the records maintained at their end and the same have also been duly attested by them under their seal.

Yours faithfully,

Signed and delivered	Full Name(s)	Signature(s)	Verified and Attested by us. Please affix the stamp of DP (in case of demat Shares)/Bank (in case of physical Shares)
First/Sole Shareholder			
Second Shareholder			
Third Shareholder			
Fourth Shareholder			

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

— — — — — — — — — — — — Tear along this line — — — — — — — — — — — —

Acknowledgement Slip

Sr. No.

FOLIO NO.____________________

BIGSHARE SERVICES PVT. LTD.
UNIT : SIL
E/2, Ansa Industrial Estate, Saki Vihar Road, Sakinaka, Andheri (E), Mumbai - 400 072.

Signature of Official and Date of Receipt	Stamp of the Collection center

Received from Mr./Ms. ____
Address ____
Form of Withdrawal instructing for the withdrawal of____________________(____ in words) Equity Shares from the Offer.

Note : All future correspondence, if any, should be addressed to Registrars to the Offer: BIGSHARE SERVICES PVT. LTD., E/2 Ansa Industrial Estate, Saki Vihar Road, Saki Naka, Andheri (East), Mumbai - 400 072. Tel.: +91-22-2847 0744/0652/0653 ; Fax: +91 -22 -2847 5207 ; Email : bigshare@sify.com. **Contact Person : V. Kumaresan**

PRINTED BY : CRYSTAL FORMS LTD. (022) 2382 3151 / 52