LETTER OF OFFER

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

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

CASH OFFER AT Rs 29.00 (RUPEES TWENTY NINE ONLY) PLUS AN INTEREST OF 49 PAISE (FORTY NINE PAISE ONLY) (CALCULATED AT THE RATE OF 10% P.A. FROM APRIL 30, 2012 (PROPOSED DATE OF OPENING THE OFFER) TO JUNE 30, 2012 (ACTUAL DATE OF OPENING OF THE OFFER)) PER FULLY PAID-UP EQUITY SHARES OF Rs. 10.00 (RUPEES TEN ONLY)

Pursuant to regulation 10, 11(2) and 12 of the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 1997 ("SEBI (SAST) Regulations") and subsequent amendments thereto

TO ACQUIRE

58,00,000 (Fifty Eight Lakhs) fully paid-up Equity Shares of face value Rs. 10/- each, representing 20.00% of the Voting Capital **("Offer")**

OF

STI India Limited ("**Target Company**" or "**STI**")
having its registered office at
Rau-Pithampur, Link Road, Tehsil – Mhow,
District - Indore (M.P) 453 332, India
Tel: +91 0731 4014400 **Fax:** +91 0731 4020011

BY

Bombay Rayon Fashions Limited ("Acquirer")
D-1st Floor, Oberoi Garden Estates, Chandivali Farms Road, Chandivali,
Andheri (East), Mumbai 400 072, India
Tel: +91 22 3985 8800 **Fax:** +91 22 3985 8830

ALONG WITH

AAA United B.V. ("AAA")
having its registered office at Krijgsman 15-8, 1186DM, Amstelveen, the Netherlands
Tel: + 45 99 42 32 00 **Fax: +** 45 99 42 34 68

AND

Ashwell Holding Company Private Limited ("Ashwell")
having its registered office at 143, Shiv Shakti Industrial Estate,
Andheri-Kurla Road, Andheri (East), Mumbai – 400 059
Tel: +91 22 4082 1800 **Fax: +** 91 22 3985 8830

AND

Aktieselskabet af 1/8 2004 ("Aktieselskabet")
having its registered office at Fredskovvej 5, 7330 Brande, Denmark
Tel: + 45 99 42 32 00 Fax: + 45 99 42 34 68

(AAA, Ashwell and Aktieselskabet hereinafter jointly referred to as the "Persons Acting in Concert"/ "PACs")

ATTENTION:

- The Offer is neither conditional nor subject to any minimum level of acceptance by Shareholders of the Target Company.
- As of the date hereof, no statutory approvals are required to by the Acquirer and the PACs to acquire the Equity Shares tendered pursuant to this Offer. If any statutory approvals are required or become applicable, the Offer would be subject to receipt of such statutory approvals. In terms of regulation 27 of the regulations, the Acquirer and the PACs will not proceed with the Offer in the event that such statutory approvals that are required are not obtained.
- In case of delay in the receipt of any statutory approvals, SEBI has the power to grant extension of time for payment of consideration to Shareholders who have validly tendered their Equity Shares, subject to the Acquirer and PACs agreeing to pay interest for the delayed period as directed by SEBI in terms of Regulation 22(12) of the SEBI (SAST) Regulations. Further, if the delay occurs on account of willful default by the Acquirer and PACs in obtaining the requisite approvals, regulation 22(13) of the SEBI (SAST) Regulations will also become applicable.
- Non-resident equity shareholders, who wish to tender their Equity Shares of the Target Company in this Offer, if any, must obtain all requisite approvals required to tender the Equity Shares held by them pursuant to the Offer and submit such approvals along with the Form of Acceptance cum Acknowledgement and other documents required to accept this Offer. Further, if shareholders who are not persons resident in India (including Non Residents Indians ("**NRIs**"), Overseas Corporate Bodies ("**OCBs**") and Foreign Institutional Investors) had required any approval from the Reserve Bank of India ("**RBI**") or the Foreign Investment Promotion Board or any other regulatory body in respect of the Equity Shares held by them in the Target Company, they will be required to submit such previous approvals that they would have obtained for holding the Equity Shares of the Target Company to tender Shares held by them pursuant to the Offer, along with the Form for Acceptance-cum Acknowledgement and other documents required to be tendered to accept this Offer. In the event such approvals are not submitted, the Acquirer and the PACs reserve the right to reject such Equity Shares tendered in the Offer
- In order to liberalize the procedures and policies pertaining to transfer of shares of an Indian company, the RBI has issued a A.P. (DIR Series) Circular No. 43 (RBI/2011-12/247) on 4 November 2011 stating that prior RBI approval will not be required in case of transfer of shares from non-resident to resident and vice-versa where SEBI (SAST) Regulations are attracted subject to the adherence with the pricing guidelines and documentation requirements as specified by Reserve Bank of India from time to time.
- If the aggregate of the valid responses exceed 58,00,000 Equity Shares, then 58,00,000 Equity Shares shall be accepted on a proportionate basis, in consultation with the Manager to the Offer, in accordance with regulation 21(6) of the SEBI (SAST) Regulations.
- If there is any upward revision in the Offer Price prior to or on the last date for revising the Offer Price i.e. July 10, 2012, or if the Offer is withdrawn, you would be informed by way of another public announcement in the same newspapers where the original Public Announcement had been published. Such revised offer price shall be paid for all the Equity Shares validly tendered at any time during the Offer and accepted under the Offer.
- Shareholders who have accepted the Offer by tendering the requisite documents in terms of the Public Announcement and this Letter of Offer can withdraw the same up to July 16, 2012, i.e., three (3) working days prior to the Date of Closing of the Offer viz. July 19, 2012.
- **If there is competitive bid, the public offers under all the subsisting bids shall close on the same date. As the offer price cannot be revised during the 7 (seven) working days prior to the closing date of the offers/bids, it would, therefore, be in the interest of shareholders to wait till the commencement of that period to know the final offer price of each bid and tender their acceptance accordingly.**
- **This Offer is not a competitive bid. No competitive bid has been announced in relation to this Letter of Offer.**
- A copy of the Public Announcement and this Letter of Offer, Form of Acceptance cum Acknowledgement and Form of Withdrawal will be made available on SEBI's website (www.sebi.gov.in).
- The Form of Acceptance cum Acknowledgement and Form of Withdrawal are enclosed with this Letter of Offer.
- **All the financial data has been disclosed in terms of Rupees lacs/lakhs unless required otherwise. When financial data pertains to an overseas entity, the rupee equivalent has been disclosed in terms of Rupees lacs/lakhs and the basis of conversion has also been disclosed.**

	MANAGER TO THE OFFER		**REGISTRAR TO THE OFFER**
AXIS BANK	**Axis Bank Limited** Corporate Office: Axis House, Bombay Dyeing Mills Compound, Pandurang Budhkar Marg Worli, Mumbai, 400 025, India **Tel**: +91 22 2425 4556 **Fax**: +91 22 2425 4500 **Email**: axbmbd@axisbank.com **Website**: www.axisbank.com **Contact Person**: Mr. Dinkar Rai **SEBI Registration No**.: INM000006104	LINK INTIME INDIA PVT LTD (Formerly INTIME SPECTRUM REGISTRY LTD)	**Link Intime India Private Limited** C-13, Pannalal Silk Mills Compound, LBS Marg, Bhandup West, Mumbai – 400 078, India **Tel:** +91 22 2596 7878 **Fax:** +91 22 2596 0329 **Email:** sti.offer@linkintime.co.in **Website**: www.linkintime.co.in **Contact Person:** Mr. Pravin Kasare **SEBI Registration No.**: INR000004058

OFFER OPENS ON: Saturday, June 30, 2012	**OFFER CLOSES ON:** Thursday, July 19, 2012

SCHEDULE OF MAJOR ACTIVITIES OF THE OFFER

Particulars	Original Schedule as per PA Day and Date	Revised Schedule: Day and Date
Date of PA	Thursday, March 08, 2012	Thursday, March 08, 2012
Specified Date*	Friday, March 16, 2012	Friday, March 16, 2012
Last Date of Competitive Bid	Thursday, March 29, 2012	Thursday, March 29, 2012
Date by which Letter of Offer to be dispatched to the shareholders	Saturday, April 14, 2012	Monday, June 25, 2012
Date of opening the Offer	Monday, April 30, 2012	Saturday, June 30, 2012
Last date for revising the Offer Price/Number of Equity Shares	Thursday, May 10, 2012	Tuesday, July 10, 2012
Last date for withdrawal of acceptance by shareholders who have accepted the Offer	Wednesday, May 16, 2012	Monday, July 16, 2012
Date of Closing of the Offer	Saturday, May 19, 2012	Thursday, July 19, 2012
Last Date by which communicating acceptance /rejection and payment of consideration for accepted shares / dispatch of Share Certificate in case of rejection	Friday, June 01, 2012	Thursday, August 3, 2012

***-** *Specified Date is only for the purpose of determining the names of the Shareholders as on such date to whom the Letter of Offer will be sent and all owners (registered or unregistered) of the Equity Shares of the Target Company (except the* Acquirer *and the PACs) are eligible to participate in the Offer anytime before closure of the Offer.*

Note: *Duly Signed Application and Transfer Deed should be dispatched to the Registrar to the Offer at the above address to reach not later than 4.30 p.m. on Thursday,* July 19, 2012.

RISK FACTORS

I. *Relating to the Offer*

a. In the event that either (a) there is any litigation leading to stay on the Offer; or (b) SEBI instructs the Acquirer/ PACs not to proceed with the Offer, then the Offer process may be delayed beyond the schedule of activities indicated in this Letter of Offer. Consequently, the payment of consideration to those Shareholders of Target Company whose Equity Shares have been accepted in the Offer as well as the return of those Equity Shares of Target Company not accepted may be delayed.

b. As on the date of the Public Announcement, no statutory or regulatory approval(s) is/are required for the purpose of the Offer. However, in case of any statutory approvals being required by the Acquirer and/or PACs at a later date before the Date of Closing of the Offer, the Offer shall be subject to all such approvals and the Acquirer and/or PACs shall make the necessary applications for such approvals. In case of delay, due to non-receipt of statutory approval(s), then in accordance with regulation 22(12) 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/ PACs, grant an extension for the purpose of completion of the Offer, subject to the Acquirer/ PACs agreeing to pay interest to the validly tendering Shareholders.

c. The tendered Equity Shares and documents would be held by the Registrar to the Offer, till the process of acceptance of tenders and the payment of consideration is completed. The Shareholders will not be able to trade in such Equity Shares which are in the custody of the Registrar to the Offer. During such period, there may be a fluctuation in the market price of the Equity Shares of the Target Company. Further, Shareholders should note that after the last date of withdrawal i.e. Monday, July 16, 2012, Shareholders who have lodged their Equity Shares would not be able to withdraw their Equity Shares even if the acceptance of Equity Shares under the Offer and dispatch of consideration gets delayed.

d. The Acquirer and PACs cannot provide any assurance with respect to the market price of the Equity Shares of the Target Company before, during or after the Offer and each of them expressly disclaim any responsibility or obligation of any kind (except as required by applicable law) with respect to any decision by any Shareholder on whether to participate or not to participate in the Offer.

e. If the number of Equity Shares of the Target Company assented to the Offer exceeds the Offer Size, then Equity Shares of Target Company assented to the Offer shall be accepted on a proportionate basis in accordance with regulation 21 (6) of the SEBI (SAST) Regulations.

II. *Relating to the* Acquirer *and the* PACs

a. The Acquirer and PACs make no assurance with respect to the continuation of the past trend in the financial performance of the Target Company.

b. The Acquirer and PACs cannot give any assurance regarding the results of the consummation of the Acquisition. The Acquirer/ PACs make no assurance with respect to the future financial performance of the Target Company.

c. Ashwell has been incorporated on March 24, 2011, and has not earned any substantial income till the date hereof.

III. *Others*

a. The Offer is subject to completion risks as would be applicable to similar transactions.

b. The risk factors set forth above pertain to the acquisition and the Offer and not in relation to the present or future business or operations of 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 a shareholder in the Offer. Shareholders of the

Target Company are advised to consult their stockbroker or investment consultant, if any, for further risks with respect to their participation in the Offer.

CURRENCY OF PRESENTATION

In this Letter of Offer, all references to "DKK" is to the Danish Kroner, the official currency of Denmark and all references to "€" is to Euro. Certain financial details contained herein are denominated in DKK .Unless otherwise stated, the Rupee equivalent quoted is calculated as on February 29, 2012 (being 1 DKK = Rs. 8.92 and 1 EUR = Rs. 66.31). (*Source:www.rbi.org*)

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1. DEFINITIONS

AAA	AAA United B.V.
Acquirer	Bombay Rayon Fashions Limited
Ashwell	Ashwell Holding Company Private Limited
Board / Board of Directors	Board of Directors of the Target Company
Book Value Per Share / NAV per Share	Networth / Outstanding number of shares
BSE	Bombay Stock Exchange Limited
CDSL	Central Depository Services (India) Limited
DP	Depository Participant or Ventura Securities Limited
Earnings Per Share / EPS	Profit After Tax / Outstanding number of shares
Eligible Person(s) for the Offer	All owners (registered or unregistered) of Equity Shares of STI India Limited (other than the Acquirer, the PACs) whose names appear on the register of members any time before the closure of the Offer
Escrow Bank	Axis Bank Limited, Lokhandwala Branch at Laxmi the Mall, Building No.5, Laxmi Industrial Estate, New Link Road, Andheri West, Mumbai 400 053
EUR/Euro/ €	The official currency of 17 of the 27 member states of the European Union.
Equity Share(s) / Share(s)	Fully paid-up Equity Share(s) of face value of Rs. 10/- each of the target Company
FEMA	Foreign Exchange Management Act, 1999
FII	Foreign Institutional Investors
Form of Acceptance	Form of Acceptance cum Acknowledgement
FY	Financial Year
Manager/ Manager to the Offer	Axis Bank Limited
Mn	Million (Rs.1 Million = Rs. 10 lacs)
NECS	National Electronic Clearing System
NEFT	National Electronic Fund Transfer

NRI	Non Resident Indian
NSDL	National Securities Depository Limited
NSE	National Stock Exchange of India Limited
OCBs	Overseas Corporate Bodies
Offer or Open Offer or Offer Size	The offer for the acquisition by the Acquirer alongwith PACs of 58,00,000 fully paid up Equity Shares, representing in the aggregate 20.00% of Voting Capital as set out in this document
Offer Price	Rs. 29/- (Rupees Twenty Nine only) plus an interest of 49 paise (forty nine paise only) (calculated at the rate of 10% p.a. from April 30, 2012 (proposed date of opening the offer) to June 30, 2012 (actual date of opening of the offer)) per fully paid-up Equity Shares of face value of Rs. 10/- each
PACs	AAA, Ashwell and Aktieselskabet, i.e. persons acting in concert with the Acquirers
Public Announcement/ PA	Announcement of the Offer made by the Acquirers alongwith PACs on March 8, 2012
PA For The Primary Acquisition	Refers to the public announcement dated April 6, 2011 made by the PACs to the equity shareholders of the Acquirer
RBI	Reserve Bank of India
Registrar/ Registrar to the Offer	Link Intime India Private Limited
Return on Networth / RONW	(Profit After Tax / Networth) * 100
RTGS	Real Time Gross Settlement
Rupee(s) / Rs	Indian Rupee(s), the legal currency of Republic of India
SEBI	Securities and Exchange Board of India
SEBI Act	Securities and Exchange Board of India Act, 1992, as amended
SEBI (SAST) Regulations	Securities & Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 1997 and subsequent amendments thereto
Shareholder(s)	Equity shareholder(s) of the Target Company holding fully paid up Equity Share of Rs. 10/- each
Specified Date	Friday, March 16, 2012
Special Depository	The Special Depository Account opened by the Registrar with National

Account	Securities Depository Limited to hold the demat Equity Shares tendered by the shareholders in the Offer
Stock Exchanges	BSE and NSE; being the stock exchanges on which the Equity Shares of the Target Company are listed
Target Company/ STI	STI India Limited
Voting Capital	Fully diluted capital of the Target Company as on the date of the Public Announcement as defined under regulation 21(5) of SEBI (SAST) Regulations
Working Days	Working Days of SEBI

Note: All terms beginning with a capital letter used in this Letter of Offer, but not otherwise defined herein, shall have the meaning ascribed thereto in the SEBI (SAST) Regulations.

2. 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 THE SEBI. THE DRAFT LETTER OF OFFER HAS BEEN SUBMITTED TO SEBI FOR A LIMITED PURPOSE OF OVERSEEING WHETHER THE DISCLOSURES CONTAINED THEREIN ARE GENERALLY ADEQUATE AND ARE IN CONFORMITY WITH THE SEBI (SAST) REGULATIONS. THIS REQUIREMENT IS TO FACILITATE THE SHAREHOLDERS OF STI INDIA LIMITED TO TAKE AN INFORMED DECISION WITH REGARD TO THE OFFER. THE SEBI DOES NOT TAKE ANY RESPONSIBILITY EITHER FOR FINANCIAL SOUNDNESS OF THE ACQUIRER, PACs 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 ACQUIRER AND PACs ARE 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 ACQUIRERS DULY DISCHARGES ITS RESPONSIBILITIES ADEQUATELY. IN THIS BEHALF, AND TOWARDS THIS PURPOSE, THE MERCHANT BANKER, AXIS BANK LIMITED, HAS SUBMITTED A DUE-DILIGENCE CERTIFICATE DATED 22 MARCH 2012 TO THE SEBI IN ACCORDANCE WITH THE SEBI (SAST) REGULATIONS, 1997 AND SUBSEQUENT AMENDMENTS THERETO. THE FILING OF THE DRAFT LETTER OF OFFER DOES NOT, HOWEVER, ABSOLVE THE ACQUIRERS/ PACs FROM THE REQUIREMENT OF OBTAINING SUCH STATUTORY CLEARANCES AS MAY BE REQUIRED FOR THE PURPOSE OF THE OFFER"

3. DETAILS OF THE OFFER

3.1 BACKGROUND TO THE OFFER

3.1.1 This mandatory open offer is being made by the Acquirer alongwith the PACs in compliance with regulation 10, 11(2) and 12 of the SEBI (SAST) Regulations to the Shareholders of STI India Limited ("**Offer**") as a result of an indirect acquisition of Equity Shares accompanied with change in control of the Target Company.

3.1.2 The Acquirer is the current promoter of the Target Company. The total paid up capital of the Target Company is Rs. 29,00,00,000 (Rupees Twenty Nine Crores Only) represented by 2,90,00,000 (Two Crores and Ninety Lakhs) equity shares of Rs. 10/- (Rupees Ten Only) each fully paid up. The Acquirer presently holds 2,13,79,722 (Two Crores Thirteen Lakhs Seventy Nine Thousand Seven Hundred and Twenty Two) fully paid-up Equity Shares of Rs. 10/- (Rupees Ten Only) each representing 73.72% of the fully paid up equity capital of the Target Company as on the date of the Public Announcement.

3.1.3 In April 2011, the PACs had made an open offer to the equity shareholders of the Acquirer to acquire upto 2,84,20,000 (Two Crores Eighty Four Lakhs and Twenty Thousand) equity shares constituting 20.00% of the full expanded paid up share capital of the Acquirer. The said open offer was made in compliance with regulations 11(1) and 12 of the SEBI (SAST) Regulations, as a result of AAA's intention to convert the outstanding non-voting Global Depository Receipts into equity shares of the Acquirer, which on conversion would have given AAA voting rights in excess of permissible creeping acquisition limits under the SEBI (SAST) Regulations. Additionally, AAA intended to be recognised as a person acting in concert with the promoter group of the Acquirer. Post the open offer, the PACs held 7,94,20,400 (Seven crores ninety four lakhs twenty thousand four hundred) equity shares constituting 59.00% of the paid up share capital of the Acquirer (thereby increasing the total promoter and promoter group holding in the Acquirer to 93.15%).

3.1.4 On the consummation of the said open offer, the PACs had also indirectly acquired voting rights in excess of the limits prescribed under regulation 10 accompanied by change in control of the Target Company. AAA and Ashwell vide their respective board approvals dated March 6, 2012 have authorized the Acquirer to acquire the Equity Shares tendered in the present open offer. Accordingly, the present mandatory open offer is made by the Acquirer along with the PACs under regulations 10, 11(2) and 12 of the SEBI (SAST) Regulations to the equity shareholders of the Target Company within the time limits prescribed under regulation 14(4) of the SEBI (SAST) Regulations. Further, Aktieselskabet vide its board approval dated May 28, 2012 have authorized the Acquirer to acquire the Equity Shares tendered in the present open offer

3.1.5 The Acquirer and/or the PACs or their respective directors have neither acquired nor have been allotted any Equity Shares of the Target Company in the last 12 (twelve) months period prior to the date of the Public Announcement.

3.1.6 The Acquirer, PACs and the Target Company have not been prohibited by SEBI from dealing in securities, in terms of direction issued under Section 11B or any other regulations made under the SEBI Act, 1992.

3.1.7 In terms of regulation 22(7) of the SAST Regulations, the Acquirer and PACs are not entitled to appoint any director on the board of the Target Company during the offer period. However, the Acquirer and PACs already have representation on the board of the Target Company prior to this Offer. Mr. Prashant Agrawal, Mr. Aman Agrawal and Mr. A. R. Mundra are on the board of the Target Company as well as the Acquirer. In terms of regulation 22(9) of the SEBI (SAST) Regulations Mr. Prashant Agrawal, Mr. Aman Agrawal and Mr A. R. Mundra have recused themselves and have not participated and will not participate in any matter(s) concerning or relating to the Offer including any preparatory steps leading to the Offer. Additionally, Mr. Aman Agrawal and Mr. Prashant Agrawal are the current promoters of Ashwell and are also the promoters and are on the board of the Target Company. They have recused themselves and have not participated and will not participate in any matter(s) concerning or relating to the Offer including any preparatory steps leading to the Offer in terms of regulation 22(9) of the SEBI (SAST) Regulations. The Acquirer and PACs presently does not intend to nominate any other director on the board of directors of the Target Company.

3.2 THE OFFER

3.2.1 The Public Announcement dated March 7, 2012 was made in the following newspapers, in accordance with regulation 15 of the SEBI (SAST) Regulations:

Publication	Language	Day & Date of Publication	Editions
Financial Express	English	Thursday – March 08, 2012	All Editions except Mumbai
		Friday – March 09, 2012	Mumbai*
Janasatta	Hindi	Thursday – March 08, 2012	All Editions except Mumbai
		Friday – March 09, 2012	Mumbai*
Navshakti	Marathi	Friday – March 09, 2012	Mumbai Edition*
Prabhat Kiran	Hindi	Friday – March 09, 2012	Indore Edition*

**- Published on the succeeding day on account of holiday in respect of 'Holi' on March 08, 2012.*

(The Public Announcement is also available at the SEBI website, www.sebi.gov.in)

3.2.2 The Acquirers alongwith the PACs have made this Offer under regulations 10, 11(2) and 12 of the SEBI (SAST) Regulations to the equity shareholders of the Target Company to acquire up to 58,00,000 (Fifty Eight Lakhs) Equity Shares, being 20.00% of the Voting Capital of the Target Company (the "**Offer Size**") at a price of Rs. 29/- (Rupees Twenty Nine only) plus an interest of 49 paise (forty nine paise only) (calculated at the rate of 10% p.a. from April 30, 2012 (proposed date of opening the offer) to June 30, 2012 (actual date of opening of the offer)) per Equity Share ("**Offer Price**"), payable in cash, in accordance with the SEBI (SAST) Regulations and subject to the terms and conditions mentioned in the Public Announcement and in the Letter of Offer that is being circulated to the shareholders in accordance with the SEBI (SAST) Regulations (the "**Letter of Offer**"). The Offer Size of 20.00% of Voting Capital being 58,00,000 (Fifty Eight Lakhs) Equity Shares are reckoned on the basis of Voting Capital in terms of regulations 21(1) and 21(5) of the SEBI (SAST) Regulations.

3.2.3 The Equity Shares to be acquired under the Offer will be acquired by the Acquirer free from all liens, charges and encumbrances and together with all rights attached thereto, including rights to dividends to be declared after all the formalities relating to the Offer are completed and they shall rank *pari-passu* with the existing Equity Shares of the Target Company.

3.2.4 The Acquirer, being the Promoter of the Target Company have undertaken not to tender their Equity Shares in the Offer.

3.2.5 There are no partly paid up Equity Shares in the Target Company as on date of Public Announcement.

3.2.6 The Offer is not conditional upon any minimum level of acceptance by the equity shareholders of the Target Company. To the extent of the Offer Size, all the Equity Shares of the Target Company that are validly tendered pursuant to this Offer are proposed to be acquired by Acquirer, subject to terms and conditions of the Offer and receipt of applicable regulatory approvals.

3.2.7 Subject to the receipt of statutory/other approvals required for the Offer as set out in section "Statutory Approvals Required for the Offer", and other terms and conditions as set out in the Letter of Offer and in the Public Announcement, Acquirer will acquire Equity Shares of the Target Company validly tendered pursuant to the Offer up to the Offer Size.

3.2.8 The Acquirer and/or PACs may purchase additional Equity Shares of the Target Company from the open market or through negotiations or otherwise after the date of the Public Announcement in accordance with regulation 20(7) of the SEBI (SAST) Regulations and the details of such acquisition will be disclosed by the Acquirer and/or PACs within 24 (twenty four) hours of such acquisition to the Stock Exchanges where the Equity Shares of the Target Company are listed and to the Manager to the Offer in terms of regulation 22(17) of the SEBI (SAST) Regulations. There have been no purchase of Equity Shares of the Target Company by the Acquirer and/or PACs after the date of the Public Announcement and till the date of the Letter of Offer.

3.2.9 The Offer is subject to the terms and conditions set out in this Letter of Offer that will be sent to the Shareholders of the Target Company whose names appeared in the register of members of the Target Company and the beneficial owners of the Equity Shares of the Target Company whose names appear as beneficiaries on the records of the respective Depositories, at the close of business hours on March 16, 2012, being the Specified Date, as required under the SEBI (SAST) Regulations.

3.2.10 This is not a competitive bid. There have been no competitive bids in relation to the Offer.

3.2.11 As on date of this Letter of Offer, the Manager to the Offer does not hold any Equity Shares in the Target company.

3.3 **OBJECT OF THE ACQUISITION/OFFER**

3.3.1 This mandatory open offer is being made by the Acquirer along with the PACs to the equity shareholders of the Target Company ("**Shareholders**") under regulations 10, 11(2) and 12 of the SEBI (SAST) Regulations ("**Offer**") as a result of an indirect acquisition of shares accompanied with change in control of the Target Company.

3.3.2 In April 2011, the PACs had made an open offer to the equity shareholders of the Acquirer to acquire upto 2,84,20,000 (Two Crores Eighty Four Lacs and Twenty Thousand) equity shares constituting 20.00% of the full expanded paid up share capital of the Acquirer. The said open offer was made in compliance with regulations 11(1) and 12 of the SEBI (SAST) Regulations, as a result of AAA's intention to convert the outstanding non-voting Global Depository Receipts into equity shares of the

Acquirer, which on conversion would have given AAA voting rights in excess of permissible creeping acquisition limits under the SEBI (SAST) Regulations. Additionally, AAA intended to be recognised as a person acting in concert with the promoter group of the Acquirer.

3.3.3 By virtue of the said open offer, the PACs had also indirectly acquired voting rights in excess of the limits prescribed under regulation 10 accompanied by change in control of the Target Company. AAA and Ashwell vide their respective board approvals dated March 6, 2012 have authorized the Acquirer to acquire the Equity Shares tendered in the present open offer. Accordingly, the present mandatory open offer is made by the Acquirer along with the PACs under regulations 10, 11(2) and 12 of the SEBI (SAST) Regulations to the equity shareholders of the Target Company within the time limits prescribed under regulation 14(4) of the SEBI (SAST) Regulations. Further, Aktieselskabet vide its board resolution dated May 28, 2012 have authorized the Acquirer to acquire the Equity Shares tendered in the present open offer

3.3.4 The Target Company is a synergic fit for the Acquirer as the Acquirer is present in the manufacturing and selling of fabrics and garments. On the other hand the Target Company is predominantly into manufacturing of cotton yarn. The Acquirer would continue to support the existing business of the Target Company. the Acquirer shall continue to act the promoter of the Target Company and intends to grow the existing business of the Target Company and strengthen its position in the industry. The control over the Target Company will allow the Acquirer to establish itself as a fully integrated player in the textile sector.

3.3.5 As on the date of the Public Announcement, the Acquirer and/or the PACs do not have any plans to make any major change to the existing line of business of the Target Company or to dispose off or otherwise encumber any assets of the Target Company in the next 24 (twenty four) months, except in the ordinary course of business. The Board of the Target Company shall take appropriate decisions in these matters in the ordinary course of business of the Target Company or to the extent required for the purpose of restructuring, joint venture, rationalization of assets, investments or liabilities of the Target Company for commercial reasons, and operational efficiencies and on account of regulatory approvals.

3.3.6 Other than as aforesaid, the Acquirer and the PACs undertake that they shall not sell, dispose of or otherwise encumber any substantial asset of the Target Company without the prior approval of the shareholders of the Target Company.

4. BACKGROUND OF THE ACQUIRER AND PACS

4.1 Bombay Rayon Fashions Limited ("Acquirer")

4.1.1 The Acquirer is a company incorporated under the Companies Act, 1956. It is registered with the Registrar of Companies, Maharashtra under company identification number L17120MH1992PLC066880. It was originally incorporated as a private limited company by name of Mudra Fabrics Private Limited on May 21, 1992. The name of the Acquirer was changed to Mudra Fabrics Limited w.e.f. October 13, 1992 when it was converted into a public limited company. The name was further changed to Bombay Rayon Fashions Limited w.e.f. September 30, 2004.The registered and corporate Office of the Acquirer is located at D-1st Floor, Oberoi

Garden Estates, Chandivali Farms Road, Chandivali, Andheri (East), Mumbai 400 072, India, Tel: +91 22 3985 8800, Fax: +91 22 3985 8830.

4.1.2 The Acquirer is amongst India's largest, vertically integrated textile company, engaged in the manufacture of fabrics and garments and export of high-end garments business predominantly designer shirts & tops for men, women and children. The Acquirer enjoys a strong presence across the entire value chain of spinning, yarn dyeing, weaving, fabric processing, design and garment manufacturing. The Acquirer owns 32 manufacturing facilities across several locations in the States of Maharashtra, Karnataka, Tamil Nadu, Kerala. These units are fully supported by facilities for product development, design studios and efficient sampling infrastructure, which allow the Acquirer to provide quality services to the customers in India and abroad.

4.1.3 The promoters of the Acquirer are Mr. Janardan Agrawal, Mr. Aman Agrawal and Mr. Prashant Agrawal while the PACs (other than Aktieselskabet) are part of the promoter group of the Acquirer. The promoters (including promoter group) hold 93.15% of the issued and paid up equity share capital and voting rights of the Acquirer.

4.1.4 Brief History and major events of the Acquirer are as follows:

Year	Events
1986	Bombay Rayon Private Limited (BRPL), the first company of BRFL group was incorporated for undertaking the business of manufacture of woven fabric
1990	Started a manufacturing facility for manufacturing woven fabric at Navi Mumbai
1992	BRFL incorporated for undertaking the business of manufacture of woven fabric
1998	▪ Started manufacturing facilities for woven fabric at Sonale in Thane district by BRFL ▪ Started export of Fabric by forming B R Exports for undertaking this business
2003	▪ Group turnover reaches Rs. 100 crores ▪ Start of group's Silvassa unit for manufacture of woven fabric under Reynold Shirting Private Limited ▪ Garment manufacturing for exports started in the Group. Garden City Clothing was formed for undertaking this business
2004	▪ Decided to set up an integrated facility of yarn dyeing, weaving, process house and garment manufacturing at the apparel park in Doddaballapur near Bangalore ▪ Awarded contract to Gherzi Eastern Limited for technical appraisal of the Expansion Project ▪ Land allotment by Karnataka Industrial Apparel Development Board at the apparel park being developed in Doddaballapur near Bangalore
2005	▪ Consolidation of business of companies and firms of the promoters ▪ Group turnover crosses Rs. 140 crores ▪ Incorporated a Wholly Owned Subsidiary BRFL Europe B.V. at Netherlands ▪ EXIM Bank acquires equity in BRFL. This was the first time that EXIM Bank has acquired an equity stake in an Indian company on a preferential basis.

Year	Events
	▪ Successfully completed its maiden IPO of approx Rs. 94 crores
2006	▪ Turnover crosses Rs. 200 crores
2007	▪ Successfully commenced commercial production of yarn dyeing, weaving, processing and garment manufacturing at the apparel park in Doddaballapura near Bangalore ▪ Completed the Qualified Institution Placement of approx. Rs. 294 crores ▪ Acquired majority stake in DPJ Clothing, a UK based Company ▪ Acquired the garment business of Leela Scottish Lace (Private) Limited for a consideration of Rs. 155 crores ▪ Acquired the garment-manufacturing unit 'LNJ Apparel' of RSWM Limited, an LNJ Bhilwara Group company for a consideration of Rs. 25.50 crores ▪ Signed Memorandum of Understanding with Government of Maharashtra (GoM) for new expansions plans ▪ Turnover crosses Rs. 450 crores
2008	▪ Acquired the garment unit of 'Maryan Apparel Private Limited', located in Trivandrum, Kerala ▪ Acquired the European brand 'GURU' and the retail business of Jam Session Holding S.r.l (Jam) through subsidiary ▪ Turnover crosses Rs. 900 crores ▪ Amalgamation of wholly owned subsidiary Leela Scottish Lace Private Limited into it
2009	▪ Gross revenues cross Rs. 1,000 crores ▪ Received share application money of Rs. 333 crores from AAA United B.V a company incorporated under the Laws of Netherlands.
2010	▪ Successfully completed its GDR of USD 97.09 mn ▪ Commenced commercial production of manufacturing facilities of yarn dyeing, weaving, processing and garmenting at various units in Maharashtra
2011	▪ Successfully completed its second tranche of GDR of USD 105.6 mn ▪ Completed the successful acquisition of STI India Limited, a Indore based textile company specializing in manufacturing and export of cotton yarn ▪ With effect from December 09, 2011, AAA has been recognized as a person acting in concert with the promoter group

4.1.5 As on the date of the Public Announcement, the authorized share capital of the Acquirer is Rs. 150,00,00,000 (Rupees One Hundred Fifty Crores Only) divided into 15,00,00,000 (Fifteen Crores) equity shares of Rs.10/- (Rupees Ten Only) each and the issued, subscribed and paid up equity share capital of the Acquirer is Rs. 134,60,00,000 (Rupees One Hundred Thirty Four Crores and Sixty Lakh Only) divided into 13,46,00,000 (Thirteen Crores and Forty Six Lakh) fully paid up equity shares of Rs.10/- (Rupees Ten Only) each. There are no partly paid-up equity shares of Acquirer. There are 75,00,000 (Seventy Five Lakh) outstanding warrants issued to one of the promoter group entity which are due for conversion by April 2012 which have not yet been converted.[1] As on the date of the Public Announcement, the

[1] Such promoter had initimated to the Target Company that it did not wish to exercise its option to convert the warrants and requested for refund of the up-front money. A joint application had been made to SEBI in this

closing price per equity share of the Acquirer on NSE and BSE was Rs. 266.15 and Rs. 266.60 respectively.

4.1.6 The shareholding pattern of the Acquirer on date of the Public Announcement is as under:

S. No.	Shareholder's category	No. of shares held	Percentage of shares held
1.	Promoters and Promoter Group	125,379,660	93.15%
2.	FII/ Mutual-Funds/ FIs/Banks	2,807937	2.09%
3.	Public (other than FII/ Mutual-Funds/ FIs/Banks)	6,412,403	4.76%
	Total Paid Up Capital	**134,600,000**	**100.00%**

4.1.7 The equity shares of the Acquirer are listed on the BSE and the NSE.

4.1.8 The Acquirer is complying with the listing requirements of BSE and NSE.

4.1.9 As of the date of Public Announcement, the details of the directors of the Acquirer are as follows:

Name & Designation	Address	Directors Identification Number (DIN)	Date of Appointment	Qualifications and Experience
Mr. Janardan Agrawal Chairman	Flat No. 602, 6th Floor, Daffodil, N S Road No. 7, JVPD Scheme, Vile Parle, Mumbai-400049	00019497	August 24, 1992	B.Com Founder of the BRFL Group and has over 33 years of experience in textile industry more particularly in weaving segment of the industry. He is accredited with establishment of the Bombay Rayon brand of fabrics in the local retail market.
Mr. Aman Agrawal* Vice Chairman	Villa 144, Prestage Ozone, Varthur Kodi Whitefield, Hagadur Village, Bangalore-560066, Karnataka	00019534	January 31, 2003	Studied Management from Alexander College, Perth, Australia Has over 15 years of experience in the textile industry. He provides strategic direction in selection of technology and machineries in setting up new manufacturing facilities, improvement of production processes and new ventures.
Mr. Naseer Ahmed Jt. Vice Chairman	391, 2nd Main, 2nd Cross, 2nd Phase, 80 Feet Road, R.M.V Extension, Bangalore 560 094	00027095	July 25, 2005	B.Com Businessman and a sitting member of the legislative council of State of Karnataka and was a minister of state for small-scale industries in State of Karnataka during October 1990 to November 1992

regard by the Target Company and the promoter. On rejection of the application by SEBI, the Target Company and the promoter have filed an joint appeal before the Securities Appellate Tribunal ("**SAT**"). The date of hearing before the SAT is scheduled for July 5, 2012.

Mr. Prashant Agrawal* Managing Director	Flat No. 602, 6th Floor, Daffodil, N S Road No. 7, JVPD Scheme, Vile Parle, Mumbai-400049	00019464	September 01, 1997	MS in Chemical Engineering and Petroleum Refining, USA Has over 15 years of experience in the textile industry. He is accredited with development and growth of the Group's export business
Mr. Uday Mogre Executive Director – Corporate	701-7, Sanskriti Apts, 961, Dr. S. Ghanekar Marg, Prabhadevi, Mumbai- 400025	00299151	May 16, 2005	B-Tech (Chemical Engineering) from Laxminarayan Institute of Technology, Nagpur & PGDM - IIM-Ahmedabad Has over 38 years of experience in project financing, marketing and SAP
Mr. A.R. Mundra* Executive Director-Finance	63-A, Shivam, 96, Jayprakash Road, Andheri (West), Mumbai 400 058	00019234	May 16, 2005	B.Com, LL.B (Gold Medalist), ACA (All India Ranker), ACS (All India Ranker), Member of the International Institute of Business Management, London and Alumni of Asian Institute of Management, Manila Has over 30 years of experience in finance, commercial and managerial related matters. His core strength lies in fund procurement, internal controls, mergers & acquisitions, organizational systems and strategic planning
Dr. Pravin P. Shah Director	502, Dolly Chambers, Strand Cinema Road, Colaba, Mumbai 400 005	00112544	July 25, 2005	B.Com (ranked 1st in order of merit), P.G. - I.C.W.A.I., F.C.A. (all India 4th ranker in final examination held in May 1969), Ph.D. in Cost Accounting Has over 37 years of professional experience in the areas of financial consultancy, corporate structuring/restructuring, management consultancy, taxation, valuation, property matters, accounting, auditing, company law and FEMA matters
Dr. B.S. Bhesania Director	Nasir Building, 139 A.K Marg, Cumballa Hill, Mumbai 400 036	00026222	July 25, 2005	B.Sc., LL.M and Ph.D. Law from University of Mumbai. Attorney-at-law, High Court, Bombay since 1962 and a Solicitor, Supreme Court of England and Supreme Court of Hongkong since 1981 and 1982 respectively. He specializes in areas of shipping laws, corporate laws, property laws, etc. He is a Partner of M/s. Mulla & Mulla & Cragie Blunt & Caroe.
Mr. S.B. Agarwal	31, Sainara, 17, Cuffe Parade, Mumbai 400 005	00524452	July 25, 2005	M.Com, LL.B, ACA Has over 44 years of professional experience in textile industry. He

Director				was Business Head for global textile companies in Aditya Birla Group having textile units at various locations in India and abroad. He was President and Chief Executive Officer of Rajasthan Spinning Mills (Bhilwara Group). He has also worked with J. C. Mills, Gwalior a Birla Group Company
Mr. Mukul Sarkar Nominee Director - EXIM	1604, Wallace Apartments 1, Noshir Bharucha Marg, Grant Road (W), Mumbai- 400 007	00893700	June 23, 2011	B.Tech (Hons.) – Mechanical I.I.T./ P.G.D.M./ I.I.M. Has more than 20 years experience in the banking and financial services secor. He has vast experience in structured financing and has handled credit proposals of large corporate clients in overseas investments including acquisitiona, export credit, working capital, project finance, import finance and financing joint ventures.
Mr. M. M. Agrawal Director	Flat No. 1204/1205, Tower I, "C" Wing, Ashoka Garden, Sewree, Mumbai- 400 015	00681433	Feb 09, 2011	Bachelor of Engineering CAIIB - Part I Has over 37 years of rich and varied banking experience, of which for 21 years he worked with State Bank of Jaipur & Bikaner and the last position held by him was that of Chief Manager (Credit). Since 1994 till the date of his retirement in August 2010, he worked with Axis Bank Limited (erstwhile UTI Bank Limited) and held various senior level positions. He held the post of Deputy Managing Director of Axis Bank at the time of his retirement.
Mr. Suresh Vishwasrao Director	B9, Dreams, SBI Staff Hsg. Soc. Limited, Babhiram, Mandir Road, Off Vasantrao Road, Borivali (West), Mumbai, 400092	00837235	March 31, 2009	MA, C.A.I.I.B, Diploma holder in risk management from New York University Has an overall four decades of experience in the banking industry

**-Mr. Prashant Agrawal, Mr. Aman Agrawal and Mr. A. R. Mundra are on the board of the Target Company. In terms of regulation 22(9) of the SEBI (SAST) Regulations Mr. Prashant Agrawal, Mr. Aman Agrawal and Mr A. R. Mundra have recused themselves and have not participated and will not participate in any matter(s) concerning or relating to the Offer including any preparatory steps leading to the Offer.*

4.1.10 None of the directors of the Acquirer have acquired Shares of the Target Company during the preceding 12 months of the date of the Public Announcement.

4.1.11 The Acquirer is the current promoter of the Target Company. In November 2010, the Acquirer had made an open offer to the equity shareholders of the Target Company to acquire upto 58,00,000 (Fifty Lakh) Equity Shares constituting 20.00% of the issued and paid up equity share capital of the Target Company. Post the said open offer and also as on date of the Public Announcement, the Acquirer holds 2,13,79,722 (Two Crores Thirteen Lakhs Seventy Nine Thousand Seven Hundred and Twenty Two) Equity Shares representing 73.72% of the issued and paid up equity Share Capital of the Target Company.

4.1.12 Brief particulars of the consolidated audited financials (as required under Point No. 4.1.11 and 4.1.12 of Annexure I to the 'Standard Letter of Offer for an Open Offer') of the Acquirer for the period ended and as at March 31, 2009, March 31, 2010 and March 31, 2011 and the standalone unaudited limited reviewed financials of the Acquirer for the period ended and as at December 31, 2011 as certified by the statutory auditors of the Acquirer, M/s. V. K. Beswal & Associates, Chartered Accountant vide their certificate dated March 20, 2012 are as below:

Profit & Loss Statement

(All figures in Rs. Lakhs)

Particulars	Nine months period ended December 31, 2011	Financial Year ended		
		March 31, 2011	March 31, 2010	March 31, 2009
Net Sales	193,884.10	269,090.05	180,145.41	151,451.31
Other Income	1,197.76	3,006.47	1,962.23	649.75
Total Income	**195,081.86**	**272,096.52**	**182,107.64**	**152,101.06**
Total Expenditure	143,524.88	216,897.48	142,944.62	120,266.44
Profit Before Depreciation Interest and Tax	51556.98	55,199.04	39,163.02	31,834.62
Depreciation	15,416.13	16,741.37	8,226.57	5,125.20
Interest & Financing Charges	15,881.07	14,779.73	9502.81	6,862.64
Profit Before Tax	20,259.78	**23,677.94**	**21,433.64**	**19,846.78**
Provision for Tax	3,765.50	3,336.19	5,185.07	6179.60
Profit After Tax	16,494.28	**20,281.87**	**16,159.15**	**13,667.18**

Balance Sheet Statement

(All figures in Rs. Lakhs)

Particulars	As at			
	December 31, 2011	March 31, 2011	March 31, 2010	March 31, 2009
Sources of funds				
Paid up share capital	13,460.00	12,790.00	11,190.00	6,910.00
Reserves and Surplus (excluding revaluation reserves)	275,629.02	249,025.90	176,498.76	78,057.64
Advance Money Received for convertible Warrants	4,931.25	8,601.50	2,026.50	-
Share Application Money	-	-	-	33,300.00
Networth	294,020.27	270,417.40	189,715.26	118,267.64
Secured loans	313,310.51	277,092.01	214,731.47	166,386.72
Unsecured loans	25,390.29	36,722.52	34,295.83	13,791.16
Deferred Tax Liability (Net)	8,543.10	4,252.28	7,137.76	5,996.05

Particulars	As at			
	December 31, 2011	March 31, 2011	March 31, 2010	March 31, 2009
Foreign Exchange Fluctuation Reserve	-	-	-	639.40
Total	**641,264.17**	**588,484.21**	**445,880.32**	**305,080.97**
Uses of funds				
Goodwill	-	-	841.77	841.77
Net fixed assets	342,731.27	323,868.73	214,903.05	106,561.58
Capital Work in Progress	22,173.62	67,588.55	55425.55	71,527.54
Investments	16,879.79	11,254.24	39,091.11	28,370.88
Net current assets	259,479.49	176,672.19	1,33044.73	97,606.73
Miscellaneous Expenditure	-	12.90	-	172.47
Foreign Exchange Fluctuation Reserve	-	9,087.60	25.74	-
Total	**641,264.17**	**588,484.21**	**445,880.32**	**305,080.97**

Other Financial Data

Particulars	As on			
	December 31, 2011	March 31, 2011	March 31, 2010	March 31, 2009
Basic Earning Per Share (Rs.)	12.46	17.05	17.37	19.78
Diluted Earnings Per Share (Rs.)	11.79	15.84	17.07	15.92
Return on Net worth (%)	17.83%	7.50%	8.52%	11.56%
Book Value Per Share (Rs.)	214.78	204.70	167.73	122.96

Notes:

a. *There are no adjustments / rectification in respect of incorrect accounting policies or failures to make provisions or other adjustments which resulted in audit qualifications.*

b. *There are no material amounts relating to adjustments for last three years which need to be adjusted in arriving at the profits of the years to which they relate.*

c. *There has been no change in accounting policy during the last three years.*

d. *There are no extra-ordinary items that need to be disclosed separately in the accounts.*

e. *There are no deductions required from the fixed assets, reserves and the net worth with respect to balance outstanding on revaluation reserve account.*

4.1.13 Reasons for rise / fall in total income and profit after tax is as follows:

2011 compared with 2010:

The Acquirer earned total income of Rs. 272,096.52 lakhs in FY 2010/11 as against total income of Rs. 182,107.64 lakhs in FY 2009/10 showing a growth of 49.42%. PAT of the Acquirer in FY 2010/11 was Rs. 20,281.87 lakhs as against Rs. 16,159.15 lakhs in FY 2009/10 showing an increase of 25.51%. This growth was on account of the following:

- economies of scale; and
- increased production capacities on account of commencement of commercial production of manufacturing facilities of yarn dyeing, weaving, processing at Tarapur and garmenting at various units in Maharashtra

2010 compared with 2009:

The Acquirer earned total income of Rs. 182,107.64 lakhs in FY 2009/10 as against total income of Rs. 152,101.06 lakhs in FY 2008/09 showing a growth of 19.73%. PAT of the Acquirer in FY 2009/10 was Rs. 16,159.15 lakhs as against Rs. 13,667.18 lakhs in FY 2008/09 showing an increase of 18.23%. This growth was on account of the following:

- economies of scale;
- increased production capacities on account of commencement of commercial production of manufacturing facilities of yarn dyeing, weaving, processing at Tarapur and garmenting at various units in Maharashtra; and
- increase in sale of higher margin products

4.1.14 The significant accounting policies of Acquirer are as follows:

(A) PRINCIPLES OF CONSOLIDATION

The Consolidated financial statements relate to the Acquirer and its Subsidiary Companies.

The Consolidated financial statements have been prepared on the following basis:

(a) The financial statement of the Company and components are combined on line-by-line basis by adding together the book values of like items of assets liabilities income and expenses after fully eliminating intra-group transactions resulting in unrealised profits /losses in accordance with Accounting Standard (AS) 21 - “Consolidated Financial Statement” issued by the Institute of Chartered Accountants of India.

(b) In case of foreign subsidiary, being non-integral foreign operations, revenue items are consolidated at the average prevailing during the year. All assets and liabilities are converted at rates prevailing at the end of the year. Any exchange difference arising on consolidation is recognized in the exchange fluctuation reserve.

(c) Minority Interest‘s share of net profit of consolidated components for the year is identified and adjusted against the income of the group in order to arrive at the net income attributable to shareholders and Company.

(d) Minority Interest‘s share of net assets of consolidated components is identified and presented in the consolidated Balance Sheet separate from liabilities and the equity of the Company’s shareholders.

(e) As far as possible, the consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances and are presented in the same manner as the Acquirer's separate financial statements.

(B) BASIS OF PREPARATION OF FINANCIAL STATEMENTS

The Acquirer follows the mercantile system of accounting and recognizes income and expenditure on accrual basis. The accounts are prepared on historical cost basis as a going concern and are consistent generally accepted accounting principles.

(C) SIGNIFICANT ACCOUNTING POLICIES

a) Revenue Recognition

i. Domestic sales are accounted for on despatch of goods to customers. Gross Sales are net of sales returns
ii. Export sales are accounted for on the basis of dates of Bill of Lading. Gross Sales are inclusive of incentives / benefits and net of sales returns.

b) Fixed Assets

Fixed assets are stated at cost of acquisition less depreciation. Cost includes taxes, duties, freight, installation and other direct or allocated expenses up to the date of commercial production and net of CENVAT credit and Subsidy received, if any.

c) Depreciation

i. Depreciation on Fixed Assets is provided on 'Straight Line Method' at rates prescribed in Schedule- XIV to the Companies Act,1956

ii. Depreciation on fixed assets added /disposed off during the year is provided on prorata basis.

d) Impairment of Assets

An asset is treated as impaired when the carrying cost of assets exceed its recoverable value. An impairment loss is charged to the profit and Loss Account as and when an asset is identified as impaired. The impairment loss recognized in prior accounting period is reversed if there has been a change in the estimate of recoverable amount.

e) Expenditure during construction period

The expenditure incurred and attributable interest & financing costs incurred prior to commencement of commercial production including Trial Run Expenses in respect of new project & substantial expansion of existing facilities are capitalised.

f) Investments

Current investments are carried at the lower of cost and quoted/ fair value, computed category wise. Long Term Investments are stated at cost. Provision for diminution in the value of long-term investments is made only if such a decline is other than temporary in the opinion of the management.

g) Inventories

Inventories are valued as under :-

Raw Materials	At Cost
Work-in-Process	At Cost
Finished Goods	At lower of cost or net realisable value
Stores and Spare Parts	At Cost
Waste/Scrap	At estimated net realisable value

Cost of Work in Process and Manufactured Goods includes material labour & other appropriate overheads wherever applicable.

h) Foreign Currency Transactions

Transaction in foreign currencies are recorded at the exchange rates prevailing on the date of the transaction or at the exchange rate under related forward exchange contracts. The realized exchange gains/losses are recognized in the Profit & Loss account. All foreign currency current assets/liabilities are translated in rupees at the rates prevailing on the date of balance sheet. Exchange fluctuations for Loans in foreign currency for acquisition of Capital Assets are added / subtracted out of the value of the assets.

In respect of branches which are integral foreign operations, all transactions are translated at monthly average rates. Branch monetary assets and liabilities are restated at the rates prevailing on the date of balance sheet.

i) Employee Retirement Benefit:
Employee benefits

i. Short Term Employee Benefit are recoginsed as an expense at the undiscounted amount in the profit and loss account of the year in which the related service is rendered.

ii. Post employment benefits are recognized as an expense in the Profit and Loss account for the year in which the employee has rendered services. The expense is recognized based upon the premium amount determined by Life Insurance Corporation (LIC) and State Bank of India Group Gratuity Scheme in case of covered employees. The employees which are not yet covered in the above Group Gratuity Scheme provision for the same has been made on estimated basis by the management.

iii. Long Term employee benefits are recognized as an expense in the Profit and Loss account for the year in which the employee has rendered services. The liabilities on account of leave encashment have been provided on the basis of actuarial valuation, using projected unit credit method, as at the balance sheet date.

j) Taxation

i. Provision for current tax is made with reference to taxable income computed for the accounting period, for which the financial statements are prepared by applying the tax rates as applicable.
ii. Deferred tax is recognised subject to the consideration of prudence, on timing differences being the difference between taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent periods. Such deferred tax is quantified using the tax rates and laws enacted or substantively enacted as on the Balance Sheet date. Deferred tax assets are recognised and carried forward to extent that there is a reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised.

k) Borrowing Cost

Borrowing costs that are attributable to the acquisition or construction of qualifying assets are capitalised as part of the cost of such assets. A qualifying asset is one that necessarily takes substantial period of time to get ready for intended use. All other borrowing costs are charged to revenue.

l) Government Grants

Grants and subsidies from the government are recognized when there is reasonable assurance that the grant/subsidy will be received and all attaching conditions will be complied with. When the grant or subsidy relates to an expense item it is netted off with the relevant expense. Where the grant or subsidy relates to an asset its value is deducted in arriving at the carrying amount of the related asset.

m) Provisions, Contingent Liabilities and Contingent Assets

Provisions involving substantial degree of estimation in measurement are recognised whenthere is a present obligation as a result of past events and it is probable that there will be an outflow of resources. Contingent Liabilities are not recognized but are disclosed in the notes. Contingent Assets are neither recognised nor disclosed in the financial statements.

4.1.15 The Acquirer is not a sick company.

4.1.16 The Acquirer is in compliance of the provisions of Chapter II of the SEBI (SAST) Regulations please refer Annexure III in this regard.

4.1.17 The Acquirer has promoted the following subsidiary companies:

(i) <u>Bombay Rayon Holdings Limited</u>

Date of incorporation	February 23, 2007		
Nature of business	Holding Company		
Particulars	**Financial Year**		
	2010-11	**2009-10**	**2008-09**
	Amount (Rs. in lakhs)		

Capital	3,514.25	3,514.25	3,514.25
Reserves (excluding revaluation reserves)	25.65	(66.42)	(3.87)
Debit balance of profit & loss a/c	-	-	-
Miscellaneous expenses (to the extent not written off)	-	-	
Total income	215.48	-	-
Profit after tax	92.07	(62.55)	(3.87)
No. of shares (in lacs)	351.43	351.43	351.43
Earnings per share (in Rs.)	0.26	(0.178)	(0.011)
Net asset value per share (in Rs.)	10.07	9.81	10.00
Mention if the company is a sick industrial company	No		

(ii) BRFL EUROPE BV

Date of incorporation	September 5, 2005		
Nature of business	Textile		
Particulars	**Financial Year**		
	2010-11	**2009-10**	**2008-09**
	Amount (Rs. in lakhs)		
Capital	158.99	152.05	170.90
Reserves (excluding revaluation reserves)	486.02	533.94	167.38
Debit balance of profit & loss a/c	-	-	-
Miscellaneous expenses (to the extent not written off)	-	-	
Total income	27.36	87.45	46.79
Profit after tax	(49.45)	374.40	238.25
No. of shares (in lacs)	2.48	2.48	2.48
Earnings per share (in Rs.)	(19.94)	150.97	96.07
Net asset value per share (in Rs.)	260.09	276.61	136.40
Mention if the company is a sick industrial company	No		

(iii) BRFL Italia S.r.l

Date of incorporation	May 5, 2008		
Nature of business	Textile		
Particulars	**Financial Year**		
	2010-11	**2009-10**	**2008-09**
	Amount (Rs. in lakhs)		
Capital	3,211.91	3,071.63	3,452.38
Reserves (excluding revaluation reserves)	2,082.67	868.61	1,860.43
Debit balance of profit & loss a/c	-	-	-
Miscellaneous expenses	-	-	

(to the extent not written off)			
Total income	15,324.06	14,951.00	12,495.27
Profit after tax	(4,455.11)	(1,302.85)	(1,585.06)
No. of shares (in lacs)	50.10	50.10	50.10
Earnings per share (in Rs.)	(88.92)	(26.00)	(31.64)
Net asset value per share (in Rs.)	105.68	78.65	106.04
Mention if the company is a sick industrial company	No		

4.1.18 The Acquirer has complied with the conditions of corporate governance as stipulated in clause 49 of the Listing Agreements with the Stock Exchanges.

4.1.19 There were no mergers, de-mergers and/or spin-offs involving the Acquirer during the last three years.

4.1.20 Details of the Compliance Officer of the Acquirer is as follows-

Ms. Prachi Deshpande
Address- D-1st Floor, Oberoi Garden Estates,
Chandivali Farms Road,
Chandivali, Andheri (East),
Mumbai 400 072, India,
Tel: +91 22 3985 8800,
Fax: +91 22 3985 8830
Email- investors@bombayrayon.com

4.1.21 There are no material pending litigations by or against the Acquirer.

4.2 **AAA United B.V.** (“**AAA**”)

4.2.1 **AAA United B.V.** is a private limited liability company constituted under the laws of the Netherlands on March 18, 2009 and is registered with the Trade Register under number 34331207. The registered office of AAA is situated at Krijgsman 15-8, 1186 DM, Amstelveen, the Netherlands, Tel: + 45 99 42 32 00; Fax: +45 99 42 34 68 and it has no corporate office.

4.2.2 AAA is a wholly owned subsidiary of Aktieselskabet.

4.2.3 The Equity Shares of AAA are not listed on any stock exchange.

4.2.4 The constitutional document(s) of AAA authorises it to engage in the business of investing, financing, lending, providing administrative and clerical services, trade and invest in registered properties etc. The financial year of AAA is from August 1 to July 31.

4.2.5 The details of the Board of Directors of AAA are given below:

Name*	Residential Address#	Experience(Years)^	Area of Experience	Qualification	Date of Appointment

Aktieselskabet af 1/8 2004	Fredskovvej 5, 7330 Brande, Denmark	Not Applicable	Not Applicable	Not Applicable	March 18, 2009

+ *As per the constitutional documents of AAA, its management has to be entrusted to a management board which may consist of one or more managing directors. Further, even legal entities may also be appointed as managing directors. In terms of this,* AAA *has appointed Aktieselskabet as its managing director.*

** Under the law relating to incorporation of company in the Netherlands (the Burgerlijk Wetboek Art. 2:175 BW) AAA is not required to appoint directors who are individuals.*

 # The director being a body corporate, the registered office address has been provided.

^ Aktieselskabet was incorporated w.e.f. February 23, 2005.

4.2.6 The director of AAA has not acquired any Equity Shares of the Target Company over the last 12 months from the date of the Public Announcement.

4.2.7 None of the directors / representatives of AAA are on the board of directors of the Target Company. No nominee of AAA has been appointed as a director on the Board of Directors of the Target Company as on the date of this Letter of Offer.

4.2.8 The authorized share capital of AAA is € 90,000 (Ninety Thousand Euro), divided into 90,000 (Ninety Thousand) shares, each with a nominal value of € 1 (One Euro). The issued and paid up capital is € 18,000 (Eighteen Thousand Euro) divided into 18,000 (Eighteen Thousand) shares, each with a nominal value of € 1 (One Euro), which has entirely been subscribed by the Aktieselskabet.

4.2.9 The provisions of Chapter II of the SEBI (SAST) Regulations are not applicable to the AAA as it does not hold any Equity Shares in the Target Company.

4.2.10 As on the date of the Public Announcement, AAA has not promoted any company in India.

4.2.11 AAA along with the persons acting in concert had made two previous open offers i.e., in May 2009 and November 2011 to the equity shareholders of the Acquirer. The said open offers were made in compliance with the SEBI (SAST) Regulations and have complied with the applicable provisions of the SEBI (SAST) Regulations and other applicable regulations under the SEBI Act and other statutory requirements as applicable in relation to the said open offers.

4.2.12 The brief financial details of AAA as compiled by PricewaterhouseCoopers Accountants M.V. for the period March 18, 2009 to July 31, 2010, August 01, 2010 to July 31, 2011 and unaudited certified financials for the period August 01, 2011 to December 31, 2011 are as follows:

Profit & Loss Statement

Particulars	For the period August 01, 2011 to December 31, 2011	For the period August 01, 2010 to July 31, 2011	For the period March 18, 2009 to July 31, 2010∞

	In € (000)	In Rs. Lakhs	In € (000)	In Rs. Lakhs	In € (000)	In Rs. Lakhs
Income from Operations	-	-	-	-	-	-
Other Income	-	-	2,213.04	1,467.47	750.48	497.64
Total Income	**-**	**-**	**2,213.04**	**1,467.47**	**750.48**	**497.64**
Total Expenditure	112.00	74.27	366.53	243.05	42.85	28.41
Profit Before Depreciation Interest and Tax	(112.00)	(74.27)	1,846.51	1,224.42	707.63	469.23
Depreciation	-	-	-	-	-	-
Financial Expenses	4,960.00	3,288.98	687.29	455.74	21.39	14.18
Profit Before Tax	**(5,072.00)**	**(3,363.24)**	**1,159.22**	**768.68**	**686.24**	**455.05**
Provision for Tax	-	-	63.42	42.06	63.98	42.43
Profit After Tax	**(5,072.00)**	**(3,363.24)**	**1,095.80**	**726.62**	**622.26**	**412.62**

Balance Sheet Statement

Particulars	For the period August 01, 2011 to December 31, 2011		For the period August 01, 2010 to July 31, 2011		For the period March 18, 2009 to July 31, 2010[∞]	
	In € (000)	In Rs. Lakhs	In € (000)	In Rs. Lakhs	In € (000)	In Rs. Lakhs
Sources of funds						
Paid up share capital	18.00	11.94	18.00	11.94	18.00	11.94
Reserves and Surplus (excluding revaluation reserves)	149,846.00	99,362.88	154,918.06	102,726.16	110,622.26	73,353.62
Revaluation Reserve	-	-	-	-	-	-
Networth*	149,864.00	99,374.82	154,936.06	102,738.10	110,640.26	73,365.56
Secured loans	-	-	-	-	-	-
Unsecured loans	158,943.00	105,395.10	28,050.60	18,600.35	-	-
Deferred Tax Liability (Net)	-	-		-	-	-
Total	**308,807.00**	**204,769.92**	**182,986.66**	**121,338.45**	**110,640.26**	**73,365.56**
Uses of funds						
Net fixed assets (Incl. WIP)	-	-	-	-	-	-
Investments	307,165.00	203,681.11	181,315.31	120,230.18	110,276.72	73,124.49
Net current assets	1,642.00	1,088.81	1,671.35	1,108.27	363.54	241.06
Preliminary Expenses	-	-	-	-	-	-
Profit & Loss	-	-	-	-	-	-

Account						
Total	**308,807.00**	**204,769.92**	**182,986.66**	**121,338.45**	**110,640.26**	**73,365.56**

**- Calculated after excluding revaluation reserve*

*∞-First annual accounts have been drawn from March 18, 2009 to July 31, 2010***Other Financial Data**

Particulars	For the period August 01, 2011 to December 31, 2011		For the period August 01, 2010 to July 31, 2011		For the period March 18, 2009 to July 31, 2010	
	In €	In Rs.	In €	In Rs.	In €	In Rs.
Dividend (%)	-	-	-	-	-	-
Earnings Per Share (in € / Rs)	(281.78)	(18,684.68)	60.88	4,036.79	34.57	2,292.34
Return on Net worth (%)	(3.38)	(3.38)	0.71	0.71	0.56	0.56
Book Value Per Share (in € / Rs)	8,325.78	552,082.32	8,607.56	570,767.21	6,146.68	407,586.42

Notes:

a. There are no adjustments / rectification in respect of incorrect accounting policies or failures to make provisions or other adjustments which resulted in audit qualifications.

b. There are no material amounts relating to adjustments which need to be adjusted in arriving at the profits of the years to which they relate

c. There has been no change in accounting policy since the date of its incorporation.

d. There are no extra-ordinary items that need to be disclosed separately in the accounts.

e. There are no deductions required from the fixed assets, reserves and the net worth with respect to balance outstanding on revaluation reserve account.

4.2.13 There are no contingent liabilities of AAA. (Source: Annual Report).

4.2.14 Reasons for the fall/ rise in total income and Profit After Tax (“PAT”) in the past 3 years:

Since the first financial statement of AAA has been drawn for the period March 18, 2009 to July 31, 2010, there are no comparable financials available.

4.2.15 **Significant accounting policies of AAA are as under:**

Accounting policies for the balance sheet

General

The financial statements have been prepared in accordance with the statutory provisions of Part 9, Book 2, of the Netherlands Civil Code and the Guidelines for Annual Reporting in the Netherlands for small legal entities as issued by the Dutch Accounting Standards Board.

In general, assets and liabilities are stated at the amounts at which they were acquired or incurred, or current value. If not specifically stated otherwise, they are recognised at the amounts at which they were acquired or incurred. The balance sheet includes references to the notes.

Foreign currencies

Transactions, assets and liabilities

Foreign currency transactions in the reporting period are translated into the functional currency using the exchange rates prevailing at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the rate of exchange prevailing at the balance sheet date. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates are recognised in the income statement.

Translation differences on non-monetary assets held at cost are recognised using the exchange rates prevailing at the dates of the transactions (or the approximated rates).

Financial fixed assets

Associates

Majority interests and other participating interests in which significant influence may be exerted are stated at net asset value, using the equity method. The net asset value is calculated on the basis of the accounting policies used in these financial statements. Participating interests whose figures cannot be brought in line with these policies due to insufficient information, are valued based on the financial statements of the participating interest involved. Participating interests with an equity deficit are carried at nil. If the participating legal entity is liable for its participating interest's debts, a provision is formed. If the participating interest is experiencing an equity deficit, a provision is recognised if and insofar as the company has assumed full or partial liability for the debts of the participating interest or has the firm intention to allow the participating interest to pay its debts.

Participating interests in which no significant influence can be exerted are stated at acquisition price or, if necessary, a lower value.

Impairment of fixed assets

At each balance sheet date, the Company tests whether there are any indications of assets being subject to impairment. If any such indications exist, the recoverable amount of the asset is determined. If this proves to be impossible, the recoverable amount of the cash generating unit to which the asset belongs is identified. An asset is subject to impairment if its carrying amount exceeds its recoverable amount; the recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

Fair value less costs to sell is determined based on the active market. An impairment loss is directly expensed in the income statement.

If it is established that a previously recognised impairment loss no longer applies or has declined, the increased carrying amount of the assets in question is not set any higher than the carrying amount that would have been determined had no asset impairment been recognised.

Debtors

Accounts receivable are valued at face value less a provision for possibly uncollectable accounts.

Cash at bank and in hand

Cash and cash equivalents include cash in hand, bank balances and deposits held at call with maturities of less than 12 months. Bank overdrafts are shown within borrowings in current liabilities on the balance sheet. Cash and cash equivalents are stated at face value.

Accounting policies for the profit and loss account *Result*

Result

Profit or loss is determined as the difference between the realisable value of the goods delivered and services rendered, and the costs and other charges for the year. Revenues on transactions are recognised in the year in which they are realised.

Exchange rate differences

Exchange differences arising upon the settlement or conversions of monetary items are recognised in the income statement in the period that they arise, unless they are hedged.

Costs

Costs are based on the historical cost convention and allocated to the financial year to which they relate.

Financial income and expense

Interest paid and received

Interest paid and received is recognised on a time-weighted basis, taking account of the effective interest rate of the assets and liabilities concerned. When recognising interest paid, allowance is made for transaction costs on loans received as part of the calculation of effective interest.

Tax on profit/(loss) on ordinary activities

Income tax is calculated on the result before tax in the income statement, taking into account any losses carried forward from previous financial years and tax exempt items, and plus non deductible expenses. Account is also taken of changes in deferred income tax assets and liabilities owing to changes in the applicable tax rates.

4.3 **Ashwell Holding Company Private Limited ("Ashwell")**

4.3.1 Ashwell Holding Company Private Limited is an unlisted private limited company incorporated under the Companies Act, 1956 on March 24, 2011 at Mumbai under company registration number U74900MH2011PTC215214. The registered office of Ashwell is situated at 143, Shiv Shakti Industrial Estate, Andheri-Kurla Road, Andheri (East), Mumbai– 400 059 Tel: +91 22 4082 1800; Fax: +91 22 3985 8830 and it has no corporate office.

4.3.2 Ashwell proposes to operate as a core investment company (non-systematically important). The constitutional document(s) of Ashwell authorises it to engage in the business of investment in, holding of and to purchase or otherwise acquire, underwrite, trade or deal in shares, securities, stocks, debentures, debentures stock, bonds etc. of other companies. The financial year of Ashwell is from April 1 to March 31.

4.3.3 Mr. Aman Agrawal and Mr. Prashant Agrawal are the current promoters of Ashwell. Mr. Aman Agrawal and Mr. Prashant Agrawal are also the promoters and are on the board of the Target Company and have recused themselves and have not participated and will not participate in any matter(s) concerning or relating to the Offer including any preparatory steps leading to the Offer in terms of regulation 22(9) of the SEBI (SAST) Regulations.

4.3.4 The authorized share capital of Ashwell is Rs. 870,00,00,000 (Rupees Eight Hundred and Seventy Crores Only), divided into 1,15,46,400 (One Crore Fifteen Lakhs Forty Six Thousand Four Hundred) Class A Equity Shares of Rs. 10/- (Rupees Ten Only) each having full voting rights and 85,84,53,600 (Eighty Five Crores Eighty Four Lakhs Fifty Three Thousand Six Hundred) Class B Equity Shares of Rs. 10/- (Rupees Ten Only) each having one voting right for every 240 Class B Equity Shares. The present issued and paid up capital is Rs. 8,63,81,89,350 (Rupees Eight Hundred Sixty Three Crores Eighty One Lakhs Eighty Nine Thousand Three Hundred and Fifty Only) divided into 53,65,335 (Fifty Three Lakhs and Sixty Five Thousand Three Hundred and Thirty Five) Class A Equity Shares of Rs. 10/- (Rupees Ten only) each fully paid up and 85,84,53,600 (Eighty Five Crores Eighty Four Lakhs Fifty Three Thousand Six Hundred) Class B Equity Shares of Rs. 10/- (Rupees Ten Only) each fully paid up.

4.3.5 The details of the Board of Directors of Ashwell are given below:

Name	Date of Appointment	Directors Identification Number (DIN)	Designation	Residential Address	Qualifications and Experience
Mr. Aman Agrawal*	March 24, 2011	00019534	Director	Villa 144, Prestage Ozone, Varthur Kodi Whitefield, Hagadur Village, Bangalore-560066, Karnataka	Studied Management from Alexander College, Perth, Australia 15 years of experience in the textile industry. He provides strategic direction in selection of

					technology and machineries in setting up new manufacturing facilities, improvement of production processes and new ventures.
Mr. Prashant Agrawal*	March 24, 2011	00019464	Director	Flat No. 602, 6th Floor, Daffodil, N S Road No. 7, JVPD Scheme, Vile Parle, Mumbai-400049	MS in Chemical Engineering and Petroleum Refining, USA Has over 15 years of experience in the textile industry. He is accredited with development and growth of the Group's export business.
Mr. Sushil Modi	March 28, 2011	03197105	Director	A -707, Oberoi Park View, Thakur Complex, Kandivali-East, Mumbai-400101	B. Com, FCA He is a practising Chartered Accountant with over 20 years of experience with specialization in TUFs related matter.
Mr. Ghanshyam Kulwal	March 28, 2011	01718175	Director	Flat No: B-601, 6th Floor, Aster Valley of Flowers, Thakur Village, Kandivali-East, Mumbai-400101	M.Com, LL.B He is a textile consultant by profession with experience of over 25 years in the field of textile consultancy.
Ms. Lise Kaae	December 21, 2011	03346079	Additional Director	Jorgasvej 11, 7120 Vejle ost	State-authorized Public Accountant and CFO at Bestseller A/S since 2008. Before becoming CFO at Bestseller A/S in 2008, she had worked with PricewaterhouseCoopers for several years, the last 5 years as partner.

**-Mr. Prashant Agrawal and Mr. Aman Agrawal are on the board of the Target Company. In terms of regulation 22(9) of the SEBI (SAST) Regulations Mr. Prashant Agrawal and Mr. Aman*

Agrawal have recused themselves and have not participated and will not participate in any matter(s) concerning or relating to the Offer including any preparatory steps leading to the Offer.

4.3.6 None of the directors of Ashwell have acquired any Equity Shares of the Target Company over the last 12 months from the date of the Public Announcement.

4.3.7 Except Mr. Aman Agrawal and Mr. Prashant Agrawal, none of the directors/ representatives of Ashwell are on the board of directors of the Target Company.

4.3.8 No nominee of Ashwell has been appointed as a director on the Board of Directors of the Target Company as on the date of this Letter of Offer.

4.3.9 The provisions of Chapter II of the SEBI (SAST) Regulations are not applicable to the Ashwell as it does not hold any Equity Shares in the Target Company.

4.3.10 As on the date of the Public Announcement, Ashwell has not promoted any company.

4.3.11 As mentioned in paragraph 3.1.3 and 3.1.4, the PACs had made a previous open offer to the equity shareholders of the acquirer in compliance with the SEBI (SAST) Regulations and have complied with the applicable provisions of the SEBI (SAST) Regulations and other applicable regulations under the SEBI Act and other statutory requirements as applicable in relation to the offer.

4.3.12 As Ashwell has been incorporated on March 24, 2011 there are no audited / certified financials available.

4.3.13 The shares of Ashwell are not listed on any stock exchange.

4.3.14 There are no contingent liabilities of Ashwell.

4.3.15 Reasons for the fall/ rise in total income and Profit After Tax ("PAT") in the past 3 years: Not applicable as there are no audited / certified financials available.

4.4 **Aktieselskabet af 1/8 2004 ("Aktieselskabet")**

4.4.1 **Aktieselskabet af 1/8 2004**, is a company constituted under the laws of Denmark w.e.f February 23, 2005 and is registered with the Danish Commerce and Companies Agency under number 28502370. The registered office of Aktieselskabet is situated at Fredskovvej 5, 7330 Brande, Denmark, Tel: + 31 20 4564400; Fax: +45 99 42 34 68 and it has no corporate office.

4.4.2 AAA is the wholly owned subsidiary of Aktieselskabet.

4.4.3 Aktieselskabet is promoted by Mr. Anders Holch Povlsen, who holds 100% of its paid up share capital. Aktieselskabet is primarily engaged in the business of trade & investment and has a direct and/ or indirect stake in several companies including in Bestseller A/S, which are primarily engaged in the business of designing, developing, selling and marketing of clothing products.

4.4.4 The shares of Aktieselskabet are not listed on any stock exchange.

4.4.5 The capital of Aktieselskabet is DKK 8,00,00,000 (Danish Kroner Eight crores) divided into shares of DKK 1,000 (Danish Kroner One thousand) or multiples thereof.

4.4.6 The details of the Board of Directors of Aktieselskabet are given below:

Name	Date of Appointment	Designation	Residential Address	Experience and Qualifications
Merete Bech Povlsen	February 23, 2005	Chairperson	Gyllingnæsvej 80 Gylling 8300 Odder, Denmark	Training in textile trade. Chairperson of the PAC and the Manager of Bestseller Retail Denmark A/S for last 36 years which operates 53 shops in Denmark.
Troels Holch Povlsen	February 23, 2005	Manager	6 Victoria Square, London SW 1WOQY, Great Britain	Training in textile trade. He founded Bestseller in Ringkøbing, Denmark in 1975. Bestseller is primarily engaged in the business of designing, developing, selling and marketing of clothing products in Europe, Middle East, China, Canada and India. Member of the Bestseller Management and Board of Directors from 1975.
Anders Holch Povlsen	February 23, 2005	Managing Director	Storskovvej 20 B Ormslev 8260, Viby J. Denmark	BA in European Business Administration CEO of Bestseller A/S since 2001 and During his tenure as the CEO of Bestseller A/S, performance of the Company has grown multifold across all parameters. The Company has also ventured into the newer markets and has launched new brands /

Name	Date of Appointment	Designation	Residential Address	Experience and Qualifications
				transformed the existing brands. Before being elevated as the CEO of Bestseller A/S in 2001, he had worked in the Company / group company(s) for around 17 years at various positions
Anne Kirstine Storm Pedersen	December 15, 2009	Product Coordinator	Storskovvej 20 B Ormslev 8260, Viby J. Denmark	Course in Business Administration She is the product developer for of Bestseller's brands and is inter-alia responsible for design and graphic expression of Bestseller A/S. She started her career as a Sales Trainee in Bestseller A/S and has been employed with them for around 16 years.

4.4.7 None of the directors of the Aktieselskabet have acquired any Equity Shares of the Target Company over the last 12 months from the date of the Public Announcement.

4.4.8 None of the directors/ representatives of Aktieselskabet are on the board of directors of the Target Company. No nominee of the Aktieselskabet has been appointed as a director on the Board of Directors of the Target Company as on the date of this Letter of Offer.

4.4.9 The provisions of Chapter II of the SEBI (SAST) Regulations are not applicable to Aktieselskabet as it does not hold any Equity Shares in the Target Company.

4.4.10 As on the date of the Public Announcement Aktieselskabet has not promoted any company in India.

4.4.11 As mentioned in para 3.3.1 and 3.3.2, the PACs had made a previous open offer in compliance with the SEBI (SAST) Regulations and have complied the applicable provisions of the SEBI (SAST) Regulations and other applicable regulations under the SEBI Act, 1992 and other statutory requirements as applicable in relation to the offer.

4.4.12 The standalone financial details of Aktieselskabet are as follows:

The audited financial information of Aktieselskabet for the last 3 (three) years ended July 31, 2011 and unaudited certified financials for the six months period ended

January 31, 2012 are as under:

Profit & Loss Statement:

Particulars	Six months period ending January 31, 2012		Twelve months period ending July 31,					
			2011		2010		2009	
	In DKK (000)	In Rs. Lacs	In DKK (000)	In Rs. Lacs	In DKK (000)	In Rs. lacs	In DKK (000)	In Rs. lacs
Income from Operations	15.00	1.34	-	-	-	-	-	-
Other Income	974,938.00	86,964.47	1,557,981.00	138,971.91	2,214,662.00	197,547.85	420,521.00	37,510.47
Total Income	974,953.00	86,965.81	1,557,981.00	138,971.91	2,214,662.00	197,547.85	420,521.00	37,510.47
Total Expenditure	(104.00)	(9.28)	(95.00)	(8.47)	(26.00)	(2.32)	(58.00)	(5.17)
Profit Before Depreciation Interest and Tax	974,849.00	86,956.53	1,557,886.00	138,963.43	2,214,636.00	197,545.53	420,463.00	37,505.30
Depreciation	-	-	-	-	-	-	-	-
Financial Expenses	-	-	(8,016.00)	(715.03)	(27,930.00)	(2,491.36)	(21,061.00)	(1,878.64)
Profit Before Tax	974,849.00	86,956.53	1,549,870.00	138,248.40	2,186,706.00	195,054.18	399,402.00	35,626.66
Provision for Tax	-	-	371.00	33.09	2,898.00	258.50	(10,296.00)	(918.40)
Profit After Tax	974,849.00	86,956.53	1,550,241.00	138,281.50	2,189,605.00	195,312.77	389,106.00	34,708.26

Balance Sheet Statement

Particulars	Six months period ending January 31, 2012		Twelve months period ending July 31					
			2011		2010		2009	
	In DKK (000)	In Rs. lacs	In DKK (000)	In Rs. lacs	In DKK (000)	In Rs. lacs	In DKK (000)	In Rs. Lacs
Sources of funds								
Paid up share capital	80,000.00	7,136.00	80,000.00	7,136.00	80,000.00	7,136.00	80,000.00	7,136.00
Reserves and Surplus (excluding revaluation reserves)	10,984,854.00	979,848.98	6,136,776.00	547,400.42	5,637,879.00	502,898.81	3,671,498.00	327,497.62
Revaluation Reserve	-	-	3,886,680.00	346,691.86	2,964,037.00	264,392.10	2,717,964.00	242,442.39

Particulars	Six months period ending January 31, 2012		Twelve months period ending July 31					
			2011		2010		2009	
	In DKK (000)	In Rs. lacs	In DKK (000)	In Rs. lacs	In DKK (000)	In Rs. lacs	In DKK (000)	In Rs. Lacs
Networth*	**11,064,854.00**	**986,984.98**	**6,216,776.00**	**554,536.42**	**5,717,879.00**	**510,034.81**	**3,751,498.00**	**334,633.62**
Secured loans	-	-	-	-	-	-	-	-
Unsecured loans	-	-	-	-	-	-	-	-
Deferred Tax Liability (Net)	-	-	-	-	-	-	-	-
Total	**11,064,854.00**	**986,984.98**	**10,103,456.0**	**901,228.28**	**8,681,916.00**	**774,426.91**	**6,469,462.00**	**577,076.01**
Uses of funds								
Net fixed assets (Incl. WIP)	-	-	-	-	-	-	-	-
Investments	10,839,038.00	966,842.19	9,487,445.00	846,280.09	7,755,164.00	691,760.63	5,901,340.00	526,399.53
Net current assets	225,816.00	20,142.79	616,010.00	54,948.09	926,752.00	82,666.28	568,122.00	50,676.48
Preliminary Expenses	-	-	-	-	-	-	-	-
Profit & Loss Account	-	-	-	-	-	-	-	-
Total	**11,064,854.00**	**986,984.98**	**10,103,456.0**	**901,228.28**	**8,681,916.00**	**774,426.91**	**6,469,462.00**	**577,076.01**

**- Calculated after excluding revaluation reserve*

Source: Based on audited financials from Annual Reports – July 2011, July 2010 and July 2009; and Interim Financials (Certified by Auditors of Aktieselskabet) as on January 31, 2012

Other Financial Data

Particulars	Six months period ending January 31, 2012		Twelve months period ending July 31,					
			2011		2010		2009	
	In DKK (000)	In Rs. lacs	In DKK (000)	In Rs. lacs	In DKK (000)	In Rs. lacs	In DKK (000)	In Rs. lacs
Dividend Per Share	-	-	-	-	937.50	8,362.50	-	-
Earnings Per Share (in DKK/Rs)	935.61	8,345.66	19,378.01	172,851.85	27,370.06	244,140.94	4,863.83	43,385.36

Return on Net worth (%)	8.81%	8.81%	24.94%	24.94%	38.29%	38.29%	10.37%	10.37%
Book Value Per Share (in DKK/Rs)	138,310.68	1,233,731.22	77,709.70	693,170.50	71,473.49	637,543.53	46,893.73	418,292.07

Notes:

a. There are no adjustments / rectification in respect of incorrect accounting policies or failures to make provisions or other adjustments which resulted in audit qualifications.

b. There are no material amounts relating to adjustments for last three years which need to be adjusted in arriving at the profits of the years to which they relate

c. There has been no change in accounting policy during the last three years.

d. There are no extra-ordinary items that need to be disclosed separately in the accounts.

e. There are no deductions required from the fixed assets, reserves and the net worth with respect to balance outstanding on revaluation reserve account.

Source: Annual Reports of Aktieselskabet

4.4.13 Significant accounting policies of Aktieselskabet (Source: Annual Report)

The Annual Report has been presented in accordance with the provisions applying to large class C enterprises under the Danish Financial Statements Act and Danish Accounting Standards.

Recognition and Measurement

Income is recognised in the profit and loss account when it is realised, and also the value adjustments of financial assets and liabilities are recognised. Costs are also recognised in the profit and loss account, together with depreciation and write-downs. Assets are recognised in the balance sheet when it is probable that future economic benefits will flow to the Company and the value of the asset can be measured on a reliable basis. Liabilities are recognised in the balance sheet when an outflow of economic benefits from the Company is probable and the value of the liability can be measured on a reliable basis. At the first recognition, assets and liabilities are measured at cost. Subsequently, assets and liabilities are measured as specified in the following:

Currency Translation

In the course of the year, transactions in foreign currencies are translated at the exchange rate at the date of transaction. The difference between the exchange rates of the transaction date and the date of payment is recognised in the profit and loss account as a financial item. Balance sheet items denominated in foreign currencies are translated at the exchange rate ruling at the balance sheet date. The difference between the exchange rate ruling at the balance sheet date and the exchange rate ruling at the time when the debt or liability occurred is recognised in the profit and loss account as a financial item.

Net Turnover

Net turnover is recognised in the profit and loss account provided that delivery and transfer of risk have taken place by the end of the year.

Cost of Sales

Cost of sales includes provisions for loss on returned goods.

Accounting Policies Tax

The tax effect of joint taxation with subsidiary undertakings is distributed on the Danish undertakings according to their taxable income (the full costing method). The jointly taxed undertakings are included in the Danish tax prepayment scheme. The tax for the year, comprising current tax and deferred tax, is recognised in the profit and loss account. Provision is made for deferred tax according to the balance sheet liability method in respect of all temporary differences between the tax base of an asset or liability and the amount stated in the balance sheet. Deferred tax assets, including the tax value of unutilised tax losses carried forward - are recognised to the extent that it is estimated that the tax assets can be realised through future positive income within the foreseeable future or set-off against deferred tax liabilities within the same legal tax unit and jurisdiction. Tax on profits/loss for the financial year is calculated at 25 % after adjustment for non-deductible expenses and tax-free income.

Balance Sheet

Intangible Fixed Assets

Goodwill

Amortisation of goodwill, including consolidated goodwill, is stated according to the straight-line method based on the expected financial useful life, estimated at 5-40 years. On the acquisition of subsidiary undertakings, the difference between the acquisition price and the net asset value of the acquired undertaking is calculated at the date of acquisition.

Leases

Leases are amortised according to the straight-line method over the non-terminable lease term or 5 years, in case such non-terminable term does not exist.

Tangible Fixed Assets

Tangible fixed assets are measured at cost less accumulated depreciation and write-downs. Interest is not included in the calculation of cost. The basis for depreciation is cost less the expected residual value of the asset after its useful life. Depreciation of the assets is provided according to the straight-line method over the estimated useful lives of the assets. Depreciation periods are as follows:

Operating equipment	3 - 5 years
Buildings (land is not depreciated)	10 - 50 years
Leasehold improvements	5-10 years

Acquisitions below DKK 50,000 are charged to the profit and loss account.

Financial Fixed Assets

Participating Interests in Subsidiary and Associated Undertakings

Participating interests in subsidiary and associated undertakings are calculated and measured in the Annual Report of the Parent Company in compliance with the equity method. The proportionate share of pre-tax results of subsidiary undertakings and associated undertakings is recognised in the profit and loss account, while the tax share of subsidiary undertakings is recognised under "Tax on profit". Subsidiary and associated undertakings whose equity is negative are recognised at the equity value notwithstanding that the Parent Company is not liable for the negative balance.

The total net revaluation of equity in subsidiary and associated undertakings is transferred to the Parent Company by distribution of profit to "Reserve for net revaluation in compliance with the equity method" under equity.

Current Assets

Inventories

Inventories are measured at cost, including freight and customs clearing, or the net realisable value, where the latter is the lower. The net realisable value is calculated as the sales price less expenses defrayed in connection with the execution of the sale.

Receivables

Receivables are measured at amortised cost, i.e. in general the nominal value. Amounts are written down to the net realisation value to counter expected losses.

Securities

Securities comprise listed bonds and shares measured at the market price ruling at the balance sheet date.

Liabilities

Provisions for Liabilities and Charges

Provisions for liabilities and charges comprise expected expenses for loss on returned goods, maintenance of trademarks and provisions for pay not due for payment.

Payables: Amounts Falling Due Within One Year

Proposed Dividend for the Financial Year

Distribution of dividend submitted for adoption by the Annual General Meeting is to be recognised as a liability, cf. section 48 of the Danish Financial Statements Act.

Other Payables

Trade payables, related undertakings and other payables are measured at amortised cost, which usually corresponds to the nominal value.

Cash Flow Statement

The cash flow statement shows the year's cash flows from operating, investing and financing activities as well as the Company's cash position at the beginning and end of the year.

Cash flows from operating activities are calculated as the results for the year adjusted for non-cash operating items, changes in working capital and corporation tax paid.

Cash flows from investing activities comprise cash flows from the purchase and sale of fixed assets.

Cash flows from financing activities comprise cash flows from the raising of and repayment of long-term liabilities and received and distributed dividend.

Securities are included in cash and cash equivalents in the cash flow statement.

Consolidated Financial Statements

The consolidated financial statements have been prepared in accordance with the accounting policies also applied by the Parent Company. The accounting policies correspond to accounting class C, cf. section 118 of the Danish Financial Statements Act.

The Annual Report comprises the Parent Company, Aktieselskabet af 1/8 2004 and undertakings, in which the Parent Company directly or indirectly holds a controlling interest. Undertakings in which the Group holds between 20 % and 50 % of the voting rights and has a significant but not a controlling interest is regarded as associated undertakings.

In preparing the consolidated financial statements, intercompany income and expenses, shareholdings, dividend and balances as well as realised and unrealised profit and loss from transactions between the consolidated undertakings have been eliminated.

The Parent Company's equity holdings of consolidated undertakings are equalled with the Parent Company's share of the equity value of subsidiary undertakings calculated at the time when the relationship to the Group was established.

On the acquisition of subsidiary undertakings, the difference between the acquisition price and the net asset value of the acquired undertaking is calculated at the date of acquisition. Any positive balance is recognised in the balance sheet under intangible fixed assets as goodwill, which will be amortised according to the straight-line method in the profit and loss account over the expected useful life.

There are no contingent liabilities of Aktieselskabet. (Source: Annual Report 2011).

Reasons for the fall/ rise in total income and Profit After Tax ("PAT") in the past 3 years (Source: Annual Report)

FY 2010/11 vis-à-vis FY 2009/10

Aktieselskabet earned total income of 1,557,981.00 DKK'000 (Rs. 138,971.91 lacs) in FY 2010/11 as against total income of 2,214,662.00 DKK'000 (Rs. 197,547.85 lacs) in FY 2009/10 showing a decline of approximately 29.65%. PAT of Aktieselskabet in FY 2010/11 was 1,550,241.00 DKK'000 (Rs. 138,281.50 lacs) as against 2,189,605.00 DKK'000 (Rs. 195,312.77 lacs) in FY 2009/10 showing a decline of approximately 29.20%. During the period under review financial results were not in line with the expectations owing to an increase in total expenses and less return on bonds and the investment in subsidiaries.

FY 2009/10 vis-à-vis FY 2008/09

Aktieselskabet earned total income of 2,214,662.00 DKK'000 (Rs. 197,547.85 lacs) in FY 2009/10 as against total income of 420,521.00 DKK'000 (Rs. 37,510.47 lacs) in FY 2008/09 showing a growth of approximately 430%. PAT of Aktieselskabet in FY 2009/10 was 2,189,605.00 DKK'000 (Rs. 195,312.77 lacs) as against 389,106.00 DKK'000 (Rs. 34,708.26 lacs) in FY 2008/09 showing a growth of approximately 460%. During the period under review financial results were as expected with a satisfactory return on bonds and the investment in subsidiaries.

(Conversion Rate as on February 29, 2012– 1 DKK = Rs 8.92)

(Source: Annual Reports of Aktieselskabet)

4.5 **DISCLOSURE IN TERMS OF REGULATION 16(ix) OF THE SEBI (SAST) REGULATIONS AND ACQUIRERS' AND/OR PACS FUTURE PLANS WITH REGARD TO THE TARGET COMPANY**

4.5.1 As on the date of the Public Announcement, the Acquirer and/or the PACs do not have any plans to make any major change to the existing line of business of the Target Company or to dispose off or otherwise encumber any assets of the Target Company in the next 24 (twenty four) months, except in the ordinary course of business. The Board of the Target Company shall take appropriate decisions in these matters in the ordinary course of business of the Target Company or to the extent required for the purpose of restructuring, joint venture, rationalization of assets, investments or liabilities of the Target Company for commercial reasons, and operational efficiencies and on account of regulatory approvals.

4.5.2 Other than as aforesaid, the Acquirer and/or PACs undertake that they shall not sell, dispose of or otherwise encumber any substantial asset of the Target Company without the prior approval of the shareholders of the Target Company.

5. DISCLOSURE IN TERMS OF REGULATION 21(2)

5.1 If, pursuant to this Offer, the public shareholding is found to be reduced below the minimum level required as per the listing agreement entered into by the Target Company with the Stock Exchanges, (the "**Listing Agreements**"), as a result of acquisition of Equity Shares through (i) any acquisition of shares from open market; and/or (ii) the Offer, the Acquirer and/or PACs shall take necessary steps to facilitate compliance of the Target Company with the minimum public shareholding requirement within the time period and modes as prescribed under Clause 40A of the Listing Agreement, as amended.

5.2 At present, the Acquirers do not intend to delist the Equity Shares from the Stock Exchanges on which they are listed in the next three years.

6. BACKGROUND OF STI INDIA LIMITED ("TARGET COMPANY" OR "STI")

6.1 The Target Company is a public limited company incorporated on August 7, 1984 under the Companies Act, 1956 by the name of STI Biplus Tubing (India) Limited under company CIN – L27105MP1984PLC002521. The name of the Target Company was changed to STI India Limited with effect from September 20, 1994. The registered office of the Target Company as well as the plant is situated at Rau-Pithampur Link Road, Tehsil: Mhow, District: Indore 453 332, Madhya Pradesh, India Tel No: +91 0731 4014400 Fax No: +91 0731 4020011.

6.2 The Target Company entered the capital market in 1986 with a public issue of 2,999,300 Equity Shares of Rs. 10/- each for cash at par aggregating Rs. 2.99 crores. The issue was oversubscribed and the Target Company allotted 31,99,300 Equity Shares of Rs. 10.00 for cash at par including retained oversubscription. The Equity Shares of the Target Company are currently listed on the BSE since February 23, 1987 and the NSE since December 6, 1995. The Equity Shares of the Target Company were also listed on Ludhiana Stock Exchange, Ahmedabad Stock Exchange, Madhya Pradesh Stock Exchange and Delhi Stock Exchange, which were subsequently delisted by the Target Company.

6.3 The Acquirer is the current promoter of the Target Company. In November 2010, the Acquirer had made an open offer to the equity shareholders of the Target Company to acquire upto 58,00,000 (Fifty Lakh) Equity Shares constituting 20.00% of the issued and paid up equity share capital of the Target Company. Post the said open offer and also currently, the Acquirer holds 2,13,79,722 (Two Crores Thirteen Lakhs Seventy Nine Thousand Seven Hundred and Twenty Two) Equity Shares representing 73.72% of the issued and paid up equity share capital and voting rights of the Target Company.

6.4 The Target Company is an established manufacturer of cotton yarn and cotton knitted fabrics. Its main products are 100% cotton yarns (both super combed & super carded) and cotton knitted fabrics.

6.5 The manufacturing unit of the Target Company is situated at Indore, Madhya Pradesh having installed manufacturing capacities of 68,016 spindles and 16 circular knitting machines.

6.6 The Target Company has been referred to the Board for Industrial and Financial Reconstruction ("**BIFR**") and has been declared as a sick company in terms of section 3(1)(o) of the Sick Industrial Companies (Special Provisions) Act, 1985. An appeal before the Appellate Authority for Industrial and Financial Reconstruction ("**AAIFR**") is pending for final hearing. The last hearing at AAIFR was on May 28, 2012 wherein the appeal was adjourned to 30 July 2012. As a final scheme of rehabilitation of the Target Company has not been framed and/or final order or direction in the matter has not made by the BIFR, approval of BIFR is not required for the acquisition of Shares of the Target Company in the Offer and/or change in control of the Target Company and accordingly no approval from the BIFR has been sought by the Acquirer in this regard.

6.7 As on the date of the PA, the authorized share capital of the Target Company is Rs. 45,00,00,000 (Rupees Forty Five Crores Only) comprising of 4,00,00,000 (Four Crore) Equity Shares of Rs.10/- (Rupees Ten Only) each and 5,00,000 (Five Lakh) preference shares of Rs. 100/- (Rupees One Hundred Only) each. The issued and paid up share capital of the Target Company consists of 2,90,00,000 (Two Crores Ninety Lakh) fully paid up equity shares of Rs. 10/- (Rupees Ten Only) each fully paid up aggregating to Rs. 29,00,00,000 (Rupees Twenty Nine Crores Only).

6.8 There are no outstanding instruments in the nature of warrants / fully convertible debentures / partly convertible debentures which are convertible into Equity Shares of the Target Company at any later date. The Target Company had issued OCDs but the option to convert the said OCDs into Equity Shares of the Target Company has lapsed in the financial year 2008-09. As on date of the PA, there are no partly paid-up Equity Shares of the Target Company, further there are no Equity Shares of the Target Company which are under lock-in period.

6.9 The equity capital structure of the Target Company as on the date of the Public Announcement was as under:

Paid up Equity Shares of the Target Company	No. of Shares	% of Share Capital /voting rights
Fully paid up Equity Shares	2,90,00,000	100.00
Partly paid up Equity Shares	Nil	Nil
Total paid up Equity Shares	2,90,00,000	100.00
Total voting rights in Target Company	2,90,00,000	100.00

6.10 The preference shares have not been issued at any time by the Target Company.

6.11 There are no partly paid-up Equity Shares of the Target Company.

6.12 Build-up of the current capital structure of the Target Company since inception and, in this regard, the status of compliance with the applicable provisions of the SEBI (SAST) Regulations and other statutory requirements are as follows:

Date of allotment	No. of Shares issued	% of Shares issued	Cumulative paid-up capital	Mode of allotment	Identity of allottees	Status of compliance
August 7, 1984	700	100.00	700	Subscribers to the Memorandum	Erstwhile promoters	Complied
December 10, 1986	31,99,300	99.98	32,00,000	Initial Public Offer	Erstwhile promoters and Public	Complied
May 16, 1994	8,00,000	20.00	40,00,000	Right Issue 1:4	Offered to the existing shareholders	Complied
December 10, 1997	1,21,62,160	75.25	1,61,62,160	Preferential Allotment	Commonwealth Development Corporation, Overseas Private Investors and erstwhile promoters	Complied
March 23, 1998	13,37,840	7.64	1,75,00,000	Preferential Allotment	Erstwhile promoter group	Complied
September 30, 2005	75,00,000	30.00	2,50,00,000	Preferential Allotment	Stressed Assets Stabilization Fund (SASF), a Financial Institution	Complied
February 02, 2007	40,00,000	13.79	2,90,00,000	Preferential Allotment	State Bank of India	Complied

6.13 The Target Company has no subsidiaries.

6.14 Except for a delay of 197 days in the year 2000, by the Target Company, in complying with Regulation 8(3) of the SEBI SAST Regulations, the Target Company is in compliance with Chapter II of the SEBI (SAST) Regulations please refer Annexure IV in this regard. SEBI may initiate appropriate action against the Target Company at a later stage for this delay in compliance. Further the allotment of Equity Shares of the Target Company on December 10, 1997 to Commonwealth Development Corporation and the erstwhile promoter group was under SEBI's examination.

6.15 The erstwhile promoters (including the promoter group) and current promoter of the Target Company, Sellers and other major shareholders of the Target Company have complied with the provisions of Chapter II of the SEBI (SAST) Regulations.

6.16 The Target Company has confirmed that it has not been prohibited by SEBI from dealing in securities in terms of section 11B of the Securities and Exchange Board of India Act, 1992, as amended.

6.17 Except for the trading suspension imposed by NSE from August 31, 2004 to June 22, 2006 on account of non-compliances of the Listing Agreement the Equity Shares of the Target Company have not been suspended from trading by the Stock Exchanges. The said suspension was revoked w.e.f. June 23, 2006 on account of satisfactory redressal of issues of non-compliance of the Listing Agreement. Further, no penal / punitive actions have been taken by the Stock Exchanges.

6.18 The Board of Directors of the Target Company, as of the date of this Letter of Offer, is as under:

Name & Designation	Address	Directors Identification Number (DIN)	Date of Appointment	Qualifications and Experience
Dr. Ramesh Baboolal Baheti Chairman	23, Old Palasia, Agra Bombay Road, Indore-452001, (MP)	00008202	August 07, 1984	Post-graduate in Commerce and Ph.D. in Economics (Gold Medalist). He is a new age entrepreneur. Has rich experience of running businesses for around 4.5 decades and dealing in textile is his family Business. During his tenure, the Company achieved several milestones. He is also associated with Prestigious Educational Institutions viz. Indian Institute of Management, Indore and Indian Institute Management, Lucknow etc.
Mr. Aman	Villa 144, Prestage	00019534	November 25,	Studied Management

Agrawal* Vice Chairman	Ozone, Varthur Kodi Whitefield, Hagadur Village, Bangalore-560066, Karnataka		2010	from Alexander College, Perth, Australia Has over 15 years of experience in the textile industry. He provides strategic direction in selection of technology and machineries in setting up new manufacturing facilities, improvement of production processes and new ventures.
Mr. Prashant Agrawal* Managing Director	Flat No. 602, 6th Floor, Daffodil, N S Road No. 7, JVPD Scheme, Vile Parle, Mumbai-400049	00019464	November 25, 2010	MS in Chemical Engineering and Petroleum Refining, USA Has over 15 years of experience in the textile industry. He is accredited with development and growth of the Group's export business
Mr. A.R. Mundra* Director	63-A, Shivam, 96, Jayprakash Road, Andheri (West), Mumbai 400 058	00019234	November 25, 2005	B.Com, LL.B (Gold Medalist), ACA (All India Ranker), ACS (All India Ranker), Member of the International Institute of Business Management, London and Alumni of Asian Institute of Management, Manila Has over 31 years of experience in finance, commercial and managerial related matters. His core strength lies in fund procurement, controls mergers & acquisitions, organizational systems and strategic planning.
Mr. Kailash Narayanlal Garg Director	23, Old Palasia, Agra Bombay Road, Indore-452001, (MP)	00008402	August 07, 1984	M.Com, LL.B. Mr. K. N. Garg, is an Industrialist and a new age entrepreneur. Has very vide experience of Treasury Management for more than three decades. He has been key driver in making strategic moves for bringing STI Sanoh India Limited, the joint venture company, out of critical conditions and he is now running its

				business successfully.
Mr. T.N. Anand Reddy Director	538, 1st Cross, 8th Main, 4th Block, Koramangala, Bangalore-560034 Karnataka	00220734	June 30, 2008	B. Tech, Diploma Eng. An experienced Textile Technocrat with B. Tech Degree in Chemical Engineering from I.I.T. Chennai.
Mr. A. Arumugham Director	121, Udani Layout, Cambridge Road, Ulsoor, Bangalore – 560008 Karnataka	00350163	February 09, 2011	B. Com, ACA. Has over four decades in the industry. He is a senior partner in M/s. Aru Dev, a firm of Chartered Accountants.
Mr. Upkar Singh Kohli Special Director - BIFR	Flat No. 202, Second Floor, Chinar Building, 2nd TPS Road, Bandra (West), Mumbai – 400 050 (MS)	02528045	May 26, 2010	B. E. Mechanical / Diploma – Industrial Finance / C.A.I.I.B. Rich experience around 33 years in Banking. Was also on the Board of Directors of Dena Bank from June' 2005 to August' 2007.

**- Mr. Aman Agrawal, Mr. Prashant Agrawal and Mr. A. R. Mundra are on the board of the Acquirer. In terms of Regulation 22(9) of the SEBI (SAST) Regulations, Mr. Aman Agrawal, Mr. Prashant Agrawal and Mr. A. R. Mundra have recused themselves and will not participate in any matter(s) concerning or relating to the Offer including any preparatory steps leading to the Offer.*

6.19 The brief consolidated audited financial information for last three fiscal years ending March 31, 2011 and six months period ended September 30, 2011 of the Target Company are as under:

Profit & Loss Account

(All figures in Rs. lakhs)

Profit & Loss Statement	Six months ended September 30, 2011	Financial Year ended		
		March 31, 2011	March 31, 2010	March 31, 2009
Net Sales	7,165.45	24,997.82	17,878.40	17,556.89
Other Income	25.77	77.59	120.74	307.59
Total Income	**7,191.22**	**25,075.41**	**17,999.14**	**17,864.48**
Expenditure	6,623.24	22,714.43	17,161.21	18,205.89
Profit Before Depreciation Interest and Tax	567.98	2,360.98	837.93	(341.41)
Depreciation	587.75	1,156.69	1,150.51	1,148.10
Interest & Financing	63.30	205.61	364.11	3.90

Charges				
Profit Before Tax	(83.06)	998.68	(676.69)	((1,493.41)
Provision for Tax	-	(711.51)	-	11.00
Minority Interest	-	-	-	-
Profit After Tax	**(83.06)**	**1,690.66**	**(679.45)**	**(3,960.20)**

Balance Sheet

(All figures are in Rs. lakhs)

Balance Sheet Statement	**Financial Year ended**			
	September 30, 2011	**March 31, 2011**	**March 31, 2010**	**March 31, 2009**
Sources of funds				
Paid up share capital	2,900.00	2,900.00	2,900.00	2,900.00
Reserves and Surplus (excluding revaluation reserves)	40.01	40.01	40.01	40.01
Profit & Loss Account	(3,264.42)	(3,181.30)	(7,700.05)	(7,020.60)
Networth	(324.41)	(241.38)	(4,760.04)	(4,080.59)
Secured loans	12,049.04*	11,755.82	14,735.95	15,075.94
Unsecured loans	-	1,590.00	-	-
Deferred Credits	-	-	-	2.96
Total	**11,724.63**	**13,104.44**	**9,975.91**	**10,998.31**
Uses of funds				
Net fixed assets	9,646.21	9,138.47	10,072.22	11,072.26
Capital Work in Progress	-	186.57	24.22	22.51
Investments	1,199.93	1,199.93	1,199.93	1,199.93
Net current assets	166.80	1,867.78	(1,320.46)	(1,296.39)
Deferred Tax Assets (Net)	711.69	711.69	-	-
Total	**11,724.63**	**13,104.44**	**9.975.91**	**10,998.31**

*- *Represents Total Loan Funds*

		As on

Other Financial Data	September 30, 2011	March 31, 2011	March 31, 2010	March 31, 2009
Dividend (%)	-	-	-	-
Basic & Diluted Earnings Per Share (Rs.)	(0.34)	5.83	(2.34)	(13.66)
Return on Net worth (%)	-	-	-	-
Book Value Per Share (Rs.)	(1.12)	(3.29)	(16.41)	(14.07)

Source: Annual Reports, www. nseindia.com and www.bseindia.com

6.20 **Reason** for **rise/fall in income and profitability:**

2011 compared with 2010:

The Target Company earned total income of Rs. 25,075.41 lakhs in FY 2010/11 as against total income of Rs. 17,999.14 lakhs in FY 2009/10 showing a growth of 39.31%. The Target Company has earned a profit of Rs. 1,690.66 lakhs as against a loss of Rs. 679.45 lakhs in FY 2009/10. This reduction in loss was on account of the following:

- Improved market condition for spinning industry; and
- Cost cutting measures initiated by the Target Company.

2010 compared with 2009:

The Target Company earned total income of Rs. 17,999.14 lakhs in FY 2009/10 as against total income of Rs. 17,864.48 lakhs in FY 2008/09 showing a marginal growth. The Target Company has incurred a loss of Rs. 679.45 lakhs as against a loss of Rs. 3,960.20 lakhs in FY 2008/09. This reduction in loss was on account of the following:

- Improved market condition for spinning industry; and
- Cost cutting measures initiated by the Target Company.

6.21 Significant accounting policies of the Target Company are as follows:-

(A) SIGNIFICANT ACCOUNTING POLICIES

a) Revenue Recognition:

Domestic sales are accounted for on dispatch of goods to customers. Gross Sales are net of sales returns.
Export sales are accounted for on the basis of dates of Bill of Lading. Gross Sales are inclusive of incentives / benefits and net of sales returns.

b) Fixed Assets:

Fixed assets are stated at cost of acquisition less depreciation. Cost includes taxes, duties, freight, installation and other direct or allocated expenses up to the date of commercial production and net of CENVAT credit and Subsidy received, if any.

c) Depreciation on Fixed Assets:

Depreciation on Fixed Assets is provided on straight line method at rates prescribed under Schedule XIV to the Companies Act, 1956. Depreciation on fixed assets added / disposed off during the year is provided on prorate basis.

d) Impairment of Assets:

An asset is treated as impaired when the carrying cost of assets exceeds its recoverable value. The impairment loss is charged to the profit & loss account in the year in which an asset is identified as impaired. The impairment loss recognized in prior accounting period is reversed if there has been a change in the estimate of recoverable amount.

e) Investments:

Current investments are carried at the lower of cost and quoted / fair value, computed category wise. Long Term Investments are stated at cost. Provision for diminution in the value of long-term investments is made only if such a decline is other than temporary in the opinion of the management.

f) Inventories:

Inventories are valued as under:-

Raw Materials	At Cost
Work-in-Process	At Cost
Finished Goods	At lower of cost or net realisable value.
Stores and Spare	At Cost
Cotton Waste	At estimated net realisable value.

Cost of Work in Process and Manufactured Goods includes material, labour & other appropriate overheads wherever applicable.

g) Foreign Currency:

Transactions in foreign currencies are recorded at the exchange rates notified by CBEC or at the exchange rate under related forward exchange contracts. The realized exchange gains / losses are recognized in the Profit & Loss account. All foreign currency current assets and liabilities are translated in rupees at the rates prevailing on the date of balance sheet.

h) Employee Benefits

Short Term Employee Benefits are recognized as an expense at the undiscounted amount in the profit and loss account of the year in which the related service is rendered.

Post employment benefits are recognized as an expense in the Profit and Loss account for the year in which the employee has rendered services. The expense is recognized based upon the premium amount determined by LIC Group Gratuity Scheme.

Long Term employee benefits are recognized as an expense in the Profit and Loss account for the year in which the employee has rendered services. The liabilities on account of leave encashment have been provided on the basis of actuarial valuation, using projected unit credit method, as at the balance sheet date.

i) Taxation

Provision for current tax is made with reference to taxable income computed for the accounting period, for which the financial statements are prepared by applying the tax rates as applicable.

Deferred tax is recognised subject to the consideration of prudence, on timing differences being the difference between taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent periods. Such deferred tax is quantified using the tax rates and laws enacted or substantively enacted as on the Balance Sheet date.Deferred tax assets are recognized and carried forward to extent that there is a reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised.

j) Borrowing Cost

Borrowing costs that are attributable to the acquisition or construction of qualifying assets are capitalized as part of the cost of such assets. A qualifying asset is one that necessarily takes substantial period of time to get ready for intended use. All other borrowing costs are charged to revenue.

k) Provisions, Contingent Liabilities and Contingent Assets

Provisions involving substantial degree of estimation in measurement are recognised when there is a present obligation as a result of past events and it is probable that there will be an outflow of resources. Contingent Liabilities are not recognised but are disclosed in the notes. Contingent Assets are neither recognised nor disclosed in the financial statements.

6.22 Pre and post Offer share holding pattern of the Target Company is as follows:

Shareholders' Category[1]	Shareholding & voting rights prior to the agreement / acquisition & offer		Shares / voting rights to be acquired in open offer(assuming full acceptances)		Shareholding / voting rights after the acquisition and offer	
	(A)		(B)		(A)+(B)=(C)	
	No.	%	No.	%	No.	%
(1) Promoter and Promoter Group / Acquirer						
a) Bombay Rayon Fashions Limited	21,379,722	73.72%	5,800,000	20.00%	27,179,722	93.72%
Total (1)[2]	**21,379,722**	**73.72%**	**5,800,000**	**20.00%**	**27,179,722**	**93.72%**
(2) Public (other than the Acquirers)					This will depend on the response within each category of (2)	
a) Institutions (Mutual Funds / FIs/Banks/FIIs/ FVCI, etc.)	4,000,300	13.79%				
(b) Bodies Corporate	1,781,341	6.14%				
(c) Individuals (Indian Public/ NRIs/ Foreign Individuals, etc.)	1,838,637	6.35%				
Total (2)(a+b+c)	**7,620,278**	**26.28%**	**-**	**-**	**1,820,278**	**6.28%**
Grand Total (1+2)	**29,000,000**	**100.00%**			**29,000,000**	**100.00%**

Notes:

[1] As on March 31, 2012, the Target Company has 5,741 shareholders of which 5,740 are public shareholders.

[2] The Promoter and Promoter Group of the Target Company comprises only of the Acquirer. Further, the shares tendered in this Open Offer will be acquired only by the Acquirer. Hence, the Promoter and Promoter Group and Acquirer are same entities.

6.23 The Target Company has confirmed that it is in compliance with the corporate governance under clause 49 of the Listing Agreement with Stock Exchanges.

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

6.25 Pending litigations: Pending litigations as on the date of this Letter of Offer are as follows:

LIST OF PENDING CASES OF INCOME TAX

Assess ment Year	Brief Description of Case	Pending with	Amount involved (Rs)	Present status
2008-09	Order U/s 143 (3) dated 22/12/10 has been received by STI. Assessing Officer (A.O.) has made various additions for a total amount of Rs 7,03,14,414/-	CIT - APPEAL	7,03,14,414	Date of hearing is yet to be fixed

Assessment Year	Brief Description of Case	Pending with	Amount involved (Rs)	Present status
	Penalty Proceedings U/s 271(1)(c) have been initiated by A.O.	Assessing Officer		The case if pending before A.O.
2007-08	Order U/s 143 (3) dated 24/12/09 received by STI. A.O. has made various additions for a total amount of Rs 10,00,74,538/- and has assessed Income of Rs 16,31,54,450/- which have been set off against C/f losses.	CIT - APPEAL	10,00,74,538	Date of hearing is yet to be fixed
	Penalty Proceedings U/s 271(1)(c) have been initiated by A.O.	Assessing Officer		The case is pending before A.O.
2006-07	Order U/s 143 (3) dated 18/11/2008 has been received by STI. A.O. has made various additions for a total amount of Rs. 6,00,730/- and has assessed Income of Rs. 17,35,88,006/- which have been set off against C/f losses.	CIT - APPEAL	6,00,730	Date of hearing is yet to be fixed
	Penalty Proceedings U/s 271(1)(c) have been initiated by A.O.	Assessing Officer		The case is pending before A.O.
2005-06	Order U/s 143(3)/147 passed by AO on 30/06/2010 for Disallowances on account of Interest Payable to financial Institutions to the extent of Rs. 7,50,00,000 and 3,96,11,000 have been converted into equity shares and loans respectively.	CIT - APPEAL	11,46,11,000	Date of hearing is yet to be fixed
	Penalty Proceedings U/s 271(1)(c) have been initiated by A.O.	Assessing Officer		The case is pending before A.O.
	Order has been received from A.O. for confirming penalty U/s 271(1)(c) on 31/03/2011 for order U/s 143(3)	CIT - APPEAL	7,00,000	Date of hearing is yet to be fixed
2004-05	ITAT order dated 6/9/2010 has confirmed the order of A.O. on various additions for a total amount of Rs. 6,82,09,806/-	HIGH COURT OF MP	6,82,09,806	The case is pending before the High Court of MP
	Penalty Proceedings U/s271(1)(c) have been initiated by A.O.	Assessing Officer		The case is pending before A.O.
2003-04	ITAT order dated 6/9/2010 has confirmed the order of A.O. on various additions for a total amount of Rs. 6,82,51,650/-	HIGH COURT OF MP	6,82,51,650	The case is pending before the High Court of MP
	Penalty Proceedings U/s271(1)(c) have been initiated by A.O.	Assessing Officer		The case if pending before A.O.
2002-03	ITAT order dated 6/9/2010 has confirmed the order of AO on various additions for a total amount of Rs. 5,66,22,276/-	HIGH COURT OF MP	5,66,22,276	The case is pending before the Hon'ble High Court of MP
	Penalty Proceedings U/s 271(1)(c) have been initiated by A.O.	Assessing Officer		The case is pending before A.O.
1999-00	ITAT vide there order dated 19/01/2009 set-aside the order of CIT(A) for various additions.	CIT - APPEAL	3,74,57,261	The date of hearing is yet to be fixed
1998-99	Dept. has filed Appeal before the High court of MP against ITAT order dated 12/10/2007 for	High Court of MP	5,77,76,987	The case is pending before the High

Assessment Year	Brief Description of Case	Pending with	Amount involved (Rs)	Present status
	Preliminary Expenses & Interest paid on borrowed capital treated as revenue by STI.			Court of MP
1997-98	Dept. has filed Appeal before the High court of MP against ITAT order dated 12/10/2007 for Preliminary Expenses, Interest paid on borrowed capital treated as revenue by STI & Depreciation on P&M of Textile Division.	High Court of MP	8,35,07,514	The case is pending before the High Court of MP
1996-97	Dept. has filed Appeal before the High court of MP against ITAT order dated 25/04/2007 for Preliminary Expenses, Interest paid on borrowed capital treated as revenue by STI & Depreciation on P&M of Textile Division.	High Court of MP	6,98,52,378	The case is pending before the High Court of MP

LIST OF PENDING CASES OF EXCISE

Sl. No.	Brief Description of Case	Pending with	Period of Dispute	Amount Involved (Rs)	Present Status
1	SCN. No. DGCEI/AZU/30-40/2005/7082 dated 29.3.06 in this matter DTA sale value exceeded DTA sale permission (cotton waste)	Commissioner, C.E., Customs & Central, Indore	March 2004 to November 2005	6,11,86,752 (Duty) and 6,11,86,752 (Penalty)	STI filed the reply to Show Cause Notice to the Commissioner, Customs & Central Excise, Indore on 12.12.2007 and the date of personal hearing is yet to be fixed. The SCN has been kept in abeyance (Call book) as the department has filed appeal in the Supreme Court. The said appeal has been admitted in the Supreme Court and the Supreme Court remanded to Tribunal this case. The next date of hearing has not yet been fixed
2	SCN. No. C.NO.V (52) 15-05/Adj-I/28027 dated 28.11.06 issued by the Commissioner, C.E., Indore. In this matter DTA sale value exceeded DTA sale permission. (cotton waste)	Commissioner, C.E. Customs & Central Indore	November 2005 to October 2006	1,11,68,960 (Duty) 1,11,68,960 (Penalty)	
3	SCN.No.C.NO.V (52) 15-05/Adj-I/30436 dated 22.11.07 has been issued by the Commissioner, C.E., Indore. In this matter DTA sale value exceeded the DTA sale permission. (cotton waste)	Commissioner, C.E. Customs & Central Indore	November 2006 to September 2007	1,15,08,089 (Duty) 1,15,08,089 (Penalty)	STI filed the reply to Show Cause Notice with the Commissioner, Customs & Central Excise, Indore on 18.12.2007 and the date for personal hearing is yet to be fixed. The SCN has been kept in abeyance (Call book) as the department has filed appeal in the Supreme Court. The said appeal has been admitted in the Supreme Court and the Supreme Court remanded to Tribunal this case. The next date of hearing has not yet been fixed
4	SCN.No.C.NO.V (52) 15-04/Adj-I/29562 dated 04.11.08 has been issued by the Commissioner, C.E., Indore. In this matter DTA sale value exceeded the DTA sale permission. (cotton waste)	Commissioner, C.E. Customs & Central Indore	October 2007 to September 2008	2,25,89,845 (Duty) 2,25,89,845 (Penalty)	

Sl. No.	Brief Description of Case	Pending with	Period of Dispute	Amount Involved (Rs)	Present Status
5	Matter of Additional Customs Duty @ 1.50 /- Liter (SCN. No. V(27)18-83/C-II/1-A/04/- dated 19.1.05) STI had received an order in its favour from the Commissioner (Appeals). Department has filed an Appeal (Appeal No. C/ 150/ 2008) against the order of the Commissioner, Indore before CESTAT, New Delhi. (DEMAND ON IMPORTED HSD)	CESTAT, New Delhi	September 2004	22,03,200 (Duty) 5,00,000 (Penalty)	The date for personal hearing is yet to be fixed.
6	Matter of Additional Customs Duty @ 1.50/- Litre (SCN.NO.DGCEI/AZU/36-60/2004/1039 dated 15.09.2004). An order in favour of STI had been passed by CESTAT, New Delhi (No. C/552/08-Cus. dated 30.09.08). Department has filed an Appeal (CEA.No.17/2009 (DB/DA-2)) in High Court Indore against CESTAT final Order. (DEMAND ON IMPORTED HSD)	High Court Indore	March 2004 to September 2004	60,49,553 (Duty) 5,00,000 (Penalty)	The date for personal hearing is yet to be fixed.

STATUS OF CIVIL CASES FILED AGAINST THE COMPANY

Sl No	Brief Description of Case	Amount Involved (Rs.)	Jurisdictional Authority	Notice Served By	Amount Paid (Rs.)	Present Status of the Case
1	**M/s. Global Trust Bank Ahmadabad** - Case filed against GUJCOT, STI India Limited - 3rd Party - Winding up notice served under	26,12,78,787	DRT, Ahmadabad Case No. 162 of 2003	DRT Ahmadabad	-	STI has filed reply on 23/12/03 taking protection of BIFR. The next date for hearing is 15/05/2012
2	**M/s. Gujarat State Co-operative Cotton Federation Limited, Ahmadabad** - Summery lavad case filed for recovery of amount, against STI India Limited and E C	88,58,77,110	Registrar's Nominee, Board of Nominees, Ahmadabad Case No. 214 of 2003	Board of Nominee Ahmadabad	-	STI has filed reply on 4/02/2003 taking protection of BIFR. Stay has been granted on 29/06/2004 in favour of STI. The case has kept in reserve. Last hearing was held on 31/08/2010. The submissions have been made by the parties. The next date for hearing is fixed at 29/03/2012.
3	**M/s. Gujarat State Co-operative Bank Limited, Ahmadabad** - LAVAD Suit filed for recovery of amount against GUJCOT "**STI India Limited"**	40,60,88,415	Ahmadabad Registrar's Nominee, Board of Nominees, Ahmadabad Case No. 997 of 2003	Board of Nominee Ahmadabad	-	STI had filed reply on 8/07/2003 taking protection of BIFR. Stay has been granted on 29/06/2004 in favour of STI. The next date for hearing is fixed at 31/03/2012.
4	**Maharashtra State Cotton Grower Mktg. Federation**	73,81,516	Directorate of Marketing,	Directorate,	-	Last hearing was held on 28/08/2008. STI has argued

			Maharashtra, Pune	Pune		before Director (Mktg.) on preliminary objections. The Order will be passed on the basis of preliminary objections which have been given by STI. The adjudicating order is awaited.
5	**M/s. Oriental Bank of Commerce (OBC) Ahemdabad** Application for restoration filed by OBC M/s. Global Trust Bank Ahemdabad. A winding up notice has been served for outstanding amount of GUJCOT	49,65,67,846	M.P. High Court, Indore MCC No. 566 / 2007 (Case No. 02 of 2003)	High Court Indore	-	Application filed by OBC before the Hon'ble High Court of M.P., Indore for restoration of Company petition No 2/2003 which was dismissed by the Hon'ble High Court vide order dated 18/06/07 for non appearance of the petitioner. The case was restored in September 2009. The date for hearing is yet to be fixed.

CASES PENDING WITH SALES TAX AUTHORITIES

A. Pending Cases of Liabilities

1. TEXTILE DIVISION

Sl No	Brief Description of Case	Amount involved	Contingent liability	Net tax liability	Interest on demand upto 01/03/ 2012	Present Status of the Case
1	Demand raised by Asst. Commissioner of Commercial Tax under Assessment order for the year 2004-05 for non submission of Form C & F.	1,98,187	1,42,522	1,42,522		The appeal order was received on 20/11/08. The next date for hearing is 13/6/2008.
	Appeal filed to D.C. (Appeal)					
	Central Sales Tax 4% & 4% penalty. Form 'C' Rs.1,05,575 /-.					Appeal was filed on 02/01/2009 before the Tribunal Bhopal which was admitted on 02/02/09.

2. BIPLUS DIVISION

Sl No	Brief Description of Case	Amount involved (Rs)	Contingent Liability (Rs)	Net tax liability (Rs)	Interest on demand upto 01/03/ 2012 (Rs)	Present Status of the Case
1	Demand raised by Asst.	1,18,41,104	63,00,277	66,87,752	577,773	W.P.03233/2006 filed on

Sl No	Brief Description of Case	Amount involved	Contingent liability	Net tax liability	Interest on demand upto 01/03/2012	Present Status of the Case
	Commissioner vide order dated 29/04/1999 and confirmed by Addl. Commissioner for the year 1995-96 for interest levied for non payment of tax Tax involved 24,80,181 Interest involved 42,07,571 Total demand 66,87,752					07/07/2006 before M.P. High Court against the Revision order. No action has been taken by sales tax department since W.P. filed. The case is Pending in High Court since 2006.

B. Biplus Division - Final Liabilities Booked in Books

Following liabilities have become final, therefore they are payable and booked as payable in the books of accounts

Sl No	Brief Description of Case	Amount involved (Rs)	Balance (Rs)	Total Final Liability (Rs)	Interest on demand upto 01/03/2012 (Rs)	Present Status of the Case
1	1996-97 Entry Tax	11,85,536	-	11,39,748	16,54,727	After exhausting all legal channels, STI has booked the amount in the books of accounts. These liabilities are protected u/s 22 of SICA.
2	1997-98 CST	16,04,819	-	12,64,682	21,41,100	
3	1997-98 Entry Tax	4,05,873	-	4,04,546	684,891	
4	1997-98 MPCT	19,21,070	-	8,39,336	14,20,984	
	Tax liabilities Rs. 1,04,78,586					
	Interest involved Rs. 64,79,486					
	Total demand Rs. 1,69,58,072					

STATUS OF CASES WITH MADHYA PRADESH STATE ELECTRICITY BOARD

Sl No	Particulars of the Case	Amount Involved (Rs)	Jurisdictional Authority	Notice Served By	Amount Paid (Rs.)	Present Status of the Case
1	**Madhya Pradesh State Electricity Board, Indore** **Status regarding 50% Power clause to Run DG set for captive consumption (Period January 2002 to November 2003) (Demand**) STI has filed an application (No. 14/2002 dated 09/01/2002) for regularizations of Deisel Generator sets (DG sets) running before M.P. Electricity Regulatory Commission, Bhopal. (MPERC). MPERC gave permission to run DG sets imposing the condition to avail 50% power from MPSEB. MPSEB raised bill of Rs. 2,37,18,261/- for	4,90,31,809	M.P. High Court Jabalpur	MPSEB, INDORE	-	Now the matter is pending before M.P. High Court, Jabalpur. Next

Sl No	Particulars of the Case	Amount Involved (Rs)	Jurisdictional Authority	Notice Served By	Amount Paid (Rs.)	Present Status of the Case
	50% of DG units for the period Jan 2002 to Jan 2003. STI filed a petition before the M.P. High Court, Jabalpur against above demand and obtained stay order in its favour. MPSEB continued to raise bills for 50% power till November 2003. Therefore, the demand increased to Rs. 4,90,31,809. In the meantime, Ministry of Energy, Govt. of India issued Notification No. S.O.669 (E) dated 10/06/2003 pursuant to which the Electricity Act, 2003 came into force from 10/06/2003 resulting in waiver of 50% power clause.					hearing is expected during March-2012
2	**Madhya Pradesh State Electricity Board, Indore** **Status in the matter of Development Cess on power generation (Period 27/07/2001 to 30/09/2004) (Refund)** SLP No. 1998/2002 had been filed by several appellants on 09/12/2003 for Development Cess on power generation. The Supreme court had passed an order and directed the State Government to refund cess along with interest. STI was not an appellant in the above SLP therefore, STI filed a petition No. 950/2004 before the M.P. High Court, Jabalpur on 05/03/2004 for refund of development cess along with Interest for the period March 2002 to Nov 2003. State Govt. again issued Notification No.160 dated 15/04/2004 to levy development cess @.20 per unit with retrospective date 29/07/2001. By virtue of this, the Supreme Court order became null & void. STI challenged the above notification of the State Government before the M.P. High Court, Jabalpur. The High Court has passed an interim order on 11.08.2004 and asked STI to pay 50% within a week. Meantime, State Government issued a notification on 30.01.06 for reduction of development cess per unit from Rs 0.20 to Rs.0.10. on captive consumption applicable from Feb 2006. In light of the above reduction, STI requested the High Court to reconsider the petition No. 2125/2004 dated 14.05.2004. M.P. High Court passed judgment against STI in the above petition. STI again filed SLP before the Supreme Court against above Judgment.	2,07,98,483	Supreme Court, New Delhi	MPSEB, Indore	-	Case is now pending before the Supreme Court. If the decision considers development cess @Rs. 0.10 per unit, then the refund amount will be of Rs. 1,03,99,241/- and in case of 0%, a refund amount will be of Rs. 2,07,98,483/-. Next Hearing is expected during March-2012

<u>STATUS OF DEMAND OF MPAKVN CASE - INDORE</u>

Sl.	Particulars of the Case	Deman	Amount	Amount	Present Status

No		d Note issued By	Related to STI India Limited	Paid (Rs)	
1	MPAKVN- Indore issued demand notice no 03/AKVN/Infra/2010/1060 dated 01.09.2010 for Rs 7,40,52,800/- out of which Rs. 5,22,06,431/- is related to STI. Out of this as of now, we have paid of Rs. 3,19,00,000/-.	MPAKVN Indore	5,22,06,431	3,19,00,000	STI has started making payments of monthly installments of Rs. 29 lakhs

6.26 Compliance Officer:

Mr. S. D. Naik
Chief Financial Officer & Compliance Officer
STI India Limited
Rau-Pithampur Link Road,
Tehsil: Mhow, Indore 453 332,
Madhya Pradesh, India.
Email: sti@stitextile.net
Tel: +91 0731 4014 400

6.27 Shareholding of Promoters (including promoter group), as on date of the Public Announcement is 21,379,722 fully paid up Equity Shares representing 73.72% of the Share Capital of the Target Company. The change in shareholding of the Promoters of the Target Company as and when it happened in the Target Company is shown in the table below:

Date of Transaction	Particulars	Total outstanding Shares as on the date of transaction	Shares Acquired/ Purchased/ Transferred by the promoters	Cumulative Shareholding of the promoters	% to total outstanding Shares as on the date of transaction	Status of Compliance
December 10, 1997	Allotment	7,567,566	16,162,160	9,931,680	61.45	Complied
March 24, 2008	Allotment	1,337,840	17,500,000	11,269,520	64.40	Complied
April 2002 – June2002	Inter se Transfer	7,286,371	17,500,000	11,269,520	64.40	Complied
August 07, 2003	Inter se Transfer	10,925	17,500,000	11,269,520	64.40	Complied
June 2005 - Sept'05	Inter se Transfer	4,400	17,500,000	11,269,520	64.40	Complied
June 2006 – September 2006	Inter se Transfer	100	25,000,000	11,269,520	45.08	Complied
February 23, 2007	Sale	2,905,406	29,000,000	8,364,114	28.84	Complied
February 23, 2007	Purchase	25,000	29000000	8,389,114	28.93	Complied
February 23, 2007	Inter se Transfer	268,197	29,000,000	8,389,114	28.93	Complied

March 19, 2007	Purchase	1,000,000	29,000,000	9,389,114	32.38	Complied
September 29, 2007	Purchase	1,400,000	29,000,000	10,789,114	37.20	Complied
February 16, 2008	Transfer on invocation of pledge by Sellers	9,214,214	29,000,000	1,575,000	5.43	Complied
April 2008 – June 2008	Sale	1,500	29,000,000	1,573,500	5.43	Complied
November 14-21, 2008	Sale in previous open offer	5,100	29,000,000	1,568,400	5.41	Complied
October 27, 2010*	Acquirer Purchase through Block Deal	8,647,336	29,000,000	8,647,336	29.82	Complied
October 28, 2010	Transfer	11,814,114	29,000,000	20,461,450	70.56	Complied
January 29, 2011- February 17, 2011	Shares tendered in Open Offer acquired by the Acquirer	918,272	29,000,000	21,379,722	73.72	Complied

**- On October 27, 2010, The Acquirer acquired 86,47,336 Equity Shares of the Target Company representing 29.82% Of the Share Capital of the Target Company through Block Deals. Thereafter The Acquirer made a Public Announcement to the shareholders of the Target Company on November 1, 2010 to acquire 58,00,000 Equity Shares of the Target Company. Post completion of Open Offer formalities, the Acquirer has been categorised as promoter since March 7, 2011.*

7. OFFER PRICE AND FINANCIAL ARRANGEMENTS

7.1 Justification of Offer Price

7.1.1 The Equity Shares of the Target Company are listed on BSE and the NSE. As on the date of the Public Announcement, the paid up Equity Share capital of the Target Company is Rs 29,00,00,000 (Rupees Twenty Nine Crores Only) represented by 2,90,00,000 (Two Crores and Ninety Lakhs) Equity Shares of Rs 10/- each.

7.1.2 The annualised trading turnover in the Equity Shares of the Target Company on BSE and NSE, based on trading volume, during the period October 1, 2010 to March 31, 2011 (six calendar months preceding the month in which the PA For The Primary Acquisition of equity shares of Acquirer was made) is as given below:

Name of the Stock Exchange	Shares Traded (October 1, 2010 – March 31, 2011)	Total No. of listed Equity Shares	Annualized trading turnover (in terms of % to total listed Shares)	Trading status in terms of SEBI (SAST) Regulations
BSE	12,95,974	2,90,00,000	8.94%	Frequently traded
NSE	91,96,849	2,90,00,000	63.43%	Frequently traded

Source: www.nseindia.com and www.bseindia.com

7.1.3 The annualised trading turnover in the Equity Shares of the Target Company on BSE and NSE based on trading volume during the period September 1, 2011 to February 29, 2012 (six calendar months preceding the month in which the PA for acquisition of equity shares of Target Company is made) is as given below:

Name of Stock Exchange	Shares Traded (September 1, 2011 – February 29, 2012)	Total No. of listed Equity Shares	Annualised trading turnover (as a % of total listed Equity Shares)	Trading status in terms of SEBI (SAST) Regulations
BSE	1,28,661	2,90,00,000	0.89%	Infrequently traded
NSE	85,697	2,90,00,000	0.59%	Infrequently traded

Source: www.nseindia.com and www.bseindia.com

7.2 In accordance with regulations 20(4) and 20(5) of the SEBI (SAST) Regulations, the Offer Price of Rs. 29/- (Rupees Twenty Nine) per Equity Share is justified as under:

A. Negotiated price under the agreement as in regulation 14(1) of the SEBI (SAST) Regulations	Not Applicable
B. Price paid by the acquirer or persons acting in concert with him for acquisition, if any, including by way of allotment in a public or rights or preferential issue during the twenty-six week period prior to the date of PA of primary acquisition of the Acquirer, whichever is higher	Rs. 29.00
C. The average of the weekly high and low of the closing prices of the shares of the target company as quoted on the stock exchange where the shares of the company are most frequently traded during the twenty-six weeks preceding the date of PA of primary acquisition of the Acquirer	Rs. 25.71
D. The average of the daily high and low of the prices of the shares as quoted on the stock exchange where the shares of the company are most frequently traded during the two weeks preceding the date of PA of primary acquisition of the Acquirer	Rs. 21.68
E. Highest price paid by the Acquirer or Persons Acting in Concert with him for acquisitions including by way of allotment in a public or rights or preferential issue during the twenty six week period prior to the date of PA for acquisition of Equity Shares of the Target Company	Not Applicable
F. Other Parameters	As described below

Other Parameters: The financial parameters based on the audited financials for the year ended March 31, 2011 of the Target Company are as follows:

Financial Parameters	As on March 31, 2011
Return on Networth(1)	Not Applicable
Book value per Share(2)	Rs. (0.83)
Earnings per Share(3)	Rs. 5.83
Price to Earnings ratio(4)	7.90x
Price earning multiple based on Offer Price(5)	8.48x
Industry Price earning multiple(6)	7.21x

(1) Networth as on March 31, 2011 is negative

(2) Book value per share calculated as Networth / Number of outstanding Shares as at the end of the year

(3) Earnings per Share (EPS) calculated as Net Profit attributable to equityholders / Number of outstanding Shares as at the end of the year

(4) Trailing Twelve months price to earnings ratio (i.e CY 2011) from Capitaline Plus dated March 03, 2012

(5) Calculated by dividing Offer Price of Rs. 29/- per share by EPS for CY 2011

(6) Source: Capitaline Plus dated March 03, 2012; Industry: Textiles-Cotton Yarn-Open Ended Spinning

7.2.1 Mr. K. V. Beswal, Partner (Membership no. 131054), of M/s. V. K. Beswal & Associates, Chartered Accountant, the statutory auditors of the Acquirer having its address at 408/410, Rewa Chambers, 31 New Marine Lines, Mumbai 400 020, Tel No.: +91 22 2206 5656 and Fax No.: +91 22 2209 5666 vide its letter dated March 6, 2012 has certified the justification of Offer Price of Equity Shares of the Target Company as Rs. 29/- (Rupees Twenty Nine) per Equity Share in terms of the SEBI (SAST) Regulations.

7.2.2 The average of the weekly high and low of the closing prices of the shares of the target company as quoted on the stock exchange where the shares of the company are most frequently traded during the twenty-six weeks preceding the date of PA of primary acquisition of the Acquirer are as under:

Week No.	Week ending	High (Rs.)	Low (Rs.)	Average (Rs.)	Volume (No. of Shares)
1.	October 12, 2010	17.20	16.25	16.73	16,337
2.	October 19, 2010	21.75	18.00	19.88	18,990
3.	October 26, 2010	27.85	22.85	25.35	58,284
4.	November 02, 2010	30.75	26.70	28.73	78,943
5.	November 09, 2010	27.80	26.90	27.35	34,478
6.	November 16, 2010	27.00	26.50	26.75	31,086
7.	November 23, 2010	26.75	26.45	26.60	22,219
8.	November 30, 2010	27.00	26.35	26.68	28,563
9.	December 07, 2010	27.30	26.60	26.95	24,215
10.	December 14, 2010	27.45	27.00	27.23	15,006
11.	December 21, 2010	27.95	27.15	27.55	34,218
12.	December 28, 2010	28.00	27.65	27.83	14,462
13.	January 04, 2011	28.20	27.45	27.83	5,924
14.	January 11, 2011	28.00	27.50	27.75	4,679
15.	January 18, 2011	28.10	27.50	27.80	17,756
16.	January 25, 2011	28.40	27.75	28.08	9,688
17.	February 01, 2011	28.55	28.40	28.48	30,863
18.	February 08, 2011	28.60	28.60	28.60	55,002
19.	February 15, 2011	28.65	28.50	28.58	8,601

Week No.	Week ending	High (Rs.)	Low (Rs.)	Average (Rs.)	Volume (No. of Shares)
20.	February 22, 2011	28.00	25.35	26.68	802
21.	March 01, 2011	27.50	26.25	26.88	274
22.	March 08, 2011	26.10	25.00	25.55	952
23.	March 15, 2011	25.00	22.25	23.63	8,424
24.	March 22, 2011	24.55	21.85	23.20	2,906
25.	March 29, 2011	23.45	20.55	22.00	9,796
26.	April 05, 2011	22.95	20.90	21.93	7,177
	Average			**25.71**	

Source: www.nseindia.com

7.2.3 The details of the average of the daily high and low of the prices of the shares as quoted on the stock exchange where the shares of the company are most frequently traded during the two weeks preceding the date of PA of primary acquisition of the Acquirer are as under:

Day No.	Date	High (Rs.)	Low (Rs.)	Average (Rs.)	Volume (No. of Shares)
1.	April 05, 2011	23.00	20.30	21.65	1,471
2.	April 04, 2011	23.00	19.15	21.08	1,717
3.	April 01, 2011	22.40	20.00	21.20	1,734
4.	March 31, 2011	24.20	19.35	21.78	1,896
5.	March 30, 2011	24.00	20.30	22.15	359
6.	March 29, 2011	24.00	20.20	22.10	816
7.	March 28, 2011	23.40	20.30	21.85	5,252
8.	March 25, 2011	23.80	19.05	21.43	1,781
9.	March 24, 2011	23.20	19.00	21.10	725
10.	March 23, 2011	24.90	20.00	22.45	1,222
	Average			**21.68**	

Source: www.nseindia.com

7.2.4 Based on the above, the Offer Price of Rs 29/- (Rupees Twenty Nine Only) per Equity Share is therefore justified in terms of regulation 20(4), 20(5) and 20(12) of the SEBI

(SAST) Regulations. Further interest at the rate of 10% per annum is being paid on the Offer Price for delay beyond the original scheduled date of payment. Pursuant to the same, interest of 49 paise (forty nine paise only) (calculated at the rate of 10% p.a. from April 30, 2012 (proposed date of opening the offer) to June 30, 2012 (actual date of opening of the offer)) is payable to the Shareholders whose Equity Shares have been validly tendered and accepted by the Acquirer and/or PAC.

7.2.5 There is no non-compete agreement entered into by the Acquirers or the PACs with the Target Company.

7.2.6 The Acquirer and the PACs are permitted to revise this Offer upward up to 7 (seven) working days prior to the date of closure of the Offer. In the event of such revision, a public announcement will be made in the same newspapers where this Public Announcement has appeared and the additional amount based on the revised offer size would be deposited in the Escrow Accounts and the revised offer price would be paid to all the equity shareholders of the Target Company tendered anytime during the Offer.

7.2.7 If the Acquirer and/or PACs acquire Equity Shares after the date of Public Announcement up to 7 (seven) working days prior to the Date of the Closing of the Offer at a price higher than the Offer Price, then the highest price paid for such acquisition shall be payable for all the valid acceptances received under the Offer, provided no such acquisition shall be made by the Acquirer and/or PACs during the last 7 (seven) working days prior to the closure of the Offer.

7.3 **Financial Arrangements**

7.3.1 The total funding requirement for the Offer assuming full acceptance, i.e., for acquisition of up to 58,00,000 (Fifty Eight Lakhs) Equity Shares from the public shareholders of the Target Company at Rs 29/- (Rupees Twenty Nine Only) plus an interest of 49 paise (forty nine paise only) (calculated at the rate of 10% p.a. from April 30, 2012 (proposed date of opening the offer) to June 30, 2012 (actual date of opening of the offer)) per Equity Share is Rs. 17,04,04,000 (Rupees Seventeen Crore Four Lakh Four Thousand Only) (the “**Maximum Consideration**”).

7.3.2 AAA and Ashwell vide their respective board approvals dated March 6, 2012 and Aktieselskabet vide its board resolution dated May 28, 2012 have authorized the Acquirer to acquire the equity shares tendered in the present open offer. The Acquirer proposes to finance the Offer through its internal accruals.

7.3.3 By way of security for performance of the Acquirer and PAC’s obligations under the SEBI (SAST) Regulations, an unconditional, irrevocable and on demand bank guarantee dated March 7, 2012 (**“Bank Guarantee”**) has been issued by Axis Bank Limited having its office at Laxmi The Mall, Building No. 5, Laxmi Industrial Estate, New Link Road, Andheri (W), Mumbai – 400 053 (“**Issuer**”), on behalf of the Acquirer in favour of the Manager to the Offer which is valid up to and including August 8, 2012 or 20th day from the date of the closure of the offer, whichever is earlier for an amount up to Rs. 4,28,50,000 (Rupees Four Crores Twenty Lakhs and Fifty Thousand Only) being the amount required under Regulation 28(2) of the SEBI (SAST) Regulations (i.e, 25% of the first Rs. 100 crores and 10% thereafter). The Issuer is neither an associate of nor falls within the same group as that of the Acquirer, PACs or the Target Company.

7.3.4 Further, the Acquirer, AAA, Ashwell and Manager to the Offer have entered into an Escrow Agreement dated March 5, 2012 with Axis Bank Limited (as an Escrow Agent) and an Escrow Amendment Agreement dated May 28, 2012 adding Aktieselskabet as a party to the Escrow Agreement The Acquirerand PAC have opened cash escrow account ("**Escrow Account - Cash**") with Axis Bank Limited, having its office at Lokhandwala Branch at Laxmi the Mall, Building No.5, Laxmi Industrial Estate, New Link Road, Andheri West, Mumbai 400 053, and the Acquirer has deposited a sum of Rs. 17,17,000 (Rupees Seventeen Lakhs and Seventeen Thousand Only) in the said cash escrow account being 1.00% of the Maximum Consideration payable under the Offer assuming full acceptance at the aforesaid Offer Price in accordance with regulation 28(10) of the SEBI (SAST) Regulations. The Bank Guarantee and Escrow Account – Cash are together referred to as "**Escrow Accounts**".

7.3.5 The Acquirer and PACs confirm that the funds lying in the above mentioned Escrow Accounts will be utilized exclusively for the purpose of the Offer. Further, Manager to the Offer has been empowered to operate the Escrow Accounts in compliance with regulation 28 of the SEBI (SAST) Regulations.

7.3.6 Mr. K. V. Beswal, Partner (Membership no. 131054) of M/s. V K Beswal & Associates, Chartered Accountants, the statutory auditors of the Acquirer, having its address at 408/410, Rewa Chambers, 31 New Marine Lines, Mumbai 400 020, Tel: +91 22 2206 5656, Fax: +91 22 2209 5666 have vide its letter dated March 6, 2012 certified that the Acquirer have adequate resources to meet the financial requirements of the Offer and that firm arrangement for financial resources required to implement the Offer i.e., funds and money for payment through verifiable means is already in place.

7.3.7 The Acquirer, AAA and Ashwell have *vide* a certificate dated March 7, 2012 and Aktieselskabet have *vide* a certificate dated May 28, 2012 given an undertaking to the Manager to the Offer to meet their financial obligations under the Offer. Axis Bank Limited, as Manager to the Offer, has been duly authorized by the Acquirer and the PACs to realize the value of the Escrow Account in terms of the SEBI (SAST) Regulations.

7.3.8 Firm arrangements for financial resources required to implement the Offer i.e. funds for payment through verifiable means are in place to fulfill the obligations of the Acquirer and the PACs under the Offer and the Manager to the Offer is the Acquirer and the PACs have adequate resources to meet the financial requirements of the Offer in accordance with the SEBI (SAST) Regulations.

8. TERMS AND CONDITIONS OF OFFER

8.1 Statutory Approvals required for the Offer

8.1.1 As of the date hereof no other statutory or regulatory approval(s) is/are required for the purpose of the Offer. However, in case of any statutory approvals being required by the Acquirer and/or PACs at a later date before the Date of Closing of the Offer, the Offer shall be subject to all such approvals and the Acquirer and/or PACs shall make the necessary applications for such approvals.

8.1.2 In case of delay, due to non-receipt of statutory approvals, as per regulation 22(12) of the SEBI (SAST) Regulations, SEBI may, if satisfied that the non-receipt of the approvals was not due to willful default or negligence, grant an extension for the purpose of completion of the Offer provided the Acquirer and/or PACs agree to pay interest to the shareholders of the Target Company beyond 15 (fifteen) days. Further, if the delay occurs on account of willful default of the Acquirer and/or PACs in obtaining the requisite approvals, regulation 22(13) of SEBI (SAST) Regulations will also be applicable.

8.1.3 Non-resident equity shareholders, who wish to tender their Equity Shares of the Target Company in this Offer, if any, must obtain all requisite approvals required to tender the Equity Shares held by them pursuant to the Offer and submit such approvals along with the Form of Acceptance cum Acknowledgement and other documents required to accept this Offer. Further, if shareholders who are not persons resident in India (including Non Residents Indians ("**NRIs**"), Overseas Corporate Bodies ("**OCBs**") and Foreign Institutional Investors **("FIIs")**) had required any approval from the Reserve Bank of India (**"RBI"**) or the Foreign Investment Promotion Board or any other regulatory body in respect of the Equity Shares held by them in the Target Company, they will be required to submit such previous approvals that they would have obtained for holding the Equity Shares of the Target Company to tender Shares held by them pursuant to the Offer, along with the Form for Acceptance-cum Acknowledgement and other documents required to be tendered to accept this Offer. In the event such approvals are not submitted, the Acquirer and the PACs reserve the right to reject such Equity Shares tendered in the Offer.

8.1.4 In order to liberalize the procedures and policies pertaining to transfer of shares of an Indian company, the RBI has issued a A.P. (DIR Series) Circular No. 43 (RBI/2011-12/247) on 4 November 2011 stating that prior RBI approval will not be required in case of transfer of shares from non-resident to resident and vice-versa where SEBI (SAST) Regulations are attracted subject to the adherence with the pricing guidelines and documentation requirements as specified by Reserve Bank of India from time to time.

8.1.5 The Acquirer and/or PACs may not be able to purchase any Equity Shares tendered in the Offer if any statutory approval required to purchase such Equity Shares is not received and in such circumstances, the Acquirer and the PACs will be deemed to have no obligation to acquire such Equity Shares, even if validly tendered. In the event of such non-receipt of statutory approvals, a public announcement will be made in the same newspapers in which the Public Announcement was made. In terms of regulation 27 of the SEBI (SAST) Regulations, the Offer may be withdrawn only in case statutory approval(s) required have been refused or in the opinion of SEBI, circumstances merit withdrawal of the Offer.

8.1.6 The Acquirers and/or the PACs do not require any consent or approvals from financial institutions or banks for the Offer.

8.2 Others

8.2.1 The Letter of Offer together with the Form of Acceptance cum Acknowledgement will be mailed to the Shareholders of the Target Company (other than the Acquirers, the PACs, the Promoters & Promoter Group), whose names appear on the Register of Members of the Target Company and to the beneficial owners of the Equity Shares of the Target Company, whose names appear as beneficiaries on the records of the respective Depositories, at the close of business on March 16, 2012 ("**Specified Date**").

8.2.2 The acceptance of the Offer is entirely at the discretion of the Shareholders of the Target Company. The Acquirers and the PACs will not be responsible in any manner for any loss of Equity Share certificate(s) and offer acceptance documents during transit and the Shareholders of the Target Company are advised to adequately safeguard their interest in this regard.

8.2.3 Equity Shares that are subject to any charge, lien or encumbrance are liable to be rejected. Acquirers and/ or PACs will acquire the Equity Shares free from all liens, charges and encumbrances and together with all rights attached thereto, including the right to dividends, bonus and rights declared hereafter.

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

9. PROCEDURE FOR ACCEPTANCE AND SETTLEMENT

9.1 Shareholders holding Equity Shares in physical form who wish to tender their Equity Shares will be required to send the Form of Acceptance cum Acknowledgement, original share certificate(s) and valid transfer deed(s) duly signed to the Registrar to the Offer- Link Intime India Private Limited, C-13, Pannalal Silk Mills Compound, LBS Marg, Bhandup West, Mumbai – 400 078, India [Contact Person: Mr. Pravin Kasare; Tel: +91 22 2596 7878; Fax: +91 22 2596 0329; Email: sti.offer @linkintime.co.in] ("**Registrar to the Offer**") either by hand delivery on weekdays or by registered post on or before the Date of Closing of the Offer, i.e not later than July 19, 2012, in accordance with the instructions to be specified in the Letter of Offer and in the Form of Acceptance cum Acknowledgment. They can also tender their Equity Shares by hand delivery at any of the collection centers mentioned in paragraph number 9.9.

9.2 For Shareholders holding Equity Shares in dematerialised form, **Registrar to the Offer** has opened a Special Depository Account with National Securities Depository Limited ("**NSDL**") called **"LIIPL STIIL OPEN OFFER ESCROW DEMAT ACCOUNT ("Special Depository Account")**. Beneficial owners are requested to fill in the following details in the delivery instructions for the purpose of crediting their Equity Shares in the special depository account:

DP Name	Ventura Securities Limited
DP ID	IN303116
Client ID	10943143
Account Name	LIIPL STI OPEN OFFER ESCROW DEMAT ACCOUNT
Depository	NSDL

9.3 Shareholders having their beneficiary account in Central Depository Service (India) Limited (CDSL) have to use the inter-depository delivery instruction slip for the purpose of crediting their Shares in favour of the Special Depository Account.

9.4 Equity shareholders holding shares in physical form should enclose:

9.4.1 Form of Acceptance cum Acknowledgement duly completed and signed in accordance with the instructions contained therein, by all equity shareholders whose name appears on the share certificates.

9.4.2 Original share certificate(s).

9.4.3 Valid share transfer form(s) duly signed as transferors by all registered equity shareholders (in case of joint holdings), in the same order and as per the specimen signatures registered with and duly witnessed at the appropriate place.

9.4.4 In case of registered shareholders in whose respect, the aforesaid documents have not been received, but the original share certificate(s) and duly signed transfer form(s) have been received, the Offer shall be deemed to have been accepted.

9.5 Beneficial owners (holders of Shares in dematerialized form) who wish to tender their Shares will be required to send their Form of Acceptance cum Acknowledgment along with the photocopy of the delivery instruction in “off-market” mode or counter foil of delivery instructions in “off-market” mode, duly acknowledged by the Depository Participant (“**DP**”) in favour of the Special Depository Account to the Registrar to the Offer- Link Intime India Private Limited, C-13, Pannalal Silk Mills Compound, LBS Marg, Bhandup West, Mumbai – 400 078, India [Contact Person: Mr. Pravin Kasare; Tel: +91 22 2596 7878; Fax: +91 22 2596 0329; Email:sti.offer@linkintime.co.in], either by hand delivery on weekdays or by registered post on or before the Date of Closing of the Offer, in accordance with the instructions to be specified in the Letter of Offer and in the Form of Acceptance cum Acknowledgment. The credit for the delivered Shares should be received in the Special Depository Account on or before the Date of the Closing of the Offer.

9.6 Shareholders who have sent Equity Shares of the Target Company for dematerlization need to ensure that the process of getting Equity Shares dematerialized is completed well in time so that the credit in the Special Depository Account should be received on or before the closure of the Offer, else their application would be rejected.

9.7 All owners (registered or unregistered) of Equity Shares of the Target Company (except the Acquirer and the PACs) are eligible to participate in the Offer anytime before the Closure of the Offer. Unregistered owners can send their application in writing to the Registrar to the Offer, on a plain paper stating the Name, Address, Number of Shares held, Number of Shares offered, Distinctive Numbers, Folio Number, together with the original Share certificate(s), valid transfer deeds and the original contract notes issued by the broker through whom they acquired their Equity Shares. No indemnity is required from the unregistered owners.

9.8 In case of non-receipt of the Letter of Offer, the eligible persons may download the same from the website of SEBI at www.sebi.gov.in or alternatively send their consent to the Registrar to the Offer, on a plain paper stating the Name, Address, Number of Shares held, Distinctive Number, Folio Number and Number of Shares offered, along with the documents as mentioned above, so as to reach the Registrar to the Offer on or before the Date of Closing of the Offer or by registered post so as to reach on or before the Date of Closing of the Offer or in case of beneficial owners, they may send the application 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 tendered, DP name, DP ID, Beneficiary Account Number and a photocopy of the delivery instruction in 'Off-Market' mode or counterfoil of the delivery instruction in 'Off-Market' mode, duly acknowledged by the DP, in favour of the Special Depository Account, so as to reach the Registrar to the Offer, on or before the Date of Closing of the Offer or by registered post so as to reach on or before the Date of Closing of the Offer.

9.9 The share certificate(s), share transfer form, Form of Acceptance and other documents, if any should be sent only to the Registrar to the Offer, at the collection centres mentioned below. **They should not be sent to the Manager to the Offer or the Acquirer or the PACs or the Target Company.** The above-mentioned documents can be sent to the following collection centres on all days except Sundays and public holidays between 10:00AM to 4:30PM.

City	Contact Person	Address	Tel. No.	Fax No.	E-mail ID	Mode of Delivery
Mumbai	Pravin Kasare	Link Intime India Pvt. Ltd,C-13, Pannalal Silk Mills Compound, L B S Marg, Bhandup (W), Mumbai - 400078.	022-25967878	022-25960329	pravin.kasare@linkintime.co.in	Hand Delivery & RegisteredPost
Ahmedabad	Hitesh Patel	Link Intime India Pvt. Ltd, 303, 3rd Floor, Shoppers Plaza V, Opp. Municipal Market, Behind Shoppers Plaza II, Off C G Road, Navrangpura, Ahmedabad - 380 009	079-2646 5179	079-2646 5179 **(Telefax)**	ahmedabad@linkintime.co.in	Hand Delivery
Bangalore	Prashant D. Shedbal	Link Intime India Pvt. Ltd., 543/A, 7TH Main , 3rd Cross, Hanumanthanagar, Bangalore - 560 019	080-26509004	080-26509004 **(Telefax)**	bangalore@linkintime.co.in	Hand Delivery
Kolkata	S.P. Guha	Link Intime India Pvt. Ltd, 59C,Chowringhee Road,3rd Floor, Kolkata -700020	033-22890539/40	033-22890539/40 **(Telefax)**	kolkata@linkintime.co.in	Hand Delivery
New Delhi	Swapan Naskar	Link Intime India Pvt. Ltd., A-40, 2nd Floor, Naraina Industrial Area, Phase II, Near Batra Banquet, New Delhi – 110028.	011-41410592/93/94	011-41410591	delhi@linkintime.co.in	Hand Delivery

City	Contact Person	Address	Tel. No.	Fax No.	E-mail ID	Mode of Delivery
Chennai	Mrs. Solly Soy	C/o SGS Corporate Solutions India Pvt. Ltd., Indira Devi Complex, II Floor, No.20, Gopalakrishna Street, Pondy Bazaar, T. Nagar, Chennai-600 017	044- 2815 2672, 044-4207 0906	044- 2815 2672 (Telefax)	chennai@saspartners.com	Hand Delivery

9.10 In terms of regulation 22 (5A) of the SEBI (SAST) Regulations, the Shareholders desirous of withdrawing the acceptance tendered by them in the Offer may do so up to three (3) working days prior to the date of closure of the Offer. The Withdrawal Option can be exercised by submitting the documents as per the instructions below, so as to reach the Registrar to the Offer at any of the collection centers mentioned above as per the mode of delivery indicated therein on or before July 16, 2012.

9.11 The Withdrawal Option can be exercised by submitting the Form of Withdrawal, enclosed with the Letter of Offer.

9.12 In case of non-receipt of Form of Withdrawal, the Withdrawal Option can be exercised by making a plain paper application alongwith the following details:

9.12.1 In case of physical Shares, name, address, distinctive numbers, folio number, number of Shares tendered/withdrawn; and

9.12.2 In case of dematerialized Shares: name, address, number of Shares tendered/withdrawn, DP name DP ID, beneficiary account number and a photo-copy of delivery instruction in “Off-market” mode or counter-foil of the delivery instruction in “Off-market” mode duly acknowledged by the DP in favour of the Special Depository Account.

9.13 The withdrawal of Equity Shares will be available only for the share certificates/ Shares that have been received by the Registrar to the Offer/ Special Depository Escrow Account.

9.14 The intimation of returned Equity Shares to the Shareholders will be at the address as per the records of the the Target Company / Depository as the case may be.

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

9.16 In case of partial withdrawal of Equity Shares tendered in physical form, if the original share certificates are required to be split, the same will be returned on receipt of share certificates from the Target Company.

9.17 Partial withdrawal of tendered Shares can be done only by the Registered Shareholders / Beneficial owners. In case of partial withdrawal, the earlier Form of Acceptance will stand revised to that effect.

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

9.19 As on the date of the Public Announcement, no statutory or regulatory approval(s) is/are required for the purpose of the Offer. However, in case of any statutory approvals being required by the Acquirer and/or PACs at a later date before the Date of Closing of the Offer, the Offer shall be subject to all such approvals and the Acquirer and/or PACs shall make the necessary applications for such approvals. In case of delay in receipt of statutory approvals beyond August 3, 2012, i.e., the last date for communicating acceptance / rejection and payment of consideration for accepted shares, interest will be payable for the delayed period in terms of regulation 22(12) of SEBI (SAST) Regulations. Further, if the delay occurs on account of willful default by Acquirer and the PACs in obtaining the requisite approvals, regulation 22(13) of SEBI (SAST) Regulations will also become applicable.

9.20 Payment of consideration will be made by crossed account payee cheque / demand draft and sent by registered post, to those Shareholders/unregistered owners and at their own risk, whose Shares/ Share certificates and other documents are found in order and accepted by Acquirers and/or PACs. In case of joint registered holders, cheques /demand drafts will be drawn in the name of the sole/first named holder/unregistered owner and will be sent to him. It is desirable that Shareholders provide bank details in the Form of Acceptance cum Acknowledgment, so that same can be incorporated in the cheque / demand draft.

9.21 Unaccepted or withdrawn share certificate(s), transfer form(s) and other documents, if any, will be returned by registered post at the Shareholders'/unregistered owners' sole risk to the sole/first named shareholder/unregistered owner. Unaccepted or withdrawn Shares held in demat form will be credited back to the beneficial owners' depositary account with the respective depositary participant as per the details furnished by the beneficial owner in the Form of Acceptance cum Acknowledgement.

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

9.23 If the aggregate of the valid responses to the Offer exceeds the Offer Size of 58,00,000 (Fifty Eight Lakhs) fully paid-up Equity Shares of the Target Company, then valid applications received shall be accepted on a proportionate basis in accordance with regulation 21(6) of the SEBI (SAST) Regulations. The Shares of the Target Company are compulsorily traded in dematerlization form, hence minimum acceptance/market lot will be one share.

9.24 While tendering the Equity Shares under the Offer, NRIs/OCBs/foreign Shareholders will be required to submit the previous RBI approvals (specific or general) that they would have obtained for acquiring the Equity Shares of the Target Company. In case the previous RBI approvals are not submitted, the Acquirer and the PACs reserve the right to reject such Equity Shares tendered. While tendering Equity Shares under the Offer NRI/ OCBs/foreign Shareholders will be required to submit a tax clearance certificate from the Income Tax authorities, indicating the amount of tax to be deducted by the Acquirer and the PACs under the Income Tax Act, 1961 ("**I-T Act**"), before remitting the consideration. In case the aforesaid tax clearance certificate is not submitted, the Acquirer and the PACs will arrange to deduct tax at the rate as may be applicable to the category of the Shareholders under the Income Tax Act, 1961, on the entire consideration amount payable to such shareholder. Shareholders, while tendering their Equity Shares in the Offer may indicate an option to receive the payment of Offer Price through electronic form by indicating in the space provided in the Form of Acceptance cum Acknowledgement. The payment consideration for Equity Shares accepted under the Offer, in such cases, may be made through National Electronic Clearing Services (NECS), Direct Credit, Real Time Gross Settlement (RTGS) or National Electronic Funds Transfer (NEFT), as applicable, at specified centers where clearing houses are managed by the Reserve Bank of India, wherever possible. In other cases, payment of consideration would be made through cheque / demand draft / pay order sent by registered post / speed post.

9.25 Shareholders who opt for receiving consideration through electronic form are requested to give the authorization for electronic mode of transfer of funds in the Form of Acceptance cum Acknowledgement, provide the Magnetic Ink Character Recognition / Indian Financial System Code of their bank branch and enclose a cancelled cheque or a photocopy of a cheque associated with the particular bank account, along with the Form of Acceptance cum Acknowledgement. In case of joint holders/unregistered owners, payments will be made in the name of the first holder/ unregistered owner. For the purposes of electronic transfer, in case of Shareholders opting for electronic payment of consideration and for purposes of printing on the cheque / demand draft / pay-order for the other cases, the bank account details will be directly taken from the depositories' database, wherever possible. A Shareholder tendering Equity Shares in the Offer, is deemed to have given consent to obtain the bank account details from the Depositories, for this purpose. Only if the required details cannot be obtained from the depositories' database then the particulars provided by the Shareholders would be used.

9.26 For Shareholders, who do not opt for electronic mode of transfer and for those shareholders, whose payment consideration is rejected / not credited through NECS / Direct Credit / RTGS / NEFT, due to any technical errors or incomplete/incorrect bank account details, payment consideration will be dispatched through speed post / registered post. Such payment consideration will be made by cheques, pay orders or demand drafts payable at par at places where the address of the Shareholder is registered. It is advised that Shareholders provide bank details in the Form of Acceptance cum Acknowledgement, so that the same can be incorporated in the cheque/demand draft/pay order. It will be the responsibility of the tendering Shareholders to ensure that correct bank account details are mentioned with the Depositories and in the Form of Acceptance cum Acknowledgement.

9.27 **Payment of consideration**

Payment to those Shareholders whose Share certificates and/or other documents are found valid and in order will be by way of a crossed account payee cheque / demand draft / pay order or through DC, NEFT, RTGS, NECS, at specified centers where clearing houses are managed by the RBI within 15 days from the date of closure of Offer. Shareholders who opt for receiving consideration through DC/NEFT/RTGS/NECS are requested to give the authorization for the same in the Form of Acceptance cum Acknowledgment and enclose a photocopy of cheque along with the Form of Acceptance cum Acknowledgment. The decision regarding the acquisition (in part or full), or rejection of, the Shares tendered pursuant to this Offer and (i) any corresponding payment for the acquired Shares and/or (ii) share certificates for any rejected Shares or Shares withdrawn, will be dispatched to the Shareholders by registered post at the Shareholder's sole risk. Shares held in dematerialized form to the extent not acquired or Shares withdrawn will be credited back to the respective beneficiary account with their respective DPs as per the details furnished by the beneficial owners in the Form of Acceptance cum Acknowledgment.

10. TAX RELATED PROVISIONS

10.1 General

10.1.1 As per the provisions of section 195(1) of the I-T 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). Since the consideration payable under the Offer would be chargeable to capital gains under section 45 of the I-T Act or as business profits or interest income (if any) as the case may be, Acquirers/ PACs are required to deduct taxes at source (including surcharge and education cess).

10.1.2 Resident and non-resident Shareholders (including FII) are required to submit their Permanent Account Number ("**PAN**") for income-tax purposes. In case PAN is not submitted or is invalid or does not belong to the Shareholder, Acquirers/PACs will arrange to deduct tax at the rate of 20% (twenty percent) or at the rate in force or at the rate specified in the relevant provisions of the I-T Act, or at the maximum rate as discussed in paragraphs 10.2 to 10.4, whichever is higher.

10.1.3 In case of ambiguity, incomplete or conflicting information or the information not being provided to the Acquirers/ PACs, it would be assumed that the Shareholder is a non-resident Shareholder and taxes shall be deducted at the maximum rate as may be applicable to the relevant category to which the Shareholder belongs under the I-T Act, on the entire consideration and interest if any, payable to such Shareholder.

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

10.1.5 The provisions contained under clause (b) and (c) above shall apply notwithstanding anything contrary contained in paragraphs 10.2 to 10.4 below.

10.2 Tax to be deducted in Case of Non-resident Shareholders

10.2.1 While tendering Shares under the Offer, NRIs/OCBs/foreign Shareholders shall be required to submit certificate from the Income-tax Authorities under Section 195(3) or Section 197 of the I-T Act along with the Form of Acceptance-cum-Acknowledgement, indicating the manner in which the quantum of tax deduction at source is to be computed by the Acquirers/ PACs before remitting the consideration. The Acquirers/PACs will arrange to deduct taxes at source in accordance with such certificate.

10.2.2 In case the aforesaid certificate is not submitted, the Acquirers/PACs will arrange to deduct tax at the applicable rate as may be applicable to the relevant category to which the Shareholder belongs under the I-T Act, on the entire gross consideration and interest if any, payable to such Shareholder. The Acquirers will not take into consideration any other details and documents submitted by the shareholder for deducting lower amount of tax at source.

10.2.3 In case of an individual non–resident Shareholder (who is either a citizen of India or a person of Indian origin) who has himself/ herself acquired Equity Shares of the Target Company with convertible foreign exchange and has also held such shares for at least twelve months prior to the date on which shares, if any, are accepted under the present Offer, the applicable rate of tax deduction at source would be 10.30%.

However, to be eligible for this lower rate of tax deduction at source the shareholder will have to furnish copy of his / her demat account clearly reflecting the fact that Equity Share held in that accountare in repatriable mode. Further, copy of the demat a/c. should also reflect that the Equity Shares were held for more than twelve months prior to the date on which Equity Shares, if any, are accepted under the present Offer. In case of Equity Shares held in physical mode the Shareholder will have to furnish certificate from his/ her bank to the effect that the purchase consideration of these Equity Shares was paid out of non resident external a/c of the Shareholder concerned.

10.3 **Withholding tax implications for FII**

10.3.1 As per provisions of section 196D(2) of the I-T Act, no deduction of tax at source will be made from any income by way of capital gains arising from transfer of securities referred to in section 115AD of the I-T Act to a FII as defined in section 115AD of the I-T Act.

10.3.2 A FII should furnish SEBI Registration certificate including sub-account certificate where applicable ("**FII Certificate**") the nature of its income arising from the sale of shares in the Target Company as per the I-T Act (whether capital gains or otherwise) by tick marking on the appropriate option provided in the acceptance form for this purpose. In the absence of FII Certificate to the effect that their income from sale of shares is in the nature of capital gains, the Acquirers/ PACs will deduct tax at the maximum rate applicable to the category to which such FII belongs on the entire consideration payable to such FII. Should FII submit a certificate u/s. 195 (3) or 197 from the Income-tax authorities while tendering the Shares, indicating the amount of tax to be deducted by the Acquirers/ PACs under the I-T Act, the Acquirers/ PACs will deduct tax in accordance with the same.

10.3.3 In respect of interest income, FII should submit a certificate u/s. 195 (3) or 197from the income-tax authorities indicating the amount of tax to be deducted by the Acquirers/ PACs under the I-T Act. The Acquirers/ PACs will deduct tax in accordance with the certificate u/s. 195 (3) or 197 so submitted. In absence of such certificate u/s. 195 (3) or 197, the Acquirers/ PACs will arrange to deduct tax at the maximum rate applicable to the category to which such FII belongs.

10.4 **Tax to be deducted in case of resident Shareholders**

10.4.1 In absence of any specific provision under the I-T Act, Acquirers/ PACs will not deduct tax on the consideration payable to resident Shareholders for acquisition of Shares.

10.4.2 Acquirers/ PACs will deduct the tax at the stipulated rates (including applicable surcharge, education cess and secondary higher education cess) on interest, if any, payable to resident Shareholders, if amount of interest payable is in excess of Rs. 5,000 (Rupees Five thousand only).

10.4.3 The resident Shareholder claiming no tax is to be deducted or tax to be deducted at a lower rate on interest amount, should submit along with the Form of Acceptance-cum-Acknowledgement a certificate u/s. 197 from the income-tax authorities indicating the amount of tax to be deducted by the Acquirers/ PACs or, in the case of resident Shareholder not being a company or firm, a self declaration in Form 15G or

Form 15H as may be applicable. The self declaration in Form 15G or Form 15H would not be valid unless the Shareholder furnishes PAN in such declaration. In case the aforesaid certificate u/s. 197 or Form 15G or 15H, if applicable, is not submitted, the Acquirers/ PACs will arrange to deduct tax at the rate as may be applicable to the category of the Shareholder under the I-T Act. Also, no tax is to be deducted on interest amount in the case of resident Shareholder being a Mutual Fund as per Section 10(23D) of the I-T Act or a Bank/an entity specified under Section 194A(3)(iii) of the I-T Act if it submits a copy of relevant registration or notification along with the Form of Acceptance-cum-Acknowledgement.

10.5 **Issue of withholding tax certificate**

The Acquirers/PACs will issue a certificate in the prescribed form to the Shareholders (resident and non- resident) who have been paid the consideration and interest, if any, after deduction of tax on the same certifying the amount of tax deducted and other prescribed particulars.

10.6 **Withholding taxes in respect of overseas jurisdictions**

10.6.1 Apart from the above, the Acquirers/PACs will be entitled to withhold tax in accordance with the tax laws applicable in the overseas jurisdiction where the non-resident Shareholder is a resident for tax purposes ("**Overseas tax**").

10.6.2 For this purpose, the non-resident Shareholder shall duly represent in the Form of Acceptance-cum-Acknowledgement the quantum of the Overseas tax to be withheld as per the relevant tax laws of the country in which the non-resident Shareholder is a tax resident, and the Acquirers/ PACs will be entitled to rely on this representation at their/its sole discretion.

10.6.3 Shareholders are advised to consult their tax advisors for the treatment that may be given by their respective Assessing Officers in their case, and the appropriate course of action that they should take. The Acquirers, PACs and the Manager to the Offer do not accept any responsibility for the accuracy or otherwise of such advice.

11. DOCUMENTS FOR INSPECTION

The following material documents are available for inspection by Shareholders of the Target Company at the office of the Manager to the Open Offer at Corporate Office, Axis House, Bombay Dyeing Mills Compound, Pandurang Budhkar Marg, Worli, Mumbai – 400 0225, from 10.30 a.m. to 1.00 p.m. on any day, except Sundays and public holidays, from the date of opening of the Offer until the Date of Closing of the Offer:

11.1 Copy of the Certificate of Incorporation, Memorandum of Association and Articles of Association of Acquirer.

11.2 Copy of the Deed of Incorporation of AAA and Aktieselskabet and English translation versions thereof.

11.3 Copy of the Certificate of Incorporation, Memorandum of Association and Articles of Association of Ashwell.

11.4 Copy of the Certificate of Incorporation, Memorandum of Association and Articles of Association of the Target Company.

11.5 Copy of published Public Announcement.

11.6 The audited financial statements for last three years of the Acquirer and unaudited certified financials for the nine months period ended December 31, 2011.

11.7 The audited financial statements for the last two years of AAA and unaudited certified financials for the five months period ended December 31, 2011.

11.8 The audited financial information of Aktieselskabet for the last 3 (three) years ended July 31, 2011 and unaudited certified financials for the six months period ended January 31, 2012.

11.9 Copies of the Annual Reports of the Acquirer and the Target Company for the last three years.

11.10 Copy of the certificate dated March 6, 2012 by Mr. K. V. Beswal, Partner (Membership no. 131054) of M/s. V K Beswal & Associates, Chartered Accountants, located at 408/410, Rewa Chambers, 31 New Marine Lines, Mumbai 400 020, Tel: +91 22 2206 5656, Fax: +91 22 2209 5666 certifying that the Acquirer have adequate resources to meet the financial requirements of the Offer and that firm arrangement for financial resources required to implement the Offer i.e., funds and money for payment through verifiable means is already in place.

11.11 Certificate dated March 7, 2012 by the Acquirer, AAA and Ashwell and certificate dated May 28, 2012 by Aktieselskabet giving an undertaking to the Manager to the Offer to meet their financial obligations under the Offer.

11.12 Copy of the Escrow Agreement between the Escrow Agent, the Acquirer, AAA, Ashwell and the Manager to the Offer, authorising the Manager to the Offer to realize the Escrow Account, in terms of the SEBI (SAST) Regulations.

11.13 Copy of the Escrow Amendment Agreement dated 28 May 2012 between the Escrow Agent, the Acquirer, AAA, Ashwell, Aktieselskabet and the Manager to the Offer adding Aktieselskabet as a party to the Escrow Agreement.

11.14 Copy of Agreement between Registrar to the Offer and the Acquirer, AAA and Ashwell.

11.15 Copy of the Registrar Amendment Agreement dated May 28, 2012 between the Registrar to the Offer, the Acquirer, AAA, Ashwell and Aktieselskabet adding Aktieselskabet as a party to the Registrar Agreement.

11.16 Copy of letter from Axis Bank Limited confirming the amount kept in the escrow account

11.17 Copy of the board resolutions of Acquirer, authorising Ms. Prachi Deshpande or Mr. Uday Mogre to do the needful on their behalf for this Offer.

11.18 Copy of the agreement into with Depository participant for opening a special depository account for the purpose of the offer.

11.19 Copies of undertakings by the Acquirer dated 7 March 2012;

11.20 Copy of SEBI's observations in terms of the proviso to regulation 18(2) of the SEBI (SAST) Regulation.

12. DECLARATION BY THE ACQUIRERS AND THE PACS

12.1 Boards of the Acquirer and the PACs accept full responsibility for the information contained in this Letter of Offer (except the section pertaining to the Target Company) and also accept responsibility for the obligations of the Acquirer and the PACs laid down in the SEBI (SAST) Regulations.

12.2 The Acquirer and PACs shall be severally and jointly responsible for ensuring compliance with and fulfilling obligations under the SEBI (SAST) Regulations. We are duly and legally authorized on behalf of the Acquirer and PACs respectively to sign this Letter of Offer.

For **Bombay Rayon fashions Limited**

Sd/-

Name: Ms. Prachi Deshpande
Designation: Authorized Signatory
Date: June 21, 2012
Place: Mumbai

For **AAA United B.V.**

Sd/-

Name: Lise Kaae
Designation: Authorized Signatory
Date: June 21, 2012
Place: Brande, Denmark

For **Ashwell Holding Company Private Limited**

Sd/-

Name: Sushil Modi
Designation: Director
Date: June 21, 2012
Place: Mumbai

For **Aktieselskabet af 1/8 2004**

Sd/-

Name: Lise Kaae
Designation: Authorized Signatory
Date: June 21, 2012
Place: Brande, Denmark