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 **Soma Textiles & Industries Limited**. If you require any clarifications about the action to be taken, you should consult your stock broker or investment consultant or the Manager/ Registrar to the Offer. In case you have recently sold your Shares in the Target Company, please hand over this Letter of Offer and the accompanying Form of Acceptance-cum-acknowledgement, Form of Withdrawal and Transfer Deed to the member of the Stock Exchange through whom the said sale was effected.

M/S Mavi Investment Fund Limited (Registered Office at 4th Floor, Edith Cavell Street, Les Cascades Building, Port Louis, Mauritius Tel. No.: +(230) 212 9800 Fax No.: +(230) 212 9833) ("Mavi" / "the Acquirer").

Makes a Cash Offer at Rs. 40.14 (Rupees Forty and Paise Fourteen only) including an interest component of Rs. 5.69* (Rupees Five and Paise Sixty Nine only) per fully paid-up equity share of Rs. 10 (Rupees Ten only) each to acquire

66,06,600 fully Paid-up Equity Shares of face value of Rs. 10/- each, representing 20% of the fully diluted equity voting capital ("Offer") of the Target Company

* Interest @10% p.a. on the price of Rs. 34.45 from June 01, 2007 to January 24, 2009

Soma Textiles & Industries Limited ("Target Company")

a company incorporated under the Companies Act, 1956

(Registered office at: 2, Red Cross Place, Kolkata - 700001, West Bengal

Tel. Nos.: 033- 22487406, 22487407; Fax No.: 033 - 22487045)

Note:

- This Offer is being made pursuant to and in compliance with the provisions of Regulations 10 and 11 (1) of the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 1997, and subsequent amendments thereto.
- This offer is not a conditional offer and is not subject to any minimum level of acceptance.
- This offer is not a competitive bid.
- The Offer is subject to receiving the necessary approvals(s) from the Reserve Bank of India ("RBI"), under the Foreign Exchange Management Act, 1999 and subsequent amendments thereto, for acquiring shares tendered by resident and non-resident Indian shareholders. The Acquirer has made the requisite application to RBI to obtain approval for the same.
- **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. January 07, 2009, Wednesday) prior to the closure of the Offer viz. January 12, 2009 (Monday).**
- Regulation 26 of the SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 1997 provide for an upward revision of Offer in respect of the price and the number of shares to be acquired, at any time up to seven working days i.e. **January 01, 2009**, **(Thursday)** prior to the date of closure of the offer. i.e. **January 12, 2009 (Monday)**. The same price will be paid by the Acquirer for all the shares tendered any time during the Offer. Any revision(s) in the offer price will be informed by way of a Public Announcement in the same newspapers in which the original Public Announcement was made.
- The Acquirer can withdraw this offer, only under circumstances as mentioned under Regulation 27(1) and in this event the same would be informed by way of Public Announcement in the same newspapers where the original Public Announcement has appeared.
- **There has been no competitive bid in respect of this Offer announced by the Acquirer till the date of this Letter of Offer.**
- **A copy of the Public Announcement and this Letter of Offer (including the Form of Acceptance cum Acknowledgement and the Form of Withdrawal) will also be available on SEBI's website (www.sebi.gov.in).**
- The procedure for acceptance and settlement is set out in **Clause No.9** of the Letter of offer. A form of acceptance cum acknowledgement and instrument of transfer are enclosed with the Letter of offer.

MANAGER TO THE OFFER	REGISTRAR TO THE OFFER
IL&FS INVESTSMART INDIA'S FINANCIAL MULTIPLEX **IL&FS Investsmart Securities Ltd.** The IL& FS Financial Centre, Plot C-22, G Block, Bandra Kurla Complex, Bandra (E), Mumbai - 400 051 Tel : +91-22-2653 3333; Fax: +91-22-6693 1862 Email: stil.offer@hsbcinv.com Investor Grievance: ibredressal@hsbcinv.com Contact person: Mr. Bhavin Ranawat	INTIME SPECTRUM REGISTRY LIMITED Crisp.Clear. Connected **Intime Spectrum Registry Limited,** C-13, Pannalal Silk Millls Compound, L.B.S. Marg, Bhandup (West), Mumbai 400 078 Tel No : +91-22- 25960320 Toll Free No. 1800-22-0320 Fax No: +91-22- 25960328-29 Email: stil.offer@intimespectrum.com Contact person: Mr. Nilesh Chalke

Activity	Original Schedule	Revised Schedule
	Day and Date	**Day and Date**
Public Announcement (PA) Date	Monday, September 29, 2008	Monday, September 29, 2008
Specified Date (for the purpose of determining the names of Shareholders to whom the Letter of Offer would be sent)	Friday, October 24, 2008	Friday, October 24, 2008
Last date for a competitive bid	Monday, October 20, 2008	Monday, October 20, 2008
Date by which Letter of Offer to be dispatched to shareholders	Monday, November 03, 2008	Thursday, December 18, 2008
Date of Opening of the Offer	Friday, November 21, 2008	Tuesday, December 23, 2008
Last date for revising the Offer price	Monday, December 01, 2008	Thursday, January 01, 2009
Last date for withdrawal of shares by the shareholders who have submitted their shares in the offer	Friday, December 05, 2008	Wednesday, January 07, 2009
Date of Closure of the Offer	Wednesday, December 10, 2008	Monday, January 12, 2009
Last Date by which acceptance / rejection under the offer would be intimated and the corresponding payment for the acquired shares and/or the unaccepted shares/ share certificate will be dispatched.	Wednesday, December 24, 2008	Saturday, January 24, 2009

RISK FACTORS

Given below are the risks related to the transaction, the proposed Offer and getting associated with the Acquirer:

a) In the event that either (a) the statutory approvals as stated in Clause No. 8.14 of this Letter of Offer are not received; or (b) there is any litigation leading to stay on the Offer; or (c) SEBI instructs the Acquirers not to proceed with the Offer, then the Offer process may be delayed beyond the schedule of activities indicated in this Letter of Offer. Consequently, the payment of consideration to those share holders whose shares have been accepted in the Offer as well as the return of those shares not accepted by the Acquirer may be delayed. Further, in case of delay due to non-receipt of statutory approval(s), as per Regulation 22(12) of the SEBI (SAST) Regulations, SEBI may, if satisfied, grant an extension for the purpose of completion of the Offer subject to the Acquirer agreeing to pay interest to the eligible shareholders.

b) The Acquirer makes no assurance with respect to the market price of the shares during/ after the Offer. The equity shares of the Target Company are listed on the Bombay Stock Exchange Limited, ("BSE") and National Stock Exchange of India Limited ("NSE"). The shares of the company have been delisted from The Calcutta Stock Exchange Association Limited ("CSE") as conveyed to the Target Company by the CSE vide their letter number CSEA/LD/223/2008 dated April 16, 2008.

c) The Acquirer makes no assurance with respect to the financial performance of the Target Company. The Acquirer makes no assurance with respect to their investment/divestment decisions relating to their proposed shareholding in the Target Company.

d) Registrar to the offer will hold in trust the tendered shares / share certificates and the tendered shares lying to the credit of a designated special escrow account until the completion of the Offer formalities. During such period, there may be fluctuation in the market price of the shares of the Target Company.

e) In the event of oversubscription in the Offer, the acceptance will be on a proportionate basis and will be contingent on the level of oversubscription.

The risk factors set forth above pertain to the Offer and do not relate to the present or future business or operations of the Target Company or any other related 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 Shareholder(s) of the Target Company are advised to consult their stockbroker or investment consultant, if any, for further risks with respect to their participation in the Offer.

TABLE OF CONTENTS

DEFINITIONS

The Acquirer / "MAVI"	M/s Mavi Investment Fund Limited (MAVI) (a private company limited by shares incorporated under section 24 of the Mauritius Companies Act 2001,)
BSE	Bombay Stock Exchange Limited
CDSL	Central Depository Services (India) Limited
Companies Act	The Companies Act, 1956
CSE	The Calcutta Stock Exchange Association Limited
DP	Depository Participants
ECS	Electronic Credit System
Eligible Person(s) for the Offer	All owners (registered or unregistered) of Shares of the Target Company (except the Acquirer) anytime before the Closure of the Offer
FCD	Fully Convertible Debentures
OFCD	Optionally Fully Convertible Debentures
FEMA	Foreign Exchange Management Act ,1999
Form of Acceptance	Form of Acceptance cum Acknowledgement
GDR	Global Depository Receipts
INR or Rs.	Indian Rupees
IT Act	Income Tax Act, 1961
LoO	Letter of Offer
Manager/Manager to the Offer/IISL	IL&FS Investsmart Securities Limited
NEFT	National Electronic Fund Transfer
NSDL	National Securities Depository Limited
NSE	National Stock Exchange of India Limited
OCB	Overseas Corporate Bodies
Offer	Open Offer for acquisition of 66,06,600 fully Paid-up Equity Share of face value of Rs. 10/- each, representing 20% of the fully diluted equity voting capital.
Offer Price	Rs. 40.14 (Rupees Forty and Paise Fourteen only) including an interest component of Rs. 5.69 (Rupees Five and Paise Sixty Nine only)per fully paid-up equity share of Rs. 10/- each
Public Announcement/PA	Public Announcement dated September 26, 2008 made by Acquirer published on September 29**,** 2008
RBI	Reserve Bank of India
Registrar/Registrar to Offer	Intime Spectrum Registry Limited
RTGS	Real Time Gross Settlement
SEBI	Securities and Exchange Board of India
SEBI (SAST) Regulations	Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 1997 and subsequent amendments thereto.
Share(s)	Fully paid-up equity shares of face value of Rs. 10 each of Soma Textiles & Industries Limited
Specified Date	Friday, October 24, 2008
Target Company/STIL	Soma Textiles & Industries Limited
UCP	Under Certificate of Posting

1. DISCLAIMER CLAUSE

"IT IS TO BE DISTINCTLY UNDERSTOOD THAT FILING OF THE DRAFT LETTER OF OFFER WITH THE SEBI SHOULD NOT IN ANY WAY BE DEEMED OR CONSTRUED THAT THE SAME HAS BEEN CLEARED, VETTED OR APPROVED BY SEBI. THE DRAFT LETTER OF OFFER HAS BEEN SUBMITTED TO SEBI FOR A LIMITED PURPOSE OF OVERSEEING WHETHER THE DISCLOSURES CONTAINED THEREIN ARE GENERALLY ADEQUATE AND ARE IN CONFORMITY WITH THE SEBI (SAST) REGULATIONS. THIS REQUIREMENT IS TO FACILITATE THE SHAREHOLDERS OF SOMA TEXTILES & INDUSTRIES LIMITED TO TAKE AN INFORMED DECISION WITH REGARD TO THE OFFER. THE SEBI DOES NOT TAKE ANY RESPONSIBILITY EITHER FOR FINANCIAL SOUNDNESS OF THE ACQUIRER OR TARGET COMPANY, WHOSE SHARES ARE 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 ACQUIRER IS 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 ACQUIRER DULY DISCHARGES HIS RESPONSIBILITIES ADEQUATELY. IN THIS BEHALF, AND TOWARDS THIS PURPOSE, THE MANAGER – IL&FS INVESTSMART SECURITIES LIMITED HAS SUBMITTED A DUE-DILIGENCE CERTIFICATE DATED OCTOBER 10, 2008 TO SEBI IN ACCORDANCE WITH THE SEBI (SAST) REGULATIONS. THE FILING OF THE DRAFT LETTER OF OFFER DOES NOT, HOWEVER, ABSOLVE ACQUIRER FROM THE REQUIREMENT OF OBTAINING SUCH STATUTORY CLEARANCES AS MAY BE REQUIRED FOR THE PURPOSE OF THE OFFER".

The Acquirer does not accept any responsibility for statements made otherwise than in this Letter of Offer or in the advertisement or any material issued by, or at the instance of the Acquirer, the Manager to the Offer and anyone placing reliance on any other source of information would be doing so at his/her/their own risk. Any information in this Letter of Offer in respect of the Target Company is based on the information given by the Target Company to the Acquirer or publicly available sources.

2. DETAILS OF THE OFFER

2.1 Background

2.1.1 The Offer is being made pursuant to and in compliance with the provisions of Regulations 10 and 11 (1) of SEBI (SAST) Regulations. There are no agreement / arrangements executed by and between the Acquirer and the Target Company in relation to the shares held / acquired by the Acquirer. Furthermore, the Acquirer's stake in the Target Company is in the nature of an investment and not with the intent to control the management or policy decisions of the Target Company.

2.1.2 Currently, the Acquirer holds 65,00,000 equity shares representing 19.68% of the paid up equity capital of the Target Company. Assuming that the Offer receives 100% response, the Acquirer will hold 1,31,06,600 equity shares representing 39.68% of the paid up equity capital of the Target Company.

2.1.3 The Acquirer had purchased the GDRs of the Target Company on January 8, 2007 (300,000 units), January 31, 2007 (500,000 units) and February 27, 2007 (200,000 units) respectively under the FDI route.

The Acquirer's stake in the Target Company had increased from 29,01,400 equity shares of Rs. 10/- each representing 8.78% of the fully paid up equity capital to 79,01,400 equity shares of Rs. 10/- each representing 23.92% of the fully paid up equity capital on February 5, 2007 pursuant to conversion of the GDR's. The Acquirer had sold some of the said converted shares on February 19, 2007 and February 20, 2007, as a result of which its stake decreased to 50,00,000 equity shares representing 15.14% of the fully paid up equity capital of the Target Company. On February 27, 2007 the Acquirer's stake increased further from 50,00,000 equity shares representing 15.14% of the fully paid up equity capital to 70,00,000 equity shares of Rs. 10/- each representing 21.19% of the fully paid up equity capital pursuant to conversion of the GDR's. The acquisition on February 05, 2007 had triggered the provisions of Regulation 10 and the acquisition on February 27, 2007 had triggered the provisions of Regulation 11(1) of SEBI (SAST) Regulations.

Mavi's shareholding in the Target Company as on date of the Public Announcement was 19.68% (aggregating to 65,00,000 equity shares).

The Acquirer was obliged to make an open offer under the SEBI (SAST) Regulations due to the above said increase in the percentage of share holding. Upon realization of this mandatory regulatory obligation and the delay caused to this effect, the Acquirer attempted to make an open offer to comply with the regulatory provisions. However, when the Acquirer intended to make an open offer under the SEBI (SAST) Regulations, an open offer was already subsisting at such time by Krishnaa Glass Pvt. Ltd. ("KGPL"), currently part of the Promoter Group of the Target Company, along with Persons Acting in Concert to acquire the shares of the Target Company. Thus, since the public announcement of this offer was made more than 21 days prior to such attempt, the Acquirer was not in a position to proceed with the public announcement as then considered, as the same would have been treated as a competitive bid under the SEBI (SAST) Regulations, which can only be made within 21 days from the previous offer. This open offer by KGPL ended on December 4, 2007.

During such time, as Mavi could not proceed with an open offer during the pendency of a subsisting offer by KGPL, Mavi had sought guidance from SEBI with respect to the future course of action. SEBI in this respect issued a letter dated September 5, 2008 advising the Acquirer to make the open offer.

2.1.4 The GDRs were acquired by MAVI under the FDI regime. At the time of conversion of GDRs into equity shares as aforesaid, the Acquirer was not aware that such conversion had unintentionally triggered the Offer requirement under the SEBI (SAST) Regulations. The Acquirer is merely a financial investor and wishes to have no management, control or strategic position in the Target Company. The GDRs were converted without any intention to acquire control or takeover the management of STIL. The breach caused due to the conversion of GDRs was thus inadvertent.

The Acquirer does not have any agreement or investment rights with the Promoters of the Target Company and also with the Target Company.

The Acquirer has filed a consent order application with SEBI vide letter dated November 04, 2008, seeking condonation of delay in making the Offer & some instances of non-compliance under Chapter II of the SEBI (SAST) Regulations.

2.1.5 The Acquirer has not been prohibited by SEBI from dealing in securities, in terms of direction issued under Section 11B of SEBI Act or any other regulations made under the SEBI Act.

2.1.6 The Acquirer does not have any representation on the Board of Directors of the Target Company and does not intend to have any representation on the Board of Directors of the Target Company. Further, it does not intend to make any changes to the Board of Directors of the Target Company.

2.1.7 The existing shareholding of Acquirer in the Target Company as on the date of PA is as under :

S. No.	Name	Number of shares held	(c) as a % to total Equity capital
(a)	**(b)**	**(c)**	**(d)**
1	Mavi Investment Fund Limited	65,00,000	19.68
	Total	**65,00,000**	**19.68**

2.1.8 The shareholding of the Acquirer in the Target Company after the completion of the Offer assuming 100% response to the same would be as under:

S.No	Name of Acquirer	Number of shares held prior Acquisition referred to above	Shares proposed to be acquired under the offer	Total shares after the offer	% to total Equity capital
1	Mavi Investment Fund Limited	65,00,000	66,06,600	1,31,06,600	39.68
	Total	***65,00,000***	66,06,600	1,31,06,600	***39.68***

2.2 The Details of the Proposed Offer

2.2.1 The Public Announcement dated Friday, September 26, 2008 was published on Monday, September 29, 2008 in the following newspapers, in accordance with Regulation 15 of the SEBI (SAST) Regulations:

Publication *	Language	Edition
The Financial Express	English	All editions
Jansatta	Hindi	All editions
Aajkal	Bengali	Kolkata
Navshakti	Marathi	Mumbai

*Date of Publication: Monday, September 29, 2008

A Corrigendum to the above Public Announcement containing inter-alia the revised activity schedule shall be released in the same publications in which the above mentioned Public Announcement dated September 26, 2008 was released.

(The Public Announcement and the Corrigendum shall also be available on the SEBI's website: www.sebi.gov.in)

2.2.2 The Acquirer is making an offer to the public shareholders of the Target Company to acquire 66,06,600 fully Paid-up Equity Shares of face value of Rs. 10/- each, representing 20% of the fully diluted equity voting capital of the Target Company at a price of Rs. 40.14 (Rupees Forty and Paise Fourteen only) including an interest component of Rs. 5.69 (Rupees Five and Paise Sixty Nine only) per fully paid-up equity share of Rs. 10/- each ('' Offer Price''), payable in cash, as the aggregate equity stake of the Acquirer in the paid up equity share capital of STIL, after the conversion of the GDRs in to equity shares resulted in their shareholding exceeding the threshold of 15%, in compliance with Regulations 10 and 11(1) of the SEBI (SAST) Regulations.

2.2.3 As on the date of PA, the total paid up capital of the Target Company was Rs. 3,322.75 lacs (including an amount of Rs. 19.45 lacs for 385,300 forfeited shares) comprising 3,30,33,000 fully paid up equity shares of Rs. 10 each including the equity shares underlying the GDRs.

2.2.4 There are no partly paid-up Shares in the Target Company.

2.2.5 The entire consideration is payable in cash and hence there is no differential pricing.

2.2.6 There has been no competitive bid in the Offer till the date of the Letter of Offer.

2.2.7 This Offer is not a conditional offer and is not subject to any minimum level of acceptance.

2.2.8 The Acquirer has not acquired any equity shares since the date of Public Announcement.

2.2.9 To the extent of the Offer Size, all Shares of the Target Company that are validly tendered and accepted pursuant to this Offer are proposed to be acquired by the Acquirer.

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

2.2.11 This Offer is made to all Shareholders except the Acquirer.

2.2.12 This Letter of Offer is being sent to those Shareholders (except the Acquirer) whose name(s) appeared in the Register of Members of the Target Company at the close of business hours on Friday, October 24, 2008, being the Specified Date, as required under the SEBI (SAST) Regulations.

2.3 **Object of the Offer**

2.3.1 As the aggregate equity stake of the Acquirer in the paid up equity share capital of the Target Company, after the conversion of the GDRs in to equity shares resulted in their shareholding exceeding the threshold of 15% and there was also a subsequent increase of more than 5% in the same financial year, the Acquirer is hereby making an Offer to acquire 66,06,600 equity shares of Rs.10/- each, representing 20% of the voting rights in the Target Company, in compliance with Regulations 10 and 11(1) of the SEBI (SAST) Regulations.

2.3.2 After the completion of the Offer, assuming 100% response to the same, the Acquirer shall hold 1,31,06,600 equity shares of the Target Company representing 39.68% of the total equity capital of the Target Company.

2.3.3 The Acquirer and the Target Company are not in similar line of business. Hence, the position of the Acquirer would not change in terms of market positioning, capacity utilization, etc.

3 BACKGROUND OF THE ACQUIRER

M/s Mavi Investment Fund Limited ("Acquirer")

a) The Acquirer, M/s Mavi Investment Fund Limited (MAVI), is a privately held limited company incorporated on November 29th, 2005 in the Republic of Mauritius under the Mauritius Companies Act, 2001, with its registered office at 4th Floor, Edith Cavell Street Les Cascades Building, Port Louis, Mauritius Tel. No.: +(230) 212 9800 Fax No.: +(230) 212 9833. The Acquirer is an investment company with liability limited by shares and holding a category 1 global business license and is primarily engaged in investment activities under the Foreign Institutional Investor regime.

b) In 2005, Mavi Investment Fund Ltd. Mauritius was registered with the Securities and Exchange Board of India as a FII sub-account to MM Warburg Bank (Schweiz) AG. The promoter of the Acquirer is BTS Belvoir Investments AG, Switzerland ("BTS").

c) BTS was established as a stock corporation domiciled in 7433 Casti-Wergenstein, Switzerland, privately owned. The corporate purpose of BTS Belvoir Investments AG is the holding of shares and of participations in companies worldwide. BTS Belvoir Investments AG promotes sustainable investment opportunities into premier major Emerging Markets including India to foster cross-border investment activities.

d) The Board of Directors of the Acquirer as on the date of Public Announcement was as follows:

Name & Designation of the Directors	Residential Address	Date of appointment
Mr. Heerdaye Jugbandhan	34, Boulevard Victoria Street, Port Louis, Mauritius	February 24, 2006
Mr. Poovazhagan Soobramanien	6, Appadoo Avenue, Bassin Road, Quatre Bornes, Mauritius	July 31, 2008

Educational Qualification, experience etc of the Directors of the Company:

Mr. Poovazhagan Soobramanien, 33 years, holds a BSc (Hons) degree in Economics from the University of Mauritius and is also a member of the Association of Chartered Certified Accountants, UK. He joined the offshore sector in 1999 and has substantial experience in structuring, setting, administration and accounting of investment vehicles including private and public companies, various types of funds ranging from traditional long only equity and private equity funds to hedge funds. He acts as a director on various other investment management companies.

Mr. Heerdaye Jugbandhan, 31 years, holds memberships of the Mauritius Institute of Professional Accountants and the Securities & Investment Institute, UK. He is also a Fellow of the Association of Chartered Certified Accountants, UK. He started his career with a leading fund administration company in Mauritius. He is currently also the General Manager – Fund Operations at International Management (Mauritius) Limited (IMM) which provides administration and accounting services to a wide range of funds. Before IMM, he spent four years with the Northern Trust Group, Guernsey, Channel Islands.

e) No Director of the Acquirer is on the board of the Target Company.

f) The Acquirer is an unlisted company.

g) The Acquirer has complied with the provisions of Chapter II of SEBI (SAST) Regulations except for the delay in making this Offer, a delay in complying with the reporting requirement under Regulation 8(1) and non-compliance with the reporting requirement under Regulation 7(1A). The Acquirer has filed a consent order application with SEBI as stated in clause 2.1.4 of this Letter of Offer.

h) The Acquirer has a total paid up capital of USD 696,895,465 comprising of Founder shares of USD 1,000 and Participating Redeemable shares of USD 696,894,465.

i) Brief audited financial details for a period of last three years are given below:

Profit & Loss Statement	Period from November 29, 2005 to March 31, 2007 (Amt. USD)	Period from November 29, 2005 to March 31, 2007 (Amt. in Rs. Lacs)	12 months ending March 31, 2008 (Amt. USD)	12 months ending March 31, 2008 (Amt. in Rs. Lacs)
Income from operations	16,438,815	7,632.54	101,908,007	47,315.89
Other Income	-	-	139,709	64.87
Total Income	16,438,815	7,632.54	102,047,716	47,380.75
Total Expenditure	2,143,112	995.05	52,459,389	24,356.89
Profit before Depreciation, Interest and tax	14,295,703	6637.49	49,588,327	23,023.86
Depreciation	-	-	-	-
Interest	-	-	-	-
Prior Period Adjustment	-	-	-	-
Profit before Tax	14,295,703	6637.49	49,588,327	23,023.86
Provision for Tax	(71,201)	(33.06)	-	-
Profit after Tax	14,224,502	6604.44	49,588,327	23,023.86
Balance Sheet Statement	**Period from November 29, 2005 to March 31, 2007 (Amt. USD)**	**Period from November 29, 2005 to March 31, 2007 (Amt. in Rs. Lacs)**	**12 months ending March 31, 2008 (Amt. USD)**	**12 months ending March 31, 2008 (Amt. in Rs. Lacs)**
Sources of funds				
Paid up share capital				
- Founder Shares (Note 1)	1,000	0.46	1,000	0.46
- Participating Redeemable Shares (Note 2)	148,650,228	69,018.30	696,894,465	323,568.10
Fair Value (Note 3)				
- Brought forward	-	-	4,081,080	1,894.85
- (Deficit)/ Reserve for the year/period	4,081,080	1,894.85	(79,432,324)	(36,880.43)
Profit brought forward	-	-	14,224,502	6604.44
Profit for the year/ period	14,224,502	6,604.44	49,588,327	23,023.86
Net worth	166,955,810	77,517.58	685,356,050	318,210.81
Secured loans	-	-	-	-
Unsecured loans	-	-	-	-
Deferred Payment Credit	-	-	-	-
Deferred Tax Liability	-	-	-	-
Total	166,956,810	77,518.05	685,357,050	318,211.28
Uses of funds				
Net fixed assets	-	-	-	-
Capital Work in Progress	-	-	-	-
Investments	175,995,510	81,714.72	657,413,433	305,237.06
Deferred Tax Assets	-	-	-	-
Net current assets/ (Liabilities)	(9,038,700)	(4,196.67)	27,943,617	12,974.22
Total miscellaneous	-	-	-	-

expenditure not written off				
Profit & Loss Account	-	-	-	-
Total	166,956,810	77,518.05	685,357,050	318,211.28
Other Financial Data		**2005-2006 (Audited)**		**2006-2007 (Audited)**
Dividend (%)	-	-	-	-
(Loss)/ Earning Per Share (Note 4)	12.99	603.13	(4.81)	(223.33)
Return on Net worth(%) (Note 5)	10.96%	10.96%	(4.35%)	(4.35%)
Book Value Per Share	118.44	5,499.17	110.43	5,127.26

Notes:

The rupee equivalent quoted in each case is the exchange rate as per the Reserve Bank of India reference rate as on September 26, 2008 (date of the PA) which is Rs. 46.43 = US$ 1

1. The founder share shall have one voting right, non participating, non redeemable and carry no right to dividends.
2. The participating redeemable share shall have participating, no pre-emption or voting right and carry right to dividends.
3. Fair value reserve represents mark to market gain or loss on available for sale investments.
4. (Loss)/Earnings Per Share represents net income inclusive of any fair value reserve/ deficit by number of paid up participating redeemable shares for the year/ period.
5. Return on Net Worth represents the net income inclusive of any fair value reserve/ deficit for the year/ period by the Net Worth

j) The Reasons for fall/rise in the total income and PAT of the Acquirer company are as follows:

- Due to increase in capital infusion in the year ended 2008, the Acquirer had more capital available to trade and hence generates more income.

- The increase in the Income consists mainly of short to medium capital gains from disposal of securities and is not subject to tax in Mauritius.

k) There are no Contingent Liabilities of the Acquirer as on March 31, 2008.

l) The significant accounting policies are as follows:

(a) **Basis of accounting**

The financial statements of Mavi Investment Fund Ltd. comply with the Companies Act 2001 and have been prepared in accordance with International Financial Reporting Standards (IFRS). The financial statements are prepared under the historical cost convention, except that available-for-sale investments and relevant financial assets are stated at their fair value.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the company's accounting policies.

Estimates and judgements are continuously evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

There were no major estimates and assumptions made during the period that have a significant risk of causing material adjustment to the carrying amounts of company's assets and liabilities within the next financial year.

The financial statements are prepared in United States Dollar.

(i) ***Standards, amendments and Interpretations effective for accounting periods beginning on or after January 1, 2007.***

IFRS 7, 'Financial instruments: Disclosures', and the complementary amendment to IAS 1, 'Presentation of financial statements – Capital disclosures', introduces new disclosures relating to financial instruments and does not have any impact on the classification and valuation of the company's financial instruments, or the disclosures relating to taxation and trade and other payables.

(ii) ***Standards, amendments and interpretations to existing standards that are not yet effective and have not been early adopted by the company***

The following standards, amendments and interpretations to existing standards have been published and are mandatory for accounting periods beginning on or after January 1, 2008 or later periods, but the company has not early adopted them:

IAS 23 (Amendment), 'Borrowing costs' (effective from January 1, 2009). It requires an entity to capitalise borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset (one that takes a substantial period of time to get ready for use or sale) as part of the cost of that asset. The option of immediately expensing those borrowing costs will be removed. The company will apply IAS 23 (Amended) from January 1, 2009 but is currently not applicable to the company as there are no qualifying assets.

IFRS 8, 'Operating segments ' (effective from January 1, 2009). IFRS 8 replaces IAS 14. The new standard requires a 'management approach', under which segment information is presented on the same basis as that used for internal reporting purposes. The company will apply IFRS 8 from January 1, 2009.

IFRIC 14, 'IAS 19 – The limit on a defined benefit asset, minimum funding requirements and their interaction (effective from January 1, 2008). IFRIC 14 provides guidance on assessing the limit in IAS 19 on the amount of the surplus that can be recognised as an asset. It also explains how the pension asset or liability may be affected by a statutory or contractual minimum funding requirement. The company will apply IFRIC 14 from January 1, 2008, but it is not expected to have any impact on the company's financial statements.

The revised IAS 1 affects the presentation of owner changes in equity and of comprehensive income.

Revised IFRS 3 carries forward the requirements of its predecessor to apply the acquisition method (previously referred to as the purchase method) to account for all business combinations and the identifiability criteria for recognising an intangible asset separately from goodwill.

The amendment to IAS 32 relating to puttable instruments require certain subordinated redeemable (puttable) instruments that participate in the pro-rata net assets of an entity to be classified as equity, where specific criteria are met.

(b) **Revenue recognition**

- Dividend income - when the shareholder's right to receive payment is established.

Other revenues earned by the company are recognised on the following bases:

• Interest income - as it accrues unless collectibility is in doubt.

(c) **Foreign currencies**

(i) *Functional and presentation currency*

Items included in the financial statements are measured using United States Dollar, the currency of the primary economic environment in which the entity operates ("functional currency").

(ii) *Transactions and balances*

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing on the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement.

(d) **Financial instruments**

Financial assets and financial liabilities are recognised on the company's balance sheet when the company has become a party to the contractual provisions of the instrument.

The company's accounting policies in respect of the main financial instruments are set out below:

(i) Financial assets

The company classifies its financial assets in the following categories :

financial asset through profit or loss and available-for-sale financial assets.

The classification depends on the purpose for which the investments were acquired. Management determines the classification of its investments at initial recognition and re-evaluates this designation at every reporting date.

(a) Financial assets at fair value through income statement

This category has two sub-categories : financial assets held-for-trading, and those designated at fair value through profit or loss at inception.

A financial asset is classified in this category if acquired principally for the purpose of selling in the short term or if so designated by management. Derivatives are also categorised as held-for-trading unless they are designated as hedges. Assets in this category are classifed as current assets if they are either held for trading or are expected to be realised within twelve months of the balance sheet date.

(b) Available-for-sale financial assets

Initial recognition

Available-for-sale financial assets are recognised on a trade date basis and are initially measured at cost.

Subsequent recognition

Available-for-sale financial assets are measured at subsequent reporting dates at fair value. Unrealised gains and losses on such securities are recognised directly in equity, until the security is disposed of or found to be impaired, at which time the cumulative gain or loss previously recognised in equity is included in the income statement for the period.

When securities classified as available-for-sale are sold or impaired, the accumulated fair value adjustments are included in the income statement as gains and losses from investment securities.

All financial assets traded on a stock exchange are valued on the basis of their traded prices. Unlisted financial assets and unquoted financial assets for which a price is not available, are valued on the basis of their probable sales price as determined with prudence and in good faith by the Board of Directors.

The Company assesses at each balance sheet date whether there is objective evidence that a financial asset or a group of financial assets is impaired. In the case of financial assets classified as available-for-sale, a significant or prolonged decline in the fair value of the security below its cost is considered in determining whether the securities are impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss - measured as the difference between acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in equity - is removed from equity and recognised in the income statement. If the fair value of a previously impaired debt security increases and the increase can be objectively related to an event occurring after the impairment loss was recognised, the impairment loss is reversed and the reversal recognised in the Income Statement. Impairment losses for an investment in an equity instrument are not reversed through the income statement.

(ii) Accounts receivable

Accounts receivable are stated at their nominal value.

(iii)Accounts payable

Accounts payable are stated at their nominal value.

(e) **Provisions**

Provisions are recognised when the company has a present or constructive obligation as a result of past events which it is probable will result in an outflow of economic benefits that can be reasonably estimated.

4 Disclosure in terms of regulation 16(ix) and future plans for Soma Textiles & Industries Limited

4.1 The Acquirer is making an offer to the shareholders of the Target Company pursuant to the provisions of Regulations 10 and 11(1) of SEBI (SAST) Regulations.

4.2 The Acquirer does not have any agreement or investment rights with the Promoters of the Target Company and also with the Target Company. Further, it does not intend to acquire control over the Target Company and accordingly does not intend to sell, dispose off or otherwise encumber any assets of the Target Company in the next two years.

4.3 The Acquirer is merely a financial investor and this acquisition will not result in a change in control of the Target Company. The investment by the Acquirer in the Target Company is in the nature of a financial investment in the ordinary course of business and not with the intent to control the management or policy decisions of the Target Company and hence, management control is retained by the existing Promoters of the Company. The Acquirer has no specific future plan in respect of the Target Company as there shall be no change in control over the Target Company pursuant to this Offer.

5 OPTIONS IN TERMS OF REGULATION 21(3)

The option in terms of Regulation 21(3) is not applicable since the offer is not being made under Regulation 11(2A).

Presently, the Acquirer holds 6,500,000 equity shares representing 19.68% of the current paid-up equity capital of the Target Company. Assuming that the Offer receives 100% response from the shareholders, the shareholding of the Acquirer in the Target Company shall become 13,106,600 equity shares representing 39.68% of the fully diluted voting capital. Pursuant to this Offer based on actual response in the Offer, the Public shareholding in the Target Company is not expected to reduce to below the Minimum level public shareholding specified in the Listing Agreement applicable to the Target Company.

6 BACKGROUND OF SOMA TEXTILES & INDUSTRIES LIMITED ("Target Company"/ "STIL")

a) STIL is a public limited Company incorporated under the Indian Companies Act, 1956 and having its registered office at 2, Red Cross Place, Kolkata - 700001, West Bengal; Tel. Nos. 033-22487406, 22487407; Fax Nos. 033-22487045. The regional office is situated at 6, Vaswani Mansion, Dinsha Wacha Road, Backbay Reclamation, Mumbai – 400 020. Mr. Surendra Kumar Somany, Mr. Arvind Somany, their relatives and associate concerns including Krishnaa Glass Pvt. Ltd. and Sarvopari Investment Pvt. Ltd. are the promoters of the Company.

b) STIL was originally started as a partnership firm under the name and style of M/s. R B Rodda & Co., in the year 1930. It was converted into a limited company under the name R B Rodda & Co. Ltd. on March 29, 1940 at Kolkata. Initially, it was engaged in trading activities. In the year 1969, the target company purchased New Commercial Mills Co. Limited at Ahmedabad, which was under liquidation and named this unit as "Soma Textiles". In the year 1987, it started producing denim fabric. Thereafter, the name was changed to "Soma Textiles & Industries Limited" from R B Rodda & Co. Ltd. on January 21, 1992. The Company started its 100% Export Oriented Unit at Baramati, District Pune, Maharashtra in the financial year 1993-1994.

The Target Company is currently engaged in manufacturing and sales of spinned cotton yarn, polyester yarn, denim (indigo dyed), cotton shirting and ready-for-dyeing shirt materials, bottom weights etc.

c) The Target Company has production facilities at the following two locations:

1. Unit No. 1 is set up at Rakhial Road, Rakhial, Ahmedabad, Gujarat. This is Composite Textile Mill having facility of manufacturing Denim, cotton shirting, bottom weights and Yarn.

2. Unit No. 2 is set up at Baramati, Maharashtra, for the manufacture of 100% cotton single/double medium and super fine yarn of international quality.

d) The share capital structure of the Target Company as on the date of the PA is as follows:

Paid up Equity	No. of Shares/Voting Rights	% of Shares
Fully Paid up Equity Shares	3,30,33,000	100
Partly Paid up Equity Shares (specifying how much paid up)	Nil	Nil
Total Paid up Equity Shares	3,30,33,000	100
Total Voting Rights*	3,30,33,000	100

* Taking into account the voting rights which would result on the conversion of outstanding GDRs into equity shares.

The entire issued, subscribed and paid up capital of the Target Company is fully paid up and no shares issued by the Target Company are partly paid-up.

As on the date of Public Announcement, there are no outstanding convertible instruments of the company except 2,32,500 units of GDRs which are pending for conversion into 23,25,000 Equity Shares of the Target Company and could be converted anytime within 15 days from the closure of the Offer.

The Offer size of 66,06,600 equity shares representing 20% of the fully diluted equity voting capital of the Target Company, has been arrived at after taking into consideration the likely conversion of outstanding GDRs into equity shares i.e. it includes all the 23,25,000 equity shares in respect of 2,32,500 GDRs.

e) Details of the build-up of the current Share Capital of the Target Company since incorporation and status of compliance with applicable provision of SEBI (SAST) Regulation/applicable regulations under the SEBI Act, 1992 and other statutory requirements as applicable are as follows:

Date of allotment	No of shares issued	% of shares issued	Cumulative paid up capital in Rs.	Mode of allotment	Identity of allottees (promoters/ ex-promoters/ others)	Status of compliance
29.03.1940*	17,500	0.05	175000	Original Issue	Promoters/ ex-promoter	Complied with
04.03.1949	47,500	0.14	650000	Rights	Promoters/ ex-promoter	Complied with
26.08.1969	1,30,000	0.39	1950000	Rights	Promoters/ ex-promoter	Complied with
24.03.1970	65,000	0.20	2600000	Preferential	Promoters/ ex-promoter	Complied with
03.03.1990	2,60,000	0.79	5200000	Bonus	Promoters/ ex-promoter	Complied with
16.04.1991	2,60,000	0.79	7800000	Rights	Promoters/ ex-promoter	Complied with
04.10.1991	7,80,000	2.36	15600000	Bonus	Promoters/ ex-promoter	Complied with
11.09.1992	21,45,000	6.49	37050000	Bonus	Promoters/ ex-promoter	Complied with

18.01.1994 **	25,98,983	7.87	63039830	Public	Promoters/ ex-promoter & others	Complied with
01.04.1994 ***	11,77,667	3.57	74816500	Right & Preferential Issue	Promoters/ ex-promoter & others	Complied with
18.07.1994 **	25,98,983	7.87	100806330	Public	Promoters/ ex-promoter & others	Complied with
01.04.1995 ***	11,77,667	3.57	112583000	Right & Preferential Issue	Promoters/ ex-promoter & others	Complied with
24.01.2004	36,60,000	11.08	149183000	Preferential	Banks & financial Institutions	Complied with
20.10.2006	1,85,00,000 $	56.00	334183000	GDR Issue	Foreign Banks	Complied with
Less:	*3,85,300#	-1.17	3853000			
TOTAL	**3,30,33,000**	**100**	**33,03,30,000**			
(Add) Amout Forfeited			**19,45,000**			
Total			**33,22,75,000**			

* Original Issue including Subscriber to the Memorandum.

** On Conversion of 25,98,983 FCDs (Part A on 18.01.1994 & Part B on 18.07.1994) of Rs. 100/- each issued and allotted on 18.01.94 under Public Offer in term of Offer Document dated October 12, 1993.

*** On Conversion of 11,77,667 FCDs (Part A on 01.04.1994 & Part B on 01.04.1995) of Rs. 85/- each issued and allotted on 31.01.94 under Right and Preferential Issue in term of Offer Document dated October 12, 1993.

\# 385,300 Equity Shares of Rs. 10/- each were forfeited during the year ended 1997-98.

$ GDR issue for 18,50,000 GDRs representing 1,85,00,000 Equity Shares was made on October 20, 2006 to Deutsche Bank Trust Company, America and the authority to convert GDRs into Equity Shares was given on October 20, 2006 itself.

f) The Target Company has complied with the provisions of Chapter II of SEBI (SAST) Regulations in time except in one instance of delayed compliance with Regulation 7(3) where there was a delay of 33 days.

The promoters / promoters group have regularly complied with the provisions of Chapter II of the SEBI (SAST) Regulations except for the following:-

(i) A delay of three days in compliance with Regulation 7(1A) by Krishnaa Glass Private Limited and

(ii) A delay on two instances of four days and five days respectively in compliance with Regulation 7(1A) by Simplex Trading Private Limited.

The provisions of Regulations 6 and 8 were not applicable in case of certain constituents of the promoter/promoter group due to their respective level of shareholding at the relevant due dates.

The major shareholders have regularly complied with the provisions of Chapter II of the SEBI (SAST) Regulations except in case of the Acquirer where there were instances of non-compliance / a delay in submission of reports as stated under sub-clause (g) of Clause 3 in this Letter of Offer.

g) The equity shares of “STIL” are at present listed at the Bombay Stock Exchange Limited (BSE) and the National Stock Exchange of India Limited (NSE). STIL had applied for delisting of its equity shares from CSE and has received letter number CSEA/LD/223/2008 dated April 16, 2008 confirming delisting from CSE. The shares of the Target Company have not been suspended by any stock exchange.

h) STIL is complying with the provisions of the listing agreement entered with BSE and NSE. Further no punitive action has been taken against STIL by the stock exchanges.

i) The Board of Directors of the Target Company as on the date of Public Announcement was as under:

Name of the Director	**Designation**	**Qualification and Experience in No. of years and field of experience**	**Residential Address**	**Date of Appointment**
Mr. Surendra Kumar Somany	Chairman	B.Com Industrialist Over Five decades of experience in management & administration in textile and other industries	81, Las Palmas, 20, Little Gibbs Road, Mumbai – 400 006	01.04.1949
Mr. Arvind Somany	Managing Director	B.Sc. MIMA Industrialist 21 years of experience in Textile industry	“Soma” House Nr.Samartheshwar Mahadev, Law Garden, Ellisbrdige Ahmedabad – 380 006	22.01.1988
Mr. Prafull Anubhai Shah	Director	B.Com. B.Sc. (Econ) London Consultant & Advisor 36 years experience in management & administration in textile and other industries	Pathik, Shitalabag, Ahmedabad – 380 007	24.01.2004
Mr. Ashok C Gandhi	Director	B.Com.; LLB. Practicing Advocate 36 years of experience as an advocate	2, Prabhat Society, Paldi, Ahmedabad – 380007.	24.01.2004

Mr. Anupam Verma	ICICI Nominee Director	B.Tech (Hons.), MBA Company Executive (Banking) 6 yrs experience in the banking sector	C-301, EL Dorado Building, Kashinath Dharu Marg, Opp. Veer Savarkar Road, Prabhadevi, Mumbai - 400025	02.08.2006
Mr. Shrikant Bhairaveshwar Bhat	Executive Director	B. Com, C.A 23 years of experience in Corporate Finance and Taxation	702/B, Patel Terrace, Jija Mata Road, Andheri (East), Mumbai – 400093.	18.01.2008

No Directors on the Board of the Target Company are representing the Acquirer and does not intend to have any representation on the Board of Directors of the Target Company. The Acquirer does not have any agreement or investment rights with the Promoters of the Target Company and also with the Target Company.

j) There has been no merger/demerger or spin offs during the last three years involving the Target Company.

k) Brief audited financial details for the last three years are given below:

Rs. In Lakhs

Profit & Loss Statement	**2005-2006 (Audited)**	**2006-2007 (Audited)**	**2007-2008 (Audited)**
Income from operations	18,272.53	18849.56	19260.86
Other Income	308.76	1193.39	1182.63
Total Income	18,581.29	20042.95	20443.49
Total Expenditure	15,863.87	16802.66	18638.36
Profit before Depreciation, Interest and tax	2,717.42	3240.29	1805.13
Depreciation	1,046.20	1179.22	1567.98
Interest	596.15	866.42	1218.41
Extra Ordinary Items	-	(273.29)	(546.51)
Profit before Tax	1,075.07	921.36	(1527.77)
Provision for Tax / Tax Paid	190.90	326.79	232.07
Profit after Tax	884.17	594.57	(1759.85)
Balance Sheet Statement	**2005-2006 (Audited)**	**2006-2007 (Audited)**	**2007-2008 (Audited)**
Sources of funds			
Paid up share capital	1472.75	3322.75	3322.75#
Reserves and Surplus (excluding revaluation reserves)	4539.96	11122.04	9350.77
Net worth*	5751.52	14124.45	12396.27
Secured loans	12611.39	13467.34	14702.05$
Unsecured loans	918.65	1034.60	1034.47
Deferred Tax Liability	547.92	763.92	987.92
Total	19829.48	29390.31	29120.71
Uses of funds			

Net fixed assets	9481.59	14407.73	13989.89
Capital Work in Progress	3940.80	84.12	1634.80
Investments	0.21	21.93	34.43
Net current assets	6458.21	14953.53	13538.59
Total	19880.81	29467.31	29197.71
Other Financial Data	**2005-2006 (Audited)**	**2006-2007 (Audited)**	**2007-2008 (Audited)**
Dividend (%)	0	0	0
Earning Per Share	6.08	1.96	(5.33)
Return on Net worth(%)	15.37	4.21	(14.20)
Book Value Per Share	39.58	42.76	37.50

* Net worth does not include Debenture Redemption Reserve

Details of the paid up capital

Number of shares issued and subscribed prior to GDR Issue	1,49,18,300
Number of shares underlying GDRs	1,85,00,000
Total Shares (including those underlying GDRs)	3,34,18,300
Shares Forfeited	3,85,300
Shares outstanding	3,30,33,000
Total Nominal Value (Face Value of Rs.10 per share)	Rs.3303.30 lacs
Add:- Amount forfeited	Rs.19.45 lacs
Total paid up amount	Rs.3322.75 lacs

$ Details of Secured Loans as on March 31, 2008

Particulars	Amt. Rs. in Lacs
15% Secured Redeemable Non-Convertible Debentures of Rs. 100/- each	205.30
Term Loan	
Rupee Loans	10197.43
Foreign Currency Loans	330.83
Working Capital Loans	
Rupee Loans	1992.90
Foreign Currency Loans	1971.81
Leasehold Liability	3.77
Total	**14702.05**

l) The Reasons for fall/rise in the total income and PAT of the target company are as follows:

F.Y. 2005-06

During the financial year 2005-06, the total revenue had increased to Rs. 18,327 lacs from Rs. 16,746 achieved in financial year 2004-05. The increase is mainly on account of increase in denim production from 4.7 million mtrs. in financial year 2004-05 to 6.4 million mtrs. in the financial year 2005-06.

F.Y. 2006-07

During the financial year 2006-07, the total revenue increased to Rs. 19,046 lacs from Rs. 18,327 lacs achieved in financial year 2005-06. The increase is due to increase in interest income and due to increase in sales volume of packed cloth. Even though revenue increased, PAT reduced by Rs. 290 lac. This reduction was mainly due to adverse effect of exchange rate fluctuation on account of funds raised by FDR issue which was lying in foreign bank account in form of deposits.

F.Y. 2007-08

During 2007-08, revenue increased by Rs. 411 lacs. During this financial year, the company incurred a net loss of Rs. 1,760 lacs, primarily due to the adverse effect of foreign exchange fluctuation on account of funds raised by GDR issue which was lying in foreign bank account in the form of deposits. Further, decrease in net profit after tax was also due to increase in the raw material prices, and continuous pricing pressure on both Denim and non denim fabric.

m) **SIGNIFICANT ACCOUNTING POLICIES**

1. Basis of Accounting

The financial statements are prepared under the historical cost convention, on the accrual basis of accounting and comply with the provisions of Companies Act, 1956, accounting principles generally accepted in India and Accounting Standards issued by The Institute of Chartered Accountants of India (ICAI) to the extent applicable.

2. Revenue Recognition

Sales including export sales and trading sales are recognised when goods are dispatched from the factory and are recorded at net of shortages, claims settled, rate differences, rebate allowed to customers and Textile Committee Cess.

Export Sales are booked on an average rate and the resultant gain or loss on realisation or on translation is accounted as “Foreign Exchange Rate Fluctuation” and is dealt with in the statement of Profit and Loss Account.

3. Fixed Assets

(a)Fixed Assets are stated at cost, net of accumulated depreciation. Fixed Assets of Baramati Unit are further reduced by the amount of Sales Tax refund due. All costs, including financing costs till commencement of commercial production related to the acquisition and installation of the respective assets are capitalised.

(b)Cost of leasehold land is not amortised over the period of lease, as the same is exempted as per Accounting Standards 19 (1) (c).

(c)Amount incurred towards capital work-in-progress will be suitably apportioned to the respective Fixed Assets on commissioning of assets.

(d)Assets identified and evaluated technically as obsolete and held for disposal have been written off relevant year and adjusted from profit on sale of Fixed Assets.

(e)Leasehold land of Ahmedabad factory premises, earlier not appearing in the books of Accounts of the Company, has been brought in books of accounts of the Company at a value of Rs. 108,000/- based on payment of annual lease rent, and accordingly the same has been shown in the block of Fixed Assets in the Financial Year 2005-06, by making adjustment in relevant financial year's Profit and Loss appropriation account.

(f)Foreign exchange rate variations relating to acquisition of Fixed Assets are transferred to Profit & Loss Account as per the revised Accounting Standard 11 "The Effects Of Changes In Foreign Exchange Rates".

(g) The 10% Capital Subsidy under TUFS from Ministry of Textiles on specified processing machinery has been deducted from the respective Fixed Assets.

4. Depreciation

(a) Ahmedabad Unit:

(i)Depreciation on fixed assets is charged on Straight-Line Method, except on the fixed assets purchased during the period 1st April, 1988 to 31st March, 2005 on prorata basis. Depreciation on fixed assets is charged on Written Down Value Method, on the fixed assets purchased during the period 1st April, 1988 to 31st March, 2005, on prorata basis.

(ii)The Leasehold Building at Kolkata office is amortised over the lease period of 75 years.

(b) Baramati Unit:

Depreciation on fixed assets is charged on Straight-Line Method on pro-rata basis, by applying the rates as specified in Schedule XIV to the Companies Act, 1956. However, the Plant & Machineries have been considered as Continuous Process Plant based on technical assessment and are depreciated accordingly.

5. Inventories

Inventories of Raw Materials, Goods in Process, Stores and Spares and Finished Goods are stated at cost or net realisable value whichever is lower except saleable waste which is valued at contracted selling price. Goods in Transit are stated at cost. Cost comprises of cost of purchases, cost of conversion and other costs incurred in bringing the inventories to their present location and condition.

Cost formulae used is 'First-in-First-out' (FIFO) basis.

6. Investments

Investments are classified as Long Term Investments. Long term investments are stated at Cost. Provision is made for diminution in the value of Long term Investments to recognise a decline, if any other than temporary in nature.

7. Foreign Exchange Transactions

(a) Foreign currency transactions are recorded at the exchange rates at the date of transaction.

(b)Gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies, are recognised in the Profit and Loss Account.

(c)Premium in respect of forward contracts is accounted over the period of the contract.

(d)Forward Exchange contracts entered for trading purposes are valued and marked to its current market value and the resultant gain or loss is dealt with in Profit and Loss Account.

(e)All foreign currency loans outstanding at the close of the year are expressed in Indian currency at the exchange rate prevailing on the date of Balance Sheet.

(f)Foreign exchange rate variations relating to acquisition of Fixed Assets are transferred to Profit & Loss Account as per the revised Accounting Standard 11 "The Effects Of Changes In Foreign Exchange Rates".

(g)Current assets & current liabilities in foreign currency, other than those covered by forward exchange contracts, outstanding at the close of the year are converted in Indian currency at the appropriate rates of exchange prevailing on the date of Balance Sheet. Resulted gain or loss is accounted as " Foreign Exchange Rate Fluctuation", during the year.

8. Use of Estimates

The preparation of financial statement requires management to make estimates and assumptions that affect the reported amount of assets, liabilities, revenue and expenses and disclosure of contingent liabilities on the date of financial statement. The recognition, measurement, classification or disclosure of an item or information in the financial statement has been made relying on these estimates.

9. Impairment of Assets

Consideration is given at each Balance Sheet date to determine whether there is any indication of impairment of the carrying amounts of the Company's Assets. If any indication exists, an Asset's recoverable amount is estimated. An impairment loss is recognized wherever the carrying amount of an assets exceeds its recoverable amount. The recoverable amount is the greater of the net selling price and value in use.

10. Employee Benefits

(a)Short term employee benefits are recognized as an expense at undiscounted amount in the Profit & Loss Account of the year in which the related service is rendered.

(b)Post employment and other long term employee benefits are recognized as an expense in the Profit & Loss Account for the year in which the employee has rendered services. The expense is recognized at the present value of the amounts payable determined using actuarial valuation techniques. Actuarial gain / loss in respect of post employment and other long term benefits are charged to Profit & Loss Account.

11. Research & Development Expenses

Research and development expenditure of revenue nature is recognised as an expense in the year in which it is incurred and the expenditure of capital nature are depreciated over the useful lives of the assets.

12. Treatment of Contingent Liabilities

Contingent Liabilities not provided for are disclosed by way of Notes on Accounts.

13. Ammortisation of Deferred Revenue Expenditure

- Upfront processing charges and expenses related to loans from IDBI, Dena Bank and Exim Bank are being amortised over a period of loan i.e. ten years.

- Borrowing costs are amortised over a period of ten years.

- Preliminary expenses including cost of increasing authorised capital & GDR issue expenses are amortised over a period of ten years.

- Upfront fee and loan processing charges paid to ICICI Bank Ltd. are amortised over a period of five years.

- Overhauling charges of DG Set is amortised over expected running hours of the DG Sets.

14. Taxation

Tax expense comprises current, deferred and fringe benefit tax. Current tax and fringe benefit tax is measured at the amount expected to be paid to the tax authorities in accordance with the Income-tax Act, 1961. Deferred tax 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 rate and tax laws enacted or substantially 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.

n) Pre and Post-offer shareholding pattern of the target company is as per the following table:

Shareholders' Category	Shareholding & voting rights prior to the agreement / acquisition and offer		Shares/voting rights agreed to be acquired which triggered off the Regulations		Shares/voting rights to be acquired in the Offer (Assuming full acceptances)		Shareholding/ voting rights after the acquisition and offer i.e.	
	(A)		**(B)**		**(C)**		**(A)+(B)+(C) = (D)**	
	No.	**%**	**No.**	**%**	**No.**	**%**	**No.**	**%**
(1) Acquirer								
a. Mavi Investment Fund Limited	6500000	19.68	NIL	NIL	66,06,600	20.00	1,31,06,600	39.68
b. PACs	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
Total 1(a+b)	**6500000**	**19.68**	**NIL**	**NIL**	**66,06,600**	**20.00**	**1,31,06,600**	**39.68**
(2) Promoter group								
a. Parties to Agreement	NIL	NIL	NIL	NIL				
b. Promoters other than (a) above	15382172	46.57	NIL	NIL				
Total 2(a+b)	**15382172**	**46.57**	**NIL**	**NIL**				
(3) Parties to agreement other than (1)(a) & (2)	NIL	NIL	NIL	NIL				
(4) Public (other than parties to agreement, acquirer & PACs)			NIL	NIL				
a. Foreign Institutional Investors			NIL	NIL				
i. Lotus Global Investments Limited	800000	2.42			(6606600)	(20.00)	19926400	60.32
ii. KII Ltd.	1000000	3.03						
b. Mutual Funds	2388	0.01						
c. Insurance Companies	10000	0.03						
d. Others	7013040	21.23						
Total (4) (a+b+c+d+e)	**8825428**	**26.72**	**NIL**	**NIL**				
5. Shares held by custodians against which GDR's have been issued	**2325000**	**7.04**	**NIL**	**NIL**				
Grand Total (1+2+3+4+5)	**33033000**	**100.00**	**NIL**	**NIL**	**(6606600)**	**(20.00)**	**33033000**	**100.00**

As on the date of Public Announcement, there were 9697 public shareholders of the target company.

o) The details of the change in shareholding of the promoters as and when it happened in the Target Company is as follows:

Details of Promoters Shareholding	Mar-97	Mar-98	Mar-99	Mar-00	Mar-01	Mar-02	Mar-03	Mar-04	Mar-05	Mar-06	Dec-06	Dec -07	Sep – 08	Status of Chapter II Compliance
Promoters														
Sarvopari	1787024	1787024	1787024	1787024	1787024	1787377	1787377	1824377	1824377	4007244	4007244	4007244	4007244	Complied
Teamwork	1806267	1806267	1806267	1806267	1806267	1806267	1806267	1809267	1809267	0	0	0	0	-
Simplex	340721	340721	340721	630721	630721	340721	345873	945873	730873	390273	390273	390273	0	-
Surendra	1879	1879	1879	1879	2579	292579	294617	295217	394617	505217	618001	618001	1008274	Complied
Surendra	2138	2138	2038	2038	2038	2038								-
Arvind	14758	14758	14758	14758	14758	138758	139758	200566	563039	850639	850639	850639	850639	Complied
Vicky							980	33600	373600	0	0	0		-
Nalini Somany							0	100000	300000	300000	300000	300000	300000	Complied
Anupama							0	76000	76000	76000	76000	76000	76000	Complied
Nandita							0	75000	75000	75000	75000	75000	0	-
Arvind Kumar							0	50000	0	0	0	0	0	-
Rohit Leasing	120880	120880	120880	120880	67000	57000	57000	57000	57000	0	0	0	0	-
Vineeta							0	28000	0	0	0	0	0	-
Prasann	6230	6230	6230	6230	6230	6230	6230	2330	2330	2330	2330	2330	2330	Complied
Nitya Somany							0	1879	1879	1879	1879	1879	1879	Complied
H Somany	2579	2579	2579	2579	1879	1879	1879	0	0	0	0	0	0	-
Minal Somany	44500	44500	44500	44500	44500	44500	44500	0	0	0	0	0	0	-
Shrikant	25831	25831	25831	25231	25231	25231	25231	0	0	0	0	0	0	-
Anajna	122870	122870	122870	122870	122870	122870	122870	0	0	0	0	0	0	-
SPL Limited	323500	323500	323500	323500	323500	323500	323500	0	0	0	0	0	0	-
G S Mantry						21575	4675	0	0	0	0	0	0	-
Special	6500	6500												
Krishna Glass Pvt. Ltd.												7954336*	9135806	Complied with delay on one
Promoters Total (No of shares)	**4605677**	**4605677**	**4599077**	**4888477**	**4834597**	**4970525**	**4960757**	**5499109**	**6207982**	**6208582**	**6321366**	**14275702**	**15382172**	
Total No of shares	10873000	10873000	10873000	10873000	10873000	10873000	10873000	14533000	14533000	14533000	33033000	33033000	33033000	
Promoters Total (%)	**42.36%**	**42.36%**	**42.30%**	**44.96%**	**44.46%**	**45.71%**	**45.62%**	**37.84%**	**42.72%**	**42.72%**	**19.14%**	**43.22%**	**46.57%**	
Change in Promoters Holding (%)		**0.00%**	**-0.06%**	**2.66%**	**-0.50%**	**1.25%**	**-0.09%**	**-7.79%**	**4.88%**	**0.00%**	**-23.58%**	**24.08%**	**3.35%**	

* In respect of the Acquisition by Krishnaa Glass Pvt. Ltd. in December 2007, the compliance with Regulation 7(1A) which was due on January 07, 2008 was complied with a delay of 3 days on January 10, 2008 and Compliance under the same regulation which was due on February 21, 2008 was complied within the due date.

Change in the consolidated shareholding of promoter/ promoter group of the Target Company is as follows:

Date	No. of shares held by Promoters & PACs	Paid up Equity Capital of the Company (no. of shares)	% of total capital	% change in shareholding of Promoters & PACs	Status of Compliance
01/04/97	4605677	10873000	42.36	-	Complied
31/03/98	4605677	10873000	42.36	-	Complied
31/03/99	4599077	10873000	42.30	(0.06)	Complied
31/03/00	4888477	10873000	44.96	2.66	Complied
31/03/01	4834597	10873000	44.46	(0.50)	Complied
31/03/02	4970525	10873000	45.71	1.25	Complied
31/03/03	4960757	10873000	45.62	(0.09)	Complied
31/03/04	5499109	14533000	37.84	-	Complied
31/03/05	6207982	14533000	42.72	4.88	Complied
31/03/06	6208582	14533000	42.72	-	Complied
31/12/06	6321366	33033000	19.14	(23.58)	Complied
31/12/07	14275702	33033000	43.22	24.08	Complied
30/09/08	15382172	33033000	46.57	3.35	Complied

p) The status of Corporate Governance and pending litigation matters of the target company is as mentioned below:

The Target Company has complied with the provisions of Corporate Governance in terms of the listing requirements of the Stock Exchanges in the prescribed manner.

q) The details of the pending litigation for the Target Company are as follows:

The following material actions are pending in which the Company is involved, or has been involved, whether as a claimant, defendant or third party:

A. *Litigation against STIL (Ahmedabad Unit)*

Sr. No.	Case No.(s) Institution Date	Plaintiff / Defendants	Name of Court	Amount Involved (in Rs.)	Subject Matter and Relief sought	Status as on date
01	Appeal no 99/2003 06.01.2004	STIL v/s S. C. Tygi	Industrial Court Ahmedabad	2,39,000 (Estimated)	Case filed by an employee against the order of labour court for re-instatement & full back wages Relief sought: To give full back wages & re-instatement (T 381/88)	Next Date 10/11/2008
02	Appeal no 05/2002 27.02.2002	STIL v/s Harvier Shivlal	Industrial Court Ahmedabad	195000	Case filed by an employee against the order of labour court for re-instatement & full back wages. Relief sought: To give full back wages & re-instatement.-Voucherwala.T. 403/88	Next Date 02/01/2008
03	Appeal no 24/2005 10.08.2005	STIL v/s Shivbahadur R.	Industrial Court Ahmedabad [Review]	168,000	Case filed by an employee against the order of labour court for re-instatement & full back wages. Relief sought: To give full back wages & re-instatement.T.958/91.	Next Date 19/12/2008

04	Appeal no 5/2004 15.03.2002	STIL v/s Ramesh Ramjiyava	Industrial Court Ahmedabad	1,25,000	Case filed for-- To quash and set aside the order of labour court for re-instatement & 100% back wages Relief sought:To cancelled the order of labour court (T 98/95)	Next Date 19/12/2008
05	Appeal no. 76/2007 28.07.2005	STIL v/s O.P.Somany	High Court Ahmedabad	2,80,000	Case filed for-- To quash and set aside the order of labour court for re-instatement & 25% back wages. Relief sought:To cancelled the order of labour court (T 152/2001)	Next Date 22/11/2008
06	T.App. No. 278/1992 13.08.1992	STIL v/s Rashamikant R.	Labour Court Ahmedabad	1,45,000	Case filed by an employee against the termination of his service. Relief sought:To reinstate with back - wages from 13.05.1992	Next Date 10/11/2008
07	T.App.no. 266/1995 17/7/2008	STIL v/s B. D. Gajjar	Industrial Court Ahmedabad	1,53,000	Case filed by an employee against the termination of his service. Relief sought. To reinstate with back wages from 04.09.1995	Next Date 17/10/2008

08	T.App. No. 252/1995 06.12.1995	STIL v/s C.B. Malam	Labour Court Ahmedabad	1,59,000	Case filed by an employee against the termination of his service. Relief sough. To reinstate with back wages from 31.08.1995	Next Date 21/11/2008
09	T.App. No. 20/1997 21.03.1997	STIL v/s Aravind Parelal	Labour Court Ahmedabad	1,23,000	Case filed by an employee against the termination of his service. Relief sought. To reinstate with back wages from 31.10.1996	Next Date 10/12/2008
10	T. App. No. 323/1996 30.01.1997	STIL v/s Indrapal Laxminaraya n	Labour Court Ahmedabad	1,19,000	Case filed by an employee against the termination of his service. Relief sought. To reinstate with back wages from 31.10.1996.	Next Date 20/11/2008
11	T.App.no. 131/1998 20.07.1998	STIL v/s Popat Rama	Labour Court Ahmedabad	1,25,000	Case filed by an employee against the termination of his service. Relief sought: To reinstate with back - wages from 24.09.1997.	Next Date 25/11/2008
12	T.App, no, 26/2007 14.05.2001	STIL v/s Shrikrishan D.	Labour Court Ahmedabad	90,000	Case filed by an employee against the termination of his service. Relief sought. To reinstate with back wages from 14.12.2000	Next Date 10/01/2009

13	T.App.no. 38/2007 14.05.2001	STIL v/s Joginder Darusing	Labour Court Ahmedabad	90,000	Case filed by an employee against the termination of his service. Relief sought. To reinstate with back wages from 23.11.2000	Next Date 12/12/2008
14	T.App.no. 67/2001 15.05.2001	STIL v/s Devada Dolatsing	Labour Court Ahmedabad	95,000	Case filed by an employee against the termination of his service. Relief sought. To reinstate with back wages from 15.01.2001	For settlement discussion
15	T,App.no. 410/1999 12.11.1999	STIL v/s Dharamsinh M.	Labour Court Ahmedabad	70,000	Case filed by an employee against the termination of his service. Relief sought. To reinstate with back wages from 12.10.1999.	Next Date 15.11.2008
16	App. No. 386/1998 15.01.1998	STIL v/s Gunshekher Kalidas	Labour Court Ahmedabad	85,000	Case filed by an employee against the termination of his service. Relief sought. To reinstate with back wages from 15.12.1997	Next Date 15.11.2008
17	T.App.no. 863/2002 03.02.2003	STIL v/s Devmani S.+1	Labour Court Ahmedabad	1,05,000	Case filed by an employee against the termination of his service. Relief sought. To reinstate with back wages from Dec-2002	For Order

18	T.App.no 246/1996 06.08.1996	STIL v/s Ramprakash P.- Yadav	Labour Court Ahmedabad	1,05,000	Case filed by an employee against the termination of his service. Relief sought To reinstate with back wages from 06.07.1996	For Order
19	Recoveries & other App.	All other recoveries and applications	Labour Court Ahmedabad	2,60,000	Cases filed by employees for claiming their dues and other dameges, losses.	DIFERENT DATES
20	Civil App. 3652/2003 20.07.2003	STIL v/s Natwer Dahya	High court Ahmedabad	50,000	Case filed by an employee against the earlier retirement. Relief sought. For back wages up to Retirement.	Admitted in HC
21	Civil App. 3692/2003 20.07.2003	STIL v/s Virchand Kachara	High court Ahmedabad	50,000	Case filed by an employee against the earlier retirement. Relief sought. For back wages up to Retirement.	Admitted in HC
22	Civil App. 1264/2005 11.07.2005	STIL v/s TLA/Frame worker	High court Ahmedabad	48,000	Case filed by Textile Labour Association for getting retrenchment compensation of one worker. Relief sought. For getting retrenchment compensation.	Admitted in HC.
23	Rec. no. 2887/1993 16.06.1993	Abbas Avadha v/s STIL-1	Labour court Ahmedabad	24000	Case filed by an employee for getting the amount of lay-off & previlage leave from 16.06.1992 to 31.12.1992 Relief sought: To get the	Next Date 11.11.2008

					above amount as a damages	
24	Rec. no. 621/1997 18.08.1997	Ramprakash P v/s STIL-1	Labour court Ahmedabad	10000	Case filed by an employee for getting the amount of bonus & previlege leave Relief sought: To get the above amount as a damages	For Order
25	Rec, no. 2953/1999 21.09.1999	Dala Kala v/s STIL-1	Labour court Ahmedabad	8000	Case filed by an employee for getting the difference of retrenchment compensation Relief sought: To get the above amount of difference of R.C.(year-wise)	For Order
26	App.no. 889/1992 15.06.1992	T.L.A./Vinod Karsan v/s STIL-1	Labour court Ahmedabad	70000	Case filed by an employee for getting the wages for not providing work. Relief sought: To get the above amount as a damages	Next Date 11.11.2008
27	App.no. 354/1995 15.06.1995	T.L.A./Kanti Ishaver v/s STIL-1	Labour court Ahmedabad	8000	Case filed by an employee for getting the wages for 02.01.1995 to 10.02.1995. Relief sought: To get the above amount as damages	Next Date 15.11.2008
28	App.no. 392/1995 16.06.1995	A.Sakur A.Kadar v/s STIL-1	Labour court Ahmedabad	68800	Case filed by an employee for getting the wages for not providing work as per seniority Relief sought: To get the above amount as a damages	Next Date 13.12.2008

29	App.no. 84 to 87/ 2004 25.03.2004	Manoj Baijanath v/s STIL-1	Labour court Ahmedabad	3200	Case filed by an employee for getting the wages for the suspension period. Relief sought: To get the above amount as a damages	Next Date 24.12.2008
30	App.no. 386/1998 21.03.1998	Gunshekher K. v/s STIL-1	Labour court Ahmedabad	69000	Case filed by an employee for getting the wages for not providing work. Relief sought: To get the above amount as a damages	Next Date 24.12.2008
31	Appeal no 57/2003 19.06.2003	STIL v/s Dalichand Ambaida	Industrial Court Ahmedabad	1,95,000	Case filed for . To quash and set aside the order of labour court for re-instatement & 50% Back wages. Relief sought:To cancelled the order of labour court.(T. 411/88)	Court Order for reinstatement Company will proceed against the order in upper court
32	Appeal No. 525/2008	ICICI V/s STIL	Mumbai Debt Recovery Tribunal-III	73900000	Case Filed for Derivative Transaction entered into with the ICICI Bank.	Pending

B. ***Litigation against STIL (Baramati Unit)***

Sl. No.	Case No.(s) Institution Date	Plaintiff / Defendants	Name of Court	Amount Involved (in Rs.)	Subject Matter and Relief sought	Status as on date
1.	ULP 263/99	Mr. B. N. Jarad V/S. STIL	In the First Labour Pune Court	250,000	The delinquent was dismissed from Company by conducting domestic enquiry. The aggrieved worker gone to challenge the enquiry and action taken against him.	The case is fixed for argument of both the parties on the issues whether enquiry fair proper and legal. Next date of hearing is 19 July 2006.

2.	UPL 253/97	Mr. S.B.Jagtap V/s. STIL	In the First Labour Pune Court	250,000	The delinquent was dismissed from Company by conducting domestic enquiry. The aggrieved worker gone to challenge the enquiry and action taken against him.	The Company has received the order that the enquiry is fair proper and legal. Next date not yet given.

C. ***Litigation filed by STIL (Ahmedabad Unit)***

Sl. No.	Case No.(s) Institution Date	Plaintiff / Defendants	Name of Court	Amount Involved (in Rs.)	Subject Matter and Relief sought	Status as on date
1.	5824 of 1991	Soma Textiles & Industries Ltd. V/s Gujarat Transformer Pvt. Ltd., Baroda	City Civil Court, Ahmedabad	858,435	Transformer of 1500 KVA supplied by Defendant found defective during guarantee period. Claim for loss of production, repairing charges and with interest filed. Relief sought – to issue decree on Defendant	Matter to come up for hearing

D. ***Litigation filed by STIL (Baramati Unit)***

Sl. No.	Case No.(s) Institution Date	Plaintiff / Defendants	Name of Court	Amount Involved (in Rs.)	Subject Matter and Relief sought	Status as on date
1.	WRIT PETITION September 2001	STIL V/s The State of Maharashtra	High Court Mumbai	7,315,881	Electricity duty on captive power generation. Case no. 2940/2002 order dated April 2006. This falls under Article 14,19 and 226 of Constitution of India and Bombay Electricity Duty Act 1958. Hon'ble High Court Bombay has passed the order to discuss and negotiate with the Maharastra State Government in respect of duty levied from 1 April 2000 to 15 June 2001 as government has made it again zero duty from 16 June 2001. Hon'ble High	Matter has not yet come on board and still waiting for hearings. The compliant was raised by the industrial units having a similar facts so whatever the decision was will bind on all the industrial units.

					Court has directed the State Government to resolve it in four weeks from 1 July 2006.	
2.	234/94 15 December 1994	STIL V/s Roofit Ind. Ltd. Ratanagiri	Civil Judge Court Baramati	1,613,567	Recovery of supply of defective A. C. Sheet by party. Ex prate judgment awarded in our favour. Attachment warrant submitted in Mumbai High Court. Order of execution is still pending. Executing order proceeding pending under Civil Procedure Code (order No. 21 rule 10 & 13).	Orders found, affixed on factory gate for attachment of property from various parties. At this stage case was dismissed for want of jurisdiction of prosperity (Executing proceeding)
3.	309/99 17.11.1999	STIL V/S. Mr. Shetti K.M.	Civil Court - Baramati	13350 with interest	The Company has given the advance and the same has not been returned. The recovery proceedings have been initiated through this case. The advance was given for the official work and the same was not accounted for or returned to the Company.	Issue arrest warrants. The person is absconding hence warrant return back without delivery. Next date of hearing has not been received.
4.	310/99 17.11.1999	STIL V/S. Mr. Awaghade B.S	Civil Court – Baramati	15000 with Interest	He was contractor and was suppose to hire people for the Company. He was paid for the contract per contractual terms and conditions. Thereafter, he did not effect payment to his workers. Since the workers were working in our factory premises, liability turned on us. The recovery of the same has been filed through this case, as the Company has made payment to his workers.	Summons issued. The person is absconding hence warrant return back without delivery. Next date of hearing has not been received yet.

E. ***Tax Litigation***

Sl. No.	Case No.(s) Institution Date		Plaintiff / Defendants	Name of Court	Amount Involved (in Rs.)	Subject Matter and Relief sought	Status as on date
1.	1) 2) 3)	V52(3-54)DA/96/00 Dated 4.3.96 V52(3-112)DA/96/291 Dt.10.5.96 V52(3-206)DA/96/908 Dt.22.8.96	The Asst. Comm. C. Excise Division III, Ahmedabad	The Asst. Comm. C. Excise Division I, Ahmedabad	10,378,412 5,387,366 3,989,553	Demand of Excise Duty at every process stage of fabrics used captively i.e. bleaching, dyeing, printing, etc. of fabric <u>Period:</u> August '95 to January '96. February '96 to April '96 May '96 to 22 July'96.	Reply Filed Personal Hearing awaited.
2.	1 2 3	F.No. V 52(3-88)DA/97/138 Dt. 13.3.97 from AC F.No.ARI I/Soma/STA/SCN 97-98/475 dt. 26.5.97 (AC confirmed demand on above two SCN vide OIA No.68-69 dt.22.1.98) Penalty imposed Rs.2000/-	CEGAT, Mumbai and the	Hon'ble High Court of Gujarat, Ahmedabad.	17,437 7,991	MODVAT taken on HM HDPP Roll. Dispute regarding filing of declaration as description not tally with the declaration.	Personal Hearing held. Demand Confirmed vide AC Order No. 6869 dated 22 January 1998. Appeal No. 170 AHD-1/98 paid Rs.13,000 on 6 January'99 under protest, as per stay order No. 966/88 dated 23 December 1998 of the Comm. Appeal, Ahmedabad. Personal Hearing fixed on 28.4.98 at 5.00 p.m. Mr. Kailash Arrawatia attended the Personal Hearing Order in Appeal No. 2246/99 (490-Ahd-I) CE dt. 28.10.99 received allowing Modvat Credit and set aside order and allow appeal. Refund claim of

	CEGAT, Mumbai confirmed Demand vide OIA No. C-II/3597 dt.7.12.2000					Rs.13000 filed & received & taken vide RG23C Entry No.1/2 dt.5.4.00. Department filed an appeal with CEGAT vide File No.V52(3-38)DA/97/153 dt.28.2.2002. CEGAT Mumbai Appeal No. E/641/2000-Mum. PH fixed on 4.7.2000 and CEGAT Order No. C-II/3597 dt.7.12.2000 received confirming the Demand. Reference Application No. CEGAT No.8/2001 field in The Hon'ble High Court against CEGAT Order.
3.	F No. V52(3-34)DA/11/04 dated 24.03.2004	The Dy. Commissioner of C. Excise, Div-I, Ahmedabad.	The Dy. Commissioner of C. Excise, Div-I, Ahmedabad.	158,973	Recovery of Deemed <u>Modvat Credit taken on inputs i.e. outside purchased of Grey Fabrics Period March'03.</u>	Reply filed. Personal Hearing awaited.
4.	SCN No. V52/3-21/DA/II/2002 dt. 3.5.2002	The Dy. Commissioner of C.Ex. Div. III, Ahmedabad	The Dy. Commissioner of C.Ex. Div. I, Ahmedabad	1,095,839	Recovery of additional TTA Duty on Yarn Captively Consumed Period April '01 to June '01.	Reply filed. Personal Hearing awaited
4A	SCN No.-V52(3-25)/DA/II/2002 dt. 31.7.2002	The Dy. Commissioner of C. Ex. Div.III, Ahmedabad	The Dy. Commissioner of C. Ex. Div.I, Ahmedabad	963,720	Recovery of additional TTA Duty on Yarn Captively Consumed Period July '01 to Sept. '01. Case is pending under Additional Duties of Excise (Textile & Textile Articles) Act, 1978 ,	Reply filed. Personal Hearing awaited.

					Section 3.	
4B	SCN No.V52(3-27)/DA/II/2002 dt. 27.9.2002	The Dy. Commissioner of C. Ex. Div.III, Ahmedabad.	The Dy. Commissioner of C. Ex. Div.I, Ahmedabad.	397,948	Recovery of additional TTA Duty on Yarn Captively Consumed Period Oct.'01 to Dec.. '01.	Reply filed. Personal Hearing awaited.
4C	SCN No.V52(3-79)/DA/II/2002 dt. 22.01.2003	The Dy. Commissioner of C. Ex. Div.III, Ahmedabad.	The Dy. Commissioner of C. Ex. Div.I, Ahmedabad.	532,730	Recovery of additional TTA Duty on Yarn Captively Consumed Period Jan.'02 to Mar '02.	Reply filed. Personal Hearing awaited.
4D	1 **SCN No.V52(3-5)/DA/2003** dt. 6.3.2003 2 SCN No.V52(3-30)/DA/03 dt.16.7.2003 3 SCN No.V52(3-32)/DA/03 dt. 18.7.2003 4 SCN No.V52/15-177/DEM/04 dt.13.04.2004	The Dy. Commissioner of C. Ex. Div.III, Ahmedabad.	The Dy. Commissioner of C. Ex. Div.I, Ahmedabad.	591,088 707,918 1,328,424 1,176,773	Recovery of Additional TTA Duty on Yarn Captively Consumed Period April '02 to June '02 Period July '02 to Sept. '02 Period Oct. '02 to Mar. '03 Period - Apr. '03 to Sep. '03	Reply filed. Personal Hearing awaited.
4E	SC No.V52, 52-55/15-229/ Dem/2004 dt.13.08.2004	The Dy. Commissioner of C.Ex. Div.I	The Dy. Commissioner of C.Ex. Div.I	1,339,606	Recovery of Additional TTA Duty in yarn used for Captive Consumption for the period Oct.03 to Mar 04.	Reply filed. Personal Hearing awaited.

4F	SC No.V52, 52-55/15-263/ Dem/2004-05 dt.07.03.2005	The Addl. Commissioner of Central Excise, Ahmedabad	The Addl. Commissioner of Central Excise, Ahmedabad	929,617	Period April '04 to June '04	Reply filed. Personal Hearing awaited.
5	OIA No. 188/2004/AC/ Ref Dt.13.08.2005	Commissioner of Central Excise, (Appeal), Ahmedabad	Commissioner of Central Excise, (Appeal), Ahmedabad	97,711	Refund claim for amount short received against refund claim of yarn duty after adjusting the old recovery.	Appeal No. V2(52)123/A-7104 dt. 14.10.2004 Personal Hearing fixed and attended on08.08.2005. hearing on 18.01.2007 appeal dismissed.
6	STC/4-2/Audit/II-9/ SOMA/04-05 DT. 28.03.06	Dy. Commissioner Service Tax Div - II	Dy. Commissioner Service Tax Div – II	444,139	Service tax on amount paid to transport operators.	Reply filed on 16-05-06. The personal hearing is awaited.
7	V.52-55/15-15/DEMAND/ OA-I/SOMA/06-07 DT 15.05.06	The Joint Commissioner of Central Excise, Ahmedabad	The Joint Commissioner of Central Excise, Ahmedabad	5,80,464	Recovery of Transtional Cenvat	Reply filed on 05.07.06 Personal hearing awaited
8	V.52(3-6)/DA/II//07/711 DT 05-03-07	The Assistant Commissioner of Central Excise, Ahmedabad	The Assistant Commissioner of Central Excise, Ahmedabad	140179	Recovery of Cenvat & Exccise duty	Reply filed on 09-04-07 personal hearing on 30-05-07 attended, order awaited
9	V.52(3-2)/DA/II//05/588 DT 11-03-08	The Assistant Commissioner of Central Excise, Ahmedabad	The Assistant Commissioner of Central Excise, Ahmedabad	294912	Recovery of Transtional Cenvat	Reply will be filed soon

F. Proceedings/cases involving the directors of the Company

Bank of Baroda, Bank of India & others have impleaded Mr. Prafull Anubhai, as a Director of M/s. Rustom Mills & Industries Ltd. for recovery of amount due to them as Mr. Prafull Anubhai has given personal guarantee to them. Mr. Prafull Anubhai is a non-executive Director of the Company. The proceedings were carried out under Debt Recovery Tribunal- Ahmedabad

G. *Defaults*

Mr. Prafull Anubhai, the Director of the Company was also Director of the M/s. Rustam Mills & Industries Ltd., which appears as defaulter company in the RBI database. The default took place during his tenure as Director of the company.

Mr. Ashok C Gandhi, one of the Directors of the Company is liable under criminal prosecution by Criminal case no. 3475/02 in the Court of Judicial Magistrate, Ankleshwar under sections 63, 68 and 628 of the Companies Act in respect of D. R. Softech & Industries Ltd.

r) No equity shares of the Target Company are subject to any lock-in.

s) The Compliance Officer of the Target Company is Mr. R. S. Sharma, Company Secretary, Address: 2, Red Cross Place, Kolkata – 700 001 Tel No.: +91-33-2248 7406/07, Fax No.: +91-33-2248 7045 and e-mail :- rssharma@somatextiles.com

7 OFFER PRICE AND FINANCIAL ARRANGEMENTS

Justification of Offer Price

7.1.1 The equity shares of the Target Company are listed on the BSE and NSE. The shares of the company have been delisted from CSE as conveyed to the company by the CSE vide their letter number CSEA/LD/223/2008 dated April 16, 2008.

7.1.2 The annualised trading turnover during the period September 2006 to February 2007, the six calendar months prior to March 2007 (the month in which PA was supposed to be made) in each of the Stock Exchanges is detailed below:

Name of Stock Exchange	Total number of shares traded during the preceding six calendar months	Total number of listed shares	Annualised trading turnover (in terms of % of total listed shares)	Trading Status in terms of SEBI (SAST) Regulations
BSE	16509279	3,30,33,000	99.96	Frequently Traded
NSE	13051294	3,30,33,000	79.02	Frequently Traded

*(Source: www.bseindia.com www.nseindia.com and Capitaline)

7.1.3 Based on the above information, as the annualized trading turnover is more than 5% of the total number of the listed shares, the equity shares are deemed to be frequently traded on BSE and NSE as per the data available with both the exchanges (Source: www.bseindia.com, www.nseindia.com and Capitaline)

Following are the average of the weekly high and low of the closing prices and volume data at BSE (where the shares of the company are most frequently traded) for 26 weeks ended on March 02, 2007, i.e. day before the date when the Public Announcement was supposed to be made.

Week	End Date	High (Rs.)	Low (Rs.)	Average (Rs.)	Volume
1	Friday March 02, 2007	34.55	32.85	33.70	2,025,478
2	Friday, February 23, 2007	42.50	29.55	36.03	7,407,046
3	Thursday February 15, 2007	27.75	25.90	26.83	89,033
4	Friday February 09, 2007	28.25	26.90	27.58	127,947
5	Friday February 02, 2007	28.05	27.55	27.80	84,203
6	Thursday January 25, 2007	28.45	28.00	28.23	112,197
7	Friday January 19, 2007	29.05	28.55	28.80	1,063,193
8	Friday January 12, 2007	28.95	27.80	28.38	763,710
9	Friday January 05, 2007	30.65	27.15	28.90	1,398,744
10	Friday December 29, 2006	27.00	26.60	26.80	143,375
11	Friday December 22, 2006	26.65	26.05	26.35	187,502
12	Friday December 15, 2006	27.40	25.75	26.58	189,979
13	Friday December 08, 2006	29.60	28.10	28.85	220,271
14	Friday December 01, 2006	28.85	27.85	28.35	362,730
15	Friday November 24, 2006	27.70	26.05	26.88	81,121
16	Friday November 17, 2006	28.40	26.05	27.23	94,638
17	Friday November 10,	28.60	27.80	28.20	156,675

	2006				
18	Friday November 03, 2006	29.55	28.85	29.20	106,094
19	Friday October 27, 2006	29.35	28.70	29.03	41,607
20	Friday October 20, 2006	29.05	28.05	28.55	207,460
21	Friday October 13, 2006	29.10	28.60	28.85	405,675
22	Friday October 06, 2006	29.15	28.65	28.90	300,610
23	Friday September 29, 2006	29.10	28.50	28.80	249,507
24	Friday September 22, 2006	30.30	29.20	29.75	177,934
25	Friday September 15, 2006	31.25	29.00	30.13	283,522
26	Friday September 08, 2006	32.25	30.75	31.50	211,350
26 week Average				28.85	

(Source: www.bseindia.com and Capitaline)

The details of intra day price and volume on BSE for the 2 weeks period prior to the date when the public announcement was supposed to be released are as follows:

Day & Date	**High Price (Rs.)**	**Low Price(Rs.)**	**Average (Rs.)**	**Volume**
Friday March 02, 2007	34.70	32.55	33.63	579368
Thursday March 01, 2007	34.10	32.50	33.30	268674
Wednesday, February 28, 2007	36.00	29.70	32.85	244323
Tuesday, February 27, 2007	36.20	32.60	34.40	407915
Monday, February 26, 2007	36.00	34.50	35.25	525198
Friday, February 23, 2007	46.75	38.30	42.53	755115
Thursday, February 22, 2007	42.50	36.00	39.25	951682
Wednesday, February 21, 2007	35.45	29.75	32.60	1945246
Tuesday, February 20, 2007	32.00	29.30	30.65	445628
Monday, February 19, 2007	32.00	28.00	30.00	3309375
2 Weeks Average			34.44	

(Source: www.bseindia.com and Capitaline)

7.1.4 The parameters set out in Regulation 20(4) of the Regulations (applicable for companies whose shares are frequently traded on the stock exchanges) and the prices calculated with respect to each parameter is as follows:

The closing price of the equity shares of the Target Company on BSE was Rs.28.15 on February 5, 2007 when Regulation 10 of the SEBI (SAST) Regulations was triggered and Rs.32.95 on February 27, 2007 when Regulation 11(1) of the SEBI(SAST) Regulations was triggered.

The Acquirer did not acquire any shares of the Target Company during the twenty six weeks period prior to the date when the Open Offer should have been announced except as stated in the para above. The higher of the two prices as stated in the para above was Rs.32.95.

The offer price of Rs. 40.14 is justified in terms of Regulation 20 (4) of the SEBI (SAST) Regulations:

The negotiated price	Not Applicable
Price paid by the Acquirer for acquisitions, if any, including by way of allotment in a public or rights or preferential issue during the 26 week period prior to the date when the PA should have been made as stated in Clause 7.1.4 above.	Rs. 32.95
Higher of (A) or (B) below :	Rs. 34.445
Share price data of the Target Company on BSE, where it is most frequently traded, is as under:	
<u>(A) If the Trigger Date was February 5, 2007</u>	
i) the average of the weekly high and low of the closing prices of the shares of the Target Company during the 26 weeks preceding the date the announcement should have been made.	Rs. 28.61
ii) The average of the daily high and low of the prices of the shares of the Target Company during the 2 weeks preceding the date the announcement should have been made.	Rs. 28.02
Higher of A(i) and A(ii) above	Rs. 28.61
<u>(B) If the Trigger Date was February 27, 2007</u>	
i) the average of the weekly high and low of the closing prices of the shares of the Target Company during the 26 weeks preceding the date the announcement should have been made.	Rs. 28.85
ii) The average of the daily high and low of the prices of the shares of the Target Company during the 2 weeks preceding the date the announcement should have been made.	Rs. 34.445
Higher of B(i) and B(ii) above	Rs. 34.445
<u>Offer Price</u>	**Rs. 40.14**

(The Offer Price of Rs.40.14 includes Interest @10%p.a. for the delay in payment of consideration. (Price per equity share Rs.34.445 and interest of Rs.5.69 per share).	

7.1.5 The minimum Offer Price, in terms of Regulation 20(4) and 20(11) of the SEBI (SAST) Regulations is the highest of the prices mentioned in the table above, which is Rs. 34.44 (rupees Thirty Four and Paise Forty Four only). Thus, the Offer Price of Rs. 40.14 (Rupees Forty and Paise Fourteen only), being not less than the highest of the prices computed in accordance with the parameters as illustrated above, is therefore justified in terms of Regulation 20 (11) of the SEBI (SAST) Regulations. This price includes interest at the rate of 10% (ten percent) per annum to the shareholders of the Target Company who have validly tendered their shares in the Offer, for the delay caused in completion of the Acquirer's obligations in accordance with SEBI (SAST) Regulations.

7.1.6 This offer being an offer to comply with SEBI (SAST) Regulations, details regarding non-compete fee are not applicable.

7.1.7 In the opinion of the Manager to the Offer and the Acquirer, the Offer Price is justified as per the Regulations.

7.1.8 The Acquirer does not intend to acquire any shares after the date of the Public Announcement.

7.2 Financial Arrangements

7.2.1 The total funds required to implement the offer, assuming full acceptance shall be Rs. 26,51,88,924 (Rupees Twenty Six Crores Fifty One Lacs Eighty Eight Thousand Nine Hundred and Twenty Four only).

7.2.2 The Acquirer has deposited Rs. 263,378,550 (Rupees Twenty Six Crores Thirty Three Lacs Seventy Eight Thousand Five Hundred and Fifty only), being in excess of 25% of the total consideration payable under the Offer assuming full acceptance, in an Escrow Account in terms of Regulation 28 opened with Deutsche Bank, Kodak House, Dr. D. N. Road, Post Box 1142, Fort, Mumbai – 400 001. The Manager to the Offer is empowered to operate the escrow account in accordance with the Regulations.

7.2.3 The Acquirer has adequate resources to meet the financial requirements of the offer in terms of Regulation 16 (xiv) of the SEBI (SAST) Regulations. The Acquirer has made firm arrangements for the maximum consideration through its internal financial resources.

7.2.4 The Acquirer has duly authorized IL &FS Investsmart Securities Limited - Manager to the Offer to realise the value of the Escrow Account in terms of the SEBI (SAST) Regulations.

7.2.5 Mr. Kaneyalall Hawabhay (membership number - 6426621), M/s BDO De Chazal Du Mee, Chartered Accountants, Address: P.O. Box No. 799, 10 Frere Felix De Valois Street, Port Louis, Mauritius, has certified vide certificate dated September 26, 2008 that the Acquirer has sufficient resources to meet all required financial obligations under the Offer.

7.2.6 The Manager to the Offer is satisfied about the ability of the Acquirer to implement the offer as firm financial arrangement through verifiable means is in place to fulfill the offer obligations in accordance with SEBI (SAST) Regulations.

8 TERMS AND CONDITIONS OF OFFER

8.1 This Offer is being made to all the Shareholders / beneficial owners (registered or otherwise) of shares of the Target Company except the Acquirer. The Letter of Offer together with the Form of Acceptance and Form of Withdrawal will be mailed to the Shareholders of the Target Company whose names appear on the Register of Members of the Target Company and the beneficial owners of the shares of the Target Company whose names appear as beneficiaries on the records of the respective Depositories, on October 24, 2008 (Friday) being the Specified Date, except the Acquirer and also to those persons (except the Acquirer) who own the shares any time prior to the closure of the offer, but are not the registered shareholder(s). Accidental omission to dispatch this Letter of Offer to any person to whom this Offer is made or the non-receipt or delayed receipt of this Letter of Offer by any such person will not invalidate this Offer in any way.

8.2 The Acquirer will acquire the Shares, free from all liens, charges and encumbrances and together with all rights attached thereto, including the right to all dividends, bonus and rights declared hereafter.

8.3 Incomplete applications, including non-submission of necessary enclosures, if any, are liable to be rejected.

8.4 No equity shares of the Target Company are subject to lock-in.

8.5 To the extent of the Offer Size, all the shares of the Target Company that are validly tendered pursuant to this Offer are proposed to be acquired by the Acquirer.

8.6 The Regulations provide for an upward revision of the Offer Price and the number of shares to be acquired, at any time up to seven working days prior to the closure of the Offer i.e. up to January 01, 2009 (Thursday) and allows withdrawal of the Offer under certain circumstances. Any such revision / withdrawal would be informed by way of an announcement in the same newspapers in which the PA appeared. In case of any revision in the Offer Price, the revised price will be payable by the Acquirer for all the Shares that are validly tendered pursuant to the Offer.

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

8.8 Shareholders who hold shares in **physical form** and who wish to tender their shares will be required to send the Form of Acceptance, duly signed and completed in the manner specified therein together with all the necessary documents, as specified in Clause 9.2(A)(i) of this Letter of Offer, titled “Procedure for Acceptance and Settlement”, to the Registrar to the Offer at any of its collection centers or as mentioned under Clause 9.2(f) of this Letter of Offer, either by hand delivery during Business Hours or by registered post so that the same are received on or before 5 p.m. Indian Standard Time on the closing date i.e. January 12, 2009 (Monday) .

8.9 In respect of **dematerialised shares** the credit for the shares tendered must be received in the special account (as mentioned in clause 9.2(A)(iii) below on or before 5 p.m. Indian Standard Time on January 12, 2009 (Monday).

8.10 The Registrar to the Offer, Intime Spectrum Registry Ltd. has opened a special depository account by the name and style of “Escrow Account – STIL Open Offer” in NSDL with Deutsche Bank AG as Depository Participant. The Beneficiary ID is 10050662. Shareholders having their beneficiary account with CDSL will have to use inter-depository delivery instruction slip for the purpose of crediting their shares in favour of the special depository account with NSDL as mentioned in clause 9.2(A)(iii) below.

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

8.12 **In case of non-receipt of this Letter of Offer**, the eligible shareholder may send his consent to the Registrar to the Offer, on a plain paper stating the name, address, number of shares held, distinctive numbers, folio number, number of shares offered, along with the necessary documents {as mentioned in Clause 9.2 (d) and (e)} so as to reach the Registrar to the Offer on or before the closure of the Offer.

8.13 The instructions, authorizations and provisions contained in the Form of Acceptance and Form of Withdrawal constitute part of the terms of this Letter of Offer.

8.14 **Statutory Approvals**

8.14.1 The Offer is subject to receiving the necessary approvals(s) from the RBI under the Foreign Exchange Management Act, 1999 and subsequent amendments thereto, for acquiring shares tendered by resident and non-resident Indian shareholders. The Acquirer has made the requisite application to RBI to obtain approval for the same.

8.14.2 To the best of knowledge and belief of the Acquirer, as on the date of the Public Announcement, there are no other statutory approvals required to acquire the equity shares tendered pursuant to this Offer. If any other statutory approvals are required or become applicable, the Offer would be subject to the receipt of such other statutory approvals. The Acquirer will not proceed with the Offer in the event that such statutory approvals that are required are refused in terms of Regulation 27 of the SEBI (SAST) Regulations.

8.14.3 It may be noted that in case of non-receipt of statutory approvals within time, SEBI has a power to grant an extension of time to the Acquirer for payment of consideration to shareholders subject to the Acquirer agreeing to pay interest for the delay, as directed by SEBI under regulation 22(12) of the Regulations. Further, if the delay occurs due to willful default of the Acquirer in obtaining the requisite approvals, Regulation 22(13) of the SEBI (SAST) Regulations will also become applicable.

8.14.4 The Acquirer shall complete all procedures relating to the Offer within a period of 15 days from the date of closure of the Offer. In case of delay, due to non-receipt of statutory approvals, as per Regulation 22(12), SEBI may, if satisfied that the non receipt of approvals was not due to willful default or negligence on part of the Acquirer, grant an extension for the purpose of completion of the Offer subject to the Acquirer paying interest to the shareholders, at such rates as may be specified by SEBI.

9 PROCEDURE FOR ACCEPTANCE AND SETTLEMENT

9.1 Shareholders of the Target Company, who wish to avail of this Offer are free to offer their shareholding in whole or in part and should forward the under mentioned documents to the Registrar to the Offer at their office at **Intime Spectrum Registry Ltd. C-13, Pannalal Silk Mills Compound, LBS Marg, Bhandup (W), Mumbai – 400 078 Tel :+91-22-25960320 ; Fax: +91-22- 25960328/29** either by hand delivery on weekdays or by Registered Post, on or before the Close of the Offer, i.e., no later than **January 12, 2009 (Monday)** or at the Collection Centres, so as to reach the Registrar/ Collection Centres on or before the close of business hours, i.e., not later than 5.00 pm Indian Standard Time on **January 12, 2009**

(Monday) in accordance with the instructions specified in this Letter of Offer and in the Form of Acceptance cum Acknowledgement. **Shareholders are advised to ensure that the Form of Acceptance cum Acknowledgement and other documents are complete in all respects; otherwise the same is liable to be rejected. In the case of dematerialized shares, the shareholders are advised to ensure that their shares are credited in favour of the special depository account before the closure of the Offer. The Form of Acceptance cum Acknowledgement of such dematerialized shares, not credited in favour of the special depository account before the closure of the Offer, will be rejected.**

9.2 Documents to be delivered by all Shareholders

(A)

i) In case of shares held in the PHYSICAL MODE by REGISTERED SHAREHOLDERS:

- Form of Acceptance cum Acknowledgement duly completed and signed in accordance with the instructions contained therein, by all shareholders whose names appear on the share certificates.
- Original equity share certificate(s); and
- Valid equity share transfer form(s) duly signed by transferor (by all the Shareholders in case the shares are in joint names) as per the specimen signatures lodged with the Target Company and duly witnessed at the appropriate place(s).

If the Registrar to the Offer does not receive the documents listed above but receives the original share certificates and valid transfer deed from a registered Shareholder, then the Offer will be deemed to have been accepted by such Shareholders.

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

ii) In case of shares held in the PHYSICAL MODE by PERSONS NOT REGISTERED AS SHAREHOLDERS:

- Form of Acceptance cum Acknowledgement duly completed and signed in accordance with the instructions contained therein
- Original equity share certificate(s) accompanied by valid share transfer forms as received from the market, wherein the name of the transferee has not been filled in; and
- Original broker contract note of a registered broker of a recognized stock exchange in relation to the purchase of the shares being tendered in this case.
- In case the share certificate(s) and the transfer deed(s) are lodged with the Target Company / its transfer agents for transfer, then the acceptance shall be accompanied by the acknowledgment of lodgment with, or receipt by, the Target Company/ its transfer agents, of the share certificate(s) and the transfer deed(s).
- No indemnity is required from persons not registered as Shareholders.

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

iii) For Equity shares held in dematerialized form:

Beneficial owners should enclose:

- Form of Acceptance cum Acknowledgement duly completed and signed in accordance with the instructions contained therein, as per the records of the Depository Participant (DP).
- Photocopy of the Delivery Instruction in “Off-market” mode or counterfoil of the delivery instruction slip in “Off market” mode, duly acknowledged by the DP. The details of the special depository account are as follows:

Depository Name	NSDL
DP NAME	Deutsche Bank AG
Special DP Account	Escrow Account – STIL Open Offer
Client ID	10050662
ISIN	IN300167

- For each Delivery Instruction, the beneficial owner should submit separate Form of Acceptance.
- In case of non-receipt of the aforesaid documents, but receipt of the Shares in the Special Depository Escrow Account, the Acquirer may deem the Offer to have been accepted by the shareholder.

a) The share certificate(s), share transfer form(s) and the Form of Acceptance should be sent only to the Registrar to the Offer and not to the Manager to the Offer, the Acquirer or Target Company.

b) In case of non-receipt of the Letter of Offer, the eligible persons may send their consent to the Registrar to the Offer, on a plain paper stating acceptance of the Offer with Name; Address; Number of Shares held; Distinctive Number; Folio Number, Number of shares offered; along with documents as mentioned above, so as to reach the Registrar to the Offer on or before the close of the Offer, i.e., no later than January 12, 2009 (Monday) or in case of beneficial owners they may send their application in writing to the Registrar to the Offer, on a plain paper stating acceptance of the Offer with Name; Address; Number of Shares held; Number of shares offered; 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, or the eligible persons can write to the Manager to the Offer requesting for the Letter of Offer and Form of Acceptance cum Acknowledgement and fill up the same in accordance with the instructions given therein, so as to reach the Registrar to the Offer, on or before the close of the Offer, i.e., no later than January 12, 2009 (Monday). Unregistered owners should not sign the transfer deed and the transfer deed should be valid for transfer. Alternatively, the Letter of Offer and Form of Acceptance cum Acknowledgement will be available on SEBI's website (*www.sebi.gov.in*), from the date of Opening of the Offer. The eligible persons can download the Form of Acceptance cum Acknowledgement from the SEBI's website and apply using the same.

   If the aggregate of the valid responses to the Offer exceeds the Offer size of 66,06,600 fully paid-up equity shares of Soma Textiles & Industries Limited representing 20% of the Fully Diluted Equity Voting Capital of the Target Company, then the Acquirer shall accept the valid applications received on a proportionate basis in accordance with Regulation 21(6) of the SEBI (SAST) Regulations in such a way that the acquisition from any Shareholder shall not be less than the minimum marketable lot, or the entire holding if it is less than the marketable lot. The minimum marketable lot of for the Shares is 1 (one)

c) Shareholders who have sent their shares for dematerialization need to ensure that the process of getting shares dematerialized is completed well in time so that the credit in the Special Depository Account is received on or before the date of Closure of the Offer, i.e., no later than **January 12, 2009 (**Monday**)**, else the application would be rejected.

d) While tendering shares under the Offer, NRIs/OCBs/Foreign Shareholders will be required to submit the previous RBI Approvals (specific or general) that they may have obtained for acquiring shares of the Target Company**. In case of previous RBI Approvals not being submitted, the Acquirer reserves the right to reject such shares tendered.**

e) While tendering shares under the Offer, NRI/OCBs/Foreign Shareholders will be required to submit a Tax Clearance Certificate from the Income Tax authorities, indicating the amount of tax to be deducted by the Acquirer under the Income Tax Act, 1961 before remitting the consideration. In case the aforesaid Tax Clearance Certificate is not submitted, the Acquirer will arrange to deduct tax at the rate as may be applicable to the category of the shareholder under the Income Tax Act, 1961, on the entire consideration amount payable to such shareholder.

f) In addition to the above-mentioned address, the equity shareholders of Target Company, who wish to avail of and accept the Offer can also deliver the Acceptance Form along with all the relevant documents at any of the collection centres below. All the centres mentioned herein below would be open Monday to Friday (except Public Holidays) between 10.00 a.m. and 5.00 pm and on Saturday between 10.00 am and 1.00 pm before closure of the Offer i.e: January 12, 2009, Monday:

Address	Contact Person	Phone Nos.	Fax Nos.	E-mail ID
Intime Spectrum Registry Ltd. C-13, Pannalal Silk Mills Compound, LBS Marg, Bhandup (W) Mumbai – 400 078	Nilesh Chalke	022 – 25960320	022 – 2596 0328/29	stil.offer@intimespectrum.com
Intime Spectrum Registry Ltd. 203,Davar House, Next to Central Camera, D.N Road, Fort, Mumbai – 400 001	Vivek Limaye	022 -2269 4127	-----	vivek.limaye@intimespectrum.com
Intime Spectrum Registry Ltd. 59 C Chowringhee Road 3rd Floor, Kolkata 700 020	S P Guha	033-2289 0539 / 40	033-2289 0539 / 40 (Telefax)	kolkata@intimespectrum.com
Intime Spectrum Registry Limited, 211 Sudarshan Complex, Near Mithakhali Underbridge, Navrangpura, Ahmedabad - 380 009	Hitesh Patel	079-2646 5179	079-2646 5179	ahmedabad@intimespectrum.com
Intime Spectrum Registry Ltd., A-40, 2nd Floor, Naraina Industrial Area, Phase II, Near Batra Banquet, New Delhi – 110028	Swapan Naskar	011-41410592/93/94	011-41410591	delhi@intimespectrum.com

g) Shareholders who cannot hand deliver their documents at the Collection Centers referred above, may send the same by Registered Post, at their own risk and cost, to the Registrar to the Offer at their address given below:

Intime Spectrum Registry Ltd. Unit: STIL Open Offer, C-13, Pannalal Silk Mills Compound, LBS Marg, Bhandup (W), Mumbai – 400 078 Tel: +91-22-25960320 Fax: +91-22-25960328/29

h) Forms of Acceptance which are complete in all respect and which reach the Registrar to the Offer on or before the date of closure of the Offer i.e. January 12, 2009 (Monday) would be approved and accepted by the Acquirer. The payment of consideration for the shares accepted will be made by crossed account payee cheque / demand draft / pay order or through Electronic mode as detailed below. The intimation regarding acceptance of shares and payment of consideration will be dispatched to the shareholders by registered/speed post at the shareholders' sole risk. In case of joint holder(s), the cheque/demand draft will be drawn in the name of the first holder and in case of unregistered owners of shares the consideration will be paid to the person whose name is stated in the contract note.

Payment of Consideration through Electronic Mode

We shall give credit of consideration for Equity Shares accepted in the Offer, if any, within 15 days from the date of the closure of the offer. Credit for the consideration will be made to the shareholders who have tendered shares in the Offer by ECS, Direct Credit or crossed account payee cheques/pay orders/demand drafts.

The payment of consideration, if any, would be done through various modes as given hereunder:

1. ECS – Payment of consideration would be done through ECS for shareholders having an account at any of the following sixty eight centres:

Centres			
1. Ahmedabad	2. Nashik	3. Sholapur	4. Gorakhpur
5. Bangalore	6. Panaji	7. Ranchi	8. Jammu
9. Bhubaneshwar	10. Surat	11. Tirupati (non-MICR)	12. Indore
13. Kolkata	14. Trichy	15. Dhanbad(non-MICR)	16. Pune
17. Chandigarh	18. Trichur	19. Nellore (non-MICR)	20. Salem
21. Chennai	22. Jodhpur	23. Kakinada(non-MICR)	24. Jamshedpur
25. Guwahati	26. Gwalior	27. Agra	28. Visakhapatnam
29. Hyderabad	30. Jabalpur	31. Allahabad	32. Mangalore
33. Jaipur	34. Raipur	35. Jalandhar	36. Coimbatore
37. Kanpur	38. Calicut	39. Lucknow	40. Rajkot
41. Mumbai	42. Siliguri (non-MICR)	43. Ludhiana	44. Kochi/Ernakulam
45. Nagpur	46. Pondicherry	47. Varanasi	48. Bhopal
49. New Delhi	50. Hubli	51. Kolhapur	52. Madurai
53. Patna	54. Shimla (non-MICR)	55. Aurangabad	56. Amritsar
57. Thiruvananthapuram	58. Tirupur	59. Mysore	60. Haldia (non- MICR)
61. Baroda	62. Burdwan (non-MICR)	63. Erode	64. Vijaywada
65. Dehradun	66. Durgapur (non-MICR)	67. Udaipur	68. Bhilwara

This mode of payment of consideration would be subject to availability of complete bank account details in the Form of Acceptance. The payment of consideration through ECS is mandatory for shareholders having a bank account at any of the above mentioned sixty eight centres, except where the shareholder, being eligible, opts to receive refund through other modes as specified in the Form of Acceptance.

2. Direct Credit – Shareholders having bank accounts with the same bank through which payment consideration shall be made shall also be eligible to receive consideration through direct credit in their respective bank accounts as mentioned in the Form of Acceptance.

3. RTGS – Shareholders having a bank account at any of the above mentioned sixty eight centres and whose payment consideration exceeds Rs. 1 lac, have the option to receive

refund through RTGS. Such eligible Shareholders who indicate their preference to receive consideration through RTGS are required to provide the IFSC code in the Form of Acceptance. In the event the same is not provided, payment consideration shall be made through other electronic modes or by cheques, pay orders or demand drafts payable.

4. NEFT (National Electronic Fund Transfer) – Payment of consideration shall be undertaken through NEFT wherever the shareholders bank has been assigned the Indian Financial System Code (IFSC), which can be linked to a Magnetic Ink Character Recognition (MICR), if any, available to that particular bank branch. IFSC Code will be obtained from the website of RBI as on a date immediately prior to the date of payment of consideration, duly mapped with MICR numbers. Wherever the shareholder has registered their nine digit MICR number and their bank account number while opening and operating the demat account, the same will be duly mapped with the IFSC Code of that particular bank branch and the payment of consideration will be made to the shareholders through this method. The process flow in respect of consideration by way of NEFT is at an evolving stage and hence use of NEFT is subject to operational feasibility, cost and process efficiency.

5. For all other shareholders, including those shareholders whose payment consideration is not credited by ECS/Direct credit due to technical errors or incomplete/incorrect bank account details, payment consideration will be dispatched through Speed Post/Registered Post. Such payment consideration will be made by cheques, pay orders or demand drafts payable at par at places where the address of the shareholder is registered.

   In case of payment consideration is rejected through the ECS/Direct credit facility, the registrar would endeavour to dispatch the payment consideration within 3 working days of such rejection.

   The bank account details for ECS/ Direct Credit/ RTGS / NEFT will be directly taken from the depositories' database or from the details as mentioned by the shareholders in the Form of Acceptance.

i) The Registrars to the Offer will hold in trust the Shares/Share certificates, Shares lying in credit of the special depository account, Form of Acceptance cum Acknowledgement, if any, and the transfer form/s on behalf of the shareholders of STIL who have accepted the Offer, till the cheques/ drafts for the consideration and/or the unaccepted shares/ share certificates are dispatched/returned.

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

k) Subject to the Statutory Approvals as stated in Clause 8.14 above, the Acquirer intends to complete all formalities, including the payment of consideration within a period of 15 days from the closure of the Offer, and for the purpose open a special account as provided under Regulation 29, provided that where the Acquirer is unable to make the payment to the Shareholders who have accepted the Offer before the said period of 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 Acquirer or failure of the Acquirer to diligently pursue the applications for such approvals, grant extension of time for the purpose, subject to the Acquirer agreeing to pay interest to the Shareholders for delay beyond 15 days, as may be specified by SEBI from time to time.

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

m) In terms of the SEBI (SAST) Regulations, Shareholders desirous of withdrawing their acceptances tendered in the Offer can do so up to three working days prior to the close of the Offer. The withdrawal option can only be exercised by submitting the Form of Withdrawal so as to reach the Registrar to the Offer at its address C-13, Pannalal Silk Mills Compound, L B S Marg, Bhandup - West, Mumbai - 400 078 either by hand delivery or by registered post by 5 P.M. on **January 07, 2009 (Wednesday)**.

n) In case of non-receipt of the Form of Withdrawal the withdrawal option can be exercised by making an application on plain paper mentioning the following details:

    (i) In case of physical shares: Name, address, distinctive numbers, folio numbers, number of Shares tendered/withdrawn

    (ii) In case of dematerialized shares: Name, address, number of Shares tendered/ withdrawn, DP name, DP ID, beneficiary account no. and a photocopy of delivery instruction in "off-market' mode or counterfoil of the delivery instruction in "offmarket" mode, duly acknowledged by the DP in favour of the Depository Escrow Account.

10. DOCUMENTS FOR INSPECTION

The following material documents are available for inspection at the office of the Manager to the Offer, IL&FS Investsmart Securities Limited, The IL&FS Financial Centre, Plot C-22, G-Block, Bandra-Kurla Complex, Bandra(E), Mumbai – 400 051 from 10.30 a.m. to 1.00 p.m. on any day, except Saturdays, Sundays and Holidays, until the Offer closes:

a) Certificate of Incorporation & Constitution of the Acquirer.

b) Memorandum and Articles of Association of STIL.

c) Audited results of STIL & Mavi for the years ended March 31, 2006, 2007 and 2008 respectively.

d) Certificate of M/s BDO De Chazal Du Mee, Chartered Accountants, certifying the networth of the Acquirer.

e) Certificate of M/s BDO De Chazal Du Mee, Chartered Accountants, certifying the adequacy of financial resources with Acquirer to fulfill the Offer obligations

f) Escrow agreement entered into amongst the Acquirer, Deutsche Bank AG and IISL

g) Letter from Deutsche Bank dated September 29, 2008 confirming the deposit referred in Clause 7.2.2 of this Letter of Offer.

h) Published copy of Public Announcement dated September 26, 2008.

i) SEBI's observation letter no. CFD/DCR/TO/HB/146859/2008 dated December 08, 2008.

11. DECLARATION BY THE ACQUIRER

The Board of Directors of the Acquirer accept full responsibility for the information contained in this Letter of Offer and shall be responsible for ensuring compliance with the SEBI (SAST) Regulations. The Manager to the Offer has confirmed that Mr. Heerdaye Jugbandhan and Mr. Poovazhagan Soobramanien, Directors of the Acquirer are duly and legally authorised by the Acquirer vide a Board Resolution dated December 15, 2008 to execute this Letter of Offer and all documents related to the Offer for and on behalf of the Acquirer.

FOR Mavi Investment Fund Limited (“Acquirer ”)	
Sd/- **Heerdaye Jugbandhan**	**Sd/-** **Poovazhagan Soobramanien**
Director	**Director**

Date : December 15, 2008
Place : Mauritius

Encl:
1. Form of Acceptance cum Acknowledgement
2. Form of Withdrawal
3. Transfer deed for shareholders holding shares in physical form

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FORM OF ACCEPTANCE- CUM-ACKNOWLEDGEMENT
SOMA TEXTILES & INDUSTRIES OPEN OFFER

FROM
(Name & Complete Address)

OFFER OPENS ON	**December 23, 2008 (Tuesday)**
OFFER CLOSES ON	**January 12, 2009 (Monday)**

____

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____

____

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

To,
M/S Mavi Investment Fund Limited
C/o. Intime Spectrum Registry Ltd.
C-13, Pannalal Silk Mills Compund, LBS Marg,
Bhandup(W), Mumbai - 400078

Dear Sir,

Open offer for acquisition of 66,06,600 fully Paid-up Equity Shares of face value of Rs.10/- each, representing 20.00% of the fully Diluted voting share capital of Soma Textiles & Industries Limited at a price of Rs. 40.14 per fully paid-up equity share

I/We refer to the Letter of Offer dated December 15, 2008 for acquiring the equity shares held by me/us in **Soma Textiles & Industries Limited.**

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

<u>For Shares held in Physical Form:</u>

I/We, hold the following shares in physical form and accept the offer and enclose the original share certificate(s) and duly signed transfer deed(s) in respect of my/our shares as detailed below:

Ledger Folio No.___________________No. of Share Certificate(s) _____________________ No. of Shares ______________________

Sr.No.	Certificate No.	Distinctive No.		No. of Shares
		From	To	
			Total	

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

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

I/We note and understand that the original share certificate(s) and the valid share transfer deed(s) will be held in trust for me/us by the Registrar to the Offer until the Acquirer makes payment of the purchase consideration as mentioned in the Letter of Offer.

I/We also note and understand that the Acquirer will pay the consideration only after verification of the documents and signatures.

<u>For Shares held in Demat Form:</u>

I/We hold the following shares in Demat Form and accept the Offer and enclose a photocopy of the Depository Delivery Instruction(s) duly acknowledged by DP in respect of my/our equity shares as detailed below

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

I/We have done an off-market transaction for crediting the shares to the **"Escrow Account- STIL Open Offer"** whose particulars are,

DP Name - Deutsche Bank AG	**Beneficiary ID 10050662**

I/We note and understand that the Shares would lie in the said A/c i.e. **"Escrow Account- STIL Open Offer"** until the Acquirer makes payment of the purchase consideration as mentioned in the Letter of Offer.

I/We authorise the Acquirer to accept the shares so offered, which they may decide to accept in consultation with the Manager to the Offer and in terms of the Letter of Offer and

I/We further authorise the Acquirer to return to me/us, the equity share certificate(s) in respect of which the offer is not found valid/not accepted, specifying the reasons thereof and in the case of dematerialised shares, to the extent not accepted will be released to my Depository Account at my sole risk.

I/We authorise the Acquirer or the Manager to the Offer or the Registrar to the Offer to send by registered post the draft/cheque, in settlement of the amount to the sole/firstholder at the address mentioned above.

The Permanent Account No. (PAN/GIR NO.) allotted under the Income Tax Act 1961 is as under

	Ist Shareholder	2nd Shareholder	3rd Shareholder
PAN/GIR No.			

So as to avoid fraudulent encashment in transit, the shareholder(s) holding shares in physical form may provide details of bank account of the first/sole shareholder and the consideration payment will be drawn accordingly. For shares that are tendered in electronic form, the bank account details obtained from the beneficiary position download to be provided by the depositories will be considered and the consideration payment will be issued with the said bank particulars. Please indicate the preferred mode of receiving the payment consideration. (Please tick)

1) Electronic Mode: ______________________ 2) Physical Mode: ______________________

Sr No.	Particulars Required	Details
i	Bank Name	
ii	Complete Address of the Bank	
iii	Account Type (CA/SB/NRE/NRO/Others - Please Mention)	
iv	Account No.	
v	9 Digit MICR Code	
vi	IFSC Code (for RTGS/NEFT transfers)	

Yours faithfully,

Signed & Delivered	FULL NAME(S)	SIGNATURE(S)
1st Shareholder		
2nd Shareholder		
3rd Shareholder		

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

Place: Date :

(Tear Here)

Ack. Receipt

Some Textiles & Industries - Open Offer
C/o **Intime Spectrum Registry Ltd.**
C-13, Pannalal Silk Mills Compund, LBS Marg, Bhandup(W), Mumbai - 400078
email : stil.offer@intimespectrum.com

Stamp of collection centre

Received from Mr./Ms./M/s. .... Form of Acceptance cum Acknowledgement

#.................. Number of Share Certificates for...................shares/# Copy of the Delivery Instruction to (DP) for..........................shares

Delete whichever is not applicable

INSTRUCTIONS

1. **In the case of demat shares, the shareholders are advised to ensure that their shares are credited in favour of the special depository account, before the closure of the Offer. The Form of Acceptance cum Acknowledgement of such demat shares not credited in favour of the special depository account, before the closure of the Offer will be rejected.**
2. **Shareholders should enclose the following:-.**
   i. **For Equity shares held in demat form: -**

<u>Beneficial owners should enclose</u>

- Form of Acceptance cum Acknowledgement duly completed and signed in accordance with the instructions contained therein, as per the records of the Depository Participant (DP).
- Photocopy of the delivery instruction in "Off-market" mode or counterfoil of the delivery instruction in "Off-market" mode, duly acknowledged by the DP.
- For each Delivery Instruction, the beneficial owner should submit separate Form of Acceptance.

In case 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.

   ii. **For Equity shares held in physical form: -**

   <u>Registered Shareholders should enclose:</u>

- Form of Acceptance cum Acknowledgement duly completed and signed in accordance with the instructions contained therein, by all shareholders whose names appear on the share certificates.
- **Original Share Certificate(s).**
- **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 Soma Textiles & Industries Limited and duly witnessed at the appropriate place. A blank Share Transfer form is enclosed along with this Letter of Offer.

In case of registered shareholder, non-receipt of the aforesaid documents, but receipt of the share certificates alongwith the duly completed transfer form, the Offer shall be deemed to be accepted.

<u>Unregistered owners should enclose:</u>

- **Form of Acceptance cum Acknowledgement** duly completed and signed in accordance with the instructions contained therein.
- **Original Share Certificate(s).**
- **Original broker contract note.**
- **Valid Share Transfer form(s)** as received from the market.

  The details of buyer should be left blank failing which the same will be invalid under the Offer. The details of the Acquirer as buyer will be filled by the Acquirer upon verification of the Form of Acceptance and the same being found valid. All other requirements for valid transfer will be preconditions for valid acceptance.
- In case the share certificate(s) and the transfer deed(s) are lodged with the Target Company / its transfer agents for transfer, then the acceptance shall be accompanied by the acknowledgment of lodgment with, or receipt by, the Target Company/ its transfer agents, of the share certificate(s) and the transfer deed(s).
- No indemnity is required from persons not registered as Shareholders.

3. **The share certificate(s), share transfer form(s) and the Form of Acceptance should be sent only to the Registrar to the Offer and not to the Manager to the Offer or the Acquirer or Soma Textiles & Industries Limited.**
4. **Shareholders having their beneficiary account in CDSL have to use "INTER DEPOSITORY DELIVERY INSTRUCTION SLIP" for the purpose of crediting their shares in the favour of the special depository account with NSDL.**
5. **Non resident shareholders should enclose a copy of the permission received from RBI for the equity shares held by them in Soma Textiles & Industries Limited. If, the shares are held under General Permission of RBI the non resident shareholder should state that the shares are held under General Permission and whether on repatriable basis or non repatriable basis.**
6. **Non resident shareholders should enclose No Objection certificate/ Tax Clearance certificate from the Income Tax Authorities under Income-Tax Act, 1961, indicating the tax to be deducted by the Acquirer before remittance of consideration otherwise tax will be deducted at marginal rate as may be applicable to the category of the shareholder on the consideration payable by the Acquirer.**

(Tear Here)

Note: All future correspondence, if any, should be addressed to the Registrar to the Offer

Intime Spectrum registry Ltd.
(Unit: Soma Textiles & Industries Limited Limited)
C-13, Pannalal Silk Mills Compund, LBS Marg, Bhandup(W), Mumbai - 400078
Tel.: 022 - 5555 5491 Fax: 022 - 5555 5499

FORM OF WITHDRAWAL
SOMA TEXTILES & INDUSTRIES OPEN OFFER

OPENS ON	**December 23, 2008 (Tuesday)**
LAST DATE OF WITHDRAWAL	**January 07, 2009 (Wednesday)**
CLOSES ON	**January 12, 2009 (Monday)**

FROM
(Name & Complete Address)

____

____

____

____

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

To,
M/S Mavi Investment Fund Limited
C/o. Intime Spectrum Registry Ltd.
C-13, Pannalal Silk Mills Compund, LBS Marg,
Bhandup(W), Mumbai - 400078

Dear Sir/Madam,

Open offer for acquisition of 66,06,600 fully Paid-up Equity Shares of face value of Rs.10/- each, representing 20.00% of the fully Diluted voting share capital of Soma Textiles & Industries Limited at a price of Rs. 40.14 per fully paid-up equity share

I/We refer to the Letter of Offer dated December 15, 2008 for acquiring the equity shares held by me/us in **Soma Textiles & Industries Limited.**

I/We hereby consent unconditionally and irrevocably to withdraw my/our Shares from the Offer and I/We further authorise 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 Shares from the Offer, no claim or liability shall lie against the Acquirer/Manager to the Offer/Registrar to the Offer.

I/We note that this Form of Withdrawal should reach the Registrar to the Offer at any of the collection centers mentioned in the Letter of Offer or below as per the mode of delivery indicated therein on or before the last date of withdrawal i.e, no later than 17.00 hours on **January 07, 2009.**

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

I/We also note and understand that the Acquirer will return the original share certificate(s), share transfer deed(s) and Shares only on completion of verification of the documents, signatures and beneficiary position as available from the Depository from time to time.

The particulars of the tendered Share(s) that I/We wish to withdraw are detailed below:

Ledger Folio No ________No. of Share Certificate(s) ___________ No. of Shares____________

Sr.No.	Certificate No.	Distinctive No.		No. of Shares
		From	To	
			Total	

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

I/We hold the following Shares in dematerialised Form and had done an off-market transaction for crediting the Shares to the **"Escrow Account- STIL Open Offer"** as per the following particulars:

DP Name - Deutsche Bank AG	Beneficiary ID 10050662

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

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

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

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

Yours faithfully,
Signed and delivered

Signed & Delivered	FULL NAME(S)	SIGNATURE(S)
1st Shareholder		
2nd Shareholder		
3rd Shareholder		

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

Place: Date :

(Tear Here)

Ack. Receipt

Folio No/DP ID/Client ID:

Some Textiles & Industries - Open Offer
C/o **Intime Spectrum Registry Ltd.**
C-13, Pannalal Silk Mills Compund, LBS Marg, Bhandup(W), Mumbai - 400078
email : stil.offer@intimespectrum.com

Received from Mr./Ms.____

Form of Withdrawal for ______________________________ shares____________________

Signature of Official ________________________ Date of Receipt ________________________

Note: All future correspondence, if any, in connection with this offer, should be addressed to the Registrar to the Offer

INSTRUCTIONS

1. **Shareholders are advised to ensure that the Form of Withdrawal should reach the Registrar to the Offer at any of the Collection Centers mentioned in the Letter of Offer as per the mode of delivery indicated therein on or before the last date of withdrawal i.e no later than 17.00 hours on January 07, 2009.**
2. **Shareholders should enclose the following: -**
   i. For Equity Shares held in demat form:- Beneficial owners should enclose
      - Duly signed and completed Form of Withdrawal.
      - Acknowledgement slip in original/ Copy of the submitted Form of Acceptance-cum- Acknowledgement in case delivered by Registered A.D.
      - 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.
      - Acknowledgement slip in original/ Copy of the submitted Form of Acceptance-cum-Acknowledgement in case delivered by Registered A.D. 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 **Soma Textiles & Industries Limited** and duly witnessed at the appropriate place.

   iii. Unregistered owners should enclose:
      * Duly signed and completed Form of Withdrawal.
      * Acknowledgement slip in original/ Copy of the submitted Form of Acceptance-cum-Acknowledgement in case delivered by Registered A.D.
3. The withdrawal of Shares will be available only for the Share certificates/the Shares that have been received by the Registrar to the Offer/ Special Depository Escrow Account.
4. The intimation of returned Shares to the Shareholders will be at the address as per the records of the Target Company/ Depository as the case may be.
5. The Form of Withdrawal should be sent only to the Registrar to the Offer.
6. In case of partial withdrawal of Shares tendered in physical form, if the original share certificates are required to be split, the same will be returned on receipt of share certificates from the Target Company. The facility of partial withdrawal is available only to registered shareholders.
7. Shareholders holding Shares in dematerialised form are requested to issue the necessary standing instruction for receipt of the credit in their DP account.
8. The Form of Withdrawal and other related documents should be submitted at any of the Collection Centers of **Intime Spectrum Registry Ltd.** stated in Clause 9.2(f) of the Letter of Offer.
9. Applicants who cannot hand deliver their documents at the Collection Centers, may send their documents only by Registered Post, at their own risk, to the Registrar to the Offer at **Intime Spectrum Registry Ltd.,** C-13, Pannalal Silk Mills Compund, LBS Marg, Bhandup(W), Mumbai - 400078 so as to reach the Registrars on or before the last date of withdrawal i.e. **January 07, 2009.**

Note: All future correspondence, if any, should be addressed to the Registrar to the Offer

Intime Spectrum registry Ltd.

(Unit: Soma Textiles & Industries Limited Limited)

C-13, Pannalal Silk Mills Compund, LBS Marg, Bhandup(W), Mumbai - 400078

Tel.: 022 - 5555 5491 Fax: 022 - 5555 5499