DRAFT LETTER OF OFFER

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.

This letter of offer ("**Letter of Offer**") is sent to you as an equity shareholder of Sterling Holiday Resorts (India) Limited (the **"Target Company**"). If you require any clarification about the action to be taken, you may consult your stock broker or investment consultant or the Manager to the Offer / the Registrar to the Offer. In case you have recently sold your equity shares in the Target Company, please hand over the Letter of Offer and the accompanying Form of Acceptance cum Acknowledgement and Transfer Deed to the member of the Stock Exchange through whom the said sale was effected.

THOMAS COOK INSURANCE SERVICES (INDIA) LIMITED
("Acquirer")

A public company limited by shares incorporated under the Companies Act, 1956

Regd. Office: Thomas Cook Building, Dr. D. N. Road, Fort, Mumbai - 400 001. (Tel: +91-226160 3333, Fax: +91-22-2287 1069/ 6609 1454/ 22844529)

ALONG WITH

THOMAS COOK (INDIA) LIMITED ("PAC 1")

A public company incorporated under the Companies Act, 1956

Regd. Office: Thomas Cook Building, Dr. D. N. Road, Fort, Mumbai - 400 001. (Tel: +91-22-6609 1700/ 6160 3333, Fax: +91-22-2287 1069/ 6609 1454/ 22844529)

AND

TRAVEL CORPORATION (INDIA) LIMITED ("PAC 2")

A public company incorporated under the Companies Act, 1956

Regd. Office: Chandermukhi, Nariman Point, Mumbai 400021. (Tel: +91-22-66091413, Fax: +91-22-22844529)

(collectively, the **"Persons Acting in Concert" / "PAC")**

MAKES A CASH OFFER AT ₹98 (RUPEES NINETY EIGHT ONLY) ("OFFER PRICE") PER FULLY PAID UP EQUITY SHARE OF ₹10 EACH OF THE TARGET COMPANY ("EQUITY SHARES") TO ACQUIRE UP TO 23,486,264 EQUITY SHARES REPRESENTING 26% OF THE VOTING SHARE CAPITAL UNDER THE SECURITIES AND EXCHANGE BOARD OF INDIA (SUBSTANTIAL ACQUISITION OF SHARES AND TAKEOVERS) REGULATIONS, 2011, AS AMENDED ("SEBI (SAST) REGULATIONS") FROM THE EQUITY SHAREHOLDERS OF STERLING HOLIDAY RESORTS (INDIA) LIMITED ("TARGET COMPANY")

A public limited company incorporated under the Companies Act, 1956

Regd. Office: 7, Citi Tower, 3rd, Cross Street, Kasturba Nagar, Adyar, Chennai, Tamil Nadu, 600020. (Tel: +91-44-3357-3300, Fax: +91-44-3357-3423 / 3357-3311, E Mail ID: investorsmail@sterlingholidays.com; Website: www.sterlingholidays.com)

1. This Offer (as defined hereinafter) is made pursuant to and in compliance with the provisions of Regulation 3(1) and Regulation 4 of the SEBI (SAST) Regulations.
2. This Offer is not a conditional offer and is not subject to any minimum level of acceptance.
3. This Offer is not a competing offer in terms of Regulation 20 of the SEBI (SAST) Regulations.
4. This Offer is subject to certain statutory, regulatory and other approvals as described in detail in paragraph 6.4 of this Draft Letter of Offer.
5. The Acquirer can revise the Offer Price or the size of the Offer at any date prior to the commencement of the last three working days prior to the opening of the Tendering Period (as defined hereinafter), i.e. up to Tuesday, April 1, 2014. Any such upward revision or withdrawal would be informed by way of the Offer Opening Public Announcement (as defined hereinafter) in the same newspapers and editions in which the Detailed Public Statement (as defined hereinafter) had appeared. The revised price payable pursuant to such revision of the Offer Price would be payable by the Acquirer for all the Equity Shares validly tendered during the Tendering Period.
6. **There has been no competing offer as on the date of this Draft Letter of Offer.**
7. **If there is a competing offer, the open offers under all subsisting bids will open and close on the same date.**
8. A copy of the Public Announcement (as defined hereinafter), the Detailed Public Statement and the Letter of Offer (including Form of Acceptance cum Acknowledgement) is also available on SEBI's website (www.sebi.gov.in).

MANAGER TO THE OFFER	REGISTRAR TO THE OFFER
ICICI Securities Limited SEBI Regn. No. INM000011179 ICICI Centre, H.T. Parekh Marg, Churchgate, Mumbai – 400020, Maharashtra, India Tel: +91 22 2288 2460/2288 2470, Fax: +91 22 2282 6580 Email ID: sterlingholiday.openoffer@icicisecurities.com **Contact Person: Mr. Amit Joshi/ Mr. Gaurav Goyal**	**Link Intime India Private Limited** SEBI Regn. No. INR000004058 C-13 Pannalal Silk Mills Compound, LBS Marg, Bhandup West, Mumbai - 400 078 Maharashtra, India Tel: +91 22 2596 7878, Fax: +91 22 2596 0329 E-mail id: shril.offer@linkintime.co.in **Contact Person: Mr. Pravin Kasare**

The Schedule of activities under this Offer is as follows:

* The Identified Date is only for the purpose of determining the Equity Shareholders as on such date to whom the Letter of Offer would be mailed. It is clarified that all the equity shareholders of the Target Company (registered or unregistered) of the Equity Shares (except the Acquirer, PAC, Sellers and promoter group shareholders of the Target Company) are eligible to participate in this Offer at any time prior to the Offer Closing Date.

Activity	Original Dates
Date of Public Announcement (PA)	Friday, February 7, 2014
Date of publication of the Detailed Public Statement (DPS) in the newspapers	Friday, February 14, 2014
Date of filing the draft letter of offer with SEBI	Monday, February 24, 2014
Last date for a competitive bid	Tuesday, March 11, 2014
Date of receipt of SEBI observations on the Draft Letter of Offer	Wednesday, March 19, 2014
Identified Date*	Friday, March 21, 2014
Letter of Offer to be dispatched to Equity Shareholders	Friday, March 28, 2014
Last date for revising the Offer Price/ Size of the Offer	Tuesday, April 1, 2014
Last date by which the committee of the independent directors of the Target Company shall give its recommendation	Thursday, April 3, 2014
Date of publication of Offer Opening Public Announcement	Friday, April 4, 2014
Date of commencement of Tendering Period (Offer Opening Date)	Monday, April 7, 2014
Date of expiry of Tendering Period (Offer Closing Date)	Wednesday, April 23, 2014
Date by which all requirements including payment of consideration would be completed.	Thursday, May 8, 2014

RISK FACTORS

Given below are the risk factors relating to the transaction, the Offer and the probable risks involved in associating with the Acquirer. For capitalized terms used herein please refer to the Definitions set out on page no. 4 of this Draft Letter of Offer.

A. Risk factors relating to the transaction

1. The Offer is subject to (i) the compliance of the terms and conditions as set out under the SPA, and (ii) receipt of approvals as more particularly set out in paragraph 6.4 of this Draft Letter of Offer. In accordance with the SPA, the transaction under the SPA shall be completed upon the fulfillment of conditions precedent agreed between the parties Acquirer, the Sellers and the Target Company. In terms of and in accordance with regulation 23(1) of the SEBI (SAST) Regulations, if the conditions precedent and other conditions as stated in paragraph 6.1.6 are not met for reasons beyond the reasonable control of the Acquirer / PAC and the SPA is rescinded by the Acquirer as per its terms, the Offer would stand withdrawn.

2. If at a later date, any other statutory or regulatory or other approvals / no objections are required, the Offer would become subject to receipt of such other statutory or regulatory or other approvals / no objections.

B. Risk factors relating to the Offer

1. The Offer is an offer to acquire not more than 23,486,264 Equity Shares, representing 26% of the Voting Share Capital, from the Equity Shareholders. Where the number of Equity Shares offered for sale by the Equity Shareholders is more than the Equity Shares agreed to be acquired by the Acquirer and the PAC, the Acquirer and the PAC shall accept the offers received from the Equity Shareholders on a proportional basis in consultation with the Manager to the Offer, in accordance with the SEBI (SAST) Regulations. Hence, there is no certainty that all shares tendered by the Equity Shareholders in the Offer will be accepted, in the event there is oversubscription of the Offer.

2. The Offer is subject to the receipt of certain statutory, regulatory and other approvals / no objections described in detail in paragraph 6.4 In the event that either: (a) regulatory or statutory approvals are not received in time, (b) there is any order of a governmental authority or litigation leading to a stay/injunction on the Offer or that restricts/restrains the Acquirer/PAC from performing its obligations hereunder, or (c) SEBI instructing the Acquirer/PAC not to proceed with the Offer, then the Offer process may be delayed beyond the schedule of activities indicated in this Draft Letter of Offer. Consequently, the payment of consideration to the Equity Shareholders whose Equity Shares are accepted under the Offer as well as the return of Equity Shares not accepted under the Offer by the Acquirer/PAC may get delayed. In case the delay is due to non-receipt of statutory approval(s), then in accordance with regulation 18(11) of the SEBI (SAST) Regulations, SEBI may, if satisfied that non-receipt of approvals was not due to any willful default or negligence on the part of the Acquirer/PAC, grant an extension for the purpose of completion of the Offer subject to the Acquirer/PAC agreeing to pay interest to the validly tendering Equity Shareholders.

3. The tendered Equity Shares will lie to the credit of a designated escrow depository account and the documents relating to the tendered Equity Shares would be held in trust by the Registrar to the Offer, till the completion of the Offer formalities. During such period, there may be fluctuations in the market price of the Equity Shares and the Equity Shareholders will not be able to trade in such Equity Shares which are in the custody of the Registrar to the Offer, thereby restricting the ability of such Equity Shareholders to take advantage of any favourable price movements. Accordingly, the Acquirer and the PAC make no assurance with respect to the market price of the Equity Shares before, during or upon completion of this Offer and each of them expressly disclaims any responsibility or obligation of any kind (except as required by applicable law) with respect to any decision by the Equity Shareholders on whether or not to participate in this Offer.

4. Equity Shares, once tendered through the Form of Acceptance-cum-Acknowledgement in the Offer, cannot be withdrawn by the Equity Shareholders during the Tendering Period.

5. The Acquirer, the PAC and the Manager to the Offer do not accept any responsibility for statements made otherwise than in this Draft Letter of Offer or the Public Announcement or the DPS and anyone placing reliance on any other source of information (not released by the Acquirer, the PAC, or the Manager to the Offer) would be doing so at his/her/their own risk.

C. Risk factors associated with the Acquirer and the PAC

1. The Acquirer and the PAC make no assurance with respect to the financial performance of the Target Company nor do they make any assurance with respect to the market price of the Equity Shares before, during or upon the completion of this Offer. Each of the Acquirer and the PAC disclaim any responsibility with respect to any decision by the Equity Shareholders on whether or not to participate in this Offer.

2. The Acquirer and the PAC make no assurance with respect to their investment / disinvestment decisions relating to their proposed shareholding in the Target Company.

The risk factors set forth above pertain to this Offer and are not in relation to the present or future business 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 participation or otherwise by an Equity Shareholder in this Offer. The Equity Shareholders are advised to consult their stockbrokers or legal, financial, tax or investment consultants, if any, for analyzing all the risks with respect to their participation in this Offer and related sale and transfer of Equity Shares of the Target Company.

CURRENCY OF PRESENTATION

In this Draft Letter of Offer, all references to “Rs.”/“INR”/ “₹” are to Indian Rupee(s), the official currency of India. Throughout this Draft Letter of Offer, all figures have been expressed in “million, thousand or lakh” unless otherwise specifically stated. In this Draft Letter of Offer, any discrepancy in any table between the total and sums of the amount listed are due to rounding off and/or regrouping.

TABLE OF CONTENTS

DEFINITIONS/ABBREVIATIONS

S No.	Particulars	Details / Definition
1.	Acquirer	Thomas Cook Insurance Services (India) Limited, a public company limited by shares under the Companies Act in India and having its registered office at Thomas Cook Building, Dr. D. N. Road, Fort, Mumbai - 400 001
2.	Beneficial Owner	Beneficial owners of the Equity Shares, whose names appeared as beneficiaries on the records of their respective DP at the close of business hours on the Identified Date or at any time before the closure of the Tendering Period
3.	BSE	BSE Limited
4.	CCI	Competition Commission of India
5.	CDSL	Central Depository Services (India) Limited
6.	Companies Act	Companies Act, 1956, as amended and the Companies Act, 2013, as amended, as the case may be
7.	DPS/Detailed Public Statement	The Detailed Public Statement, published on behalf of the Acquirer and the PAC in the Newspapers on Friday, February 14, 2014
8.	DP	Depository Participant
9.	Draft Letter of Offer	This draft letter of offer filed with SEBI pursuant to Regulation 16(1) of the SEBI (SAST) Regulations
10.	EPS	Earnings Per Equity Share, for the period under reference and annualized
11.	Equity Shareholders	The equity shareholders of the Target Company, other than the Acquirer, PAC, Sellers and the promoter group shareholders of the Target Company
12.	Equity Shares	Fully paid up equity shares of the Target Company having a face value of ₹ 10 each
13.	FII	Foreign Institutional Investors as defined under the SEBI (Foreign Institutional Investors) Regulations, 1995, as amended, registered with SEBI under applicable laws in India
14.	FIPB	Foreign Investment Promotion Board
15.	FY	Financial year
16.	ICDR Regulations	SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009, as amended
17.	Identified Date	Friday, March 21, 2014, i.e. the date falling on the 10^{th} (tenth) Working Day prior to the commencement of Tendering Period, for the purposes of determining the Equity Shareholders to whom the Letter of Offer shall be sent
18.	Income Tax Act	The Income Tax Act, 1961, as amended
19.	Letter of Offer	The Letter of Offer, duly incorporating SEBI's comments on the Draft Letter of Offer, including the Form of Acceptance-cum-Acknowledgement
20.	Listing Agreement	Listing Agreement with the stock exchanges in India, as amended from time to time
21.	Merchant Banker/ Manager to the Offer	ICICI Securities Limited
22.	MSE	Madras Stock Exchange Limited
23.	NEFT	National Electronic Funds Transfer
24.	NSDL	National Securities Depository Limited
25.	NRIs	Non Resident Indians and persons of Indian origin residing abroad
26.	NSE	National Stock Exchange of India Limited
27.	OCBs	Overseas Corporate Body, as defined under the Foreign Exchange Management (Deposit) Regulations, 2000, as amended from time to time
28.	Offer	Open offer being made by the Acquirer along with the PAC to the Equity Shareholders of the Target Company, to acquire up to 23,486,264 Equity Shares at a price of ₹ 98 (Rupees Ninety Eight Only) per Equity Share
29.	Offer Opening Public Announcement	The announcement of the commencement of the Tendering Period to be made on behalf of the Acquirer and PAC at least one Working Day prior to the commencement of Tendering Period
30.	Offer Period	Period commencing from February 7, 2014 till the date on which the payment of consideration to the Equity Shareholders who have accepted the Offer is made, or the date on which Offer is withdrawn, as the case may be
31.	Offer Size	23,486,264 Equity Shares, representing 26% of the Voting Share Capital
32.	PA/Public Announcement	Announcement of the Offer made on behalf of the Acquirer and the PAC, dated February 7, 2014 and filed with the BSE, NSE and MSE on February 7, 2014, with SEBI on February 10, 2014 and sent to the Target Company on February 10, 2014 and the Target Company on Friday, February 7, 2014
33.	PAC	PAC refers to Persons Acting in Concert along with the Acquirer as defined in the SEBI (SAST) Regulations, being PAC 1 and PAC 2
34.	PAC 1	Thomas Cook (India) Limited, a public limited by shares under the Companies Act, being a Person Acting in Concert with the Acquirer for the purpose of the Offer

S No.	Particulars	Details / Definition
35.	PAC 2	Travel Corporation (India) Limited, a public company limited by shares under the Companies Act, being a Person Acting in Concert with the Acquirer for the purpose of the Offer
36.	RBI	Reserve Bank of India
37.	Registrar to the Offer	Link Intime India Private Limited
38.	Regulations/ SEBI(SAST) Regulations	SEBI (Substantial Acquisition of Shares & Takeovers) Regulations, 2011, as amended
39.	Sale Shares	Between 11,592,846 and 18,007,677 fully paid up Equity Shares, representing 12.83% and 19.94% of the Voting Share Capital, respectively, proposed to be acquired by the Acquirer from the Sellers pursuant to the SPA
40.	SCRR	Securities Contract (Regulations) Rules, 1957, as amended
41.	SEBI	Securities and Exchange Board of India
42.	SEBI Act	SEBI Act, 1992, as amended
43.	Sellers	Collectively, Seller 1, Seller 2, Seller 3, Seller 4 and Seller 5
44.	Seller 1	Sidharth Sankar, a resident Indian, residing at No 14 Shanti Samudra, Sprindale Street, Injambakkam, Chennai 600041
45.	Seller 2	Dhanlakshmi S., a resident Indian, residing at No 14 Shanti Samudra, Sprindale Street, Injambakkam, Chennai 600041
46.	Seller 3	Bay Capital Investments Limited, a company incorporated under the laws of Mauritius as a public company with limited liability, has its registered office at Floor, Raffles Tower, 19 Cybercity, Ebene, Republic of Mauritius
47.	Seller 4	Bay Capital Investment Managers Private Limited, a private limited company incorporated under Companies Act, 1956 and having its registered office at 304, Marine Chambers, New Marine Lines, Mumbai - 400 020
48.	Seller 5	India Discovery Fund Limited, a company incorporated under the laws of Mauritius as a public company with limited liability and having its registered office at 4th Floor, Raffles Tower, 19 Cybercity, Ebene, Republic of Mauritius
49.	SPA	Share purchase agreement dated February 7, 2014 entered into amongst the Acquirer, PAC 1, the Sellers and the Target Company
50.	SSA	Subscription agreement dated February 7, 2014 amongst the Acquirer, PAC 1 and the Target Company for issue and allotment of the Subscription Securities to the Acquirer as envisaged therein
51.	Special Depository Account	The special depository account opened pursuant to the Offer with NSDL for receiving Equity Shares tendered during the Offer
52.	Subscription Securities	20,650,000 fully paid up equity shares, representing 22.86% of the Voting Share Capital
53.	Target Company	Sterling Holiday Resorts (India) Limited, a public limited company incorporated under the Companies Act having its registered office at 7, Citi Tower, 3rd, Cross Street, Kasturba Nagar, Adyar, Chennai, Tamil Nadu, 600020
54.	Tendering Period	April 7, 2014 to April 23, 2014
55.	Voting Share Capital	Total share capital of the Target Company, assuming the issuance of the Subscription Securities and assuming exercise of all employee stock options/employee stock purchase schemes of the Target Company that have vested or will vest on or prior to the 10th (tenth) Working Day from the closure of the Tendering Period, and includes any potential increases to the number of outstanding Equity Shares during the Offer Period, as contemplated as of February 7, 2014.
56.	Working Day	Working days of SEBI

Note: All terms beginning with a capital letter used in this Draft Letter of Offer, and not specifically defined herein, shall have the meanings ascribed to them in the SEBI (SAST) Regulations.

1 DISCLAIMER CLAUSE

"IT IS TO BE DISTINCTLY UNDERSTOOD THAT FILING OF THE DRAFT LETTER OF OFFER WITH SEBI SHOULD NOT IN ANY WAY BE DEEMED OR CONSTRUED THAT THE SAME HAS BEEN CLEARED, VETTED OR APPROVED BY SEBI. THE DRAFT LETTER OF OFFER HAS BEEN SUBMITTED TO SEBI FOR A LIMITED PURPOSE OF OVERSEEING WHETHER THE DISCLOSURES CONTAINED THEREIN ARE GENERALLY ADEQUATE AND ARE IN CONFORMITY WITH THE REGULATIONS. THIS REQUIREMENT IS TO FACILITATE THE SHAREHOLDERS OF THE TARGET COMPANY TO TAKE AN INFORMED DECISION WITH REGARD TO THE OFFER. SEBI DOES NOT TAKE ANY RESPONSIBILITY EITHER FOR THE FINANCIAL SOUNDNESS OF THE ACQUIRER, PAC OR THE COMPANY WHOSE SHARES/CONTROL IS PROPOSED TO BE ACQUIRED OR FOR THE CORRECTNESS OF THE STATEMENTS MADE OR OPINIONS EXPRESSED IN THE LETTER OF OFFER. IT SHOULD ALSO BE CLEARLY UNDERSTOOD THAT WHILE THE ACQUIRER IS PRIMARILY RESPONSIBLE FOR THE CORRECTNESS, ADEQUACY AND DISCLOSURE OF ALL RELEVANT INFORMATION IN THIS LETTER OF OFFER, THE MERCHANT BANKER IS EXPECTED TO EXERCISE DUE DILIGENCE TO ENSURE THAT THE ACQUIRER DULY DISCHARGES ITS RESPONSIBILITY ADEQUATELY. IN THIS BEHALF, AND TOWARDS THIS PURPOSE, THE MERCHANT BANKER (MANAGER) TO THE OFFER, ICICI SECURITIES LIMITED, HAS SUBMITTED A DUE DILIGENCE CERTIFICATE DATED FEBRUARY 24, 2014 TO SEBI IN ACCORDANCE WITH THE SEBI (SUBSTANTIAL ACQUISITION OF SHARES AND TAKEOVERS) REGULATIONS, 2011 AND SUBSEQUENT AMENDMENT(S) THEREOF. THE FILING OF THE LETTER OF OFFER DOES NOT, HOWEVER, ABSOLVE THE ACQUIRERS FROM THE REQUIREMENT OF OBTAINING SUCH STATUTORY CLEARANCES AS MAY BE REQUIRED FOR THE PURPOSE OF THE OFFER."

2 DETAILS OF THIS OFFER

2.1 Background of this Offer:

2.1.1 This Offer is a mandatory offer, being made by the Acquirer and the PAC to the Equity Shareholders, in compliance with Regulations 3(1) and 4 of the SEBI (SAST) Regulations. This is not a competing offer in terms of Regulation 20 of the SEBI (SAST) Regulations and is being made as a result of agreements for acquisition of more than 25% of the Equity Shares and voting rights of the Target Company, accompanied with a change in control of the Target Company, pursuant to the SSA and the SPA.

2.1.2 On February 7, 2014, the Acquirer and PAC 1 entered into (i) the SSA for the subscription and allotment of the Subscription Securities at a price of ₹ 90.49/- (Rupees ninety and forty nine paise only) per Equity Share aggregating to ₹ 1,868,618,500/- (Rupees one thousand, eight hundred and sixty eight million, six hundred and eighteen thousand and five hundred only), payable in cash; and (ii) the SPA for the sale and purchase of the Sale Shares at a negotiated price of ₹ 98/- (Rupees ninety eight only) per Equity Share payable in cash. On February 7, 2014, the board of directors of the Target Company approved the issuance of the Subscription Securities to the Acquirer subject to receipt of shareholder approval. On February 10, 2014, the Target Company has dispatched a postal ballot notice to its shareholders for (i) increase in the authorised share capital of the Target Company and consequent amendment to its memorandum of association; (ii) amendment to the main objects clause of the memorandum of association of the Target Company; (iii) preferential allotment of the Subscription Securities; and (iv) amendment to the articles of association of the Target Company pursuant to the SSA. The Acquirer and PAC have collectively acquired 10,901,191 Equity Shares, representing 12.07% of the Voting Share Capital, between the date of the Public Announcement and the date of this Draft Letter of Offer, as set out in paragraph 2.2.7 below.

2.1.3 As per the SSA, the Acquirer proposes to subscribe to 20,650,000 Equity Shares of the Target Company, constituting 22.86% of the Voting Share Capital, the consideration for which is payable in cash. The subscription to the Subscription Securities by the Acquirer is subject to certain conditions as provided in the SSA. Upon completion under the SSA, the Acquirer will acquire control of the Target Company.

2.1.4 The salient features of the SSA are as follows:

a) The Acquirer has agreed to subscribe to the Subscription Securities of the Target Company at a price of ₹ 90.49 (Rupees ninety and forty nine paise only) per Subscription Security payable in cash.

b) The issue and allotment of the Subscription Securities, as envisaged in the SSA, is conditional on the fulfillment of all the conditions of the SSA as set out in paragraph 2.1.4 (c) below.

c) The subscription and allotment of the Subscription Securities under the SSA shall be completed subject to the fulfillment of the conditions precedent agreed between the Acquirer and the Target Company in the SSA including:

(i) the warranties of the Target Company being true and correct,

(ii) the Target Company not having breached its covenants under the SSA,

(iii) receipt of 'in-principle' approval from the stock exchanges where the Equity Shares are listed with respect to listing and trading of the Subscription Securities,

(iv) approval of the CCI, if required by the CCI,

(v) approval of the shareholders of the Target Company for the issue and allotment of the Subscription Securities,

(vi) receipt of a certificate from the statutory auditors of the Target Company pursuant to the provisions of Chapter VII of the ICDR Regulations,

(vii) receipt of consent from certain lenders.

d) The Target Company has agreed to not undertake certain actions between the date of execution of the SSA and the subscription of the Subscription Securities, including declaration of dividends, amendments to the articles of association and memorandum of association of the Target Company, issuance of shares.

e) Upon the completion of the subscription and allotment of the Subscription Securities in the manner set out under the

SSA, the Acquirer shall, subject to the terms of the SSA, have certain rights in relation to the Target Company, including: (i) a set of affirmative vote matters for which prior consent of the Acquirer will be required including matters such as declaration of dividends, incurrence of indebtedness, amendments to the articles and memorandum of association of the Target Company, and disposing of or encumbering any material assets, (ii) the right to nominate three non-executive directors on the board of the Target Company, and (iii) the right to nominate (jointly with the Sellers) three persons as independent directors on the board of the Target Company. The articles of association of the Target Company shall be amended to incorporate such rights of the Acquirer and take effect upon completion under the SSA.

2.1.5 The salient features of the SPA are as follows:

a) The Acquirer shall purchase the Minimum Sale Shares from the Sellers as follows, at a price of ₹ 98/- (Rupees ninety eight only) per Equity Share payable in cash:

Sr. No.	Name of Seller	Number of Minimum Sale Shares
1.	Seller 1	3,780,500
2.	Seller 2	4,113,334
3.	Seller 3	3,699,012
4.	Seller 4	-
5.	Seller 5	-
Total Minimum Sale Shares		**11,592,846**

Further, the Acquirer shall purchase the Top-up Sale Shares from the Sellers as follows, at a price of ₹ 98/- (Rupees ninety eight only) per equity share payable in cash, where "**Top-up Sale Shares**" means the number of equity shares that is the lower of:

(i) 6,414,831 Equity Shares held by the relevant Sellers (Seller 3 - 2,300,988 equity shares, Seller 4 - 1,750,000 Equity Shares and Seller 5 - 2,363,843 Equity Shares); or

(ii) such number of Equity Shares that together with the Equity Shares held by the Acquirer (including the Subscription Securities, Equity Shares acquired pursuant to this Offer and the Minimum Sale Shares) would cause the aggregate shareholding of the Acquirer and PAC in the Company to be equal to 74.9% of the equity share capital of the Target Company on the date of completion under the SPA.

b) There is an escrow mechanism for the Sale Shares and the purchase consideration for the Sale Shares, and the Acquirer, PAC1 and the Sellers have executed an escrow agreement for such purpose.

c) If the Offer Price is increased, the purchase price for the Sale Shares will be such higher Offer Price.

d) The sale and purchase of the Sale Shares under the SPA shall be completed subject to the fulfillment of the conditions precedent agreed between the Acquirer and the Sellers in the SPA including: (i) the receipt of the statutory and other approvals as set out in paragraph 2.1.5 (e) below, (ii) the warranties of the parties to the SPA being true and correct, (iii) the parties to the SPA not having breached their respective covenants under the SPA, and (iv) the requisite shareholder majority and the requisite creditor majority of the Target Company having approved the composite scheme of arrangement as referred to in paragraph 4.14 below.

e) The consummation of the sale and purchase of the Sale Shares by the Acquirer, as envisaged under the SPA amongst the Acquirer, PAC 1, the Sellers, and the Target Company, is subject to receipt of the following statutory approvals:

(i) approval of the RBI for the transfer of the Sale Shares held by the Sellers to the Purchaser as contemplated under the SPA having been received, if required; and

(ii) approval of the CCI for the sale and purchase of the Sale Shares having been obtained, if required by the CCI.

f) PAC1 has undertaken to the Sellers that it shall adequately fund the Acquirer to perform its obligations under the SPA and that in the event that the Acquirer fails to complete the purchase of the Sale Shares in accordance with the terms of the SPA, PAC1 shall indemnify the parties under the SPA and purchase the Sale Shares itself in accordance with the terms of the SPA. PAC1 shall seek the approval of its shareholders for undertaking such obligations.

g) The Sellers have undertaken a non-solicitation obligation for a period of two years from the date of completion in relation to officers, directors and employees of the Target Company and clients, customers and distributors of the Target Company.

h) The Acquirer is entitled to transfer its rights, interest and obligations under the SPA to (i) PAC 1; or (ii) any other affiliate of the Acquirer as agreed with the Sellers.

i) The Sellers are entitled to transfer the Equity Shares held by them to other Sellers, in accordance with the terms and conditions of the SPA.

2.1.6 As of the date of this Draft Letter of Offer, the conditions under the SSA and the SPA are yet to be satisfied.

2.1.7 If the Acquirer and the Sellers propose to complete the purchase and sale of the Sale Shares prior to the expiry of the Offer Period, the Acquirer shall deposit cash into the escrow account as per the terms of Regulation 22(2) of the Takeover Regulations. The Acquirer proposes to complete the subscription of the Subscription Securities and the transactions under the SSA in terms of Regulation 22(2) and Regulation 22(2A) of the Takeover Regulations.

2.1.8 It is currently proposed that all the Equity Shares validly tendered and accepted in this Offer will be acquired by the Acquirer only and the PAC will not acquire any Equity Shares being tendered and accepted in this Offer.

2.1.9 After the completion of this Offer and pursuant to the acquisition of Equity Shares under the SSA and the SPA, the Acquirer and the PAC shall hold the majority of the Equity Shares by virtue of which they shall be in a position to exercise effective control over the management and affairs of the Target Company and shall become the promoter of the Target Company and the current promoters shall cease to be promoters of the Target Company.

2.1.10 The Acquirer and the PAC have not been prohibited by SEBI from dealing in securities, in terms of directions issued under Section 11B of the SEBI Act, or under any of the regulations made under the SEBI Act.

2.1.11 Upon the consummation of the transactions in the SSA, subject to compliance with the SEBI (SAST) Regulations, the Acquirer, jointly with the Sellers, have the right to nominate three persons as independent directors on the board of the Target Company as set out in paragraph 2.1.4 (e) above.

2.1.12 As per Regulation 26(6) of the SEBI (SAST) Regulations, the board of directors of the Target Company is required to constitute a committee of independent directors to provide their reasoned recommendations on the Offer. These reasoned recommendations are required to be published in the same newspapers and editions which carried the Detailed Public Statement, at least two Working Days prior to commencement of the Tendering Period.

2.2 Details of the proposed Offer

2.2.1 The details pertaining to the publication of the Detailed Public Statement in Newspapers is given below:

Newspaper	Language	Editions	Date of DPS
Financial Express	English	All	Friday, February 14, 2014
Jansatta	Hindi	All	Friday, February 14, 2014
Mumbai Lakshadeep	Marathi	Mumbai	Friday, February 14, 2014
Makkal Kural	Tamil	Chennai	Friday, February 14, 2014

The Public Announcement and the Detailed Public Statement are also available at SEBI's website: www.sebi.gov.in.

2.2.2 Pursuant to the Offer, the Acquirer will acquire up to 23,486,264 Equity Shares of the Target Company constituting 26% of the Voting Share Capital at a price of ₹ 98 (Rupees Ninety Eight Only) per Equity Share in cash, free from all lien, charges and encumbrances and together with the rights attached thereto, including all rights to dividend, bonus and rights offer declared thereof.

2.2.3 Based on the available information, the Voting Share Capital has been calculated as follows:

Particulars	No. of Equity Shares
Total fully paid-up Equity Shares outstanding as of the date of the PA	68,217,173
Proposed issuance of Subscription Securities	20,650,000
Employee stock options/employee stock purchase schemes of the Target Company that have vested or will vest on or prior to the tenth working day from the closure of the Tendering Period*	1,464,608
Voting Share Capital	**90,331,781**

**Source: Target Company Information*

2.2.4 There are no partly paid up Equity Shares in the share capital of the Target Company.

2.2.5 This Offer is not a competing offer in terms of Regulation 20 of the SEBI (SAST) Regulations.

2.2.6 This Offer is not subject to any minimum level of acceptance. Further there is no differential pricing for this Offer. All Equity Shares validly tendered by the Equity Shareholders will be accepted at the Offer Price by the Acquirer in accordance with the terms and conditions contained in the PA, DPS and the Draft Letter of Offer. The Equity Shares to be acquired under the Offer must be free from all liens, charges and encumbrances, and will be acquired together with all rights attached thereto, including all rights to dividend, bonus and rights offer declared thereof.

2.2.7 The Acquirer and the PAC have not acquired any Equity Shares of the Target Company prior to the date of the Public Announcement. Between the date of the Public Announcement, being February 7, 2014 and the date of this Draft Letter of Offer, the following acquisitions have been made by the Acquirer and PAC 2:

Date of Acquisition	Number of Shares	Mode of acquisition	Volume Weighted Average Price	% of total paid up equity share capital	% of Voting Share Capital
Acquisition by the Acquirer					
February 10, 2014	8,667,487	Market Purchase on BSE	97.8234	12.706%	9.595%
February 11, 2014	165,486	Market Purchase on BSE	93.1303	0.243%	0.183%
February 12, 2014	193,821	Market Purchase on BSE	93.1935	0.284%	0.215%
February 14, 2014	100,000	Market Purchase on BSE	92.6582	0.147%	0.111%
February 17, 2014	187,420	Market Purchase on BSE	91.6903	0.275%	0.207%
February 18, 2014	16,278	Market Purchase on BSE	91.9510	0.024%	0.018%
February 19, 2014	50,000	Market Purchase of BSE	92.4995	0.073%	0.055%
February 21, 2014	20,699	Market Purchase of BSE	92.0000	0.030%	0.023%
Total	**9,401,191**	**-**	**-**	**13.781%**	**10.407%**
Acquisition by PAC 2					
February 14, 2014	1,500,000	Off-market purchase	98.0000	2.199%	1.661%
Total	**1,500,000**	**-**	**-**	**2.199%**	**1.661%**
Total Equity Shares acquired by the Acquirer and PAC 2	**10,901,191**	**-**	**-**	**15.980%**	**12.068%**

PAC 1 has not acquired any Equity Shares of the Target Company during such period.

2.2.8 The Equity Shares of the Target Company are listed on BSE and MSE. As per Clause 40A of the Listing Agreement read with Rule 19A of the SCRR, the Target Company is required to maintain at least 25% public shareholding (i.e. Equity Shares of the Target Company held by the public excluding the Equity Shares held by custodian against depository receipts issued overseas) as determined in accordance with the SCRR, on a continuous basis for listing. Consequent to this Offer, the shareholding of the Acquirer in the Target Company including the Sale Shares and the Subscription Securities acquired / subscribed, as the case may be, under the SPA and SSA will not exceed the maximum permissible non-public shareholding specified in the Listing Agreements entered into by the Target Company with the relevant stock exchanges, as per Rule 19A of the SCRR, for the purpose of listing on continuous basis. Hence, the provisions of regulation 7(4) of the SEBI (SAST) Regulations are not applicable.

2.3 Object of the acquisition / Offer

2.3.1 The Acquirer believes that the acquisition of the Target Company presents significant potential to the Acquirer given the Target Company's attractive business in the tourism sector backed by a trusted brand name, and a stable and motivated professional management team. The Acquirer believes that its investment in the Target Company will allow the Acquirer to diversify its business, expand its product offerings and widen its customer reach. Further, the Acquirer aims to achieve operational and strategic efficiency as a result of synergies from shared resources across businesses and common management.

2.3.2 In terms of Regulation 25(2) of the SEBI (SAST) Regulations, the Acquirer does not currently have any intention to alienate, restructure, dispose off or otherwise encumber any assets of the Target Company or any of its subsidiaries in the succeeding two years from the completion of this Offer, except in the ordinary course of business and other than as already agreed, disclosed and / or publicly announced by the Target Company, other than as disclosed in paragraph 4.14 below. Notwithstanding anything contained herein and except with the prior approval of the shareholders of the Target Company through a special resolution, passed by way of postal ballot, the Acquirer undertakes that it will not restructure, sell, lease, dispose off or otherwise encumber any substantial assets of the Target Company or any of its subsidiaries other than in the ordinary course of business and other than as disclosed in paragraph 4.14 below.

2.3.3 The Acquirer reserves the right to streamline / restructure its holding in the Target Company and/or the operations, assets, liabilities and/or businesses of the Target Company and/or its subsidiaries through arrangements, reconstructions, restructurings, mergers (including but not limited to mergers with or between its subsidiaries), demergers, delisting of the Equity Shares of the Target Company from the stock exchanges where its Equity Shares are listed, sale of assets or undertakings and/or re-negotiation or termination of existing contractual / operating arrangements, at a later date. Such decisions will be taken in accordance with procedures set out by applicable law and pursuant to business requirements and in line with opportunities or changes in the economic scenario, from time to time.

3 BACKGROUND OF THE ACQUIRER AND PAC

3.1 THOMAS COOK INSURANCE SERVICES (INDIA) LIMITED (ACQUIRER)

3.1.1 The Acquirer, Thomas Cook Insurance Services (India) Limited, is a public company limited by shares, incorporated on December 26, 1989 under the Companies Act, in India. The Acquirer was incorporated as 'India Alive Tours Private Limited'. It was thereafter converted into a public company, as a consequence of which, its name was changed to 'India Alive Tours Limited' on April 5, 2002. On May 7, 2002, the Acquirer's name was changed to 'Thomas Cook Insurance Services (India) Limited'.

3.1.2 The Acquirer is a wholly owned subsidiary of PAC 1. The Acquirer belongs to the Thomas Cook India group. Thomas Cook India group includes Thomas Cook (India) Limited and its subsidiaries. PAC 2 also belongs to the Thomas Cook India group.

3.1.3 The registered office of the Acquirer is located at Thomas Cook Building, Dr. D. N. Road, Fort, Mumbai - 400 001. (Tel: +91-226160 3333, Fax: +91-22-2287 1069/ 6609 1454/ 22844529, e mail: sharedept@in.thomascook.com).

3.1.4 The equity shares of the Acquirer are not listed and/ or traded on any stock exchange in India.

3.1.5 The directors of the Acquirer are Mr. R.R. Kenkare, Mr. Amit Madhan and Mr. Alapatt Abraham.

3.1.6 Business of the Acquirer: The Acquirer is in the business of travel insurance and the Acquirer has obtained a license from the Insurance Regulatory and Development Authority under the Insurance Regulatory and Development Authority (Licensing of Corporate Agents) Regulations, 2002 to act as a corporate agent. The Acquirer entered into insurance distribution in 2002 and is a corporate agent of Bajaj Allianz General Insurance Company Limited. The Acquirer is primarily engaged in providing a wide range of travel insurance products to the customers of PAC 1.

3.1.7 The Acquirer has made all the applicable disclosures under Chapter V of the SEBI (SAST) Regulations within the time specified in the SEBI (SAST) Regulations with respect to the 9,401,191 Equity Shares held by the Acquirer in the Target Company, as set out in paragraph 2.2.7 above and there has been no delay or non-compliance by the Acquirer in this regard.

3.1.8 The shareholding pattern of the Acquirer as on the date of this Draft Letter of Offer is as under:

Name of the Shareholder	Number of equity Shares	% age of Shareholding
Promoter - Thomas Cook (India) Limited	49,994	99.988%
Mr. Madhavan Menon – as a nominee of Thomas Cook (India) Limited	1	0.002%
Mr. Mahesh Iyer – as a nominee of Thomas Cook (India) Limited	1	0.002%
Mr. Rajeev Kale – as a nominee of Thomas Cook (India) Limited	1	0.002%
Mr. Rambhau Kenkare – as a nominee of Thomas Cook (India) Limited	1	0.002%
Mr. Debasis Nandy – as a nominee of Thomas Cook (India) Limited	1	0.002%
Mr. Abraham Alapatt – as a nominee of Thomas Cook (India) Limited	1	0.002%
Total	**50,000**	**100%**

3.1.9 The details of the Directors of the Acquirer as on the date of this Draft Letter of Offer are as follows. None of the Directors of the Acquirer are on the Board of Directors of the Target Company:

Name	Director Identification Number	Date of appointment	Qualification	Experience
Rambhau Rudraji Kenkare	01272743	July 16, 2012	B. Com, L.L.B, F.C.S, A.C.I.S.(UK), M.I.C.A.	25years –last employed with Blue Dart Express Limited. Presently working with Thomas Cook (India) Limited as President & Head- Legal & Company Secretary.
Amit Premchand Madhan	06646076	July 15, 2013	B.A. (Eco Hons), M.M.S	12.5 years- last employed with ICICI Lombard General Insurance Company Limited. Presently working with Thomas Cook (India) Limited as Chief Operating Officer- IT & E-Services.

Alapatt Matthew Abraham	06809421	February 7, 2014	B.Com, PGDBA-Marketing	17.5 years – Last employed with Future Generali. Presently working with Thomas Cook (India) Limited as Head Marketing

3.1.10 The brief standalone financial information of the Acquirer, as derived from its audited standalone financial statements as at and for the financial years ended December 31, 2013, 2012 and 2011 are as under:

(In ₹ Million except for EPS)

Particulars	As at and for FY ended December 31, 2013	As at and for FY ended December 31, 2012	As at and for FY ended December 31, 2011
Profit & Loss Statement			
Income from Operations	7.37	13.94	21.83
Other Income	0.71	0.66	50.62
Total Income	**8.08**	**14.60**	**72.45**
Total Expenditure	6.33	22.89	87.38
Profit/(Loss) Before Depreciation Interest and Tax	1.75	(8.29)	(14.93)
Depreciation and Amortization	-	-	-
Interest Expense/(Income)	-	-	-
Profit/(Loss) Before Tax	1.75	(8.29)	(14.93)
Provision for Taxation	0.31	2.28	(4.20)
Profit/(Loss) After Tax	1.44	(10.56)	(10.73)
Balance Sheet Statement			
Sources of Funds			
Paid Up Equity Share Capital	0.50	0.50	0.50
Reserves and Surplus	5.17	3.72	14.29
Net worth	5.67	4.22	14.79
Secured Loans	-	-	-
Unsecured Loans	-	-	-
Long term Provisions	0.07	0.10	0.20
Other Non Current Liabilities	-	-	-
Total	**5.74**	**4.32**	**14.98**
Uses of Funds			
Net Fixed Assets	-	-	-
Investments	-	-	-
Deferred Tax Assets (Net)	3.89	4.20	6.47
Long-term Loans and Advances	14.04	12.86	17.56
Other Non- Current Assets	-	-	-
Net Current Assets (Liabilities)	(12.19)	(12.73)	(9.05)
Total	**5.74**	**4.32**	**14.98**
Other Financial Data			
Dividend (%)	0.00	0.00	0.00
Earnings Per Share	28.85	(211.26)	(214.58)

3.1.11 Details of major contingent liabilities of the Acquirer:

Particulars	In ₹ Million
Disputed Income tax Demands	1.35

3.1.12 The Acquirer has adequate resources to meet the funds requirements/obligations under this Offer. The funds required in relation to the Offer shall be met from the Acquirer's owned funds, being internal accruals and / or funds received from its holding company, PAC 1.

3.1.13 The shares of the Acquirer are not listed on any stock exchange.

3.2 THOMAS COOK (INDIA) LIMITED (PAC 1)

3.2.1 PAC 1, Thomas Cook (India) Limited, is a public company limited by shares, incorporated on October 21, 1978 under the Companies Act, in India and its shares are listed and traded on BSE and NSE. PAC 1 was incorporated as 'Thomas Cook (India) Private Limited'. The name of PAC 1 was changed to 'Thomas Cook (India) Limited' on March 12, 1979.

3.2.2 PAC 1 is the 100% parent company of the Acquirer and PAC 2.

3.2.3 Business of PAC 1:

(i) PAC 1's businesses can be broadly categorized as travel and travel related services including foreign exchange, insurance, passport and visa processing services. PAC 1 has a global presence, with operations in countries besides India through its subsidiaries, branch offices and representatives. PAC 1 has subsidiaries in India, Sri Lanka and Mauritius, branch offices in three countries and representatives in eleven countries.

(ii) Within travel related services, PAC 1 has five sub-segments, i.e. outbound travel, inbound travel, domestic travel, MICE (Meetings Incentives Conferences and Events) and corporate travel management. PAC 1 provides end-to-end travel solutions including land, air and cruise bookings, hotel bookings, in-transit arrangements, local sightseeing, visa, passport and medical insurance assistance and such other destination management services. PAC 1 also provides value added services viz., customizing travel plans, travel arrangements for trade fairs, providing private air charter services, etc.

(iii) PAC 1 is also one of the largest bank note consolidators in the country, which comprises bulk sale / purchase from banks / full fledged money changers / restricted money changers and also offers travel related foreign exchange and payment solutions like currency exchange, money transfer, remittance, travelers' cheques, pay order, wire-transfers, pre-paid foreign exchange cards and borderless multicurrency prepaid foreign exchange cards, currency buying and selling services to institutions such as banks, full fledged money changers and restricted money changers in accordance with Category II Authorised Dealer license granted by the RBI to PAC 1. PAC 1 is one of the first non-banking companies in India to launch a multi-currency foreign exchange prepaid card.

3.2.4 The registered office of PAC 1 is located at Thomas Cook Building, Dr. D. N. Road, Fort, Mumbai - 400 001. (Tel: +91-22-6609 1700/ 6160 3333, Fax: +91-22-2287 1069/ 6609 1454/ 22844529, e mail: sharedept@in.thomascook.com).

3.2.5 PAC 1 belongs to the Fairfax Group. Fairbridge Capital (Mauritius) Limited ("FCML") holds 74.96% of the total equity share capital of PAC 1, while the remaining equity shares of PAC 1 are held by public shareholders.

3.2.6 FCML is a private limited company incorporated on July 27, 2011 under the Companies Act, 2001 of the Republic of Mauritius as a Global Business Company and holds a Category 1 Global Business License from the Financial Services Commission, Mauritius. FCML is ultimately a wholly owned subsidiary of Fairfax Financial Holdings Limited, being the ultimate holding company of the Fairfax Group. FFHL is a public company incorporated and existing under the laws of Canada. The registered office of FFHL is located at 95 Wellington Street West, Suite 800, Toronto Canada, M5J 2N7. The subordinate voting shares of FFHL are listed on the Toronto Stock Exchange. FFHL is a financial services holding company which through its subsidiaries is primarily engaged in property and casualty insurance and reinsurance and investment management. FFHL has been under the same management since 1985. FFHL is promoted by Mr. V. Prem Watsa.

3.2.7 The equity shares of PAC 1 are listed and traded on BSE and NSE.

3.2.8 PAC 1 does not hold any shares in the Target Company. Hence the provisions with regard to disclosures under Chapter II of the SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 1997 or Chapter V of the SEBI (SAST) Regulations are not applicable.

3.2.9 The shareholding pattern of PAC 1 based on the latest available data for beneficiary position as on February 14, 2014 is as under:

Name of the Shareholder	Number of equity Shares	% age of Shareholding
Promoter - Fairbridge Capital (Mauritius) Limited	185,653,725	74.96%
FII/ Mutual Funds/ FIs/ Banks	3,69,45,030	14.92%
Other Public Shareholders	2,50,82,142	10.12%
Total	**247,680,897**	**100%**

3.2.10 The details of the Directors of PAC 1 as on the date of this Draft Letter of Offer are as follows and none of them are on the Board of Directors of the Target Company:

Name	Director Identification Number	Date of appointment	Qualification	Experience
Madhavan Karunakaran Menon	00008542	May 1, 2000	B.A. (Business), George Washington University, USA., MBA, Finance & International Business, George Washington University, USA	34 years of experience, his previous assignment prior to joining PAC 1 was as Chief Operations & Administrative Officer of Birla Sunlife Asset Management Co. (AMC) Ltd, Citi Bank and ANZ Grindlays Bank. His expertise spans over banking, finance and travel-related foreign exchange management.
Uday Chander Khanna	00079129	October 29, 2012	Chartered Accountant- B Com, FCA	30 years of experience, Mr. Uday Khanna is currently the non-executive Chairman of Lafarge India Pvt. Ltd. and Bata India Ltd. Mr. Khanna was Managing Director & CEO - Lafarge India from July 1, 2005 to July 2011. He joined the Lafarge Group in Paris on 1st June 2003 as Senior Vice President for Group Strategy, after a long experience of almost 30 years with Hindustan Lever/Unilever in a variety of financial, commercial and general management roles both nationally and internationally. His last position before joining Lafarge, was Senior Vice President Finance, Unilever - Asia, based in Singapore. He has earlier been on the Board of Hindustan Unilever as Director –Exports after having served as Financial Controller and Treasurer of the company. He has also worked as Vice Chairman of Lever Brothers in Nigeria and General Auditor for Unilever-North America based in the USA.
Chandran Ratnaswami	00109215	August 22, 2012	Bachelor's degree in Civil Engineering from I.I.T Madras, India and an MBA from the University of Toronto, Canada.	Mr. Chandran Ratnaswami is the Managing Director of Hamblin Watsa Investment Counsel Limited, a wholly owned investment management company of Fairfax Financial Holdings Limited. Prior to joining Hamblin Watsa, Mr. Ratnaswami was owner/president of an industrial distribution company and a senior executive at a large multinational consumer packaged food company.
Ramesh Amrut Savoor	00149089	May 29, 2009	Graduation from Ruia College Mumbai, with Chemistry as the principal subject. B sc. Tech. from UDCT in Oils Fats & Waxes. He has also completed a four week Senior Executive Programme at the London Business School.	Mr. Savoor has spent 34 years with Castrol India Ltd., 12 of these, as Chief Executive and Managing Director. Mr. Savoor has worked in various capacities in the company, starting off as a Management Trainee and working his way up to reach the top as its Managing Director. Under his leadership Castrol India grew from being a minor oil company to becoming the Number 2 lubricant company in India and the second largest Castrol Company worldwide. Two years before retirement, BP took over Burmah Castrol worldwide, and in the new combined operations Savoor was made business unit leader for India / Middle East and Africa, apart from being the MD for Castrol in India. As a business unit leader, he was on the board of Castrol International.

Krishnan Ramachandran	00193357	May 29, 2009	Electrical Engineer from BITS Pilani, with a Post-graduate degree in Business Management from the Indian Institute of Management Calcutta	Mr. Ramachandran started his career with the Tata Administrative Service (TAS). The major part of Mr. Ramachandran's career has been with two Companies: fourteen with Philips Electronics and seventeen with Voltas, a Tata Group Company, and his experience has been across a wide range of assignments. He is currently engaged with the Aditya Birla Group as an Advisor for the Group's Higher Education Projects. His 17 years with Voltas were in technology intensive businesses in the power electrical industry, and spanned manufacturing, marketing, sales and project management before he headed the Electrical Business Group as Business Head and General Manager (Operations) in which assignment his major contribution was in turning around the business. Mr. Ramachandran accepted Philips' invitation in 1993 to head its Human Resource function for India (with an 11,000 strong workforce). He was instrumental in successfully addressing a large number of legacy people practices and dysfunctional trade unionism, and in effecting a major transformation in installing a strong performance culture, and performance driven people policies and practices. In 1998 he was appointed the first Indian Vice Chairman & Managing Director for Philips Electronics' Indian operations, and was given additional responsibility as CEO for the Indian Subcontinent (SAARC) in 2006. As a member of the Global Philips apex Leadership Group of 100, Kris played a major role in renewing the Group's focus on Emerging Markets and in laying the foundation for building sustainable new business models relevant for emerging markets. As CEO for the Indian Subcontinent, he was accountable to the Group Board of Management.
Mahendrakumar Sharma	00327684	May 29, 2009	Bachelors Degree in Arts as well as Law	39 years of experience. He joined Hindustan Lever Limited in 1974 as Legal Manager and worked in various areas including taxation, shares and legal. He was inducted into the Board of Hindustan Lever Limited in August 1995 and was the vice Chairman from April 2000 till May 2007.Sharma is also actively involved in various industry associations.
Kishori Jayendra Udeshi	01344073	January 25, 2013	M.A. Degree in Economics from Bombay University.	Started professional career in central banking and became the first woman to be appointed as Deputy Governor of the Reserve Bank of India. She was the first Executive Director of the RBI to be nominated on the Board of State Bank of India. As Deputy Governor, one of her portfolios was the regulation and supervision of the banking and non-banking sector. She represented the RBI on the Core Principles Liaison Group and the Core Principles Working Group on Capital, of the Basel Committee on Banking Supervision, set up by the Bank for International Settlements, Switzerland. As Deputy Governor she was on the Board of SEBI, NABARD, Exim Bank and was the Chairman of Bharatiya Reserve Bank Note Mudran (Pvt.) Ltd., Bangalore as also Chairman of the Deposit Insurance and Credit Guarantee Corporation.

Harsha Raghavan	01761512	August 22, 2012	MBA and MS in Industrial Engineering degrees, both from Stanford University, and a BA from UC Berkeley where he double majored in Computer Science & Economics.	Harsha Raghavan is the Managing Director of Fairbridge Capital Private Limited, a Mumbai-based wholly owned investment management company of Fairfax Financial Holdings Limited. Harsha has been involved with the Indian private equity industry since 1996 and previously held leadership roles at Candover Investments, Goldman Sachs PIA and Indocean Chase Capital. Harsha has experience leading 18 transactions totalling almost $1.5 billion over this period. He currently serves on the Boards of Thomas Cook (India) Limited, Thomas Cook Lanka (Private) Limited, Thomas Cook (Mauritius) Holding Company Limited, Thomas Cook (Mauritius) Operations Company Limited, Thomas Cook (Mauritius) Holidays Limited, Thomas Cook (Mauritius) Travel Limited, Ikya Human Capital Solutions Limited, Avon Facility Management Services Ltd. and Magna Infotech Ltd.

3.2.11 The brief consolidated financial information of PAC 1, as derived from its audited consolidated financial statements as at and for the financial years ended December 31, 2013, 2012 and 2011 are as under:

(In ₹ Million except for EPS)

Particulars	As at and for FY ended December 31, 2013	As at and for FY ended December 31, 2012	As at and for FY ended December 31, 2011
Profit & Loss Statement			
Income from Operations	12,955.65	4,301.92	3,918.21
Other Income	98.34	103.14	187.15
Total Income	**13,053.98**	**4,405.06**	**4,105.37**
Total Expenditure	11,443.75	3,182.33	2,851.74
Profit/(Loss) Before Depreciation Interest and Tax	1,620.24	1,222.73	1,253.63
Depreciation and Amortization	175.52	141.80	139.35
Interest Expense/(Income)	422.12	310.09	307.83
Profit/(Loss) Before Tax	1,022.60	770.84	806.44
Provision for Taxation	335.35	266.48	244.05
Profit After Tax (Before Minority Interest)	687.25	504.36	562.40
Minority Interest	65.05	-	-
Profit/(Loss) After Tax (After Minority Interest)	622.20	504.36	562.40
Balance Sheet Statement			
Sources of Funds			
Paid Up Share Capital (incl Equity and Preference Share Capital)	253.60	219.07	217.92
Reserves and Surplus	6,634.55	4,165.15	3,704.78
Net worth	6,888.15	4,384.23	3,922.70
Minority Interest	459.82	-	-
Secured Loans	655.58	24.93	17.53
Unsecured Loans	1,146.85	1,837.67	2,231.34
Long-term Provisions	23.37	10.85	20.22
Other Non Current Liabilities	203.83	226.18	129.20
Deferred Tax Liabilities (Net)	16.42	60.28	50.01
Total	**9,394.02**	**6,544.14**	**6,371.01**
Uses of Funds			
Net Fixed Assets	4,797.77	2,470.79	2,486.05
Investments	0.96	0.96	0.96
Long-term Loans and Advances	1,028.09	530.28	353.87
Other Non- Current Assets	195.04	165.60	9.84
Current Investments	2,080.01	1,096.57	381.75
Net Current Assets (Liabilities)	1,293.14	2,279.94	3,138.54
Total	**9,394.02**	**6,544.14**	**6,371.01**
Other Financial Data			
Dividend (%)	37.50	37.50	37.50

Earnings Per Share			
Basic	*2.64*	*2.37*	*2.65*
Diluted	2.57	2.31	2.58

Note:

a. The consolidated audited financial statements for the year ended December 31, 2013 have been approved by the board of directors of PAC 1 and are subject to approval from equity shareholders of PAC 1.
b. The consolidated audited financial statements for the year ended December 31, 2013 include consolidated audited financial statements of Ikya Human Capital Solutions Private Limited for the period May 14, 2013 to December 31, 2013 and consequently the same are not comparable with the consolidated audited financial statements for the year December 31, 2012.

3.2.12 Details of major contingent liabilities of PAC 1 as on December 31, 2013:

S. No.	Particulars	In ₹ Million
(i)	Claims against the Company not acknowledged as debts:	
-	- Demand from Bombay Electricity Supply and Transport (BEST) for Electricity Charges	1.96
-	- Disputed claims made by clients	2.63
(ii)	Disputed Income Tax demands	171.73
(iii)	Disputed Service Tax demands #	3,140.97
(iv)	Disputed Demand for increase in rent raised by Brihanmumbai Municipal Corporation	53.75
(v)	Disputed Value Added Tax assessment by the Department of Inland Revenue, Sri Lanka	6.05
(vi)	Corporate Guarantee for cash credit and overdraft facility with banks	460.00
(vii)	Guarantees issued in favour of Commercial tax authorities	0.10

Disputed Service tax demands include matters in respect of Outbound tours to the extent of Rs 3,093,295,602 pertaining to Thomas Cook (India) Limited. In this respect, the Central Excise Service Tax Appellate Tribunal ,New Delhi , vide its order dated 10th December, 2013, in case of Travel Corporation (India) Limited, has ruled that Service Tax is not applicable on Outbound Tours to the extent that services are rendered abroad. The said order may hold good for the litigation of the aforesaid issue of Service Tax on Outbound tours in case of Thomas Cook (India) Limited.

Future Cash Outflows in respect of (i) to (v) above are determinable only on receipt of judgements/decisions pending with various forums / authorities.

3.2.13 The equity shares of PAC 1 are listed on BSE and NSE and are traded in the permitted category on the said stock exchanges.

3.2.14 The closing price of equity shares of PAC 1 as quoted on February 21, 2014 on BSE is ₹ 76.70 and on NSE is ₹ 76.75.

3.2.15 The Acquirer has complied with all the provisions of the listing agreements relating to corporate governance.

3.2.16 Details of the compliance officer of PAC 1 are as follows:
Name: Rambhau Kenkare
Address: Thomas Cook (India) Limited, Thomas Cook Building, Dr D N Road, Fort , Mumbai 400001
Tel: +91 22 22048556/7/8; *Fax*: +9122 22871069; *Email*: sharedept@in.thomascook.com

3.3 TRAVEL CORPORATION (INDIA) LIMITED (PAC 2)

3.3.1 PAC 2, Travel Corporation (India) Limited, is a public company limited by shares, incorporated on July 19, 1961 under the Companies Act. PAC 2 was incorporated as 'Travel Corporation (India) Private Limited'. On February 26, 2007, PAC 2 became a public company whereby its name was changed to 'Travel Corporation (India) Limited'.

3.3.2 Business of PAC 2: PAC 2 is one of the leading companies carrying on the business of inbound tourism. It has a widely distributed network and works closely with tour operators worldwide. PAC 2 specializes in special interest and incentive tours, conferences and air charter / cruise ship ground operations. It operates its own Taj Mahal Tour and Delhi City Tour and is a General Sales Agent for the Palace on Wheels and the Deccan Odyssey. It has 12 offices in India and a total of 6 offices in USA, UK, Germany, Spain and Japan and has representatives in China, Korea, Australia and Portugal.

3.3.3 The registered office of PAC 2 is located at Chandermukhi, Nariman Point, Mumbai 400021. (Tel: +91-22-66091413, Fax: +91-22-22844529, e mail: sharedept@in.thomascook.com).

3.3.4 PAC 2 is a wholly owned subsidiary of PAC 1. PAC 2 and the Acquirer are group companies and PAC 2 also belongs to the Thomas Cook India group.

3.3.5 The equity shares of PAC 2 are not listed and/ or traded on any stock exchange in India.

3.3.6 PAC 2 has made all the applicable disclosures under Chapter V of the SEBI (SAST) Regulations within the time specified in the SEBI (SAST) Regulations with respect to 1,500,000 Equity Shares held by PAC 2 as set out paragraph 2.2.7 above and there has been no delay or non-compliance by PAC 2 in this regard.

3.3.7 The shareholding pattern of PAC 2 as on the date of this Draft Letter of Offer is as under:

Name of the Shareholder	Number of equity Shares	% age of Shareholding
Promoter - Thomas Cook (India) Limited	1,576,692	99.9996 %
Mr. Madhavan Menon – as a nominee of Thomas Cook (India) Limited	1	0.00006%
Mr. Mahesh Iyer – as a nominee of Thomas Cook (India) Limited	1	0.00006%
Mr. Rajeev Kale – as a nominee of Thomas Cook (India) Limited	1	0.00006%
Mr. Rambhau Kenkare – as a nominee of Thomas Cook (India) Limited	1	0.00006%
Mr. Debasis Nandy – as a nominee of Thomas Cook (India) Limited	1	0.00006%
Mr. Abraham Alapatt – as a nominee of Thomas Cook (India) Limited	1	0.00006%
Total	**1,576,698**	**100%**

3.3.8 The details of the Directors of PAC 2 as on the date of this Draft Letter of Offer are as follows and none of them are on the Board of Directors of the Target Company:

Name	Director Identification Number	Date of appointment	Qualification	Experience
Madhavan Karunakaran Menon	00008542	October 28, 2009	B.A. (Business) - George Washington University, USA, MBA (Fin. & Intl. Business) - George Washington University, USA	34 years. His previous assignment prior to joining TCIL was as Chief Operations & Administrative Officer of Birla Sunlife Asset Management Co. (AMC) Ltd, Citi Bank and ANZ Grindlays Bank. His expertise spans over Banking, Finance and Travel-related Foreign Exchange Management. Presently employed as Managing Director with Thomas Cook (India) Limited

Mahendrakumar Sharma	00327684	January 1, 2013	Bachelors Degree in Arts as well as Law	39 years He joined Hindustan Lever Limited in 1974 as Legal Manager and worked in various areas including taxation, shares and legal. He was inducted into the Board of Hindustan Lever Limited in August 1995 and was the vice Chairman from April 2000 till May 2007.Sharma is also actively involved in various industry associations.
Rambhau Rudraji Kenkare	01272743	August 17, 2012	B. Com, L.L.B, F.C.S, A.C.I.S.(UK), M.I.C.A.	25years –last employed with Blue Dart Express Limited. Presently working with Thomas Cook (India) Limited as President & Head- Legal & Company Secretary.
Debasis Bikash Nandy	06368365	July 15, 2013	B.Com, A.C.A.	26 years- last employed with Piramal Healthcare. Presently working with Thomas Cook (India) Limited as President & Chief Financial Officer.

3.3.9 The brief standalone financial information of PAC 2, as derived from its audited standalone financial statements as at and for the financial years ended December 31, 2013, 2012 and 2011 are as under:

(In ₹ Million except for EPS)

Particulars	**As at and for FY ended December 31, 2013**	**As at and for FY ended December 31, 2012**	**As at and for FY ended December 31, 2011**
Profit & Loss Statement			
Income from Operations	379.48	360.78	355.11
Other Income	2.18	12.32	20.13
Total Income	381.66	373.09	375.24
Total Expenditure	316.61	321.84	355.46
Profit/(Loss) Before Depreciation Interest and Tax	65.04	51.25	19.78
Depreciation and Amortization	13.83	13.48	15.09
Interest Expense/(Income)	-	-	-
Profit/(Loss) Before Tax	51.21	37.77	4.70
Provision for Taxation	16.34	12.63	(17.48)
Profit/(Loss) After Tax	34.87	25.14	22.18
Balance Sheet Statement			
Sources of Funds			
Paid Up Share Capital	15.77	15.77	15.77
Reserves and Surplus	641.99	607.12	581.98
Net worth	657.76	622.89	597.75
Secured Loans	-	-	-
Unsecured Loans	-	-	-
Long-term Provisions	2.63	3.40	5.17
Other Non Current Liabilities	-	-	-
Deferred Tax Liabilities (Net)	35.89	19.55	6.92
Total	**696.28**	**645.84**	**609.84**
Uses of Funds			
Net Fixed Assets	267.69	268.89	266.24
Investments	0.50	0.50	0.50
Long-term Loans and Advances	62.61	47.70	61.97
Other Non- Current Assets	-	-	1.72
Current Investments	635.52	260.05	290.12
Net Current Assets (Liabilities)	(270.05)	68.70	(10.70)
Total	**696.28**	**645.84**	**609.84**
Other Financial Data			
Dividend (%)	0.00	0.00	0.00
Earnings Per Share	22.12	15.95	14.06

3.3.10 Details of contingent liabilities of PAC 2 as on December 31, 2013:

Particulars	In ₹ Million
Disputed Income tax Demands	146.17
Disputed Service tax Demands	0.53

3.3.11 The shares of PAC 2 are not listed on any stock exchange.

4 BACKGROUND OF THE TARGET COMPANY, AS CONFIRMED BY THE TARGET COMPANY

4.1 Sterling Holiday Resorts (India) Limited was incorporated on May 22, 1986 under the Companies Act in India as 'Sterling Holiday Resorts (India) Private Limited'. The name of the Target Company was changed to 'Sterling Holiday Resorts (India) Limited' on December 11, 1989.

4.2 The registered office of the Target Company is situated at 7, Citi Tower, 3rd, Cross Street, Kasturba Nagar, Adyar, Chennai, Tamil Nadu, 600020. (Tel: +91-44-3357-3300, Fax: +91-44-3357-3423 / 3357-3311, Email id: investorsmail@sterlingholidays.com; Website: www.sterlingholidays.com).

4.3 The Target Company is involved in constructing, developing and carrying on the business of hotels and holiday resorts, guest houses, motel, holiday camps, roadhouse, caravan sites and letting such properties out to visitors or guests including for holidays, meetings, conferences or exhibitions or giving it out on a time sharing or property sharing basis by days, weeks, months, points and any undivided shares with or without holiday exchange basis, both in India and outside India.

4.4 The share capital structure of Sterling Holiday Resorts (India) Limited as on the date of this Draft Letter of Offer is set forth below:

Paid Up Equity Shares of the Target Company	No. of Equity Shares / voting rights as on the date of this Draft Letter of Offer	% of Equity Shares / voting rights as on the date of this Draft Letter of Offer
Fully Paid Up Equity Shares	68,217,173	100
Partly Paid Up Equity Shares	0	0
Total Paid Up Equity Shares	68,217,173	100
Total Voting Rights in the Target Company	68,217,173	100

4.5 The Equity Shares of the Target Company are currently listed on BSE (Scrip Code: 523363) and MSE (Symbol: STERLINH) and are traded only on BSE. There has been no trading in shares of the Target Company on MSE during the period from February 1, 2013 till the date of Draft Letter of Offer. The Equity Shares of the Target Company are frequently traded on BSE. The Target Company is not in breach of the provisions of the Listing Agreement as on the date of this Draft Letter of Offer and no punitive action has been initiated against the Target Company by the stock exchanges where the Equity Shares are listed. The entire issued, subscribed and paid up share capital of the Target Company is listed on the BSE and MSE.

4.6 The trading of Equity Shares of the Target Company has not been suspended on any of the stock exchanges where such Equity Shares are listed.

4.7 Except as disclosed in this Draft Letter of Offer, there are no outstanding instruments (warrants/FCD's/PCDs) *etc.* convertible into Equity Shares.

4.8 As on the date of this Draft Letter of Offer, the Target Company has a paid up capital of ₹ 682,171,730 divided into 68,217,173 Equity Shares of the face value of ₹10/- each.

4.9 There are no partly paid-up shares in the Company with differential voting rights.

4.10 The board of directors of the Target Company as on the date of this Draft Letter of Offer is as under:

Name	Director Identification Number	Date of appointment	Qualification	Experience
Shahzaad Siraj Dalal	00011375	February 7, 2011	Management Graduate from the Northeast Louisiana University	With 30 years of experience, Mr. Shahzaad Dalal is the Chief Executive Officer and Executive Director of IL&FS Investment Advisors LLC. He is also acting as the Vice Chairman of IL&FS Investment Managers Limited (IIML), one of India's leading Private Equity Fund Managers with US$ 2.5 billion under Management. Prior to IIML, Mr. Shahzaad Dalal was in charge of the Asset Management business of the IL&FS Group.

Name	Director Identification Number	Date of appointment	Qualification	Experience
Amit Jatia	00016871	February 12, 2009	Degree in Business Administration from the University of Southern California, Los Angeles, degree in Humburgerology from the Hamburger University, Oak Brook (Illinois, USA)	Mr. Amit Jatia is the Managing Director of Hardcastle Restaurants Private Limited which operates McDonalds India's operations in the Western Region and he has been with McDonalds since 1995.
Darshanbhai Naranbhai Patel	00068650	October 26, 2013	Bachelor of Science	Having over 25 years of entrepreneurial experience, widely known as the brain behind Paras Pharmaceuticals' success in the FMCG segment and created of brands such as Stopache, Moov, Krack, Borosoft, Itchguard, Ringuard, Dermi Cool, Livon, D'Cold, Set Wet and Recova. Darshan Patel moved on to found the Vini Cosmetics and created brands such as FOGG, 18+, White Tone, Glam Up.
Utpal Hemendra Sheth	00081012	November 7, 2011	Graduated from Sydenham College, Cost Accountant (Grad. CWA) and Chartered Financial Analyst (CFA) from ICFAI.	Since 2003, Mr. Utpal Sheth has been a Senior Partner and CEO of Rare Enterprises, a proprietary asset management firm of Shri Rakesh Jhunjhunwala, and he is also a contributor and consultant to Express Investment Week. He is a faculty member at the BSE Training Institute, UTI Institute of Capital Market, National Institute of Financial Management, Cochin Management institute (a JV with ENPC, France) and other such organizations.
Ramesh Ramanathan	00174550	July 1, 2011	Economics graduate and a rank holder from Madras University, with a Management Degree from the Indian Institute of Management, Kolkata	With over 35 years of work experience over a range of industries, Mr. Ramanathan is one of the pioneers in the Holiday Industry in India and was successful in establishing the concept. He is the former Managing Director of Mahindra Holiday & Resorts India Limited, a Company set up and successfully managed for a period of eleven and half years and also a Group Executive Board Member of the Mahindra Group.
Maharajapuram Natarajan Rangamani	00391632	July 4, 2005	Fellow Member of the Institute of Chartered Accountants of India	Mr. Rangamani has about 38 years of experience with a leading firm of chartered accountants in Chennai followed by 9 years experience in one of the leading automobile manufactures in India, and another 20 years as a management consultant and chartered accountant
Krishnan Chandrasekaran	00512638	July 4, 2005	Fellow Member of the Institute of Company Secretaries of India and also a Law graduate from Madras University	Mr. Chandrasekaran is a FCS and Law graduate from Madras University with corporate experience of more than 38 years in various fields.
Sidharth Shankar	00608099	October 25, 2006	Management degree from University of IOWA at USA	Mr. Shankar has 12 years of experience in the corporate sector in various fields.
Siddharth Dinesh Mehta	02665407	February 7, 2011	B.Sc. in Business Management and Finance from King's College, University of London	Mr. Mehta is a founder of Bay Capital Partners and has had a career spanning over 12 years in Asset Management.

None of the above directors are the representatives of the Acquirer or the PAC as on the date of the PA, DPS and this Draft Letter of Offer.

4.11 The compliance officer of the Target Company is Mr. M. Balasubramaniyan - Company Secretary of the Target Company, who will be available at the Registered Office of the Target Company at 7, Citi Tower, 3rd, Cross Street, Kasturba Nagar, Adyar, Chennai, Tamil Nadu, 600020. (Tel: +91-44-3357-3300, Fax: +91-44-3357-3423 / 3357-3311, Email id: investorsmail@sterlingholidays.com; Website: www.sterlingholidays.com) and attends to all investor grievances of the Target Company.

4.12 During the last three years, Manchanda Resorts Private Limited, a subsidiary of the Target Company, was merged with the Target Company vide the order dated 26th August 2013 of the High Court of Madras with appointed date 1st April 2012. The amalgamation of Manchanda Resorts Private Limited with the Target Company is in line with the trends to achieve size, integration and greater financial strength of the Target Company.

4.13 On February 7, 2014, the board of directors of the Acquirer, the board of directors of PAC 1 and the board of directors of the Target Company approved a composite scheme of arrangement and amalgamation pursuant to which: (i) the entire business division and undertaking of the Target Company engaged in time share and resort business shall be transferred by way of demerger from the Target Company to the Acquirer, in lieu whereof equity shares of PAC 1 will be issued to the shareholders of the Target Company in accordance with the ratio as set out in the scheme, and (ii) the Target Company with its residual business shall be amalgamated into PAC 1 in lieu whereof equity shares of PAC 1 will be issued to the shareholders of the Target Company in accordance with the ratio as set out in the scheme. The Acquirer, PAC 1 and the Target Company have executed a merger co-operation agreement on February 7, 2014 to agree on the manner of implementation of the said composite scheme of arrangement. The composite scheme of arrangement will be subject to the approval of inter alia: (i) the BSE, (ii) the NSE, (iii) the MSE, (iv) SEBI, (v) the requisite majority of each class of shareholders of the Acquirer, (vi) the requisite majority of each class of creditors of the Acquirer, (vii) the requisite majority of each class of shareholders of the Target Company, (viii) the requisite majority of each class of creditors of the Target Company, (ix) the requisite majority of each class of shareholders of PAC 1, (x) the requisite majority of each class of creditors of PAC 1; (xi) the High Court of Judicature at Bombay, (xii) the High Court of Judicature at Madras, and (xiii) the CCI. Therefore, the date on which the said composite scheme of arrangement will be effective will be after receipt of the aforesaid approvals, which date will be 10 (ten) Working Days from the closure of the tendering period.

4.14 The brief consolidated financial information of the Target Company, as derived from its audited consolidated financial statements as at and for the financial years ended March 31, 2013, 2012 and 2011, and from the limited reviewed consolidated financial statements of the Target Company as at and for the six month period ended September 30, 2013, are as under:

(₹in Million except for EPS)

Particulars	**As at and for the nine month period ended September 30, 2013**	**As at and for FY ended March 31, 2013**	**As at and for FY ended March 31, 2012**	**As at and for FY ended March 31, 2011**
Profit & Loss Statement				
Income from Operations	604.11	1087.47	746.61	424.96
Other Income	75.33	79.32	27.71	6.63
Total Income	**679.44**	**1166.79**	**774.32**	**431.59**
Total Expenditure	702.77	1322.67	1047.43	644.93
Exceptional Items	0.00	18.38	(58.04)	-42.52
Profit/(Loss) Before Depreciation Interest and Tax	(23.32)	(137.50)	(331.14)	(255.86)
Depreciation	40.89	63.18	48.46	42.59
Interest Expense/(Income)	20.37	12.23	33.57	28.04
Profit/(Loss) Before Tax	(84.58)	(212.91)	(413.17)	(326.48)
Provision for Taxation	0.00	0.00	0.00	1.98
Profit/(Loss) After Tax	(84.58)	(212.91)	(413.17)	(328.46)
Balance Sheet Statement				
Sources of Funds				
Paid Up Equity Share Capital	682.17	677.09	597.01	489.29
Money Received against Share Warrants	0.00	0.00	181.25	0.00
Reserves and Surplus (Excluding Revaluation	(158.98)	(235.99)	(540.90)	(818.65)
Net worth	523.20	441.11	237.36	(329.37)
Revaluation Reserve	195.92	195.92	195.92	202.06
Secured Loans	470.99	283.34	9.60	283.72
Unsecured Loan	11.24	11.24	31.24	31.24
Other Non Current Liabilities	2520.73	2402.03	2187.71	2060.08
Total	**3722.08**	**3333.64**	**2661.83**	**2247.73**
Uses of Funds				
Net Fixed Assets	2956.14	2728.14	2232.22	2083.20

Particulars	As at and for the nine month period ended September 30, 2013	As at and for FY ended March 31, 2013	As at and for FY ended March 31, 2012	As at and for FY ended March 31, 2011
Investments(At Cost)	0.03	0.03	9.69	21.02
Other Non- Current Assets	399.21	451.50	210.06	82.59
Net Current Assets (Liabilities)	366.70	153.97	209.86	60.92
Total	**3722.08**	**3333.64**	**2661.83**	**2247.73**
Other Financial Data				
Dividend (%)	0.00	0.00	0.00	0.00
Earnings Per Share	(1.25)	(3.25)	(7.61)	(6.05)

(*Source: The financial information has been extracted from the audited financial statements of the Target Company for the financial years ended March 31, 2011, 2012 and 2013 and unaudited limited review financial statement for the six month period ended September 30, 2013.*)

4.15 Other than the above, there are no equity-linked instruments, which are outstanding in the Target Company as on the date of this Draft Letter of Offer. It is being clarified that the options vested could be exercised by the employees during the Tendering Period and have hence been considered for the purpose of determining the Offer Size.

4.16 Pre and Post Offer Shareholding pattern of the Target Company based on latest available data for beneficiary position as on the date of this Draft Letter of Offer:

Shareholding Structure Assuming Full Conversion of Options and Full Acceptance by Equity Shareholders										
Shareholders' Category	**Shareholding Prior to Agreement / PA which triggered the Regulations**		**Equity Shares agreed to be acquired which triggered the SEBI (SAST) Regulations**		**Equity Shares acquired between the date of the PA and this Draft Letter of Offer**		**Equity Shares to be acquired in this Offer**		**Shareholding after the acquisition and this Offer**	
	(A)		**(B)**		**(C)**		**(D)**		**(E)**	
	Number	**%**	**Number**	**%**	**Number**	**%**			**Number**	**%**
1. Promoters Group including Acquirer and PAC*										
(A) Parties to the Transaction										
Acquirer	-	-	32,242,846	35.69	9,401,191	10.41	23,486,264	26.00	65,130,301	72.10
PAC 1	-	-	-	-	-	-	-	-	-	-
PAC 2	-	-	-	-	1,500,000	1.66			1,500,000	1.66
Seller 1	3,780,500	4.19							-	-
Seller 2	4,113,334	4.55							-	-
Total (A)	**7,893,834**	**8.74**							**66,630,301**	**73.76**
(B) Promoters other than above	**7,714**	**0.01**							**7,714**	**0.01**
Total (1) (A+B)	**7,901,008**	**8.75**							**66,637,475**	**73.77**
2. Parties to the SPA other than disclosed in (1)										
Seller 3	7,888,718	8.73							4,189,706	4.64
Seller 4	1,750,000	1.94							1,750,000	1.94
Seller 5	5,207,837	5.77							5,207,837	5.77
Total (2)	**14,846,555**	**16.44**							**11,147,543****	**12.34**
3. Public (other than disclosed in (1) and (2))										
Institutions	8,174,781	9.05							Will depend on response from each category	
Others	37,294,829	41.29								
Total(3)	**45,469,610**	**50.34**							**12,546,763**	**13.89**
Total (1+2+3)	**68,217,173**	**75.52**							**90,331,781#**	**100.00**

* Pursuant to the execution of SPA, the persons forming part of the existing promoter group of the Target Company (i.e. Seller 1, Seller 2 and Mr. R Subramanian) will cease to be part of the promoter group of the Target Company.

** Assuming that only Minimum Sale Shares are acquired from Sellers and no Top-up Sale Shares are acquired

Assuming full exercise of eligible employee stock options/employee stock purchase schemes.

Notes:

a. There are no partly paid Equity Shares in the Target Company.

b. The face value of the Equity Shares of the Target Company is ₹ 10/- each.

4.17 The acquisition of 26% of the paid up equity share capital of the Target Company pursuant to this Offer, together with the Subscription Securities being acquired under the SSA and the Sale Shares being acquired pursuant to the SPA, will not result in the public shareholding in the Target Company falling below the level required for continued listing. In the event such public shareholding in the Target Company falls below the prescribed limits, as per the provisions of the SEBI (SAST) Regulations, the SCRR and the Listing Agreement, the Acquirer and/or the Target Company will bring down the non-public shareholding to the level specified in the SCRR within the time period prescribed under the SCRR and / or the Listing Agreement.

4.18 The Target Company and each of its promoters has complied with the provisions of Chapter II of the erstwhile SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 1997 and the provisions of Chapter V of the SEBI (SAST) Regulations and there has been no delay or non-compliance by the Target Company and any of its promoters in this regard.

5 OFFER PRICE AND FINANCIAL ARRANGEMENTS

5.1 Justification of Offer price

5.1.1 The Offer is made pursuant to the execution of the SSA and SPA for the acquisition of more than 25% of the Equity Shares and voting rights, accompanied with a change in control of the Target Company.

5.1.2 The Equity Shares of the Target Company are frequently traded on BSE, during the 12 calendar months preceding the date on which the Public Announcement was made. The number of Equity Shares traded during the 12 calendar months preceding February 2014, the month in which the PA was made, on BSE, is 26,431,128 Equity Shares which is 38.88% of the weighted average number of equity share capital (Source: www.bseindia.com).

5.1.3 Since the Equity Shares of the Target Company have been frequently traded on BSE where the Equity Shares are listed, during the 12 calendar months preceding the month in which the PA has been issued, and since the maximum volume of trading is recorded at BSE during the preceding 60 trading days from date of Public Announcement, the Offer Price is justified, taking into account, the following parameters, as set out under Regulation 8(2) of the SEBI (SAST) Regulations:

(in ₹)

A	The highest negotiated price per Subscription Security/ Sale Share (as per the SSA and the SPA respectively) attracting the obligation to make this Offer	98.00
B	The volume weighted average price paid by the Acquirer/ PAC during the fifty two weeks immediately preceding the date of the Public Announcement	No Acquisition
C	The highest price paid for any acquisition by the Acquirer/ PAC in the twenty six weeks preceding the date of the Public Announcement	No Acquisition
D	The volume-weighted average market price of equity shares of the Target Company for a period of sixty trading days immediately preceding the date of the Public Announcement as traded on BSE, being the stock exchange where the maximum volume of trading in the shares of the Target Company are recorded during such period, the shares being frequently traded	83.86

5.1.4 Calculation of the volume – weighted average market price of the Equity Shares for a period of sixty (60) trading days immediately preceding the date of PA i.e. February 7, 2014 as traded on BSE as per Regulation 8 (2) (d) of the SEBI (SAST) Regulations is as follows**:**

S. No.	Date	Total traded equity shares	Total Turnover (₹)	Volume Weighted Average Price (₹)
1	February 06, 2014	89,543	8,340,164	93.14
2	February 05, 2014	142,839	13,309,215	93.18
3	February 04, 2014	303,326	28,465,566	93.84
4	February 03, 2014	90,747	8,382,070	92.37
5	January 31, 2014	363,720	33,020,366	90.79
6	January 30, 2014	9,027	782,958	86.74
7	January 29, 2014	51,836	4,559,897	87.97
8	January 28, 2014	42,506	3,716,579	87.44
9	January 27, 2014	114,447	10,141,765	88.62
10	January 24, 2014	215,473	19,608,132	91.00
11	January 23, 2014	62,904	5,725,487	91.02
12	January 22, 2014	115,867	10,531,953	90.90
13	January 21, 2014	46,069	4,123,284	89.50
14	January 20, 2014	68,277	5,987,912	87.70
15	January 17, 2014	136,798	11,817,249	86.38

S. No.	Date	Total traded equity shares	Total Turnover (₹)	Volume Weighted Average Price (₹)
16	January 16, 2014	42,592	3,659,662	85.92
17	January 15, 2014	62,649	5,440,470	86.84
18	January 14, 2014	65,569	5,585,923	85.19
19	January 13, 2014	77,204	6,525,956	84.53
20	January 10, 2014	412,035	33,956,803	82.41
21	January 09, 2014	22,997	1,872,303	81.42
22	January 08, 2014	28,559	2,350,825	82.31
23	January 07, 2014	73,747	6,212,841	84.25
24	January 06, 2014	64,971	5,403,183	83.16
25	January 03, 2014	100,207	8,277,406	82.60
26	January 02, 2014	28,525	2,341,776	82.10
27	January 01, 2014	22,884	1,909,186	83.43
28	December 31, 2013	29,346	2,403,900	81.92
29	December 30, 2013	23,548	1,941,608	82.45
30	December 27, 2013	60,489	5,175,398	85.56
31	December 26, 2013	50,324	4,225,583	83.97
32	December 24, 2013	19,176	1,553,499	81.01
33	December 23, 2013	77,925	6,467,759	83.00
34	December 20, 2013	56,656	4,821,410	85.10
35	December 19, 2013	58,009	4,859,548	83.77
36	December 18, 2013	49,668	4,123,995	83.03
37	December 17, 2013	126,871	10,336,031	81.47
38	December 16, 2013	17,900	1,449,433	80.97
39	December 13, 2013	165,169	13,440,363	81.37
40	December 12, 2013	50,114	4,070,958	81.23
41	December 11, 2013	84,781	6,775,025	79.91
42	December 10, 2013	76,246	6,103,154	80.05
43	December 09, 2013	14,037	1,129,764	80.48
44	December 06, 2013	202,488	16,214,191	80.07
45	December 05, 2013	31,057	2,486,068	80.05
46	December 04, 2013	111,270	8,860,104	79.63

S. No.	Date	Total traded equity shares	Total Turnover (₹)	Volume Weighted Average Price (₹)
47	December 03, 2013	181,353	14,550,781	80.23
48	December 02, 2013	530,083	41,529,937	78.35
49	November 29, 2013	135,018	9,844,385	72.91
50	November 28, 2013	26,803	1,850,559	69.04
51	November 27, 2013	10,376	699,543	67.42
52	November 26, 2013	18,717	1,266,815	67.68
53	November 25, 2013	12,115	812,388	67.06
54	November 22, 2013	24,982	1,658,573	66.39
55	November 21, 2013	24,783	1,666,077	67.23
56	November 20, 2013	52,369	3,553,315	67.85
57	November 19, 2013	18,749	1,284,084	68.49
58	November 18, 2013	62,297	4,255,735	68.31
59	November 14, 2013	15,093	1,026,167	67.99
60	November 13, 2013	15,532	1,020,813	65.72
Total		5,288,662	443,505,894	-
Volume Weighted Average Price (Total Turnover divided by Total Traded Equity Shares)				**83.86**

5.1.5 In view of the parameters considered and presented in table above, in the opinion of the Acquirer and Manager to the Offer, the Offer Price of ₹ 98 (Rupees Ninety Eight Only) per Equity Share being the highest of the prices mentioned above is justified in terms of Regulation 8 of the SEBI (SAST) Regulations.

5.1.6 There have been no corporate actions undertaken by the Target Company warranting adjustment of any of the relevant price parameters.

5.1.7 There has been no revision in the Offer Price or to the Offer Size as on the date of this Draft Letter of Offer. An upward revision in the Offer Price or to the Offer Size, if any, on account of competing offers or otherwise, will be done at any time prior to the commencement of the last three working days before the commencement of the Tendering Period in accordance with Regulation 18(4) of the SEBI (SAST) Regulations. In the event of such revision, the Acquirer shall (i) make corresponding increase to the escrow amounts, as more particularly set out in paragraph 5.2.3 of this Draft Letter of Offer; (ii) make a public announcement in the same newspapers in which the DPS has been published; and (iii) simultaneously with the issue of such announcement, inform SEBI, BSE, MSE and the Target Company at its registered office of such revision.

5.2 Financial arrangements:

5.2.1 Assuming full acceptance, the total funds requirements to meet this Offer is ₹ 2,301,653,872 (Rupees two thousand, three hundred and one million, six hundred and fifty three thousand, eight hundred and seventy two only) and is not subject to differential pricing.

5.2.2 In accordance with Regulation 17(1) of the SEBI (SAST) Regulations, the Acquirer has opened a fixed deposit account bearing Account No. 1111396624 with Kotak Mahindra Bank Limited, a banking company incorporated under the Companies Act and acting through its branch offices at Nariman Point, Mumbai, India ("**Escrow Bank**"), and has made a cash deposit of ₹ 600,000,000 (Rupees six hundred million only) in the same. The cash deposited in such fixed deposit account represents more than 25% of the total consideration payable to the Equity Shareholders under this Offer in compliance with the Regulations 17(3)(a) and 17(4) of the SEBI (SAST) Regulations. The said fixed deposit has a lien marked with irrevocable right in favour of the Manager to the Offer to encash the proceeds of the fixed deposit in terms of the SEBI (SAST) Regulations. The fixed deposit and the lien have been confirmed vide a receipt, evidencing opening of the fixed deposit account for 90 days, dated February 12, 2014 issued by Kotak Mahindra Bank Limited.

5.2.3 In case of any upward revision in the Offer Price or the Offer Size, the value in cash of the escrow amount shall be computed on the revised consideration calculated at such revised offer price or offer size and any additional amounts required will be funded by the Acquirer, prior to effecting such revision, in terms of Regulation 17(2) of the SEBI (SAST) Regulations.

5.2.4 The Acquirer has adequate resources to meet the funds requirements/obligations under this Offer. The funds required in relation to the Offer have been met from the Acquirer's owned funds and / or funds received from its holding company, PAC 1.

5.2.5 As per Certificate dated February 13, 2014 from R. M. Kayal & Co. (Membership No. 37966) Chartered Accountants, 406, Rewa Chambers, 31 New Marine Lines, Mumbai 400020 (Mob. No. +91 98200 73277 Fax No.: +91 22 22032326 E mail ID: kayal@vsnl.com), the Acquirer and the PAC collectively have adequate resources to meet their financial obligations under this Offer.

5.2.6 Based on the above, ICICI Securities Limited, Manager to the Offer is satisfied about the ability of the Acquirer and the PAC to implement the Offer, in accordance with the SEBI (SAST) Regulations.

6 TERMS AND CONDITIONS OF THE OFFER

6.1 Operational Terms and Conditions

6.1.1 The Tendering Period will commence on Monday, April 7, 2014 and will close on Wednesday, April 23, 2014.

6.1.2 The Equity Shares offered under this Offer should be free from all liens, charges, equitable interests, encumbrances and are to be offered together with, if any, all rights of dividends, bonuses or rights from now on and declared hereafter.

6.1.3 This is not a conditional Offer and there is no stipulation on any minimum level of acceptance.

6.1.4 The Identified Date for this Offer as per the tentative schedule of activity is Friday, March 21, 2014.

6.1.5 The marketable lot for the Equity Shares of the Target Company for the purpose of this Offer shall be 1 (one only).

6.1.6 Pursuant to Regulation 23 of the SEBI (SAST) Regulations, this Offer shall be withdrawn if (a) any of the statutory approvals set out in paragraph 6.4 of this Draft Letter of Offer have not been received or have been refused ("**Refusal of Statutory Approvals**"); or (b) any of the conditions of the SPA as set out in paragraph 2.1.5 of this Draft Letter of Offer are not met for reasons outside the reasonable control of the Acquirer ("**Non-Satisfaction of SPA Conditions**"), and the SPA is rescinded by the Acquirer as per its terms.

Accordingly, this Offer shall stand withdrawn in the event of Refusal of Statutory Approvals, Non-Satisfaction of SPA Conditions or in the event of a binding order of a court or governmental authority of competent jurisdiction directing the withdrawal of this Offer.

6.1.7 In terms of Regulation 18(9) of the SEBI (SAST) Regulations, the Equity Shareholders who tender their Equity Shares in acceptance of this Offer shall not be entitled to withdraw such acceptance during the Tendering Period.

6.2 Locked in Equity Shares

6.2.1 Seller 2 currently holds 4,113,334 equity shares of the Target Company, out of which 683,334 equity shares are locked in in terms of the ICDR Regulations. Pursuant to the SPA, Seller 2 will sell her entire shareholding to the Acquirer in accordance with the terms and conditions contained therein. Accordingly, upon the occurrence of completion of the sale and purchase of the Sale Shares under the SPA, Seller 2 will not hold any shares in the Target Company and such sale shares purchased by the Acquirer from Seller 2 shall be subject to the continuation of the residual lock-in period in terms of the ICDR Regulations.

6.2.2 Seller 4 holds 1,750,000 equity shares in the Target Company out of which 574,001 equity shares are locked-in in terms of the ICDR Regulations. Seller 4 may sell up to 1,750,000 equity shares held by it to the Acquirer depending on the terms of the SPA as set out in paragraph 2.1.5 and the such sale shares purchased by the Acquirer from Seller 4, in terms of the SPA, shall be subject to the continuation of the residual lock-in period in terms of the ICDR Regulations.

6.3 Eligibility for accepting the Offer

6.3.1 The Letter of Offer shall be sent to all Equity Shareholders/Beneficial Owners holding Equity Shares in dematerialized form (except the Acquirer, the PAC, the Sellers and the promoter group) whose names appear in register of Target Company as on the Identified Date.

6.3.2 This Offer is also open to persons who own Equity Shares in the Target Company but are not registered Shareholders as on the Identified Date.

6.3.3 All Equity Shareholders/Beneficial Owners who own Equity Shares of the Target Company and are able to tender such Equity Shares in this Offer at anytime before the closure of the Offer, are eligible to participate in this Offer.

6.3.4 The form of acceptance and other documents required to be submitted, herewith, will be accepted by Registrar to the Offer, Link Intime India Private Limited between 10:00 am to 3:30 pm on working days (Monday to Friday) during the period the Offer is open.

6.3.5 The Public Announcement, the Detailed Public Statement, the Letter of Offer and the Form of Acceptance cum Acknowledgement will also be available on the SEBI website: www.sebi.gov.in. In case of non-receipt of the Letter of Offer, all Equity Shareholders including those who have acquired Equity Shares of the Target Company after the Identified Date, if they so desire, may download the Letter of Offer or the Form of Acceptance cum Acknowledgement from the SEBI's website for applying in the Offer.

6.3.6 Those Equity Shareholders who have not received this Draft Letter of Offer and those who apply in plain paper will not be required to provide any indemnity. They must follow the same procedure mentioned above for registered Equity Shareholders.

6.3.7 The acceptance of this Offer by the Equity Shareholders of the Target Company must be absolute and unqualified. Any acceptance to this Offer which is conditional or incomplete in any respect will be rejected without assigning any reason whatsoever.

6.3.8 NRI and OCB holders of the Equity Shares of the Target Company, if any, must obtain all requisite approvals required to tender such Equity Shares held by them, in this Offer (including without limitation the approval from the RBI, since the equity shares of the Target Company validly tendered in this Offer will be acquired by the Acquirer, being a Foreign Owned and Controlled

Company in terms of the Foreign Exchange Management Act, 1999 and the regulations issued thereunder and the Consolidated FDI Policy) and submit such approvals along with the documents required to accept this Offer. Further, if holders of the Equity Shares who are not persons resident in India (including NRIs, OCBs and FIIs) had required any approvals (including from the RBI or the FIPB or any other regulatory body) in respect of the Equity Shares held by them, they will be required to submit such previous approvals that they would have obtained for holding the Equity Shares, along with the other documents required to be tendered to accept this Offer. In the event such approvals are not submitted, the Acquirer reserves the right to reject such Equity Shares tendered in this Offer.

6.3.9 The acceptance of this Offer is entirely at the discretion of the Equity Shareholder(s) /Beneficial owner(s) of the Target Company.

6.3.10 The Acquirer, Manager to the Offer or Registrar to the Offer accept no responsibility for any loss of Equity Share Certificates, Offer Acceptance Forms, Share Transfer Deed etc. during transit and the Equity Shareholders of the Target Company are advised to adequately safeguard their interest in this regard.

6.3.11 The acceptance of Equity Shares tendered in the Offer will be made by the Acquirer in consultation with the Manager to the Offer.

6.3.12 The instructions, authorizations and provisions contained in the Form of Acceptance constitute part of the terms of the Offer.

6.3.13 The Manager to the Offer shall submit a final report to SEBI within 15 working days from the expiry of the Tendering Period in accordance with Regulation 27(7) of the Regulations confirming status of completion of various Offer Requirements.

6.3.14 For any assistance please contact ICICI Securities Limited, Manager to the Offer or the Acquirer or the Registrar to the Offer.

6.4 Statutory Approvals:

6.4.1 This Offer is subject to receipt of the approval of the CCI, if so required, as set out in paragraph 6.4.2.

6.4.2 The Acquirer, PAC1 and the Target Company have filed a notification with the CCI on February 14, 2014, seeking its approval for the scheme of arrangement and amalgamation whereby the entire business division and undertaking of the Target Company engaged in time share and resort business shall be transferred by way of demerger from the Target Company to the Acquirer and the Target Company with the residual business shall be amalgamated into PAC 1. The Acquirer has also intimated the CCI of the proposed acquisition of Equity Shares pursuant to the SSA, this Offer and the SPA. In terms of the Government of India Notification S.O. 482 (E) dated March 4, 2011, the proposed acquisition of Equity Shares pursuant to the SSA, this Offer and the SPA should be exempt from the pre-merger notification requirement to the CCI since the turnover of the Target Company in the financial year ended March 31, 2013 is less than ₹ 750 crores. However, if approval is required from the CCI for consummation of the proposed acquisition of Equity Shares pursuant to the SSA, this Offer and the SPA, such acquisition will be subject to receipt of approval of the CCI.

6.4.3 To the best knowledge and belief of the Acquirer as of the date of this Draft Letter of Offer, there are no other statutory approvals required to implement this Offer other than those mentioned above. If any other statutory approvals are required or become applicable prior to completion of this Offer, this Offer would also be subject to the receipt of such other statutory approvals.

6.4.4 Pursuant to Regulation 23 of the SEBI (SAST) Regulations, this Offer shall be withdrawn in the event of (a) refusal of statutory approvals as set out in 6.4 above; or (b) non-satisfaction of conditions precedent in the SPA as set out in paragraph 2.1.5 above, and the SPA is rescinded by the Acquirer as per its terms. Accordingly, this Offer shall stand withdrawn in the event of Refusal of Statutory Approvals, Non-Satisfaction of SPA Conditions or in the event of a binding order of a court or governmental authority of competent jurisdiction directing the withdrawal of this Offer.

6.4.5 In terms of Regulation 18(11) the Acquirer shall be responsible to pursue all statutory approvals required by the Acquirer in order to complete this Offer without any default, neglect or delay.

6.4.6 Barring unforeseen circumstances beyond its control, the Acquirer would endeavour to obtain all such approvals and complete all procedures relating to this Offer within 10 working days from the date of closure of the Tendering Period. As of the date of this Draft Letter of Offer, both the approval of the RBI and the CCI, are still awaited. Furthermore, all the conditions of the SPA have not been satisfied. For further details in relation to the status of satisfaction of the conditions of the SPA, please refer to paragraphs 2.1.5, respectively, of this Draft Letter of Offer. In case of non-receipt of statutory approvals within time, SEBI has the power to grant, extension of time to the Acquirer for payment of consideration to the Equity Shareholders subject to Acquirer agreeing to pay interest as directed by SEBI.

6.4.7 Where any statutory approval extends to some but not all the Equity Shareholders, the Acquirer shall have the option to make payment to such Equity Shareholders in respect of whom no statutory approvals are required in order to complete this Offer.

7 PROCEDURE FOR ACCEPTANCE AND SETTLEMENT

7.1 ACCEPTANCE OF THE OFFER

7.1.1 Name and Address of the persons (Registrar to the Offer) to whom the Equity Shares along with documents required to be submitted therewith, should be sent.

Registrar's collection centers in India are as follows:

Collection Centers and Address	Mode of Delivery	Phone No.	Fax No.
Link Intime India Pvt. Ltd, C-13, Panalal Silk Mills Compound, L B S Marg, Bhandup (W), Mumbai -400078.	Hand Delivery & Registered Post	022-25967878	022-25960329
Link Intime India Pvt. Ltd, 303, 3rd Floor, Shoppers Plaza V, Opp. Municipal Market, Behind Shoppers Plaza II, Off C G Road, Navrangpura, Ahmedabad - 380009	Hand Delivery	079-2646 5179	079-2646 5179 (Telefax)
Link Intime India Pvt. Ltd., 543/A, 7TH Main , 3rd Cross, Hanumanthanagar, Bangalore - 560 019	Hand Delivery	080-26509004	080-26509004 (Telefax)
Link Intime India Pvt. Ltd, 59C,Chowringhee Road,3rd Floor,Kolkata - 700020	Hand Delivery	033-22890539/40	033-22890539/40 (Telefax)
Link Intime India Pvt. Ltd., 44 Community Centre 2nd Floor, Nariana Industrial Area Phase I, Near PVR, Nariana, New Delhi 110 028	Hand Delivery	011-41410592/93/94	011-41410591
C/o SGS Corporate Solutions India Pvt. Ltd., Indira Devi Complex, II Floor, No.20, Gopalakrishna Street, Pondy Bazaar, T. Nagar, Chennai- 600 017	Hand Delivery	044- 2815 2672, 044- 4207 0906	044- 2815 2672 (Telefax)

7.1.2 Equity Shareholders holding Equity Shares in physical form and wishing to tender their Equity Shares will be required to send their Form of Acceptance, original share certificates and valid share transfer deeds to the Registrar to the Offer: Link Intime India Private Limited either by hand delivery or by Registered Post, to reach them not later than 03.30 PM on the expiry of the Tendering Period, i.e. Wednesday, April 23, 2014, in accordance with the instructions specified in the Letter of Offer and in the Form of Acceptance. In case the Share Certificate(s) and valid share transfer deeds are lodged with the Target Company /its share transfer agent for transfer and have not been received back, then the acceptance shall be accompanied by (i) the copy of share transfer deed(s) and (ii) the acknowledgement of the lodgment with, or receipt issued by the Target Company/its share transfer agents for the Share Certificate(s) so lodged. Where the Transfer Deeds are signed by a constituted attorney, a certified copy of the power of attorney shall also be lodged. In the case of a body corporate/limited company, a certified copy of the memorandum and articles of association, together with a certified true copy of the resolution along with the specimen signatures of the authorized signatories duly certified, shall also be sent.

7.1.3 Beneficial owners (holders of Equity Shares in dematerialized form) who wish to tender their Equity Shares will be required to send their Form of Acceptance-cum-acknowledgement along with a photocopy of the delivery instructions in "Off–market" mode or counterfoil of the delivery instruction in "Off–market" mode, duly acknowledged by the DP in favour of the Special Depository Account opened by the Registrar to the Offer, in accordance with instructions specified in the Letter of Offer and in the Form of Acceptance-cum-acknowledgement. The credit for the delivered shares should be received in the Special Depository Account on or before the close of the Offer, i.e. Wednesday, April 23, 2014. The details of the Special Depository Account are given below:

Depository Name	National Securities Depository Ltd. (NSDL)
DP Name	Kotak Mahindra Bank Limited
DP ID Number	IN303173
Beneficiary Account Number/ Client ID	20009021
Client Name	LIIPL SHRIL- Open Offer Escrow Demat Account

7.1.4 For the attention of beneficial owners holding Equity Shares in dematerialized form: Please note that the above account is maintained with (NSDL). Equity Shareholders having their beneficiary account with CDSL must use the inter depository delivery instruction slip for the purpose of crediting their Equity Shares in favour of the Special Depository Account with NSDL.

7.1.5 The Acceptance Form along with Share Certificates/copy of delivery instruction to DP and other relevant documents shall be sent to the Registrar to the Offer only. The same shall not be sent to the Acquirer, PAC, Target Company or Manager to the Offer.

7.2 Procedure for acceptance of this Offer by Equity Shareholders/owners of Equity Shares who have sent Equity Shares for transfer or those who did not receive the Letter of Offer:

7.2.1 In case of non receipt of the Letter of Offer, beneficial owners holding Equity Shares in dematerialized form, may send their applications in writing to the Registrar to the Offer, on a plain paper stating the name, address, number of Equity Shares held, number of Equity Shares offered, DP name, DP ID, beneficiary account number and photocopy of the delivery instruction in "Off-market", or counterfoil of the delivery instruction in "Off-market" mode, duly acknowledged by the DP, in favour of the Special Depository Account, so as to reach the Registrar to the Offer on or before the date of closure of the Offer. Also, alternatively, the Equity Shareholders may apply on the acceptance cum acknowledgement obtained from the website (www. sebi.gov.in).

7.2.2 In case of non-receipt of the Letter of Offer, the eligible person(s), holding Equity Shares of the Target Company in physical form, may send his/her/their consent on plain paper stating the name, address, number of Equity Shares held, distinctive numbers, certificate numbers and the number of Equity Shares offered along with the share certificates, duly signed transfer forms and other required documents to the Registrar to the Offer so as to reach them on or before the date of closure of the Offer. Also, alternatively, the Equity Shareholders may apply on the acceptance cum acknowledgement obtained from the website (www. sebi.gov.in).

7.2.3 No indemnity is required from persons not registered as Equity Shareholders.

7.2.4 In case the Share Certificate(s) and Transfer Deeds are lodged with the Target Company /its Share Transfer Agent for transfer and have not been received back, then the acceptance shall be accompanied by (i) the copy of Share Transfer Deed(s) and (ii) The acknowledgement of the lodgment with, or receipt issued by the Target Company /its Share Transfer Agent, for the Share Certificate(s) so lodged. Where the Transfer Deeds are signed by a constituted Attorney, a certified copy of the Power of Attorney shall also be lodged. In the case of body corporate/limited company, a certified copy of the memorandum and articles of association together with a certified true copy of the resolution along with the specimen signatures of the authorized signatories duly certified, shall also be sent.

7.2.5 For Equity Shares held in physical mode by persons not registered as Equity Shareholders in the target company, such persons should enclose:

(i) Form of Acceptance-cum-acknowledgement duly completed and signed in accordance with instructions contained therein, by all Equity Shareholders whose names appear on the share certificates;

(ii) Original Share Certificates;

(iii) Original broker contract note of a registered broker of a recognized stock exchange through whom the Equity Shares being tendered were acquired;

(iv) Valid share transfer deeds as received from the market. The details of the buyer should be left blank. If the details of buyer are filled in, the tender will not be valid under the Offer. All other requirements for valid transfer will be pre-conditions for acceptance; and

(v) Self attested copy of the PAN card of the proposed transferee.

7.3 In case of rejection of Equity Shares tendered for any reason, the unaccepted Share Certificates, Transfer deeds and other documents, if any, will be returned by Registered Post at the Equity Shareholder's / unregistered holder's sole risk as per the details furnished in the form of acceptance-cum-acknowledgement. Equity Shares held in demat form, to the extent not accepted, will be returned to the beneficial owner, to the credit of the beneficial owner's DP Account with the respective DP as per the details furnished by the beneficial owner(s) in the form of acceptance cum acknowledgement.

7.4 The Share Certificate(s) and the transfer form(s), or Equity Shares transferred to the Special Depository Account together with the Acceptance Form submitted by the Equity Shareholders towards the Equity Shares accepted pursuant to the Offer, will be held by the Registrar to the Offer in trust for such Equity Shareholders until the Acquirer pays the Offer Price.

7.5 Settlement / Payment of Consideration

7.5.1 The Acquirer shall arrange to pay the consideration payable to the Equity Shareholders whose Equity Shares have been accepted on or before Thursday, May 8, 2014 subject to the terms of this Draft Letter of Offer.

7.5.2 Equity Shareholders tendering their Equity Shares electronically are advised to immediately update with their DP, their bank account details, i.e. nine digit Magnetic Ink Character Recognition Code {MICR} as appearing on their cheque leaf as also their bank's Indian Financial System Code {IFSC}, which will get linked to their bank branch. Please note that failure to do so could result in delays in dispatch of payment or electronic transfer of funds, as applicable, and any such delay shall be at the Equity Shareholder's sole risk and neither the Acquirer, the PAC, the Manager to the Offer, Registrar to the Offer nor the Escrow Bank shall be liable to compensate such Equity Shareholder for any losses caused due to any such delay or any interest for such delay.

7.5.3 Payment of consideration to the Equity Shareholders would be done through various modes in the following order of preference:

a) **Real Time Gross Settlement ("RTGS") / National Electronic Clearing Service ("NECS") / National Electronic Fund Transfer ("NEFT")** - Payment shall be undertaken through any of the above modes wherever the Equity Shareholder's bank has been assigned the IFSC, which can be linked to an MICR, if any, available to that particular bank branch or wherever the Equity Shareholders have registered their nine digit MICR number and their bank account number with their DP.

b) **Direct Credit** – Equity Shareholders having bank accounts with the Escrow Bank, as mentioned in the Acceptance cum Acknowledgement Form, shall be eligible to receive payments through direct credit. Charges, if any, levied by the Escrow Bank for the same would be borne by the Acquirer.

c) For all other Equity Shareholders, including Equity Shareholders holding Equity Shares in physical from and those who have not updated their bank particulars with the MICR code, the payments will be dispatched through speed post / registered post. Such payments will be made by cheques, pay orders or demand drafts drawn on the Escrow Bank and payable at par at places where acceptance forms are received. Bank charges, if any, for cashing such cheques, pay orders or demand drafts at other centres will be payable by the Equity Shareholders.

Applicants to whom payments are made through electronic transfer of funds will be sent a letter (Payment advice) through ordinary post intimating them about the mode of credit / payment. The Registrar to the Offer shall ensure dispatch of consideration, if any, by RTGS / NECS / NEFT / Direct Credit / Cheques / Payorders / Demand Drafts only in the name of the sole or first Equity Shareholder and all communication will be addressed to the person whose name appears on Acceptance cum Acknowledgement Form within 10 Working Days of the date of closure of the Tendering Period and adequate funds for making payments as per the mode(s) disclosed above shall be made available to the Registrar by the Acquirer. Tax at applicable rate(s) will be deducted, in those cases where Tax Deduction at Source (TDS) is applicable.

7.5.4 As of the date of this Draft Letter of Offer, the statutory approvals referred to in paragraph 6.4 above, are currently awaited. In case of any delay in receipt of statutory approvals, SEBI has the power to grant extension of time for the purpose of making payment of the consideration to those Equity Shareholders, whose Equity Shares are accepted in this Offer in terms of Regulation 18(11) of the SEBI (SAST) Regulations, subject to the Acquirer and/or the PAC agreeing to pay interest to such Equity Shareholders for the delay beyond 10 Working Days at such rate as may be specified by SEBI from time to time. Provided where the statutory approvals extend to some but not all Equity Shareholders, the Acquirer and/or the PAC have the option to make payment to such Equity Shareholders in respect of whom no statutory approvals are required in order to complete the Offer.

8 COMPLIANCE WITH TAX REQUIREMENTS:

8.1 General

8.1.1 As per the provisions of Section 195(1) of the Income Tax Act any person responsible for paying to a non-resident any sum chargeable to tax is required to deduct tax at source (including surcharge and education cess as applicable) at the applicable rate as per the Income Tax Act. The consideration received by the non-resident Equity Shareholders for the Equity Shares accepted in this Offer may be chargeable to tax in India either as capital gains under Section 45 of the Income Tax Act or as business profits, depending on the facts and circumstances of the case. The Acquirer is required to deduct tax at source (including surcharge and education cess as applicable) at the applicable rate as per the Income Tax Act, on such capital gains / business profits. Further, the Acquirer is required to deduct tax at source (including surcharge and education cess) at the applicable rate as per the Income Tax Act on the payment of any interest (paid for delay in payment of the Offer Price) by Acquirer to a non-resident Equity Shareholder.

8.1.2 Section 194A of the Income Tax Act provides that payment of interest, if any, (for delay in payment of Offer consideration) by Acquirer to a resident Equity Shareholder may be chargeable to tax, as income from other sources under Section 56 of the Income Tax Act. The Acquirer is required to deduct tax at source (including surcharge and education cess) at the applicable rate as per the Income Tax Act on such interest (paid for delay in payment of Offer consideration or a part thereof).

8.1.3 Each Equity Shareholder shall certify its tax residency status (i.e. whether resident or non-resident) and its tax status (i.e. whether individual, firm, company, association of persons/body of individuals, trust, any other taxable entity). In case of ambiguity, incomplete or conflicting information or the information not being provided to the Acquirer, it would be assumed that the Equity Shareholder is a non-resident Equity Shareholder and taxes shall be deducted treating the Equity Shareholder as a non-resident and at the rate as may be applicable, under the Income Tax Act, to the relevant category to which the Equity Shareholder belongs, on the entire consideration and interest if any, payable to such Equity Shareholder.

8.1.4 Any non-resident Equity Shareholder claiming benefit under any DTAA between India and any other foreign country should furnish the Tax Residence Certificate ("TRC") provided to him/it by the income tax authority of such other foreign country of which he/it claims to be a tax resident, which has been inserted as a mandatory requirement by the Finance Act, 2012. In addition, the non-resident Public Shareholder is required in terms of Section 90(5) of the Income Tax Act to furnish prescribed additional information in the prescribed form (Form 10F). The information that is to be provided in the Form 10F are as follows:

1. Legal status (individual, company, firm, etc.);
2. Permanent Account Number, if allotted
3. Nationality of an individual or country/specified territory of incorporation or registration in case of other entities;
4. The non-resident tax payer's tax identification number in the country or specified territory of residence or a unique identification number of the non-resident tax payer of the country or the specified territory of residence;
5. Period for which the residential status, as mentioned in the Tax Residency Certificate, is applicable; and
6. Address of the non-resident tax payer in the country or specified territory outside India, during the period for which the Tax Residency Certificate is applicable.

Further, a non-resident tax payer is required to keep and maintain all documents substantiating the aforesaid information and furnish the same when required by the Indian tax authorities. The particulars already included in the Tax Residency Certificate are not required to be furnished separately.

8.1.5 Any Equity Shareholder claiming benefit under DTAA should submit along with the TRC, a certificate for deduction of tax at lower or nil rate from the income tax authorities and taxes would be deducted by the Acquirer in accordance with such certificate. In the absence of TRC and a certificate for deduction of tax at lower or nil rate obtained from income tax authorities, the taxes would be deducted at the rates (including surcharge and education cess as applicable) as dealt with in the following paragraphs 8.2 and 8.3 for each category of the Equity Shareholder(s).

8.1.6 All Equity Shareholders (including FIIs) are required to submit their PAN along with self attested copy of the PAN card for income-tax purposes. If not, the Acquirer will arrange to deduct tax at the rate of 20% as per Section 206AA of the Income Tax Act or at such tax rate (including surcharge and education cess as applicable), as dealt with in the paragraphs 8.2, 8.3 and 8.4 for each category of the Equity Shareholders, whichever is higher. The provisions of Section 206AA of the Income Tax Act would apply only where there is an obligation to deduct tax at source.

8.1.7 The Acquirer will not accept any request from any Equity Shareholder, under any circumstances, for non-deduction of tax at source or deduction of tax at a lower or nil rate, on the basis of any self computation/computation by any tax consultant, of capital gain or business income and/or interest, if any and tax payable thereon.

8.1.8 Securities transaction tax will not be applicable to the Equity Shares accepted in this Offer.

8.1.9 The provisions contained in clause 8.1.3 to 8.1.6 above are subject to anything contrary contained in paragraphs 8.2 to 8.5 below.

8.1.10 All references to maximum marginal rate include applicable surcharge and education cess, as may be applicable.

8.2 Tax Implications in case of non-resident Equity Shareholders (other than FII)

8.2.1 For the purpose of remittance of funds on tendering of Equity Shares under the Open Offer, NRIs, OCBs, and other non-resident Equity Shareholders (excluding FIIs) will be required to submit a "no objection certificate" ("**NOC**") or a certificate for deduction of tax at a nil/lower rate ("**Certificate for Deduction of Tax at Nil/Lower Rate**") from the income tax authorities under Section 195(3) or Section 197 of the Income Tax Act, indicating the amount of tax to be deducted by the Acquirer before remitting the consideration. The Acquirer will arrange to deduct taxes at source in accordance with such NOC or Certificate for Deduction of Tax at Nil/Lower Rate.

8.2.2 In an event of non-submission of NOC or Certificate for Deduction of Tax at Nil/Lower Rate, tax will be deducted at the maximum marginal rate as may be applicable to the relevant category to which the Equity Shareholder belongs, on the entire consideration amount payable to the Equity Shareholders, by the Acquirer.

8.2.3 The Acquirer will not take into consideration any other details and documents (including self-certified computation of tax liability or the computation of tax liability certified by any tax professionals including a chartered accountant, etc.) submitted by the Equity Shareholder for deducting a lower amount of tax at source. NRIs, OCBs and other non-resident Equity Shareholders (excluding FIIs) holding Equity Shares as capital asset will be required to certify the period of its holding (i.e., whether Equity Shares are held for more than 12 (twelve) months of Equity Shares.

8.2.4 In case of interest payments, if any, by the Acquirer for delay in payment of Offer consideration or a part thereof, if any, the NRIs, OCBs, and other non-resident Equity Shareholders (excluding FIIs) will be required to submit a NOC or Certificate for Deduction of Tax at Nil/Lower Rate from the income tax authorities under the Income Tax Act indicating the amount of tax to be deducted by the Acquirer before remitting the consideration. The Acquirer will arrange to deduct taxes at source in accordance with such NOC or Certificate for Deduction of Tax at Nil/Lower Rate.

8.2.5 In an event of non-submission of NOC or Certificate for Deduction of Tax at Nil/Lower Rate, the Acquirer will deduct tax at the maximum marginal rate as may be applicable to the relevant category to which the Equity Shareholder belongs under the Income Tax Act on the entire amount payable as interest to such Equity Shareholder.

8.2.6 All NRIs, OCBs and other non-resident Equity Shareholders (excluding FIIs) are required to submit a self-attested copy of their PAN card for income tax purposes. In case copy of the PAN card is not submitted or is invalid or does not belong to the Equity Shareholder, Acquirer will deduct tax at the rate of 20% (as provided under section 206AA of the Income Tax Act) or the rate, as may be applicable to the category of the Equity Shareholder under the Income Tax Act, whichever is higher.

8.2.7 Any NRIs, OCBs and other non-resident Equity Shareholders (excluding FIIs) claiming benefit under any DTAA between India and any other foreign country should furnish the 'Tax Residence Certificate' provided to him/it by the Income Tax Authority of such other foreign country of which it claims to be a tax resident and a self-declaration stating that it does not have a business connection in India as defined in Explanation 2 to section 9(1)(i) of the Income Tax Act (along with the provisos thereto) or a permanent establishment in India, in terms of the DTAA entered between India and the country of its tax residence. Further, the Equity Shareholder will be required to furnish such other documents and information as prescribed in terms of Section 90(5) of the Income Tax Act as detailed in paragraph 8.1.4 of this Letter of Offer. In the absence of such Tax Residence Certificate/certificates/declarations/ information/documents, the Acquirer and/or the PACs will arrange to deduct tax in accordance with the provisions of the Income Tax Act and without having regard to the provisions of any DTAA.

8.3 Tax Implications in case of FII Equity Shareholder

8.3.1 As per the provisions of Section 196D (2) of the Income Tax Act, no deduction of tax at source is required to be made from any income by way of capital gains arising from the transfer of securities referred to in Section 115AD of the Income Tax Act, to an FII, as defined in Section 115AD of the Income Tax Act. Further, for the purposes of Section 115AD, FII will include Foreign Portfolio Investors (FPI) as defined under SEBI (Foreign Portfolio Investors) Regulations, 2014.The Acquirer would not deduct tax at source on the payments to FIIs, subject to the following conditions:

(i) FIIs are required to furnish the copy of the registration certificate issued by SEBI (including for sub-account of FII, if any);

(ii) FIIs are required to certify the nature of their holding (i.e. whether held on capital account as investment or on trade account) of the Equity Shares. The benefits under Section 196D(2) are applicable in case the Equity Shares are held on capital account; and

(iii) FIIs shall also certify the nature of its income (i.e. whether capital gains or business income) on the sale of the Equity Shares. The benefits under Section 196D (2) of the Income Tax Act are applicable in case the nature of the FII's income is treated as capital gains.

8.3.2 If the above conditions are not satisfied, the Acquirer shall deduct tax at the maximum tax rate applicable under the Income Tax Act on the gross consideration payable to the Equity Shareholder, depending on category of the Equity Shareholder.

8.3.3 If it is certified by the FII that Equity Shares are held on trade account, no deduction of tax at source shall be made if such FIIs furnish a TRC and a self-declaration stating that such FIIs do not have a business connection in India as defined in Explanation

2 to section 9(1)(i) of the Income Tax Act (along with the provisos thereto) or a permanent establishment in India, in terms of the DTAA entered between India and the country of tax residence of such FIIs. The FII will also be required to furnish such other documents and information as prescribed in terms of Section 90(5) of the Income Tax Act as detailed in paragraph 8.1.4 of this Letter of Offer. Further, the Equity Shareholder should obtain a NOC or Certificate for Deduction of Tax at Nil/Lower Rate rate from the appropriate income tax authorities indicating the amount of income on which tax should be deducted and the applicable rate of tax. If such a certificate is provided, the Acquirer will arrange to deduct taxes at source in accordance with such certificate. In the absence of such NOC/Tax Residence Certificate/certificates/declarations/ information/documents, the Acquirer and/or the PACs will arrange to deduct tax in accordance with the provisions of the Income Tax Act and without having regard to the provisions of any DTAA.

8.3.4 Notwithstanding anything contained in Clauses 8.3.1 to 8.3.3 above, in case FII furnishes a NOC or certificate for deduction of tax at lower or nil rate from the appropriate income tax authorities the Acquirer will arrange to deduct taxes at source in accordance with such certificate.

8.3.5 Interest payments by the Acquirer for delay in payment of the Offer Price, if any, would also be subjected to deduction of tax at source at the maximum tax rate applicable under the Income Tax Act on the gross interest payable to the Equity Shareholder, depending on category of the Equity Shareholder. However, if the Equity Shareholder provides a NOC or Certificate for Deduction of Tax at Nil/Lower Rate from the appropriate income tax authorities under the Income Tax Act indicating the amount of interest on which tax should be deducted and the applicable rate of tax, the Acquirer will arrange to deduct taxes at source in accordance with such certificate.

8.3.6 All FIIs shall submit their PAN for income tax purposes. In case PAN is not submitted or is invalid or does not belong to the Equity Shareholder, the Acquirer and/or the PACs will arrange to deduct tax at the rate of 20% (including surcharge and cess) (as provided in Section 206-AA of the Income Tax Act) or at the rate in force or at the rate, as may be applicable to the category of the FII Equity Shareholder under the Income Tax Act, whichever is higher, on the entire consideration amount payable to such Equity Shareholder

8.3.7 Any FII claiming benefit under any DTAA between India and any other foreign country should furnish a "Tax Residence Certificate" provided to it by the income tax authority of such other foreign country of which it claims to be a tax resident and a self-declaration stating that the FII does not have a business connection in India as defined in Section 9(1)(i) of the Income Tax Act or a permanent establishment in India, in terms of the DTAA and the FII is eligible for claiming benefit under the DTAA entered between India and the country of its tax residence. Further, the FII will also be required to furnish such other documents and information as prescribed in terms of Section 90(5) of the Income Tax Act as detailed in paragraph 8.1.4 of this Letter of Offer. In the absence of such Tax Residence Certificate/certificates/declarations/information/documents, the Acquirer and/or the PACs will arrange to deduct tax in accordance with the provisions of the Income Tax Act and without having regard to the provisions of any DTAA.

8.4 Tax Implications in case of resident Equity Shareholders

8.4.1 There would be no deduction of tax at source from the consideration payable in respect of the transfer of Equity Shares by a resident Equity Shareholder. Such resident Equity Shareholder will be liable to pay tax on their income as per the provisions of the Income Tax Act as applicable to them.

8.4.2 All resident Equity Shareholders will be required to submit a NOC or Certificate for Deduction of Tax at Nil/Lower Rate from the income tax authorities under Section 197 of the Income Tax Act, indicating the amount of tax to be deducted by the Acquirer before remitting the consideration for interest payments, if any, by the Acquirer for delay in payment of Offer consideration or a part thereof, if any. The Acquirer will deduct taxes at source in accordance with such NOC or Certificate for Deduction of Tax at Nil/Lower Rate.

8.4.3 In an event of non-submission of NOC or Certificate for Deduction of Tax at Nil/Lower Rate, the Acquirer will deduct tax at the rates prescribed under section 194A of the Income Tax Act as may be applicable to the relevant category to which the Equity Shareholder belongs under the Income Tax Act on the consideration payable as interest to such Shareholder.

8.4.4 All resident Equity Shareholders shall submit a self-attested copy of their PAN card for income tax purposes. In case copy of the PAN card is not submitted or is invalid or does not belong to the Equity Shareholder, Acquirer will deduct tax at the rate of 20% (including surcharge and cess) (as provided under section 206AA of the Income Tax Act) or the rate, as may be applicable to the category of the Equity Shareholder under the Income Tax Act, whichever is higher.

8.4.5 Notwithstanding anything contained in clauses 8.4.2 to 8.4.4 above, no deduction of tax shall be made at source by the Acquirer where (i) the total amount of interest payable, if any, to a resident Equity Shareholder does not exceed INR 5,000 or (ii) where a self-declaration as per Section 197A of the Income Tax Act in Form 15G or Form 15H (as per Rule 29C of the Income Tax Rules, 1962), as may be applicable, and duly executed, has been furnished to the Acquirer or (iii) interest being paid, if any, to an entity specified under Section 194A(3)(iii) of the Income Tax Act if it submits a self- attested copy of the relevant registration or notification. The self-declaration in Form 15G and Form 15H will not be regarded as valid unless the resident Equity Shareholder has furnished its PAN in such declaration.

8.5 Tax Implications in foreign jurisdictions

8.5.1 Apart from the above, the Acquirer are entitled to withhold tax in accordance with the tax laws applicable in overseas jurisdictions where the non-resident Equity Shareholder is a resident for tax purposes ("Overseas Tax"). For this purpose, the non-resident Equity Shareholder shall furnish a self-declaration stating the quantum of the Overseas Tax to be withheld as per the relevant tax laws of the country in which the non-resident Equity Shareholder is a tax resident and the Acquirer will be entitled to rely on this representation at their sole discretion.

8.6 Others

8.6.1 The tax implications are based on provisions of the Income Tax Act as amended up to Finance Act, 2013. In case of any amendment proposed in the Finance Bill, 2014 which has been made effective prior to the date of closure of this Offer, then the provisions of the Income Tax Act as amended by Finance Bill 2014 would apply.

8.6.2 Notwithstanding the details given above, all payments will be made to Equity Shareholders subject to compliance with prevailing tax laws.

8.6.3 The tax deducted by the Acquirer while making payment to an Equity Shareholder may not be the final tax liability of such Equity Shareholder and shall in no way discharge the obligation of the Equity Shareholder to appropriately disclose the amounts received by it, pursuant to this Offer, before the Income Tax Authorities.

8.6.4 Equity Shareholders are advised to consult their respective tax advisors for assessing the tax liability, pursuant to this Offer, or in respect of other aspects such as the treatment that may be given by their respective assessing officers in their case, and the appropriate course of action that they should take.

8.6.5 The Acquirer and the Manager do not accept any responsibility for the accuracy or otherwise of the tax provisions set forth herein above.

8.6.6 The Acquirer shall deduct tax (if required) as per the information provided and representation made by the Equity Shareholders. In an event of any income-tax demand (including interest, penalty etc.) arising from any misrepresentation, inaccuracy or omission of information provided/to be provided by the Public Shareholders, such Equity Shareholders will be responsible to pay such income-tax demand under the Income Tax Act and provide the Acquirer with all information/documents that may be necessary and co-operate in any proceedings before income tax / appellate authority in India.

8.6.7 The Acquirer shall issue a certificate in the prescribed form to the Equity Shareholders (resident and non-resident) who have been paid the consideration and interest, if any, after deduction of tax, certifying the amount of tax deducted and other prescribed particulars in accordance with the provisions of Section 203 of the Income Tax Act read with the Income-tax Rules, 1962.

8.6.8 Equity Shareholders who wish to tender their Equity Shares must submit the following information along with the Form:

(a) Information requirement from non-resident Equity Shareholder:

(i) Self-attested copy of PAN card;

(ii) NOC/ Certificate from the Income-tax Authorities for no/lower deduction of tax;

(iii) Self-attested declaration in respect of residential status, status of Equity Shareholders (e.g. individual, firm, company, trust, or any other - please specify);

(iv) In case of FII/FPI, self-attested declaration certifying the nature of income arising from the sale of Equity Shares is capital gains;

(v) SEBI registration certificate for FII/FPI; and

(vi) RBI and other approval(s) obtained for acquiring the Equity Shares, if applicable.

(b) Information requirement in case of resident Equity Shareholder:

(i) Self-attested copy of PAN card;

(ii) Self-attested declaration in respect of residential status, status of Public Shareholders (e.g. individual, firm, company, trust, or any other - please specify);

(iii) If applicable, self-declaration form in Form 15G or Form 15H (in duplicate), as applicable for interest payment, if any;

(iv) NOC /Certificate from the income tax authorities (applicable only for the interest payment, if any) for no/lower deduction of tax; and

(v) For Mutual Funds/Banks/other specified entities under Section 194A(3)(iii) of the Income Tax Act – Copy of relevant registration or notification (applicable only for the interest payment, if any).

8.6.9 Equity Shareholders who wish to tender their Equity Shares must submit the information all at once and those that may be additionally requested for by the Acquirer and/or the PACs. The documents submitted by the Equity Shareholders will be considered as final. Any further/delayed submission of additional documents, unless specifically requested by the Acquirer and/or the PACs may not be accepted. In case the documents/information as requested in this Letter of Offer are not submitted by an Equity Shareholder, or the Acquirer and/or the PACs consider the documents/information submitted by an Equity Shareholder to be ambiguous/incomplete/conflicting, the Acquirer and the PACs reserve the right to withhold tax on the gross consideration at the maximum marginal rate as applicable to the category of the shareholder.

8.6.10 Based on the documents and information submitted by the Equity Shareholders, the final decision to deduct tax or not, or the quantum of taxes to be deducted rests solely with the Acquirer and/or the PACs.

8.6.11 Taxes once deducted will not be refunded by the Acquirer and/or the PACs under any circumstances.

9 DOCUMENTS FOR INSPECTION

9.1 Copies of the following documents will be available for inspection at the registered office of the Manager to the Offer at ICICI Centre, H.T. Parekh Marg, Churchgate, Mumbai – 400020, Maharashtra, India (Tel: Tel: +91 22 2288 2460/2288 2470, Fax: +91 22 2282 6580). The documents can be inspected during normal business hours (11.00 AM to 4.00 PM) on all working days (except Saturdays and Sundays) during the period from the date of this Draft Letter of Offer, till date of expiry of the Tendering Period.

9.1.1 Certificate of Incorporation, memorandum of association and articles of association and Constitution of the Acquirer.

9.1.2 Copy of certificate dated February 13, 2014, from R. M. Kayal & Co. (Membership No. 37966), Chartered Accountants, 406, Rewa Chambers, 31 New Marine Lines, Mumbai - 400020 (Mob. No.: +91-9820073277 Fax: +91-22-22032326 E mail ID: kayal@vsnl.com), certifying that the Acquirer and the PAC collectively have adequate resources to fulfill its financial obligations under this Offer.

9.1.3 Audited annual reports of the Acquirer for the last three years, i.e., the financial years ending December 31, 2011, December 31, 2012 and December 31, 2013.

9.1.4 Audited annual reports of the Target Company for the last three years, i.e., the financial years ending March 31, 2011, March 31, 2012 and March 31, 2013.

9.1.5 Escrow agreement dated February 10, 2014 between the Acquirer, Kotak Mahindra Bank Limited and the Manager to the Offer.

9.1.6 Copy of the letter dated February 13, 2014, issued by Kotak Mahindra Bank Limited in relation to the fixed deposit account bearing number 1111396624, marked under lien to the Manager to the Offer.

9.1.7 Copy of the subscription agreement dated February 7, 2014 for the issue and allotment of the Subscription Securities of the Target Company entered into among the Acquirer, PAC 1 and the Target Company.

9.1.8 Copy of the share purchase agreement dated February 7, 2014 for the sale and purchase of the Sale Shares of the Acquirer entered into among the Acquirer, PAC 1, the Sellers and the Target Company.

9.1.9 Copy of the merger co-operation agreement dated February 7, 2014 to agree on the manner of implementation of the proposed composite scheme of amalgamation entered into among the Acquirer, PAC 1 and the Target Company.

9.1.10 Escrow agreement dated February 7, 2014 for the purpose of the SPA among the Acquirer, PAC 1, the Sellers, the Target Company and Kotak Mahindra Bank Limited.

9.1.11 A copy of the Public Announcement submitted to BSE, NSE and MSE on February 7, 2014

9.1.12 Published copy of the Detailed Public Statement, published on behalf of the Acquirer and PAC on February 14, 2014.

9.1.13 SEBI Observation letter No. [•] dated [•], 2014 on the Draft Letter of Offer.

9.1.14 Copy of the recommendation made by the Target Company's committee of independent directors, as issued under Regulation 26(7) of the SEBI (SAST) Regulations

9.1.15 A copy of the agreement entered into with the DP for opening the Special Depository Account.

10 DECLARATION BY THE ACQUIRER AND PAC

Unless stated otherwise, the Acquirer and PAC accept full responsibility for the information contained in the Draft Letter of Offer other than such information as has been obtained from public sources or provided or confirmed by any of the Sellers or the Target Company (as specified in this Draft Letter of Offer).

Each of the Acquirer and PAC shall be jointly and severally responsible for ensuring compliance with the SEBI (SAST) Regulations.

The persons signing this Draft Letter of Offer on behalf of the Acquirer and PAC have been duly and legally authorized by the respective boards of directors to sign this Draft Letter of Offer.

For and on behalf of the Acquirer

Sd/-

(Authorised signatory)

For and on behalf of PAC 1

Sd/-

(Authorised signatory)

For and on behalf of PAC 2

Sd/-

(Authorised signatory)

Place: Mumbai

Date: February 24, 2014