LETTER OF OFFER

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

This Letter of Offer is sent to you as an Equity Shareholder of STI India Limited. If you require any clarifications about the action to be taken, you may consult your stock broker or investment consultant or Manager to the Offer / Registrar to the Offer. In case you have recently sold your Shares in the Company, please hand over this Letter of Offer and the accompanying Form of Acceptance-cum-Acknowledgement [which includes Form of Withdrawal] and transfer deed to the purchaser of Shares or the member of the stock exchange through whom the said sale was effected.

CASH OFFER

BY

Eight Capital Master Fund Ltd [“Acquirers”]

Registered Office: M&C Corporate Services Limited, P.O. Box 306CEI, Ugland House, South Church Street, George Town Grand Cayman, Cayman Islands

Tel: 00 1 212 983 1030 ; Fax: 00 1 212 983 0086

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Spinnaker Global Opportunity Fund Ltd., Spinnaker Global Emerging Markets Fund Ltd. and Spinnaker Global Strategic Fund Ltd. [“Acquirers”]

Registered Office: C/o Maples Finance BVI Ltd., Sea Meadow House, P.O. Box 173, Road Town, Tortola, British Virgin Islands.

Tel No: 00 44 207 903 2914; Fax No: 00 44 207 903 2999

to acquire

upto 58,00,000 fully paid up equity shares of the face value of Rs. 10/- (Rupees Ten only) each, representing 20.00% of the voting paid up equity share capital, at a price of Rs. 25.00 (Rupees Twenty Five only) per fully paid up equity share **(“Offer Price”)** payable in cash of

STI INDIA LIMITED

[“the Company” / “STI”]

Regd Office: Rau-Pithampur Link Road

Tehsil - Mhow, District : Indore (MP) 453332 India

Tel: 91 0731 4020 000; Fax: 91 0731 4020 011

Notes:

1. This Offer is being made pursuant to Regulation 10 and 12 of the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 1997 and subsequent amendments thereto [“**SEBI Takeover Regulations**”] for the purpose of substantial acquisition of Shares and voting rights of the Company accompanied with change in control and management of the Company in order to facilitate the rehabilitation of the Company.
2. Pursuant to Press Note No. 4 (2006 Series) dated February 10, 2006 issued by the Department of Industrial Policy and Promotion, Ministry of Commerce and Industry, Government of India, transfer of shares from residents to non-residents in compliance of SEBI Takeover Regulations does not require a specific approval from FIPB, provided that the transfer of shares is within the sectoral FDI limits as specified therein. As per Regulation 5(1) of Notification No. FEMA 20 / 2000 – RB dated May 3, 2000 issued by RBI, FDI is permitted up to 100% in the Company under the automatic route.

   The Reserve Bank of India (‘**RBI**”), vide their letter dated October 31, 2007 granted approval to the Acquirers to acquire equity shares of STI through open offer from the eligible shareholders as the equity shares that are tendered in the Offer, will be those held by resident shareholders and may be those held by non-resident Indians or persons resident outside India who are not non-resident Indians, including overseas corporate bodies, if any, holding equity shares in STI who may be persons not covered by specific provisions of the Foreign Exchange Management (Transfer or Issue of Security by a Person Resident Outside India) Regulations, 2000 under the Foreign Exchange Management Act, 1999 and the rules and Regulations made there under **(“FEMA”)**. Equity shares that are likely to be tendered by the erstwhile overseas corporate bodies will be accepted subject to prior RBI approval.
3. RBI, vide A.P. (DIR Series) Circular No. 62 dated May 24, 2007 decided to permit the Authorised Dealers to open escrow account and special account on behalf of non resident acquirers without prior approval of RBI. The Acquirers opened four off shore Escrow Accounts with Hongkong and Shanghai Banking Corporation Limited Mauritius (Limited), Mauritius in May 2007 i.e. before the Public Announcement (“**PA**”) and simultaneously opened four domestic Escrow Accounts with The Hongkong and Shanghai Banking Corporation Limited, Mumbai in terms of SEBI Takeover Regulations and in terms of the above mentioned Circular, transferred the funds lying in the off shore Escrow Accounts to the domestic Escrow Accounts.
4. The Shareholders who have accepted the Offer by tendering the requisite documents in terms of the PA/ Letter of Offer can withdraw the same up to three working days prior to the date of the closure of the Offer i.e. up to Tuesday – November 11, 2008.
5. The Acquirers are permitted to revise the Offer Price upwards any time up to seven working days prior to the date of closure of the Offer i.e. up to Wednesday – November 5, 2008. If there is an upward revision of the Offer Price in terms of Regulation 26, the same would be informed by way of a PA in the same newspapers where the original PA has appeared as mentioned in para no. 2.2.13 of this Letter of Offer. Such revised Offer Price would be payable by the Acquirers for all the Shares tendered anytime during the Offer.
6. This Offer is not conditional upon any minimum level of acceptances.
7. **There has been no competitive bid.**
8. **As the Offer Price cannot be revised during seven working days prior to the closing date of the Offer, it would be in the interest of the Shareholders to wait till the commencement of that period to know the final Offer Price and tender their acceptance accordingly.**
9. The Form of Acceptance cum Acknowledgement together with the Form of Withdrawal is enclosed with this Letter of Offer.
10. A copy of the PA and Letter of Offer (including Form of Acceptance-cum-Acknowledgement which includes Form of Withdrawal) will be available on SEBI’s website at www.sebi.gov.in from the date of opening of the Offer i.e., Wednesday – October 29, 2008.

MANAGER TO THE OFFER	REGISTRAR TO THE OFFER
YES BANK EXPERIENCE OUR EXPERTISE **YES BANK Limited** 12th Floor, Discovery of India Building Nehru Centre, Dr. Annie Besant Road, Worli, Mumbai 400018 Tel No: 91 22 6669 9000 Fax No: 91 22 2497 4158 Email ID: merchantbanking@yesbank.in SEBI Reg No: MB / INM 0000 10874 Contact : Dhanraj Uchil /Ajay Shete	MCPE **Mondkar Computers Pvt Limited** 21, Shakil Niwas Opp: Satya Sai Baba Temple, Mahakali Caves Road Andheri East, Mumbai 400093 Tel: 91 22 2820 7203 - 2820 7205 Fax: 91 22 2820 7207 Email: info@mondkarcomputers.com SEBI Registration No: INR 000000 114 Contact: Ravi Utekar

Offer Opens : Wednesday - October 29, 2008	**Offer Closes :** Monday - November 17, 2008

Schedule of the Activities

Activities	Schedule as per PA	Revised Schedule
PA date	Wednesday – May 30, 2007	Wednesday – May 30, 2007
Specified Date *	Thursday – May 31, 2007	Thursday – May 31, 2007
Last date for Competitive Bid	Wednesday – June 20, 2007	Wednesday – June 20, 2007
Date by which letter of offer to be dispatched to the shareholders	Saturday – July 14, 2007	Friday – October 24, 2008
Date of opening of the Offer	Tuesday – July 24, 2007	Wednesday – October 29, 2008
Last date for revising the Offer Price	Thursday – August 2, 2007	Wednesday – November 5, 2008
Last date up to which Shareholders may withdraw acceptance of the Offer	Wednesday – August 8, 2007	Tuesday – November 11, 2008
Date of closure of the Offer	Monday – August 13, 2007	Monday – November 17, 2008
Date for communicating acceptance/ rejection under the Offer and payment of consideration for applications accepted and / or return of Shares / Share certificates for applications rejected	Tuesday – August 28, 2007	Tuesday – December 2, 2008

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

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

1. Equity shares that are likely to be tendered by the erstwhile overseas corporate bodies will be accepted subject to prior RBI approval.
2. In the event that either (a) regulatory approvals are not received in time, (b) there is any litigation leading to a stay on the Offer, or (c) SEBI instructing the Acquirers not to proceed with the Offer, then the Offer process may be delayed beyond the schedule of activities indicated in this Letter of Offer. Consequently, the payment of consideration to the Shareholders of STI whose Shares are accepted under this Offer as well as the return of Shares not accepted under this Offer by the Acquirers may get delayed. In case of delay, due to non-receipt of statutory approval(s), as per Regulation 22(12) of the SEBI Takeover Regulations, SEBI, may, if satisfied that non-receipt of approvals was not due to any willful default or negligence on the part of the Acquirers, grant an extension for the purpose of completion of the Offer subject to the Acquirers agreeing to pay interest to the Shareholders. Further, the Shareholders should note that after the last date of withdrawal i.e. Tuesday – November 11, 2008, the Shareholders who have lodged their acceptances would not be able to withdraw them even if the acceptance of Shares under the Offer and dispatch of consideration gets delayed. The tendered Shares and documents would be held by the Registrar to the Offer, till such time as the process of acceptance of tenders, the payment of consideration and other Offer obligations are completed.
3. The Shares tendered in the Offer will be held in trust by the Registrar to the Offer till the completion of the Offer formalities and the Shareholders will not be able to trade such Shares. During such period there may be fluctuations in the market price of the Shares. The Acquirers make no assurance with respect to the market price of the Shares both during the Offer period and after completion of the Offer and disclaims any responsibility with respect to any decision by the Shareholders on whether or not to participate in the Offer.
4. The Acquirers make no assurance with respect to the future financial performance of STI.
5. In the event that the shares tendered in the Offer by the Shareholders of STI are more than the Shares to be acquired under the Offer, the acquisition of Equity Shares from each Shareholder will be as per the provisions of Regulation 21(6) of the SEBI Takeover Regulations i.e. on a proportionate basis, to be decided in a fair and equitable manner, in consultation with the Manager to the Offer, irrespective of whether the Shares are held in physical or dematerialized form.

The indicative risk factors set forth above are in relation to the Offer and not in relation to the present or future business or operations of STI 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 or in associating with the Acquirers. The Shareholders of STI are advised to consult their stock broker or investment consultant or tax advisor, if any, for further risks with respect to their participation in the Offer.

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

DEFINITIONS

Acquirers	(1) Eight Capital Master Fund Ltd and (2) Spinnaker Funds viz Spinnaker Global Opportunity Fund Ltd., Spinnaker Global Emerging Markets Fund Ltd. and Spinnaker Global Strategic Fund Ltd.
Board / Board of Directors / Directors	Board of Directors of STI
BSE	Bombay Stock Exchange Limited
CDC	CDC Group plc (formerly known as Commonwealth Development Corporation)
CDSL	Central Depository Services India Limited
DP	Depository Participant
Depositories	NSDL and CDSL
EPS	Earnings Per Share
FDI	Foreign Direct Investment
FIIs	Foreign Institutional Investors
FIPB/SIA	Foreign Investment Promotion Board / Secretariat of Industrial Assistance
GOI	Government of India
LOF	Letter of Offer
MPSE	Madhya Pradesh Stock Exchange, Indore
Manager to the Offer/ YES Bank	YES Bank Limited
NRI	Non Resident Indian
NSDL	National Securities Depository Limited
NSE	The National Stock Exchange of India Limited
OCB	Overseas Corporate Body
Offer	Offer to acquire upto 58,00,000 Shares representing 20.00% of the voting paid up equity share capital of STI
Offer Price	Rs. 25.00 (Rupees Twenty five only) per fully paid up equity share
PAT	Profit After Tax
Persons eligible to participate in the Offer	All owners (registered and unregistered) of Shares of STI except (a) the Acquirers and (b) the Seller
Public Announcement/ PA	PA for the Offer released on behalf of the Acquirers on May 30, 2007
Registrar / Registrar to the Offer	Mondkar Computers Private Limited
Regulations/ Takeover Regulations/ SEBI Takeover Regulations	Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 1997 and subsequent amendments thereto
RBI	Reserve Bank of India
RONW	Return on Net Worth
SEBI	Securities and Exchange Board of India
SEBI Act	Securities and Exchange Board of India Act, 1992
Seller	CDC group plc (CDC)
Shares	Fully paid up equity shares of Rs. 10/- (Rupees Ten only) each of STI
Shareholders / Equity Shareholders	All owners (registered or un registered) of Shares
Stock Exchanges	BSE, NSE and MPSE where the Shares are presently listed
Share Purchase Agreement / SPA	Share Purchase Agreement dated May 24, 2007 entered into between the Acquirers and the Seller
Target Company/ The Company/ STI	STI India Limited
Warrants	12,50,000 Convertible Warrants issued to Eight Capital and 12,50,000 Convertible Warrants issued to Promoters

1 DISCLAIMER CLAUSE

"IT IS TO BE DISTINCTLY UNDERSTOOD THAT THE FILING OF THE DRAFT LETTER OF OFFER WITH SEBI SHOULD NOT IN ANY WAY BE DEEMED OR CONSTRUED THAT THE SAME HAS BEEN CLEARED, VETTED OR APPROVED BY SEBI. THE DRAFT LETTER OF OFFER HAS BEEN SUBMITTED TO SEBI FOR A LIMITED PURPOSE OF OVERSEEING WHETHER THE DISCLOSURES CONTAINED THEREIN ARE GENERALLY ADEQUATE AND ARE IN CONFORMITY WITH THE REGULATIONS. THIS REQUIREMENT IS TO FACILITATE THE SHAREHOLDERS OF STI TO TAKE AN INFORMED DECISION WITH REGARD TO THE OFFER. SEBI DOES NOT TAKE ANY RESPONSIBILITY EITHER FOR FINANCIAL SOUNDNESS OF THE ACQUIRERS, OR THE COMPANY WHOSE SHARES ARE PROPOSED TO BE ACQUIRED OR FOR THE CORRECTNESS OF THE STATEMENTS MADE OR OPINIONS EXPRESSED IN THE DRAFT LETTER OF OFFER. IT SHOULD ALSO BE CLEARLY UNDERSTOOD THAT WHILE THE ACQUIRERS ARE PRIMARILY RESPONSIBLE FOR THE CORRECTNESS, ADEQUACY AND DISCLOSURE OF ALL RELEVANT INFORMATION IN THIS LETTER OF OFFER, THE MANAGER TO THE OFFER IS EXPECTED TO EXERCISE DUE DILIGENCE TO ENSURE THAT THE ACQUIRERS DULY DISCHARGE THEIR RESPONSIBILITY ADEQUATELY. IN THIS BEHALF AND TOWARDS THIS PURPOSE, THE MANAGER TO THE OFFER, YES BANK LIMITED HAS SUBMITTED A DUE DILIGENCE CERTIFICATE DATED JUNE 13, 2007 TO SEBI IN ACCORDANCE WITH THE SEBI TAKEOVER REGULATIONS. THE FILING OF THE DRAFT LETTER OF OFFER DOES NOT, HOWEVER, ABSOLVE THE ACQUIRERS FROM THE REQUIREMENT OF OBTAINING SUCH STATUTORY CLEARANCES AS MAY BE REQUIRED FOR THE PURPOSE OF THE OFFER."

2 DETAILS OF THE OFFER

2.1 Background of the Offer

2.1.1 This Offer is being made pursuant to Regulations 10 and 12 of the SEBI Takeover Regulations for the purpose of substantial acquisition of Shares and voting rights of the Company in order to facilitate the rehabilitation of the Company. The Acquirers will be in control of the management of the Company along with the Promoters.

2.1.2 Eight Capital and Spinnaker Funds entered into a Share Purchase Agreement dated May 24, 2007 ("**SPA**") with CDC Group plc (formerly known as Commonwealth Development Corporation) ["CDC" / "Seller"] wherein Eight Capital agreed to acquire 1,00,000 fully paid up equity shares representing 0.34% of the paid-up equity share capital and Spinnaker Funds agreed to acquire 44,94,594 fully paid up equity shares [Spinnaker Global Opportunity Fund Ltd - 11,68,595 shares, Spinnaker Global Emerging Markets Fund Ltd – 19,77,621 shares and Spinnaker Global Strategic Fund Ltd – 13,48,378 shares respectively] representing 15.50% of the paid-up equity share capital thus aggregating to CDC's total existing holding of 45,94,594 fully paid up equity shares ("Sale Shares") representing 15.84% of the current paid-up equity share capital of STI for a total purchase consideration of Rs. 1,50,00,000/- i.e. at a price of Rs. 3.26 per share (the "Negotiated Price")

Details of the Seller are as follows:

CDC Group plc
Actis Capital LLP, as duly authorized attorney for CDC Group plc
2 More London Riverside
London SE1 2JT
United Kingdom
Tel No : 00 44 207 234 5000
Fax No: 00 44 207 234 5362

CDC Group plc is not the promoter of STI.

2.1.3 In accordance with the SPA, the acquirers shall acquire the title and interest of the Seller in and unto the said Sale Shares together with all benefits and rights and obligations attaching thereto only upon the completion of the Offer. Until the completion date, the Sale Shares so acquired by the Acquirers shall be held in escrow and shall not be made available to the Acquirers.

2.1.4 Accordingly, the Seller, the Acquirers, IDBI Trusteeship Services Ltd, having its registered office at Asian Building, Ground Floor, 17, R. Kamani Marg, Ballard Estate, Mumbai 400001, acting as Share Escrow Agent and HSBC Bank Mauritius (Limited), having its registered office at 5th Floor, Les Cascades Building, Edith Cavell Street, Port Louis, Mauritius, acting as Cash Escrow Agent have entered into an Escrow Agreement dated May 24, 2007 i.e. simultaneously with the execution of SPA, in relation to the mechanism for completing the transfer of the shares agreed to be acquired from the Seller by the Acquirers under the SPA and the payment of the Negotiated Price per share, upon completion of the Acquirers' obligations under the SEBI Takeover Regulations.

2.1.5 The Purchasers deposited the purchase consideration with the Cash Escrow Agent and the Seller deposited the depository instructions with the Share Escrow Agent pending completion of the open offer. On the Completion Date i.e. within 3 days from the date of release of certificate by the Manager to the Offer in terms of Regulation 23(6) of Takeover Regulations to the effect that "the acquirers have fulfilled all obligations under the Takeover Regulations" Share Escrow Agent shall hand over the depository instructions to the Purchasers and the Cash Escrow Agent shall transfer the purchase consideration to the account specified by the Seller in the manner contained and set out in the SPA. Immediately upon the delivery of depository instructions, the Purchasers shall deliver the same to their depository participants and complete the transfer of shares.

2.1.6 Purchasers have undertaken to adhere to the Takeover Regulations and in the event that the open offer is not completed or the provisions of the Takeover Regulations are not complied with, the Completion shall not take place and the SPA shall terminate.

2.1.7 The other major terms in the SPA are (i) All dividends and bonus shares declared / issued by STI in respect of the sale shares, after the date of the SPA till the date of completion of the transfer belong to the purchasers and shall be delivered to the purchasers upon such completion and (ii) Until such completion or earlier termination of the SPA, all voting rights in respect of the sale shares shall be exercised by the seller in accordance with the instructions of the purchasers (acting jointly) subject to such instructions being acceptable to the seller (acting reasonably).

2.1.8 The Acquirers, the Seller and STI have not been prohibited by SEBI from dealing in securities in terms of directions issued under section 11B of SEBI Act or under any of the Regulations made under the SEBI Act. SEBI has not taken any other action against the Acquirers, the Target company and its promoters/ directors.

2.2 Details of the proposed Offer

2.2.1 As the aggregate equity stake of Acquirers in the paid up equity share capital of STI, after the transfer of shares covered in the SPA will be more than the stipulated threshold of 15%, in compliance with Regulations 10 and 12 of the Takeover Regulations, Acquirers made a PA to acquire upto 58,00,000 equity shares of Rs. 10/- (Rupees Ten only) each, representing 20.00% of the issued, subscribed and paid-up equity share capital of STI, from the public shareholders of STI, at a price of Rs. 25.00 (Rupees Twenty five only) per share payable in cash subject to the terms and conditions mentioned hereinafter. The equity shares that would be tendered in the valid form in terms of this Offer will be transferred in favour of Eight Capital and Spinnaker Funds in the ratio of 1:2. This is not a competitive bid. This offer is not pursuant to any global acquisition resulting in an indirect acquisition of shares of STI.

2.2.2 As on March 31, 2006 the paid up equity share capital of STI was Rs. 25,00,00,000/- comprising of 2,50,00,000 equity shares of Rs. 10/- each. On February 2, 2007, the Company allotted 40,00,000 Equity shares to State Bank of India ("**SBI**") in terms of One Time Settlement ("**OTS**") agreed to by and between SBI and STI. As on the date of the PA, the paid up equity share capital of STI was Rs. 29,00,00,000/- represented by 2,90,00,000 equity shares of Rs. 10/- each . Therefore, while determining 20% of the paid up equity share capital for the purpose of minimum public offer, paid up equity share capital of Rs. 29,00,00,000/- comprising of 2,90,00,000 equity shares of Rs. 10/- each was considered in terms of Regulation 21(5) of Takeover Regulations which provides that for the purpose of determining minimum 20% of the voting capital of the Company, voting rights as at the expiration of 15 days after the closure of the proposed public offer shall be reckoned. OCD series 1,2,3,4 and Warrants will not be converted into equity shares of STI by Eight Capital, Spinnaker Funds and the promoters of STI during the period of fifteen days after the closure of the proposed Open Offer.

2.2.3 Acquirers and the Promoters of STI have given undertakings that they will not exercise the conversion option with regard to warrants and Optionally Convertible Debentures allotted to them [which are convertible any time before the expiry of 6 months / 18 months from the date of allotment of warrants and Optionally Convertible Debentures], before the expiration of 15 days from the date of the closure of the proposed open offer. The convertible period of all warrants and optionally convertible debentures which were held by the Acquirers and by the promoters of STI is over and accordingly, the warrants have lapsed and the optionally convertible debentures have become due for repayment and are in default. Thus, no equity shares may be issued against such instruments. Therefore, equity shares that were likely to be issued and allotted upon conversion of Convertible Warrants and Optionally Convertible Debentures issued to Acquirers and the promoters of STI, are not taken into consideration for the purpose of determining minimum 20% of the voting capital of the Company in terms of Regulation 21(5) of Takeover Regulations.

2.2.4 The Offer is not conditional on any minimum level of acceptance and the Acquirers will be obliged to acquire upto a maximum of 58,00,000 Equity shares that are tendered in the valid form in terms of this Offer subject to the terms and conditions mentioned in the PA and this Letter of Offer .

2.2.5 The Acquirers may purchase additional shares of STI from the open market or through negotiation or otherwise, after the date of the PA in accordance with Regulation 20(7) of Takeover Regulations and the details of such acquisition, if any, will be disclosed by the Acquirers within 24 hours of such acquisition to the Stock Exchanges where the equity shares of STI are listed and to the Manager to the Offer in terms of Regulation 22(17) of the Takeover Regulations.

2.2.6 STI allotted the following four series of optionally convertible debentures to the Acquirers:

(i) 45,80,000 Optionally Convertible Debentures [OCD Series 1] to Eight Capital on February 2, 2007;

(ii) 50,00,000 Optionally Convertible Debentures [OCD Series 3] to Eight Capital on February 2, 2007;

(iii) 3,91,102 Optionally Convertible Debentures [OCD Series 2] to Eight Capital on April 16, 2007;

(iv) 2,20,890 Optionally Convertible Debentures [OCD Series 2] to Spinnaker GO Fund on April 16, 2007;

(v) 4,41,780 Optionally Convertible Debentures [OCD Series 2] to Spinnaker GEM Fund on April 16, 2007;

(vi) 15,46,228 Optionally Convertible Debentures [OCD Series 2] to Spinnaker GS Fund on April 16, 2007;

(vii) 30,09,785 Optionally Convertible Debentures [OCD Series 4] to Eight Capital on April 16, 2007;

(viiii) 16,99,021 Optionally Convertible Debentures [OCD Series 4] to Spinnaker GO Fund on April 16, 2007;

(ix) 33,98,043 Optionally Convertible Debentures [OCD Series 4] to Spinnaker GEM Fund on April 16, 2007; and

(x) 1,18,93,151 Optionally Convertible Debentures [OCD Series 4] to Spinnaker GS Fund on April 16, 2007;

OCD Series 1 and 3 were issued pursuant to a Debenture Subscription Agreement and Investment Agreement entered into between STI and Eight Capital on February 1, 2007 and as authorized by the special resolution of the shareholders of STI passed in an EGM of STI held on January 18, 2007. OCD Series 2 and 4 were issued pursuant to a Debenture Subscription Agreement and Investment Agreement entered into between STI, Spinnaker Funds and Eight Capital on March 26, 2007 and as authorized by the special resolution of the shareholders of STI passed in an EGM of STI held on February 23, 2007.

2.2.7 IDBI Trusteeship Services Ltd. ("**ITSL**") was appointed as the Debenture Trustee by STI in respect of all the above series of OCDs by Debenture Trust Deeds dated February 1, 2007 and March 26, 2007. The shares of the promoters and one Nariman Point Finance Ltd. were pledged as collateral for securing payment of amounts due under the Agreements by Share Pledge Agreements dated February 1, 2007, March 23, 2007 and September 26, 2007.

2.2.8 STI defaulted on repayment of principal of OCD Series 2, which became due for repayment on October 16, 2007 and also defaulted on interest payment on all series of OCDs starting from quarter ended September 30, 2007. This failure amounted to 'Events of Default' under the Debenture Subscription Agreements, Investment Agreements and the Debenture Trust Deeds. Accordingly, the acquirers had, by their notice dated January 29, 2008 called upon STI to cure the default within 10 days, which was also not done by STI.

2.2.9 Therefore, the acquirers severally instructed ITSL to invoke the pledge on shares created by the promoters of STI as a collateral for the OCD investment by a letter dated February 14, 2008 and further instructed them to hold the shares in trust for the acquirers until further instructions. Pursuant thereto, ITSL invoked the pledge on the shares by giving suitable instructions to their depository participants. The pledge-invoked shares were transferred to the demat account of ITSL on February 18, 2008.

2.2.10 ITSL intimated the fact of acquisition of the pledged shares to the stock exchanges by notices dated February 18 and 19, 2008 respectively under the Takeover Regulations and the SEBI (Prohibition of Insider Trading) Regulations, 1992. The acquirers also intimated the fact of pledge-invocation at their instance to the Manager to the Offer by a letter dated February 18, 2008 as required by Regulation 22(17) of the Takeover Regulations.

2.2.11 STI has since defaulted on all subsequent quarters in respect of amounts due on all series of OCDs, which have since also become due for repayment, upon expiration of their term. These shares continue to be held by ITSL as debenture trustee for the benefit of the acquirers. As the interest in the pledge-invoked shares was beneficially acquired by the acquirers on February 18, 2008, the acquirers had a valuation done of the STI shares as on that date for purposes of Regulation 20(7) of the Takeover Regulations. By a Report dated February 19, 2008, M/s Dinesh Bangar & Co., Chartered Accountants, found the value of the STI shares as on the date of invocation of pledge (February 18, 2008), arrived at through different applicable methods, as follows:

a) Average Market Price as per formula prescribed in reg. 20(4) of the Takeover Regulations – Rs. 21.89 per share.

b) Estimated Fair Value as per CCI Guidelines – Rs. 4.60 per share.

The highest of quoted price of the said shares on The National Stock Exchange of India Limited ("**NSE**") and the Bombay Stock Exchange Limited, Mumbai ("**BSE**") on February 18, 2008 was Rs. 18.70 and Rs 18.35 respectively**.** Since the value arrived at as on February 18, 2008 by the Chartered Accountants, as well as the market price of the STI shares on the said date is less than the offer price, the acquirers are not required to revise the offer price and accordingly, do not propose to do so.

2.2.12 There are no partly paid up Shares in the books of STI.

2.2.13 The PA was published in all the editions of the following newspapers in terms of Regulation 15(1) of SEBI Takeover Regulations on May 30, 2007 and the details of the same are as follows:

Language	**Name of Newspaper**	**Editions**
English	Financial Express	All editions
Hindi	Jansatta	All Editions
Hindi	Dainik Prabhat Kiran	Indore*
Marathi	Navashakti	Mumbai**

* Registered office of STI is situated in Indore.

**Equity shares of STI are most frequently traded on NSE. Therefore, the PA was also published in the Mumbai edition of Marathi newspaper i.e. Navshakti.

PA is also available on SEBI web site at www.sebi.gov.in

2.2.14 In case of any upward revision in the Offer Price by the Acquirers at any time up to seven working days prior to the date of closure of the Offer i.e. Wednesday – November 5, 2008 the same would be announced in the above mentioned newspapers and the revised Offer Price would be payable by the Acquirers for all Shares tendered at anytime during the Offer and accepted under the Offer.

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

2.2.16 There has been no competitive bid.

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

2.2.18 This Offer is being made to all Shareholders of STI except the parties to the SPA. The Promoters are eligible to participate in this Offer.

2.2.19 Mr. Ashok Sharma was on the board of STI as a nominee of Eight Capital Master Fund Ltd, and was appointed on April 23, 2007 pursuant to investments made in the Company by way of subscription to Optionally Convertible Debentures and Convertible Warrants. He did not participate in any matter concerning or relating to the offer including any preparatory steps leading to the offer. Pursuant to his resignation from Eight Capital and consequently from the board of STI, Mr. Ashok Sharma was replaced by Mr. Pelluru Bhaskara Rao as nominee of Eight Capital Master Fund Ltd. with effect from October 24, 2007. Mr. Pelluru Bhaskara Rao also did not, either in his capacity as director on the STI Board or in any other capacity, participate in any matter concerning or relating to the offer including any preparatory steps leading to the offer.

2.3 Details of fund infusion into STI under OTS

With the help and support of major term lending financial institution and lead bankers, the company restructured its debts. The restructuring of debt was contemplating repayment of debts over a period of 10 yeas with funded interest. The repayment of funded interest was payable after the full repayment of principal. The financial institution and bankers were, always during the discussions with them, impressing upon the company either to squeeze the repayment schedule or find out some suitable private investor so that their liabilities can be repaid through OTS. Under this background and with the expected support from the secured lenders, the Company commenced the process of exploring the possibilities of one time settlement of dues with the existing term lenders and banks. The Company assessed its total fund requirement for one time settlement of the existing secured debts, sustainable working capital necessities and immediate capital expenditure.

2.3.1 <u>Allotments made pursuant to Special Resolution passed in the EGM held on January 18, 2007</u>

The Sub Committee of Board of Directors of the Company at the meeting held on February 2, 2007 allotted following securities pursuant to a special resolution passed by the Members of the Company, in accordance with section 81(1A) of the Companies Act in the Extraordinary General Meeting ("**EGM**") held on January 18, 2007 which was convened by a resolution passed by the Directors in their meeting held on December 19, 2006.

(i) 45,80,000 Rupee Denominated Optionally Convertible Debentures ("**OCD Series 1**") of Rs. 50/- each payable upfront, to Eight Capital for an aggregate amount of Rs. 2290.00 lakhs with a tenure of 18 months, at a coupon rate of 12% p.a. compounded net of taxes and payable quarterly and each OCD series 1 optionally convertible into one fully paid-up Equity Share of the face value of Rs. 10/- each (at an pre-determined strike price of Rs. 50/- per share) and on such other terms and conditions as may be decided by the Board in its absolute discretion.

(ii) 50,00,000 Rupee Denominated Optionally Convertible Debentures ("**OCD Series 3**") of Rs. 10/- each payable upfront, to Eight Capital for an aggregate amount of Rs. 510.00 lakhs with tenure of 18 months, at a coupon rate of 12% p.a. compounded net of taxes and payable quarterly and each OCD series 3 optionally convertible into one fully paid-up Equity Share of the face value of Rs. 10/- each (at price of Rs. 10.20 per share calculated as per the prescribed guidelines issued by SEBI in this regard and on such other terms and conditions as may be decided by the Board in its absolute discretion.

(iii) 12,50,000 Convertible Warrants ("**Warrants**") to Eight Capital for an aggregate amount up to Rs. 127.50 lakhs with an option to apply for and be allotted one equity share of Rs. 10/- each at a premium of Rs. 0.20 per share calculated as per SEBI DIP Guidelines, within 18 months from the date of allotment on such other terms and conditions as may be decided by the Board in its absolute discretion with 10% of the price fixed as per SEBI DIP Guidelines shall be paid upfront at the time of allotment of the warrant and the same be adjusted against the price payable on allotment of equity shares against the warrants. In the event the option of conversion is not exercised, upfront payment of 10% shall stand forfeited.

(iv) 6,25,000 Convertible Warrants ("**Warrants**") to Promoters for an aggregate amount up to Rs. 63.75 lakhs with an option to apply for and be allotted one equity share of Rs. 10/- each at a premium of Rs. 0.20 per share calculated as per SEBI DIP Guidelines, within 18 months from the date of allotment on such other terms and conditions as may be decided by the Board in its absolute discretion with 10% of the price fixed as per SEBI DIP Guidelines shall be paid upfront at the time of allotment of the warrant and the same be adjusted against the price payable on allotment of equity shares against the warrants. In the event the option of conversion is not exercised, upfront payment of 10% shall stand forfeited.

December 19, 2006, being the date falling 30 days prior to the date of the EGM was the "Relevant Date" for the purpose of determination of the minimum issue price at which the preferential allotment of the above mentioned securities was to be made as per Clause 13.1.1 of SEBI DIP Guidelines. The average of the weekly high and low of the closing prices of the equity shares of STI on the BSE, where the Equity shares are most frequently traded, as per the certificate dated December 21, 2006 of M/s Rastogi Narain & Co., Chartered Accountants, New Delhi, the Statutory Auditors of the Company was: (a) for the 6 months ended on December 18, 2006 i.e. the day preceding the relevant date, was Rs. 10.16 per share and (b) for the 2 weeks ended on December 18 , 2006 i.e. the day preceding the relevant date, was Rs. 10.15 per share. Therefore, the issue price for preferential allotment of equity shares on a safer side was taken to be of Rs. 10.20 per share and conversion price of preferential allotment of Warrants is not less than the higher of above mentioned (a) and (b). The Acquirer, the Promoters and the Company have entered into a Debenture Subscription Agreement, Warrant Subscription Agreement and Investment Agreement dated February 1, 2007 ("**SSA 1**") which governs the rights and obligations, inter-se, of each of the said parties to the SSA.

The Sub Committee of Board of Directors of the Company at the meeting held on February 2, 2007 allotted 40,00,000 Equity Shares of Rs. 10/- each fully paid up for cash at a premium of Rs. 0.20 per share calculated as per SEBI DIP Guidelines on conversion of a part of overdue principal / interest on the outstanding principal amount to SBI in terms of OTS agreed to by and between SBI and STI, pursuant to a special resolution passed by the Members of the Company, in accordance with section 81(1A) of the Companies Act in the EGM held on January 18, 2007. Earlier, Sub Committee of Board of Directors at the meeting held on November 17, 2006 passed a resolution to offer, issue and allot 40,00,000 Equity Shares to SBI. December 19, 2006, being the date falling 30 days prior to the date of the EGM was the "Relevant Date" for the purpose of determination of the minimum issue price.

In view of pending formalities for the requisite approvals and other technical and administrative issues involved as per SEBI DIP Guidelines, only a part of the subscription was invited to meet the immediate requirement for capital and working capital expenditure already committed by the company. As the object of OTS could be fulfilled only after the receipt of balance subscription, the company was required to take another approval from the shareholders for offer, issue and allotment of securities.

2.3.2 <u>Allotments made pursuant to Special Resolution passed in the EGM held on March 23, 2007</u>

The Sub Committee of Board of Directors of the Company at the meeting held on April 16, 2007 allotted following securities pursuant to a special resolution passed by the Members of the Company, in accordance with section 81(1A) of the Companies Act in the EGM held on March 23, 2007 which was convened by a resolution passed by the Directors in their meeting held on February 23, 2007.

(i) 3,91,102 Rupee Denominated Optionally Convertible Debentures ("**OCD Series 2**") of Rs. 50/- each payable upfront, to Eight Capital Master Fund Limited for an aggregate amount of Rs. 195.55 lakhs with tenure of 6 months, at a coupon rate of 12% p.a. compounded net of taxes and payable quarterly and each OCD series 2 optionally convertible into one fully paid-up Equity Share of the face value of Rs. 10/- each (at an pre-determined strike price of Rs. 50/- per share) and on such other terms and conditions as may be decided by the Board in its absolute discretion.

(ii) 2,20,890 Rupee Denominated Optionally Convertible Debentures ("**OCD Series 2**") of Rs. 50/- each payable upfront, to Spinnaker Global Opportunity Fund Limited for an aggregate amount of Rs. 110.44 lakhs with tenure of 6 months, at a coupon rate of 12% p.a. compounded net of taxes and payable quarterly and each OCD series 2 optionally convertible into one fully paid-up Equity Share of the face value of Rs. 10/- each (at an pre-determined strike price of Rs. 50/- per share) and on such other terms and conditions as may be decided by the Board in its absolute discretion.

(iii) 4,41,780 Rupee Denominated Optionally Convertible Debentures ("**OCD Series 2**") of Rs. 50/- each payable upfront, to Spinnaker Global Emerging Markets Fund Limited for an aggregate amount of Rs. 220.89 lakhs with tenure of 6 months, at a coupon rate of 12% p.a. compounded net of taxes and payable quarterly and each OCD series 2 optionally convertible into one fully paid-up Equity Share of the face value of Rs. 10/- each (at an pre-determined strike price of Rs. 50/- per share) and on such other terms and conditions as may be decided by the Board in its absolute discretion.

(iv) 15,46,228 Rupee Denominated Optionally Convertible Debentures ("**OCD Series 2**") of Rs. 50/- each payable upfront, to Spinnaker Global Strategic Fund Limited for an aggregate amount of Rs. 773.11 lakhs with tenure of 6 months, at a coupon rate of 12% p.a. compounded net of taxes and payable quarterly and each OCD series 2 optionally convertible into one fully paid-up Equity Share of the face value of Rs. 10/- each (at an pre-determined strike price of Rs. 50/- per share) and on such other terms and conditions as may be decided by the Board in its absolute discretion.

(v) 30,09,785 Rupee Denominated Optionally Convertible Debentures ("**OCD Series 4**") of Rs. 50/- each payable upfront to Eight Capital Master Fund Limited for an aggregate amount of Rs. 1504.89 lakhs with tenure of 18 months, at a coupon rate of 12% p.a. compounded net of taxes and payable quarterly and each OCD series 4 is optionally convertible into one fully paid-up Equity Share of the face value of Rs.10/- each (at an pre-determined strike price of Rs. 50/- per share) and on such other terms and conditions as may be decided by the Board in its absolute discretion.

(vi) 16,99,021 Rupee Denominated Optionally Convertible Debentures ("**OCD Series 4**") of Rs. 50/- each payable upfront to Spinnaker Global Opportunity Fund Limited for an aggregate amount of Rs. 849.51 lakhs with tenure of 18 months, at a coupon rate of 12% p.a. compounded net of taxes and payable quarterly and each OCD series 4 is optionally convertible into one fully paid-up Equity Share of the face value of Rs.10/- each (at an pre-determined strike price of Rs. 50/- per share) and on such other terms and conditions as may be decided by the Board in its absolute discretion.

(vii) 33,98,043 Rupee Denominated Optionally Convertible Debentures ("**OCD Series 4**") of Rs. 50/- each payable upfront to Spinnaker Global Emerging Markets Fund Limited for an aggregate amount of Rs. 1699.02 lakhs with tenure of 18 months, at a coupon rate of 12% p.a. compounded net of taxes and payable quarterly and each OCD series 4 is optionally convertible into one fully paid-up Equity Share of the face value of Rs.10/- each (at an pre-determined strike price of Rs. 50/- per share) and on such other terms and conditions as may be decided by the Board in its absolute discretion.

(viii) 1,18,93,151 Rupee Denominated Optionally Convertible Debentures ("**OCD Series 4**") of Rs. 50/- each payable upfront to Spinnaker Global Strategic Fund Limited for an aggregate amount of Rs. 5946.57 lakhs with tenure of 18 months, at a coupon rate of 12% p.a. compounded net of taxes and payable quarterly and each OCD series 4 is optionally convertible into one fully paid-up Equity Share of the face value of Rs.10/- each (at an pre-determined strike price of Rs. 50/- per share) and on such other terms and conditions as may be decided by the Board in its absolute discretion.

(ix) 6,25,000 Convertible Warrants ("**Warrants**") to Promoters for an aggregate amount up to Rs. 106.25 lakhs with an option to apply for and be allotted one equity share of Rs. 10/- each at a premium of Rs. 7/- per share calculated as per SEBI DIP Guidelines, within 18 months from the date of allotment on such other terms and conditions as may be decided by the Board in its absolute discretion with 10% of the price fixed as per SEBI DIP Guidelines shall be paid upfront at the time of allotment of the warrant and the same be adjusted against the price payable on allotment of equity shares against the warrants. In the event the option of conversion is not exercised upfront payment of 10% shall stand forfeited.

February 21, 2007, being the date falling 30 days prior to the date of the EGM was the "Relevant Date" for the purpose of determination of the minimum issue price at which the preferential allotment of the above mentioned securities was to be made as per Clause 13.1.1 of SEBI DIP Guidelines. The average of the weekly high and low of the closing prices of the equity shares of STI on BSE, where the Equity shares are most frequently traded, as per the certificate dated March 16, 2007 of M/s Rastogi Narain & Company, Chartered Accountants, New Delhi, Statutory Auditors of the Company was: (a) for the 6 months ended on February 20, 2007 i.e. the day preceding the relevant date, was Rs. 12.30 per share and (b) for the 2 weeks ended on February 20, 2007 i.e. the day preceding the relevant date, was Rs. 16.91 per share. Therefore, the conversion price of preferential allotment of Warrants i.e. Rs. 17/- per share, is not less than the higher of above mentioned (a) and (b). The Acquirer, the Promoters and the Company have entered into a Debenture Subscription Agreement and Investment Agreement dated March 26, 2007 ("**SSA 2**") which governs the rights and obligations, inter-se, of each of the said parties to the SSA.

The period of convertibility of all the above instruments has since expired, the last being on October 15, 2008 and thus, the Warrants have lapsed and the Convertible Debentures have become due for repayment, but not yet repaid. OCD series 1,2,3,4 and Warrants will not be converted into equity shares of STI by Eight Capital, Spinnaker Funds and the promoters of STI during the period of fifteen days after the closure of the proposed Open Offer.

2.4 Shareholding details of the Acquirers and the Promoters

Eight Capital and Spinnaker Funds have not acquired directly or through any person, any equity shares / warrants in STI during the twelve months preceding the date of the PA except as per the details given above.

Eight Capital and Spinnaker Funds have not acquired any Equity Shares during the last 26 weeks period prior to the date of the PA by way of (a) allotment in public issue or (b) allotment in rights issue or (c) preferential allotment except as per the details given above.

Eight Capital does not hold any equity shares carrying voting rights in STI. However, Eight Capital held 12,50,000 warrants in STI as on the date of the PA, which have since lapsed and therefore it does not currently hold any warrants. Spinnaker Funds do not hold any equity shares carrying voting rights / warrants in STI as on the date of the PA and as on date.

Promoters hold 15,73,500 fully paid up equity shares representing 5.43% of the paid-up equity share capital of STI as on the date of this letter of offer.

Acquirers have not directly acquired any shares of STI after the date of PA and upto the date of letter of offer. They have however acquired beneficial interest in 1,18,14,114 shares of STI, which are currently being held by ITSL in its capacity as debenture trustee, after invocation of pledge as explained in detail in paras 2.2.8 to 2.2.11 above.

2.5 Reasons for the acquisition, rationale/ object of the Offer and future plans

Substantial acquisition of shares and voting rights accompanied with change in control and management in order to facilitate the rehabilitation are the reasons and rationale for the acquisition of the above mentioned equity stake in the paid up equity share capital of STI by Eight Capital and Spinnaker Funds. Therefore, this Offer is being made in accordance with Regulation 10 and 12 of the Takeover Regulations.

The Company has been experiencing financial difficulties over the past few years due to high cost of old borrowings, absence of working capital support and adverse economic conditions prevailing in the past. Due to foregoing reasons, STI was unable to service its debt repayment obligations. Consequently, the Company has been driven to restructure its outstanding debt. The Acquirers believe that the Company is poised for strong growth in the future and have agreed to acquire substantial stake in the Company to facilitate the restructuring process currently being undertaken by it. Consequently, the Acquirers agreed to subscribe to and acquired Equity shares, Debentures and Warrants in STI. However, as mentioned in paras 2.2.8 to 2.2.11 above, STI has since defaulted on the interest and principal repayment on the Optionally Convertible Debentures due to which the pledge on the STI shares offered as collateral has since been invoked by the Debenture Trustee (ITSL). The said shares are being held by ITSL in trust for the acquirers.

Pursuant to substantial acquisition, the Acquirers will be in control of the management of the Company along with existing promoters. Acquirers do not currently have any plans to dispose of or otherwise encumber any assets of STI in the two years from the date of the closure of this Offer except in the ordinary course of business to the extent required by applicable laws.

Acquirers and existing promoters will jointly take decisions regarding the future course of the Company including with regard to disposal of assets of STI in the next two years in the ordinary course of business but with the approval of the shareholders. Acquirers hereby undertake not to sell, dispose of or otherwise encumber any substantial assets of STI except with the prior approval of the shareholders, subject to what is stated herein.

Acquirers, existing promoters and the Board of Directors of STI or their authorized representatives, as the case may be, would jointly take appropriate decisions in the aforesaid matters, as per the requirements of business and in line with opportunities or changes in the economic scenario, from time to time.

The Acquirers, post the offer, propose to provide working capital to the company by divesting its non-core assets, subject to approval of BIFR. The Acquirers, being essentially financial investors, reserve the right to exit the investment in the company at an opportune time.

3. BACKGROUND OF THE ACQUIRERS

Eight Capital Master Fund Ltd ("**Eight Capital**") and Spinnaker Global Opportunity Fund Ltd, Spinnaker Global Emerging Markets Fund Ltd and Spinnaker Global Strategic Fund Ltd ("**Spinnaker Funds**") are the Acquirers. No person / entity is acting as Person Acting in Concert ("**PAC**") with Eight Capital and Spinnaker Funds for the purpose of this open offer.

Relationship between Acquirers

Eight Capital and Spinnaker Funds are collectively referred to as the acquirers only for the purposes of this Offer. No agreement was entered into between Eight Capital and Spinnaker Funds for acquisition of equity stake in STI and in the open offer except that it has been mutually decided by Eight Capital and Spinnaker Funds that the equity shares that would be tendered in the valid form in terms of this Offer will be transferred in favour of Eight Capital and Spinnaker Funds in the ratio of 1:2. Pursuant to substantial acquisition, the Acquirers will be in control of the management of the Company along with existing promoters.

Disclosure in terms of Regulation 16(ix) of SEBI Takeover Regulations

Substantial acquisition of shares and voting rights accompanied with change in control and management in order to facilitate the rehabilitation are the objects for the acquisition of the above mentioned equity stake in the paid up equity share capital of STI by Eight Capital and Spinnaker Funds.

The Company has been experiencing financial difficulties over the past few years due to high cost of old borrowings, absence of working capital support and adverse economic conditions prevailing in the past. Due to foregoing reasons, STI was unable to service its debt repayment obligations. Consequently, the Company has been driven to restructure its outstanding debt. The Acquirers believe that the Company is poised for strong growth in the future and have agreed to acquire substantial stake in the Company to facilitate the restructuring process currently being undertaken by it. Consequently, the Acquirers acquired Equity shares, Debentures and Warrants in STI as mentioned above.

Pursuant to substantial acquisition, the Acquirers will be in control of the management of the Company along with existing promoters. Acquirers do not currently have any plans to dispose of or otherwise encumber any assets of STI in the two years from the date of the closure of this Offer except in the ordinary course of business to the extent required by applicable laws. Acquirers hereby undertake not to sell, dispose of or otherwise encumber any substantial assets of STI except with the prior approval of the shareholders.

3.1 Eight Capital

Eight Capital Master Fund Ltd was incorporated as an Investment Fund [exempted company with limited liability] on September 21, 2005 in the Cayman Islands under the Companies Law (2004 Revision). It has its registered office at M&C Corporate Services Limited, P.O. Box 306CEI, Ugland House, South Church Street, George Town Grand Cayman, Cayman Islands. Tel: 00 1 212 983 1030; Fax: 00 1 212 983 0086. Mr. Ravi Chachra, Mr. Tony Stocks, Ms Sharon Lexa Lamb and Mr. Derek Buntain are on the board of Eight Capital. It does not belong to any group.

Eight Capital Master Fund Ltd was promoted as an Investment Fund which focuses on investments into distressed assets in India i.e. Indian companies in the industrial sector typically infrastructure related companies. It has a Master Feeder Structure, where Investors buy USD 1000 share units for investments into the fund. The paid up equity capital of the Fund is USD 115 million. It has commitments of USD 67.00 million.

Mr. Ravi Chachra is the promoter and presently the person in control. Paid up capital is USD 115 Million with the Par value of $0.01 per share.

100% of Eight Capital Master Fund, Ltd.'s shareholding is held by two feeder funds, i.e., Eight Capital Offshore Fund, Ltd., a company incorporated in Cayman Islands and Eight Capital Onshore Fund, L.P., a company incorporated in Delaware, USA. The generic distribution of shareholdings within the two feeder funds, as on September 30, 2008 is as follows:

Sr. No	Generic Type of Investors in Eight Capital Offshore Fund, Ltd	No. Of Investors	Percentage of Holding
1.	Institutional Investors	6	38%
2.	Family Offices	8	27%
3.	Fund of Funds	13	33%
4.	High Net Worth Individuals	3	2%

Sr. No	Generic Type of Investors in Eight Capital Onshore Fund, LP	No. Of Investors	Percentage of Holding
1.	Family Offices	3	56%
2.	Fund of Funds	3	30%
3.	High Net Worth Individuals	4	14%

Under Cayman law, Eight Capital Master Fund Ltd (the "**Master Fund**") is not required to be registered in order to carry on investment activities as the Master Fund is exempted from registering under the Law pursuant to an exemption set out in section 4(4). Eight Capital Fund Limited (the "**Feeder Fund**") is registered on January 2, 2006 pursuant to section 4(3) of the Mutual Funds Law (2003 Revision) (as amended) which is regulated by Cayman Islands Monetary Authority.

Most investors are accredited Institutional Investors in the USA and Europe. There are no Indian nationals. It is not listed on any Stock Exchange. Eight Capital has not promoted any companies.

The details of Board of Directors as on the date of PA are as under:

Name	Designation	Date of Appointment	Qualification	Address	Experience
Mr. Ravi Chachra	Director	Sep 21, 2005	MBA in finance from the Wharton Business School.	Eight Capital LLC, 305, Madison Avenue, Suite 5201, New York, NY 10165	Given below
Mr. Anthony Stocks	Managing Director	Jan 5, 2006	Chartered Accountant	Tennyson Capital Advisors LLP Aspen House, 25 Dover Street London W1S 4LX, England	Given below
Mr. Derek H. L. Buntain	Chairman & Director	Mar 23, 2007	MBA from the University of Western Ontario	Dundee Leeds Mgt Services (Cayman) Ltd. 2nd Floor, WaterfrontCentre, 28 N. Church Street, George Town Grand Cayman, Cayman Islands, BWI	Given below
Ms. Sharon Lexa Lamb	Senior Vice President	Mar 23, 2007	Fellow of Institute of Legal Executives and Diploma in Trust Formation & Administration	Dundee Leeds Mgt Services (Cayman) Ltd. 2nd Floor, Waterfront Centre 28 N. Church Street, George Town Grand Cayman, Cayman Islands, BWI	Given Below

Experience details of directors are as follows:

Mr. Ravi Chachra has consistently outperformed the broader distressed markets while managing distressed portfolios for J. Goldman and the Chatterjee Group. Earlier in his career, he ran profitable trading books focused on emerging market debt and currencies for Deutsche Bank Proprietary Trading Division and J.P. Morgan Chase.

Mr. Anthony Stocks joined Citco in 1985 and launched its fund administration business. Under his leadership, Citco Fund Services grew to operate in twelve jurisdictions and to administer $110 billion of assets. Mr. Stocks left Citco in mid-2001 to form Tennyson Capital, a consulting and marketing company based in England that advises on strategies, marketing and operations for start-ups, funds of funds and established funds, as well as acting for service providers to the industry.

Mr. Derek H. L. Buntain, the Chairman of Dundee Leeds group of companies, has spent 30 years in the investment industry in Canada with some of the major firms. He has worked in research, international arbitrage, corporate and government finance and mergers and acquisitions. He holds a number of directorships in outside public and private companies and has served on audit, pension, human resource, compensation, and stock buy-back committees for these companies.

Sharon Lexa Lamb joined the Dundee Group in January 2003. She has a wealth of experience in the trust and corporate formation and management industry having spent more than 16 years in the business working in the Isle of Man, Bermuda and the Cayman Islands. She obtained her fellowship from the Institute of Legal Executives together with a Diploma in Trust Formation & Administration. A qualified member of the Society of Trust and Estate Practitioners, Sharon was one of the founding members of STEP Bermuda. She became the branch Chairman for the Bermuda office for the years 1999 and 2000.

Mr. Ashok Sharma was on the board of STI as a nominee of Eight Capital Master Fund Ltd, who was appointed on April 23, 2007 pursuant to investments made in the Company by way of subscription to Optionally Convertible Debentures and Convertible Warrants. He did not participate in any matter concerning or relating to the offer including any preparatory steps leading to the offer. Pursuant to his resignation from Eight Capital and consequently from the board of STI, Mr. Ashok Sharma was replaced by Mr. Pelluru Bhaskara Rao as nominee of Eight Capital Master Fund Ltd. with effect from October 24, 2007. Mr. Pelluru Bhaskara Rao also did not, either in his capacity as director on the STI Board or in any other capacity, participate in any matter concerning or relating to the offer including any preparatory steps leading to the offer.

Brief audited financial details of Eight Capital Master Fund for the last two years [Fund was incorporated in 2005] are as under:

(Rs. in Lakhs)

Particulars	**Year Ended**	
	December 31, 2007	**December 31, 2006**
Profit and Loss Statement		
Investment Income	1,568.36	708.97
Other Income	8,439.42	1,563.02
Total Income	10,007.78	2,271.98
Total Expenditure	399.62	289.94
Realised Net Profit/ Loss	**9,608.16**	**1,982.05**

Balance Sheet		
Sources of funds		
Paid up share capital	0.37	0.11
Reserves and Surplus (excluding revaluation reserves)	59,095.03	12,897.31
Net Worth	**59,095.40**	**12,897.42**
Total	**59,095.40**	**12,897.42**
Uses of funds		
Trading securities (including derivatives)	38,664.97	10,069.07
Net Current Assets	20,309.08	2,784.10
Other Assets	121.35	44.25
Total	**59,095.40**	**12,897.42**
Other Financial Data	**December 31, 2007**	**December 31, 2006**
Net Asset Value per share (Rs.)	62,460.95	53,124.09

Notes:

(a) The audited accounts are designated in US Dollars. Conversion Rates applied: 1US$=Rs.39.415 [December 31, 2007]; 1US$=Rs.44.245 [December 31, 2006]. Source: www.rbi.org.in

(b) Net Asset Value as disclosed in audited accounts. The heads and figures in the audited accounts have been adjusted to fit into the prescribed format.

(c) Source: Annual Reports for the years ended December 31, 2006 and 2007.

(d) Statutory Auditors confirmed that the requirement with respect to adjustments to financial statements, required as per Clause 11 (a) to (e) of Standard Letter of Offer format of Securities and Exchange Board of India with respect to Open Offer as per Securities and Exchange Board of India [Substantial Acquisition of Shares and Takeovers] Regulations, 1997 as amended, are not applicable and therefore are not relevant.

Reasons for rise in total Income and Profit: The total income and profit increased due to increase in the value of securities held by the funds.

Some of the significant Accounting Policies followed by Eight Capital Master Fund Ltd are as follows [Source: Annual Report for the year ended December 31, 2007]:

Basis of preparation: The consolidated financial statements are prepared in accordance with accounting principles generally accepted in the United States of America and are expressed in United States (U.S) dollars.

The consolidated financial statements include the financial statements of the fund and its subsidiary in which the fund has an effective controlling interest. All material inter company balances and transactions, including inter company profits and losses are eliminated on consolidation.

Securities Transactions: The Master Fund records all security transactions on a trade date basis. Revenues and expenses are recorded on an accrual basis. Dividends are recorded on the ex-dividend date and interest is accrued in the period earned. Unrealized gains and losses are reflected in the statement of operations.

Securities Valuations: Securities, futures, options on futures, options, index option and any other types of futures and options which are listed on one or more securities exchanges are valued at their closing price on the principal exchange on which such securities are traded. If no sale occurred on the valuation date, securities held by the Master Fund will be valued at the mean of the closing bid and ask prices. Future options on futures, options, index options and any other types of futures and options which are listed on one or more exchange will be valued at the settlement or closing price on the principal exchange. If no sale occurred on the valuation date, they will be valued at the mean of their closing bid and ask prices closest to the last reported sale date.

Securities initially valued in currencies other than U.S dollars will be converted to U.S dollars at exchange rates quoted by established market makers at a time each business day that is generally accepted by the industry as appropriate for each different currency (as determined by the Investment Manager)

Foreign Currency: Investment securities and other assets and liabilities denominated in foreign currencies are translated into US dollar amounts at the date of valuation using applicable exchange rates. Purchases and sales of investment securities and income and expense items denominated in foreign currencies are translated into U.S dollar amounts on the respective dates of such transactions using applicable exchange rates.

Foreign exchange gains or losses from sales of foreign currencies and from changes in the fair values of assets and liabilities as a result of changes in foreign exchange rates. The Master Fund does not isolate these foreign exchange gains or losses on the consolidated statement of operations. Such results are included in the net realized or I unrealized gain or loss on securities.

Cash and Cash equivalents: the Master fund considers all highly liquid investments, with original maturities of less than ninety days, as cash and cash equivalents.

Redemption Payable: Redemptions payable represent the unpaid portion of shareholders redemption requests.

Use of Estimates: The preparation of consolidated financial statements in conformity with accounting principles generally accepted by the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from these estimates.

Income Taxes: The Master Fund is exempt from all forms of taxation in the Cayman Islands including income, capital gains and withholding taxes.

In jurisdiction other than the Cayman Islands, foreign taxes may be withheld on dividends and interests received by Master Fund at the rates upto to 30%. Capital Gains derived by the Master Fund are generally exempt from foreign income or withholding taxes at source. Dividend income is recorded net of such withholding taxes. No income tax provision has been recorded by the Master Fund since no income taxes are levied in the Cayman Islands.

New Accounting Pronouncements: In September 2006, the financial accounting standards board (‘FASB”) issued Statement of Financial Accounting Standards (“SFAS”) no. 157, “Fair Value Measurements”. This standard clarifies the definition of fair value for financial reporting establishes a framework for measuring fair value and required additional disclosures about the use of fair value measurements. SFAS No. 157 is effective for financial statements issued for fiscal years beginning after November 15, 2007 and interim period within those fiscal years. As of December 31, 2007, the Master Fund does not believe the adoption of SFAS No. 157 will impact the amounts reported in the financial statements. However additional disclosures will be required about the inputs used to develop the measurements of fair value and the effect of certain of the measurements reported in the statement of income for a fiscal period.

In June 2006, the FASB issued FASB Interpretation no. 48 (“FIN 48”), Accounting for Uncertainty in Income Taxes”. FIN 48 provides guidance for how uncertain tax positions should be recognized, measured, presented and disclosed in the financial statements. FIN 48 requires the evaluation of tax positions taken or expected to be taken in the course of preparing tax returns to determine whether the tax positions are “more – likely-than-not” of being sustained by the applicable tax authority. Tax positions deemed to meet the more-likely-than-not threshold would be recorded as a tax benefit or expense in the current year. A tax position which is not “more-likely-than-not” of being sustained by the applicable tax authority is not recognized until the outcome of the position either meets the requirement or is ultimately settled with the taxing authority to examine and challenge the tax position has expired. Adoption of FIN48 is required for fiscal years beginning after December 15, 207 and is to be applied to all open tax years as of effective date. The Master Fund does not believe that the adoption of FIN 48 will have a material impact on its result of operations or its fiscal position.

Eight Capital did not hold and further presently do not hold any equity shares carrying voting rights in STI India Ltd as on the date of the PA and therefore Provisions of Chapter II of SEBI Takeover Regulations are not applicable.

3.2 Spinnaker Funds

Spinnaker Funds viz Spinnaker Global Opportunity Fund Ltd, Spinnaker Global Emerging Market Fund Ltd and Spinnaker Global Strategic Fund Ltd are incorporated in the British Virgin Islands under the International Business Companies Act as International Business Companies and are domiciled in the British Virgin Islands.

The registered offices of Spinnaker Funds are situated at c/o Maples Finance BVI Limited, Sea Meadow House, P.O. Box 173, Road Town, Tortola, British Virgin Islands, Tel No: 00 44 207 903 2914; Fax No: 00 44 207 903 2999 whereas contact address is c/o Spinnaker Capital CGR Ltd., Al Santos 1940 – 2o andar, 01418-200 Sao Paulo, SP, Brazil.

The main objects of Spinnaker Funds are to invest in securities issued by corporate and sovereign issuers in Asia, Eastern Europe and Latin America. Spinnaker Funds are widely held by many institutional investors around the world and do not belong to any group.

Spinnaker Funds are independent investment funds managed by the same set of investment managers and the business of each of fund since inception has been investment in securities issued by corporates and sovereign issuers in Asia, Eastern Europe and Latin America. Mr. Affonso Pastore, Mr. Simon Ogus, Mr. Tamotsu Ogawa, Mr. Pedro Homem, Mr. Francis d’Souza, Mr. Claude Pomper, and Mr. Marcos Lederman are on the boards of some or all the Funds. Shares of Spinnaker Funds are not listed on any stock exchange. Spinnaker Funds have not promoted any companies.

Spinnaker Funds did not hold and further presently do not hold any equity shares carrying voting rights in STI India Ltd as on the date of the PA and therefore Provisions of Chapter II of SEBI Takeover Regulations are not applicable.

Spinnaker Funds do not have any representatives on the board of STI. However, Spinnaker Funds propose to nominate Mr. Tarun Gandhi as their representative on the board of STI upon completion of open offer formalities.

Spinnaker Global Opportunity Fund Ltd [GO Fund]

Spinnaker Global Opportunity Fund Ltd is an open-end investment fund incorporated on January 23, 2001 with current assets under its management of approximately USD 2.70 billion. It has commitments of USD 2.77 billion.

Spinnaker Capital Limited, London is the investment manager to the GO Fund and is regulated by the FSA in the UK. Spinnaker Capital CGR Ltd., Sao Paulo, is investment advisor to the GO, and is regulated by the CVM in Brazil.

Shareholding pattern of GO is as follows:

Category	Percent
Family Offices	14.87
Bank Managed FOF	25.41
Independent FOF	12.51
High Net Worth Individuals	06.26
Pensions, Governments & Institutionals	20.86
Universities & Endowments	16.90
Internal	03.18

The details of Board of Directors of GO Fund as on the date of PA are as under:

Name	Designation	Date of Appointment	Qualification	Address	Experience
Pedro Homem	Director	January 23, 2001	Law Graduate	Av Liberdade 195, 1250-142 Lisboa, Portugal	21
Marcos Lederman	Director	January 23, 2001	-	Al Santos 1940-2o andar, 01418-200 Sao Paulo-SP, Brazil	21
Tamotsu Ogawa	Director	January 23, 2001	Degree in Economics	Yamada Building 2F, 2-8-4 Uchikanda, Chiyoda-ku, Tokyo 101-0047, Japan	20
Dr. Simon Ogus (PhD)	Director	July 1, 2001	BA (Economics & Econometrics), M Sc (Management & Finance), PhD (Economics)	Suite 1703, Century Square, 1-13 D'Aguilar Street, Central, Hong Kong	17
Affonso Pastore	Director	September 1, 2002	Bachelor in Economics, Doctorate in Economics	Rua Alves Guimarães, 462 - Floor 10º - room number 102 CEP 05410-000 - Pinheiros - São Paulo – Brazil	28

Brief Profile of the Board of Directors of GO Fund:

i. **Pedro Homem:** Pedro Homem is a member of the Board of Directors of Banco Espirito Santo in Portugal, where he is principally responsible for Private Banking activities. He is also a member of the Board of Directors of ESAF—Espirito Santo Activos Financeiros. He worked at Citibank Switzerland from 1991 to 1999, where he was responsible for the Western Hemisphere Division of the Private Bank in Europe. He was Chairman of Citibank Portugal S.A. from 1985 to 1991. Prior to joining Citibank, he was the Chief of Cabinet for the Secretary of State for Planning and assistant to the Minister of Finance in Portugal. He holds a Law degree from the University of Lisbon.

ii. **Marcos Lederman:** Marcos Lederman is the managing director of Spinnaker Asset Management – SAM Limited. He was responsible for setting up the operations of Credit Agricole Indosuez in São Paulo in 1991 and was a managing director of CAI in Brazil from 1991-1999. From 1985-1991, he worked for Citibank in São Paulo. His academic background is in computer technology.

iii. **Tamotsu Ogawa:** Tamotsu Ogawa is the President of Spinnaker Capital Japan. He was a managing director at Indosuez W.I. Carr Securities (Japan) Limited, the then investment banking vehicle of Credit Agricole Indosuez in Japan, and was the head of the emerging markets division in Japan from 1994 to 1999. Prior to joining CAI, he worked for JP Morgan in Tokyo as a vice-president of the Emerging Markets team. He holds a degree in Economics from Tokyo University of Foreign Studies.

iv. **Dr. Simon Ogus (PhD):** Dr. Simon Ogus is the founder and CEO of DSGAsia, which provides independent Asian economic and political analysis. Until May 1999, he was Managing Director and Chief Economist for Asia at Warburg Dillon Read, Hong Kong. He holds a PhD in Economics from the University of London's School of Oriental and African Studies; an MSc in Management and Finance from the University of London's Imperial College; and a BA in Economics and Econometrics from the University of Manchester.

v. **Affonso Pastore:** Affonso Pastore is LatinSource's Advisor for Brazil and is President and Founder of A.C. Pastore & Associados, an economic consulting firm in Sao Paulo. He served as President of the Central Bank of Brazil from 1983-1985. Prior to his appointment at the Central Bank, he served as Secretary of Finance for the state of Sao Paulo from 1979-1983. He attended the University of Sao Paulo, where he received his Bachelor in Economics in 1961 and his Doctorate in Economics in 1969; he served there as Director of Economics and Titular Professor from 1978 to the present.

None of the aforementioned directors, are on the Board of the Target Company, nor are they an "insider" within the meaning of SEBI (Insider Trading) Regulations, 1992 in respect of the Target Company.

None of the directors of GO Fund has acquired any equity shares of the Target Company during the 12 (twelve) months preceding the date of the Public Announcement.

Brief audited financial details of GO Fund for the last five years are as under:

(Rs. in Lakhs)

Particulars	**December 31,2007**	**December 31, 2006**	**December 31, 2005**	**December 31, 2004**	**December 31, 2003**
Profit & Loss Statement					
Investment Income	133,153.38	127,810.10	54,096.81	9,310.61	8,983.56
Other Income	180,611.30	75,918.58	79,306.10	55,374.69	37,762.25
Total Income	313,764.69	203,728.69	133,402.91	64,685.30	46,745.81
Total Expenditure	108,562.33	81,793.65	43,581.19	22,377.15	4,321.98
Net Profit/ Loss	**205,202.35**	**121,935.03**	**89,821.72**	**42,308.15**	**42,423.83**
Balance Sheet as on	**31-12-07**	**31-12-06**	**31-12-05**	**31-12-04**	**31-12-03**
Paid-up share capital	72.91	64.58	44.62	10.77	11.62
Reserves & Surplus (excluding revaluation reserve)	1,240,394.68	1,113,074.05	763,348.79	326,660.15	287,036.17
Net Worth	1,240,467.58	1,113,138.62	763,393.41	326,670.92	287,047.79
Total	**1,240,467.58**	**1,113,138.62**	**763,393.41**	**326,670.92**	**287,047.79**
Trading Securities (including derivative contracts)	1,308,612.99	1,165,413.17	795,197.95	341,254.85	273,183.68
Net Current Assets	(78,185.89)	(64,722.20)	(41,820.90)	(18,188.63)	12,973.07
Other Assets	10,040.49	12,447.65	10,016.36	3,604.70	891.04
Total	**1,240,467.58**	**1,113,138.62**	**763,393.41**	**326,670.92**	**287,047.79**

Other Financial Data	**December 31,2007**	**December 31, 2006**	**December 31, 2005**	**December 31, 2004**	**December 31, 2003**
Net Asset Value per share (Rs.)	6684.18	7613.03	7742.50	13,478.42	11,264.30

Notes:

(a) Conversion Rates applied: 1US$=Rs.39.41 [December 31, 2007]; 1US$=Rs.44.23 [December 29, 2006]; 1US$=Rs.45.07 [December 30, 2005]; 1US$=Rs.43.58 [December 31, 2004]; 1US$=Rs.45.61 [December 31, 2003]. Source: www.rbi.org.in

(b) Net Asset Value as disclosed in audited accounts

(c) Source: Annual Reports for the years ended December 31, 2007, 2006, 2005, 2004 and 2003.

(d) Statutory Auditors confirmed that the requirement with respect to adjustments to financial statements, required as per Clause 11 (a) to (e) of Standard Letter of Offer format of Securities and Exchange Board of India with respect to Open Offer as per Securities and Exchange Board of India [Substantial Acquisition of Shares and Takeovers] Regulations, 1997 as amended, are not applicable and therefore are not relevant.

Income for GO Fund mainly comprises interest income, dividend and bank interests. Consequently, the market conditions influence the rise or fall in the income. Rise in total income is attributed to increase in flow of investment from current and new investors and due to performance of investments.

Reason for rise in total income and Profit:

(Rs. in Lakhs)

Sl. No.	Financial Year	Total Income	Profit
1.	2004-05	133,402.91	89,821.72
2.	2005-06	203,728.69	121,935.03
3.	2006-2007	313,764.69	205,202.35

Reasons for changes in Total Income and PAT in 2007 over 2006: The total income and the profit increased due to increase in the value of the securities held by the fund.

Reasons for changes in Total Income and PAT in 2006 over 2005: The total income and the profit increased due to increase in the value of the securities held by the fund.

Reasons for changes in Total Income and PAT in 2005 over 2004: The total income and the profit increased due to increase in the value of the securities held by the fund.

Other income of the fund consists of treasury income .

The Financial Statements are prepared in accordance with International Financial Reporting Standards ("IFRS") and under the historical convention as modified for the revaluation of investments in securities. Audits performed in accordance with International Standards of Auditing (UK&I). There has been no change in accounting policy. Significant Accounting Policies followed by GO Fund are as follows [Source: reproduced from the Annual Report for the year ended December 31, 2007]:

The principal accounting policies adopted in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

All references to net assets throughout this document refer to net assets attributable to holders of redeemable participating shares unless otherwise stated.

2.1 Basis of preparation

a) Statement of compliance

The financial statements are prepared in accordance with International Financial Reporting Standards (IFRS) adopted by the International Accounting Standards Board (IASB), and interpretations issued by the International Financial Reporting Interpretations Committee of the IASB. The financial statements have been prepared under the historical cost convention, as modified by the revaluation of financial assets and financial liabilities (including derivative financial instruments) at fair value through profit or loss.

The following standards, amendments and interpretations to existing standards have been published and are mandatory for accounting periods beginning on or after 1 January 2008 or later periods, and some are not relevant for the Funds's operations:

- IAS 23 (Amendment), 'Borrowing costs' (effective from 1 January 2009);
- IFRS 8, 'Operating segments' (effective from 1 January 2009);
- IFRIC 11, 'IFRS 2 - Group and Treasury Share Transactions' (effective from 1 March 2007);
- IFRIC 12, 'Service Concession Agreements' (effective from 1 January 2008);
- IFRIC 13, 'Customer Loyalty Programme' (effective from 1 July 2008); and
- IFRIC 14, 'IAS 19, The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction (effective from 1 January 2008).

b) Adoption of new accounting standards

In August 2005, the IASB issued IFRS 7 "Financial Instruments Disclosure" which becomes effective for annual accounting periods commencing on or after 1 January 2007. The standard requires disclosures about the significance of financial instruments for an entity's financial position and performance. These disclosures incorporate many of the requirements already contained in IAS 32 "Financial Instruments: Disclosure and Presentation". The Fund has applied IFRS 7 for the present annual accounting period commencing 1 January 2007. Where necessary, comparative figures for the financial year ended 31 December 2006 have been restated accordingly. However, the adoption of IFRS 7 has not modified the calculation of the net asset value, as this standard mainly focuses on extensive disclosures on the Fund's policies on financial risk management and capital maintenance.

In November 2006, the IASB issued IFRS 8 "Operating Segments" which becomes effective for annual accounting periods beginning on or after 1 January 2009. This standard requires disclosures on the financial performance of the operating segments of the entity. The Fund will apply IFRS 8 for its annual accounting period commencing 1 January 2009.

c) Critical accounting estimates and judgements

The preparation of financial statements in conformity with International Financial Reporting Standards requires the use of certain critical accounting estimates. It also requires the Board of Directors to exercise its judgement in the process of applying the Fund's accounting policies. For example, the Fund may, from time to time, hold financial instruments that are not quoted in active markets, such as over-the-counter derivatives or non-exchange traded loans and equities. Fair values of such instruments are determined using different valuation techniques validated and periodically reviewed by the Board of Directors.

Management makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The significant estimates and assumptions that are material to the financial statements are outlined below.

Fair value of derivative financial instruments

The Fund may, from time to time, hold financial instruments that are not quoted in active markets, such as over-the-counter derivatives. (for details, see Note 11 below). Fair values of such instruments are determined by the prime brokers and other counterparties which use valuation techniques incorporating market information on the underlying assets and risk assessment. Where valuation techniques are used to determine fair values, they are validated and periodically reviewed by the Fund Manager, independent of the counterparty.

Models use observable data, to the extent practicable. However, areas such as credit risk (both own and counterparty), volatilities and correlations require management to make estimates. Changes in assumptions about these factors could affect the reported fair value of certain financial instruments.

Fair value of illiquid holdings

In the course of its operating activities, the Fund enters into direct trades or derivative trades which ultimately expose it to unlisted securities, either as a seller or as a buyer. Among other securities, the Fund has taken positions in asset-backed securities and similar securitised financial instruments. The current turmoil in markets for those assets that commenced last August 2007 has rendered those markets highly illiquid, complicating the fair value determination of positions in those assets. Lack of liquidity and transparency in the pricing of those assets creates an uncertainty as to the possibility of exiting some of those positions under current market conditions at the valuations provided by derivative counterparties. The Board assesses the Fund's exposure on those products very closely and, where necessary, has marked down some of its holdings in those products where it has concerns about the willingness of counterparties to deal at the valuations provided.

As a precautionary measure given the current market conditions, the Fund, which stands to make significant gains on short positions in US subprime mortgage collateralized debt obligations, has written down some of its holdings in those assets by 25 % at year-end from the valuations provided by derivative counterparties. This resulted in an unrealised loss to the Fund of USD 42 million at year-end.

d) Consolidation

These consolidated financial statements incorporate the assets and liabilities of the subsidiary, Spinnaker Brazil Fund (Uruguay) SA, as at 31 December 2007 and the results for the year then ended. In preparing consolidated financial statements, the Fund consolidates the financial statements of its subsidiaries in full. Intragroup balances and transactions are eliminated in full. There are no minority interests as the subsidiary is fully owned.

2.2 Recognition of Income

Dividend income

Dividend income arising from investments is accounted for on an accruals basis when the right to receive payment is established. Dividends are recorded gross of withholding tax which is shown separately in the consolidated income statement.

Interest income

Interest income is recognised on a time proportionate basis using the effective interest method. Where the principal loan amount is impaired, interest is accrued off-balance sheet and is not recorded in the consolidated income statement. After an impairment event, interest income is recognised in the consolidated income statement on a cash basis.

Swap income

Every swap contract involves the receipt or payment of interest at specifically stated maturity dates. Accrued interest is recognised in the income statement at each valuation date, using the effective interest method. Changes in the fair value of the swap contract are recognised through the consolidated income statement at each valuation date.

2.3 Foreign Currency Translation

a) Functional and presentation currency

Items included in the financial statements of the Fund are measured in the currency of the primary economic environment in which the entity operates (its functional currency). The Directors have considered the primary economic currency of the Fund and considered the currency in which the original capital was raised, and ultimately what currency capital would be returned on a break-up basis. The Directors have also considered the currency to which the underlying investments are exposed. On balance, the Directors believe the US Dollar best reflects the Fund's functional currency and has also been adopted as its presentation currency.

b) Transactions and balances

Transactions in foreign currencies are translated into the functional currency at the rate prevailing on the transaction date. Monetary assets and liabilities in foreign currencies are translated into the functional currency at the rate prevailing at the year end date. The Fund does not isolate that portion of the results of operations arising from changes in exchange rates from that portion arising from changes in market prices of securities held. Such fluctuations are included in realised and unrealised gain or loss on Financial Assets and Liabilities at Fair Value through profit or loss.

Reported net realised foreign exchange gains or losses arise from sales of foreign currencies, currency gains and losses realised between trade and settlement dates on securities transactions, the difference between the amounts of dividends and interest recorded on the Fund's books, and the US dollar equivalent of the amounts actually received or paid. Net unrealised foreign exchange gains and losses arise from changes in the value of assets and liabilities other than investments in securities at the reporting date, resulting from changes in the exchange rate.

2.4 Financial assets and financial liabilities at fair value through profit or loss

a) Classification

The Fund classifies its investments in debt and equity securities, and related derivatives, as financial assets or financial liabilities at fair value through profit or loss. These financial assets and financial liabilities are classified as held for trading or designated by the Board of Directors as at fair value through profit or loss at inception.

Financial assets or financial liabilities held for trading are those acquired or incurred principally for the purposes of selling or repurchasing in the short term. Derivatives are also categorised as financial assets or financial liabilities held for trading. The Fund does not classify any derivatives as hedges in a hedge relationship.

Financial assets and financial liabilities designated at fair value through profit or loss at inception are those that are managed and their performance evaluated on a fair value basis in accordance with the Fund's documented investment strategy. If the Fund makes short sales of securities in anticipation of a decline in the market value of those securities, or for arbitrage purposes, it will classify those short sales as financial liabilities at fair value through profit or loss.

b) Recognition /Derecognition

Regular-way purchases and sales of investments are recognised on the trade date - the date on which the Fund commits to purchase or sell the investment. Investments are derecognised when the rights to receive cash flows from the investments have expired or the Fund has transferred substantially all risks and rewards of ownership.

c) Measurement

Financial assets and financial liabilities at fair value through profit or loss are initially recognised at fair value. Transaction costs are expensed in the consolidated income statement. Subsequent to initial recognition, all financial assets and financial liabilities at fair value through profit or loss are measured at fair value. Gains and losses arising from changes in the fair value of the "financial assets or financial liabilities at fair value through profit or loss" category are presented in the consolidated income statement in the period in which they arise.

Interest income from financial assets at fair value through profit or loss is recognised in the consolidated income statement within interest income using the effective interest method. Dividends from these financial instruments are recognised in the consolidated income statement within dividend income when the Fund's right to receive payments is established. Interest expense from financial liabilities is recognised in the consolidated income statement as a finance cost using the effective interest method. Dividend payments under arrangements to borrow shares (stock lending agreements, repurchase agreements, total return swap transactions, etc.) are recognised in the consolidated income statement as short dividends when the Fund's obligation to pay the dividend to the counterparty is established.

d) Fair value estimation

Valuation of debt and equity securities

Securities that are regularly traded on a recognised exchange are valued at the fair value on the balance sheet date. Such price is determined by looking: (a) to the primary exchange on which such securities are traded, if there are reported trades on such exchange on such date; (b) if there are no reported trades on such exchange on such date, to the secondary exchange for such securities (on the basis of typical trading volume); (c) if there are no reported trades on either such exchange on such date, to the last reported trade price within the last week on the primary exchange (or, if more recent, the secondary exchange) prior to such date, or at the last bid/ask price if a security is thinly traded. Those prices are determined by looking to Bloomberg or another electronic data service. Non-exchange traded assets in the Fund's portfolio for which prices are available on such services are also generally valued using those prices. Securities with a value of USD 1,334,496,556 (42.40% of the Net Asset Value) (2006: USD 1,006,354,359 (39.99% of the Net Asset Value)) have been valued in this manner.

Securities which are regularly traded over-the-counter are valued at fair value, based on the bid and ask prices which are solicited from various third party dealers/brokers, deemed to be reputable, at the close of trading on the day the assets are being valued. Securities with a value of USD 1,359,339,662 (43.19% of the Net Asset Value) (2006: USD 1,194,986,715 (47.48% of the Net Asset Value)) have been valued in this manner.

Securities with a value of USD 12,869,125 (0.41% of the Net Asset Value) (2006: USD 79,024,550 (3.14% of the Net Asset Value)) have been valued by the Board at fair market value within the range of valuations provided by professional independent valuation agents. Securities with a value of USD 115,842,056 (3.68% of the Net Asset Value) (2006: USD 20,888,655 (0.83% of the Net Asset Value)) have been valued by the Board at prices equivalent to cost or cost less impairment.

Investments which are made through participation arrangements are valued at an amount equal to the Fund's percentage interest in the underlying security multiplied by the fair value of the underlying security; provided that, in the event that the seller of a participation purchased by the Fund is, or is an Affiliate of an entity that is, Investment Grade (credit rating of BBB or above), the Fund records its investment as a direct investment in the underlying security (to the extent of the Fund's participation interest therein) valued at 100% of the fair value of such underlying security.

Where the investments held by the Fund are unquoted, the Fund will refer to the prices on similar listed instruments to determine the fair value of the unquoted securities. Where no such instruments are available, the Fund will obtain quotations from various brokers dealing with the same securities and use the average of the quotations received to value the assets or liabilities held.

If extraordinary circumstances render a valuation pursuant to the above guidelines impracticable or inadequate, the Board may follow other accepted methodologies in order to achieve what it considers to be fair valuation of the relevant assets of the Fund (see note 2.1c).

Valuation of Derivative Contracts

Derivatives are initially recognised at fair value on the date a derivative contract is entered, and subsequently remeasured at their fair value.

- **Forward Foreign Exchange Contracts**

Open forward foreign exchange contracts are valued on the basis of forward exchange rates prevailing at the relevant valuation date for the remaining period to maturity.

- **Options**

Where they are traded on a recognised exchange, options are valued at the latest market bid or ask price at valuation date. Over-the-counter options are valued by the Fund's counterparty at the fair value based on the closing price of the underlying asset, implied volatility and prevailing interest rate on the balance sheet date.

- **Repurchase Agreements**

The Fund utilises repurchase agreements to borrow against applicable assets in the investment portfolio. Under these agreements, the Fund will sell assets to the repurchase agreement counterparty and agree to repurchase the same asset at the price equal to the sales price plus accrued interest. These agreements are accounted for as debt and valued at amortised cost. Interest rates vary for each repurchase agreement and are set at the initiation of the agreement. Assets sold under a repurchase agreement are delivered to the counterparty which values them at regular intervals to protect their investment. If the value of the investments sold under a repurchase agreement significantly depreciates in the hands of the counterparty, the Fund may be required, under certain conditions, to pay compensatory margins to the counterparty.

- **Reverse Repurchase Agreements**

Reverse repurchase agreements are valued at the amortised cost and accrued interest at the valuation date. It is the Fund's policy to take delivery of securities purchased under repurchase agreements and to value the securities on a daily basis to protect the Fund in the event the securities are not repurchased by the counterparty. The Fund will generally obtain additional margin payments if the market value of the underlying securities is less than the face value of the repurchase agreement plus any accrued interest. In the event of default on the obligation to repurchase, the Fund has the right to liquidate the transaction and apply the proceeds in satisfaction of the obligation. In the event of default or bankruptcy by the counter-party to the agreement, realisation and/or retention of the securities or proceeds may be subject to legal proceedings.

Valuation of Derivative Contracts (continued)

- **Futures**

Futures are exchange traded contracts in which the seller agrees to make delivery at a specified future date, at a specified price or yield. Gains and losses on futures are recorded by the Fund based on valuations supplied by the Fund's prime broker and are recorded as realised or unrealised gains/(losses) or other income dependent upon settlement terms of the contracts held. Margin requirements are held with brokers in margin accounts as part of Cash and Cash equivalents.

- **Short Sales**

The Fund may make short sales of securities. A short sale occurs when the Fund sells a security which it does not own, either by borrowing it from a broker or selling in a market with extended settlement dates. The amount of proceeds received on this date is recorded as a liability. In the event that the value of the security that the Fund sold short declines, the Fund will gain as it will repurchase the security in the market at a lower price. If the price of the security increases, the Fund will suffer a loss as it will have to repurchase the security at the higher price. Short sales may incur higher transaction costs than regular securities transactions.

- **Interest Rate Swaps**

Interest rate swaps are valued by the Fund's prime broker at their fair value at the balance sheet date based upon the value of each series of interest payments and principal at the balance sheet date.

- **Credit Default Swaps**

When the Fund enters into a credit default swap agreement, an amount equal to the premium paid is recorded as an asset and is subsequently fair valued in the consolidated statement of net assets. Credit default swap agreements are fair valued by the Fund's counterparties or prime brokers on the date of valuation based upon the reference entity credit spread curve and recovery rates using a valuation model.

The change in fair value, if any, is recorded as an unrealised gain or loss in the consolidated income statement. Realised gains or losses on maturity or termination of credit default swaps are presented in the consolidated income statement.

Where the Fund enters into a credit default swap transaction as the protection seller, the amount of the premium received is recorded as a liability in the balance sheet, and this amount is adjusted at fair value through the consolidated income statement at the balance sheet date using the statements provided by the counterparties and prime brokers.

- **Total Return Swaps**

Total Return swaps are valued by the Fund's counterparty or by the Administrator based upon the fair market value of the underlying assets at the closing date.

2.5 Offsetting Financial Instruments

Financial assets and liabilities are offset and the net amount reported in the consolidated statement of assets and liabilities when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously.

2.6 Due to and from brokers

Amounts due from and to brokers represent receivables for securities sold and payables for securities purchased that have been contracted for but not yet settled or delivered on the balance sheet date, respectively. These amounts are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment for amounts due from brokers, if any. The Fund considers that there is impairment of its receivables when an amount is over one month overdue, and active procedures for recovering the outstanding balance prove fruitless in that interval of time. Depending on the risk of the counterparty, an estimate of the recoverable amount will be made using discounted cashflow methods. No such impairment has needed to be made by the Fund since its inception.

2.7 Cash and Cash Equivalents

Cash and cash equivalents include cash in hand, demand deposits, margin accounts, other short-term highly liquid investments with the original maturities of three months or less and bank overdrafts.

2.8 Accrued expenses

Accrued expenses are recognised initially at fair value and subsequently stated at amortised cost using the effective interest method.

2.9 Redeemable participating shares

Redeemable participating shares are redeemable subject to the terms and conditions of the Fund's Information Memorandum, and are classified as financial liabilities. They are redeemable for an amount of cash equal to a proportionate share of the net asset value of the relevant Series, subject to the terms and conditions of the Fund's Information Memorandum.

2.10 Taxation

The Fund is domiciled in the British Virgin Islands. Under the current laws of the British Virgin Islands, there is no income, estate, corporation, capital gains or other taxes payable by the Fund. However, the Fund currently incurs withholding taxes imposed by certain countries on investment income and capital gains. Such income or gains are recorded gross of withholding taxes, with the withholding taxes being separately disclosed in the consolidated income statement.

There are no material foreseeable contingent liabilities that are un accounted for in the financial statement of GO Fund.

There are no litigations against GO Fund in India.

There are no litigations against GO Fund other than in India.

Spinnaker Global Emerging Market Fund Ltd [GEM Fund]

Spinnaker Global Emerging Market Fund Ltd is an open-end investment fund incorporated on November 23, 2000 with current assets under its management of approximately USD 2.16 billion. It has commitments of USD 2.30 billion.

Spinnaker Capital CGR Ltd., Sao Paulo is investment advisor to the GEM Fund, and is regulated by the CVM in Brazil. Spinnaker Capital Limited, London, is co-manager to the GEM Fund, and is regulated by the FSA in the UK.

Shareholding pattern of GEM is as follows:

Category	Percent
Family Offices	09.42
Bank Managed FOF	15.71
Independent FOF	11.86
High Net Worth Individuals	06.97
Pensions, Governments & Institutionals	25.67
Universities & Endowments	25.15
Internal	05.20

The details of Board of Directors of GEM Fund as on the date of PA are as under:

Name	Designation	Date of Appointment	Qualification	Address	Experience
Francis D' Souza	Director	December 29, 2003	BE (Electrical), MBA	1 Burges Grove, London SW13 8BG, England	30
Marcos Lederman	Director	January 23, 2001	-	Al Santos 1940-2o andar, 01418-200 Sao Paulo-SP, Brazil	21
Tamotsu Ogawa	Director	January 23, 2001	Degree in Economics	Yamada Building 2F, 2-8-4 Uchikanda, Chiyoda-ku, Tokyo 101-0047, Japan	20
Affonso Pastore	Director	September 1, 2002	Bachelor in Economics, Doctorate in Economics	Rua Alves Guimarães, 462 - Floor 10º - room number 102 CEP 05410-000 - Pinheiros - São Paulo – Brazil	28
Claude Pomper	Director	December 4, 2000	Doctorate in Business Administration	Al Santos 1940-2o andar, 01418-200 Sao Paulo-SP, Brazil	23

Brief Profile of the Board of Directors of GEM:

(a) **Francis D' Souza:** Francis D'Souza had a career at Citibank from 1976 through 2003. His final position was as Partner of Citigroup emerging market investments, with responsibility for private equity and distressed security investments. He held senior global risk management positions in the group from 1993 to 2001, and was a member of Citicorp's Global Market Risk Policy Committee. He served as Treasurer for Europe for Citigroup Consumer Bank from 1989 to 1993. He holds a degree in Electrical Engineering from the Indian Institute of Technology (IIT) in Bombay, and a Masters in Business Administration from the Harvard University-affiliated Iran Centre for Management Studies.

(b) **Marcos Lederman:** Marcos Lederman is the managing director of Spinnaker Asset Management – SAM Limited. He was responsible for setting up the operations of Credit Agricole Indosuez in São Paulo in 1991 and was a managing director of CAI in Brazil from 1991-1999. From 1985-1991, he worked for Citibank in São Paulo. His academic background is in computer technology.

(c) **Tamotsu Ogawa:** Tamotsu Ogawa is the President of Spinnaker Capital Japan. He was a managing director at Indosuez W.I. Carr Securities (Japan) Limited, the then investment banking vehicle of Credit Agricole Indosuez in Japan, and was the head of the emerging markets division in Japan from 1994 to 1999. Prior to joining CAI, he worked for JP Morgan in Tokyo as a vice-president of the Emerging Markets team. He holds a degree in Economics from Tokyo University of Foreign Studies.

(d) **Affonso Pastore:** Affonso Pastore is LatinSource's Advisor for Brazil and is President and Founder of A.C. Pastore & Associados, an economic consulting firm in Sao Paulo. He served as President of the Central Bank of Brazil from 1983-1985. Prior to his appointment at the Central Bank, he served as Secretary of Finance for the state of Sao Paulo from 1979-1983. He attended the University of Sao Paulo, where he received his Bachelor in Economics in 1961 and his Doctorate in Economics in 1969; he served there as Director of Economics and Titular Professor from 1978 to the present.

(e) **Claude Pomper:** Claude Pomper was a founder of the emerging markets division of Credit Agricole Indosuez, where he was a managing director from 1991-1999. From 1983-1990, he was the division executive at Citicorp/ Citibank in charge of all corporate finance and investment banking activities in Latin America. He earned a Doctorate in Business Administration at Harvard University, after graduating from Ecole Nationale Supérieure des Telecommunications, Paris.

None of the aforementioned directors, are on the board of the Target Company, nor are they an "insider" within the meaning of SEBI (Insider Trading) Regulations, 1992 in respect of the Target Company.

None of the directors of GEM Fund has acquired any equity shares of the Target Company during the 12 (twelve) months preceding the date of the Public Announcement.

Brief audited financial details of GEM Fund for the last five years are as under:

(Rs. in Lakhs)

Particulars	**December 31,2007**	**December 31, 2006**	**December 31, 2005**	**December 31, 2004**	**December 31, 2003**
Profit and Loss Account					
Investment Income	86,123.86	64,754.93	36,925.98	13,407.61	9,530.30
Other Income	132,327.75	72,879.10	94,536.24	78,799.72	27,067.92
Total Income	218,451.60	137,634.03	131,462.22	92,207.33	36,598.22
Total Expenditure	77,993.57	49,985.21	41,484.84	24,555.80	3,409.91
Net Profit/ Loss	**140,458.03**	**87,648.82**	**89,977.38**	**67,651.53**	**33,188.31**
Balance Sheet					
Paid-up share capital	47.69	37.15	6.89	7.75	5.92
Reserves & Surplus (excluding revaluation reserve)	1,065,616.45	886,688.98	481,358.21	365,038.60	256,314.52
Net Worth	1,065,664.13	886,726.14	481,365.10	365,046.34	256,320.43
Total	**1,065,664.13**	**886,726.14**	**481,365.10**	**365,046.34**	**256,320.43**
Trading Securities (including derivative contracts)	1,039,782.01	892,090.79	502,699.73	323,860.17	233,857.73
Net Current Assets	18,053.72	(17,297.91)	(27,527.50)	37,896.30	20,933.68
Other Assets	7,828.40	11,933.25	6,192.87	3,289.87	1,529.03
Total	**1,065,664.13**	**886,726.14**	**481,365.10**	**365,046.34**	**256,320.43**

Other Financial Data	**December 31,2007**	**December 31, 2006**	**December 31, 2005**	**December 31, 2004**	**December 31, 2003**
Net Asset Value per share (Rs.)	8,752.68	10,526.49	31,544.07	23,998.20	19,763.27

Notes:

(a) Conversion Rates applied: 1US$=Rs.39.41 [December 31, 2007]; 1US$=Rs.44.23 [December 29, 2006]; 1US$=Rs.45.07 [December 30, 2005]; 1US$=Rs.43.58 [December 31, 2004]; 1US$=Rs.45.61 [December 31, 2003]. Source: www.rbi.org.in

(b) Net Asset Value as disclosed in audited accounts

(c) Source: Annual Reports for the years ended December 31, 2007, 2006, 2005, 2004 and 2003.

(d) Statutory Auditors confirmed that the requirement with respect to adjustments to financial statements, required as per Clause 11 (a) to (e) of Standard Letter of Offer format of Securities and Exchange Board of India with respect to Open Offer as per Securities and Exchange Board of India [Substantial Acquisition of Shares and Takeovers] Regulations, 1997 as amended, are not applicable and therefore are not relevant.

Income for GEM Fund mainly comprises Interest Income, Dividend and Bank Interests. Consequently, the market conditions influence the rise or fall in the income. Rise in total income is attributed to increase in flow of investment from current and new investors and due to performance of investments.

Reason for rise/fall in total income and Profit:

(Rs. in Lakhs)

Sl. No.	Financial Year	Total Income	Profit
1.	2004-05	131,462.22	89,977.38
2.	2005-06	137,634.03	87,648.82
3.	2006-2007	218,451.60	140,458.03

Reasons for changes in Total Income and PAT in 2007 over 2006: The total income and the profit increased due to increase in the value of the securities held by the fund.

Reasons for changes in Total Income and PAT in 2006 over 2005: The total income increased due to increase in the value of the securities held by the fund. The profit dropped marginally due to rise in expenditure.

Reasons for changes in Total Income and PAT in 2005 over 2004: The total income and the profit increased due to increase in the value of the securities held by the fund.

Other income of the fund consists of treasury income.

The Financial Statements are prepared in accordance with International Financial Reporting Standards ("IFRS") and under the historical convention as modified as modified for the revaluation of investments in securities. Audits performed in accordance with International Standards of Auditing (UK&I).There has been no change in accounting policy. Significant Accounting Policies followed by GEM Fund are as follows [Source: reproduced from the Annual Report for the year ended December 31, 2007]:

The principal accounting policies adopted in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

All references to net assets throughout this document refer to net assets attributable to holders of redeemable participating shares unless otherwise stated.

2.1 Basis of preparation

a) Statement of compliance

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB), and interpretations issued by the International Financial Reporting Interpretations Committee of the IASB. The financial statements have been prepared under the historical cost convention, as modified by the revaluation of financial assets and financial liabilities (including derivative financial instruments) at fair value through profit or loss.

The following standards, amendments and interpretations to existing standards have been published and are mandatory for accounting periods beginning on or after 1 January 2008 or later periods, and some are not relevant for the Funds's operations:

- IAS 23 (Amendment), 'Borrowing costs' (effective from 1 January 2009);
- IFRS 8, 'Operating segments' (effective from 1 January 2009);
- IFRIC 11, 'IFRS 2 - Group and Treasury Share Transactions' (effective from 1 March 2007);
- IFRIC 12, 'Service Concession Agreements' (effective from 1 January 2008);
- IFRIC 13, 'Customer Loyalty Programme' (effective from 1 July 2008); and
- IFRIC 14, 'IAS 19, The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction (effective from 1 January 2008).

b) Adoption of new accounting standards

In August 2005, the IASB issued IFRS 7 "Financial Instruments Disclosure" which becomes effective for annual accounting periods commencing on or after 1 January 2007. The standard requires disclosures about the significance of financial instruments for an entity's financial position and performance. These disclosures incorporate many of the requirements already contained in IAS 32 "Financial Instruments: Disclosure and Presentation". The Fund has applied IFRS 7 for the present annual accounting period commencing 1 January 2007. Where necessary, comparative figures for the financial year ended 31 December 2006 have been restated accordingly. However, the adoption of IFRS 7 has not modified the calculation of the net asset value, as this standard mainly focuses on extensive disclosures on the Fund's policies on financial risk management and capital maintenance.

In November 2006, the IASB issued IFRS 8 "Operating Segments" which becomes effective for annual accounting periods beginning on or after 1 January 2009. This standard requires disclosures on the financial performance of the operating segments of the entity. The Fund will apply IFRS 8 for its annual accounting period commencing 1 January 2009.

c) **Critical accounting estimates and judgements**

The preparation of financial statements in conformity with International Financial Reporting Standards requires the use of certain critical accounting estimates. It also requires the Board of Directors to exercise its judgement in the process of applying the Fund's accounting policies. For example, the Fund may, from time to time, hold financial instruments that are not quoted in active markets, such as over-the-counter derivatives or non-exchange traded loans and equities. Fair values of such instruments are determined using different valuation techniques validated and periodically reviewed by the Board of Directors.

Management makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The significant estimates and assumptions that are material to the financial statements are outlined below.

Fair value of derivative financial instruments

The Fund may, from time to time, hold financial instruments that are not quoted in active markets, such as over-the-counter derivatives. (for details, see Note 11 below). Fair values of such instruments are determined by the prime broker who uses valuation techniques incorporating market information on the underlying assets and risk assessment. Where valuation techniques are used to determine fair values, they are validated and periodically reviewed by the Fund Manager, independent of the counterparty. Models are calibrated by back-testing to actual transactions to ensure that outputs are reliable.

Models use observable data, to the extent practicable. However, areas such as credit risk (both own and counterparty), volatilities and correlations require management to make estimates. Changes in assumptions about these factors could affect the reported fair value of certain financial instruments.

Fair value of illiquid holdings

In the course of its operating activities, the Fund enters into direct trades or derivative trades which ultimately expose it to unlisted securities, either as a seller or as a buyer. Among other securities, the Fund has taken positions in asset-backed securities and similar securitised financial instruments.The current turmoil in markets for those assets that commenced last August 2007 has rendered those markets highly illiquid, complicating the fair value determination of positions in those assets. Lack of liquidity and transparency in the pricing of those assets creates an uncertainty as to the possibility of exiting some of those positions under current market conditions at the valuations provided by derivative counterparties. The Board assesses the Fund's exposure on those products very closely and, where necessary, has marked down some of its holdings in those products where it has concerns about the willingness of counterparties to deal at the valuations provided.

As a precautionary measure given the current market conditions, the Fund, which stands to make significant gains on short positions in US subprime mortgage collateralized debt obligations, has written down some of its holdings in those assets by 25 % at year-end from the valuations provided by derivative counterparties. This resulted in an unrealised loss to the Fund of USD 21 million at year-end.

d) **Consolidation**

These consolidated financial statements incorporate the balances of assets and liabilities of the subsidiary, Alfinor SA, as at 31 December 2007 and the results for the year then ended. In preparing consolidated financial statements, the Fund consolidates the financial statements of its subsidiaries in full. Intragroup balances are eliminated in full. There are no minority interests as the subsidiary is fully owned.

2.2 Recognition of Income

Dividend income

Dividend income arising from investments is accounted for on an accruals basis when the right to receive payment is established. Dividends are recorded gross of withholding tax which is shown separately in the consolidated income statement.

Interest income

Interest income is recognised on a time proportionate basis using the effective interest method. Where the principal loan amount is impaired, interest is accrued off-balance sheet and is not recorded in the income statement. After an impairment event, interest income is recognised in the consolidated income statement on a cash basis.

Swap income
Every swap contract involves the receipt or payment of interest at specifically stated maturity dates. Accrued interest is recognised in the consolidated income statement at each valuation date, using the effective interest method. Changes in the fair value of the swap contract are recognised through the consolidated income statement at each valuation date.

2.3 Foreign Currency Translation

a) Functional and presentation currency
Items included in the financial statements of the Fund are measured in the currency of the primary economic environment in which the entity operates (its functional currency). The Directors have considered the primary economic currency of the Fund and considered the currency in which the original capital was raised, and ultimately what currency capital would be returned on a break-up basis. The Directors have also considered the currency to which the underlying investments are exposed. On balance, the Directors believe the US Dollar best reflects the Fund's functional currency and has also been adopted as its presentation currency.

b) Transactions and balances
Transactions in foreign currencies are translated into the functional currency at the rate prevailing on the transaction date. Monetary assets and liabilities in foreign currencies are translated into the functional currency at the rate prevailing at the year end date. The Fund does not isolate that portion of the results of operations arising from changes in exchange rates from that portion arising from changes in market prices of securities held. Such fluctuations are included in realised and unrealised gain or loss on Financial Assets and Liabilities at Fair Value through profit or loss.

Reported net realised foreign exchange gains or losses arise from sales of foreign currencies, currency gains and losses realised between trade and settlement dates on securities transactions, the difference between the amounts of dividends and interest recorded on the Fund's books, and the US dollar equivalent of the amounts actually received or paid. Net unrealised foreign exchange gains and losses arise from changes in the value of assets and liabilities other than investments in securities at the reporting date, resulting from changes in the exchange rate.

2.4 Financial assets and financial liabilities at fair value through profit or loss

a) Classification
The Fund classifies its investments in debt and equity securities, and related derivatives, as financial assets or financial liabilities at fair value through profit or loss. These financial assets and financial liabilities are classified as held for trading or designated by the Board of Directors as at fair value through profit or loss at inception.

Financial assets or financial liabilities held for trading are those acquired or incurred principally for the purposes of selling or repurchasing in the short term. Derivatives are also categorised as financial assets or financial liabilities held for trading. The Fund does not classify any derivatives as hedges in a hedge relationship.

Financial assets and financial liabilities designated at fair value through profit or loss at inception are those that are managed and their performance evaluated on a fair value basis in accordance with the Fund's documented investment strategy. If the Fund makes short sales of securities in anticipation of a decline in the market value of those securities, or for arbitrage purposes, it will classify those short sales as financial liabilities as at fair value through profit or loss.

b) Recognition /Derecognition
Regular-way purchases and sales of investments are recognised on the trade date - the date on which the Fund commits to purchase or sell the investment. Investments are derecognised when the rights to receive cash flows from the investments have expired or the Fund has transferred substantially all risks and rewards of ownership.

c) **Measurement**

Financial assets and financial liabilities at fair value through profit or loss are initially recognised at fair value. Transaction costs are expensed in the consolidated income statement. Subsequent to initial recognition, all financial assets and financial liabilities at fair value through profit or loss are measured at fair value. Gains and losses arising from changes in the fair value of the "financial assets or financial liabilities at fair value through profit or loss" category are presented in the consolidated income statement in the period in which they arise.

Interest income from financial assets at fair value through profit or loss is recognised in the consolidated income statement within interest income using the effective interest method. Dividends from these financial instruments are recognised in the consolidated income statement within dividend income when the Fund's right to receive payments is established. Interest expense from financial liabilities is recognised in the consolidated income statement as a finance cost using the effective interest method. Dividend payments under arrangements to borrow shares (stock lending agreements, repurchase agreements, total return swap transactions, etc.) are recognised in the consolidated income statement as short dividends when the Fund's obligation to pay the dividend to the counterparty is established.

d) **Fair value estimation**

Valuation of debt and equity securities

Securities that are regularly traded on a recognised exchange are valued at the fair value on the balance sheet date. Such price is determined by looking: (a) to the primary exchange on which such securities are traded, if there are reported trades on such exchange on such date; (b) if there are no reported trades on such exchange on such date, to the secondary exchange for such securities (on the basis of typical trading volume); (c) if there are no reported trades on either such exchange on such date, to the last reported trade price within the last week on the primary exchange (or, if more recent, the secondary exchange) prior to such date, or at the last bid/ask price if a security is thinly traded. Those prices are determined by looking to Bloomberg or another electronic data service. Non-exchange traded assets in the Fund's portfolio for which prices are available on such services are also generally valued using those prices. Securities with a value of USD 1,118,111,352 (41.35% of the Net Asset Value) (2006: USD 780,209,213 (38.92% of the Net Asset Value)) have been valued in this manner.

Securities which are regularly traded over-the-counter are valued at fair value, based on the bid and ask prices which are solicited from various third party dealers/brokers, deemed to be reputable, at the close of trading on the day the assets are being valued. Securities with a value of USD 1,147,133,687 (42.42% of the Net Asset Value) (2006: USD 892,876,308 (44.53% of the Net Asset Value)) have been valued in this manner.

Securities with a value of USD 17,933,299 (0.66% of the Net Asset Value) (2006: USD 42,501,910 (2.12% of the Net Asset Value)) have been valued by the Board at fair market value within the range of valuations provided by professional independent valuation agents. Securities with a value of USD 132,263,470 (4.89% of the Net Asset Value) (2006: USD 149,358,126 (7.45% of the Net Asset Value)) have been valued by the Board at prices equivalent to cost or cost less impairment.

Investments which are made through participation arrangements are valued at an amount equal to the Fund's percentage interest in the underlying security multiplied by the fair value of the underlying security; provided that, in the event that the seller of a participation purchased by the Fund is, or is an Affiliate of an entity that is, Investment Grade (credit rating of BBB or above), the Fund records its investment as a direct investment in the underlying security (to the extent of the Fund's participation interest therein) valued at 100% of the fair value of such underlying security.

Where the investments held by the Fund are unquoted, the Fund will refer to the prices on similar listed instruments to determine the fair value of the unquoted securities. Where no such instruments are available, the Fund will obtain quotations from various brokers dealing with the same securities and use the average of the quotations received to value the assets or liabilities held.

If extraordinary circumstances render a valuation pursuant to the above guidelines impracticable or inadequate, the Board may follow other accepted methodologies in order to achieve what it considers to be fair valuation of the relevant assets of the Fund (see note 2.1c).

d) **Fair value estimation (continued)**

Valuation of derivative contracts
Derivatives are initially recognised at fair value on the date a derivative contract is entered, and subsequently remeasured at their fair value.

- **Forward Foreign Exchange Contracts**

The unrealised gains and losses on open forward foreign exchange contracts are valued on the basis of forward exchange rates prevailing at the relevant valuation date for the remaining period to maturity.

- **Options**

Where they are traded on a recognised exchange, options are valued at the latest market bid or ask price at valuation date. Over-the-counter options are valued by the Fund's counterparty at the fair value based on the closing price of the underlying asset, implied volatility and prevailing interest rate on the balance sheet date.

- **Repurchase Agreements**

The Fund utilises repurchase agreements to borrow against applicable assets in the investment portfolio. Under these agreements, the Fund will sell assets to the repurchase agreement counterparty and agree to repurchase the same asset at the price equal to the sales price plus accrued interest. These agreements are accounted for as debt and valued at amortised cost. Interest rates vary for each repurchase agreement and are set at the initiation of the agreement. Assets sold under a repurchase agreement are delivered to the counterparty which values them at regular intervals to protect their investment. If the value of the investments sold under a repurchase agreement significantly depreciates in the hands of the counterparty, the Fund may be required, under certain conditions, to pay compensatory margins to the counterparty.

- **Reverse Repurchase Agreements**

Reverse repurchase agreements are valued at the amortised cost and accrued interest at the valuation date. It is the Fund's policy to take delivery of securities purchased under repurchase agreements and to value the securities on a daily basis to protect the Fund in the event the securities are not repurchased by the counterparty. The Fund will generally obtain additional margin payments if the market value of the underlying securities is less than the face value of the repurchase agreement plus any accrued interest. In the event of default on the obligation to repurchase, the Fund has the right to liquidate the transaction and apply the proceeds in satisfaction of the obligation. In the event of default or bankruptcy by the counter-party to the agreement, realisation and/or retention of the securities or proceeds may be subject to legal proceedings.

- **Futures**

Futures are exchange traded contracts in which the seller agrees to make delivery at a specified future date, at a specified price or yield. Gains and losses on futures are recorded by the Fund based on valuations supplied by the Fund's prime broker and are recorded as realised or unrealised gains/(losses) or other income dependent upon settlement terms of the contracts held. Margin requirements are held with brokers in margin accounts as part of Cash and Cash equivalents.

- **Short Sales**

The Fund may make short sales of securities. A short sale occurs when the Fund sells a security which it does not own, either by borrowing it from a broker or selling in a market with extended settlement dates. The amount of proceeds received on this date is recorded as a liability. In the event that the value of the security that the Fund sold short declines, the Fund will gain as it will repurchase the security in the market at a lower price. If the price of the security increases, the Fund will suffer a loss as it will have to repurchase the security at the higher price. Short sales may incur higher transaction costs than regular securities transactions.

- **Interest Rate Swaps**

Interest rate swaps are valued by the Fund's prime broker at their fair value at the balance sheet date based upon the value of each series of interest payments and principal at the balance sheet date.

- **Credit Default Swaps**

When the Fund enters into a credit default swap agreement, an amount equal to the premium paid is recorded as an asset and is subsequently fair valued in the Consolidated Statement of Net Assets. Credit default swap agreements are fair valued by the Fund's counterparties or prime brokers on the date of valuation based upon the reference entity credit spread curve and recovery rates using a valuation model.

The change in fair value, if any, is recorded as an unrealised gain or loss in the Consolidated Income Statement. Realised gains or losses on maturity or termination of credit default swaps are presented in the Consolidated Income Statement.

Where the Fund enters into a credit default swap transaction as the protection seller, the amount of the premium received is recorded as a liability in the balance sheet, and this amount is adjusted at fair value through the consolidated income statement at the balance sheet date using the statements provided by the counterparties and prime brokers.

- **Total Return Swaps**

Total Return swaps are valued by the Fund's counterparty or by the Administrator based upon the fair market value of the underlying assets at the balance sheet date.

2.5 Offsetting Financial Instruments

Financial assets and liabilities are offset and the net amount reported in the consolidated statement of assets and liabilities when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously.

2.6 Due to and from brokers

Amounts due from and to brokers represent receivables for securities sold and payables for securities purchased that have been contracted for but not yet settled or delivered on the balance sheet date, respectively. These amounts are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment for amounts due from brokers, if any. The Fund considers that there is impairment of its receivables when an amount is over one month overdue, and active procedures for recovering the outstanding balance prove fruitless in that interval of time. Depending on the risk of the counterparty, an estimate of the recoverable amount will be made using discounted cashflow methods. No such impairment has needed to be made by the Fund since its inception.

2.7 Cash and Cash Equivalents

Cash and cash equivalents include cash in hand, demand deposits, margin accounts, other short-term highly liquid investments with the original maturities of three months or less and bank overdrafts.

2.8 Accrued expenses

Accrued expenses are recognised initially at fair value and subsequently stated at amortised cost using the effective interest method.

2.9 Redeemable participating shares

Redeemable participating shares are redeemable subject to the terms and conditions of the Fund's Information Memorandum, and are classified as financial liabilities. They are redeemable for an amount of cash equal to a proportionate share of the net asset value of the relevant Series, subject to the terms and conditions of the Fund's Information Memorandum.

2.10 Taxation

The Fund is domiciled in the British Virgin Islands. Under the current laws of the British Virgin Islands, there is no income, estate, corporation, capital gains or other taxes payable by the Fund. However, the Fund currently incurs withholding taxes imposed by certain countries on investment income and capital gains. Such income or gains are recorded gross of withholding taxes in the consolidated income statement, with the withholding taxes being separately disclosed in the Consolidated Income Statement.

There are no material foreseeable contingent liabilities that are un accounted for in the financial statement of GEM Fund.

There are no litigations against GEM Fund in India.

There are no litigations against GEM Fund other than in India.

Spinnaker Global Strategic Fund Ltd [GS Fund]

Spinnaker Global Strategic Fund Ltd is an open-end investment fund incorporated on December 29, 2003 with current assets under its management of approximately USD 1.05 billion. It has commitments of USD 1.12 billion.

Spinnaker Capital Limited, London is investment manager to the GS Fund, and is regulated by the FSA in the UK. Spinnaker Capital CGR Ltd., Sao Paulo, is investment advisor to the GS Fund, and is regulated by the CVM in Brazil.

Shareholding pattern of GS is as follows:

Category	**Percent**
Family Offices	14.08
Bank Managed FOF	00.62
Independent FOF	15.47
High Net Worth Individuals	06.69
Pensions, Governments & Institutionals	31.62
Universities & Endowments	29.68

The details of Board of Directors of GS Fund as on the date of PA are as under:

Name	Designation	Date of Appointment	Qualification	Address	Experience
Francis D' Souza	Director	December 29, 2003	BE (Electrical), MBA	1 Burges Grove, London SW13 8BG, England	30
Marcos Lederman	Director	January 23, 2001	-	Al Santos 1940-2o andar, 01418-200 Sao Paulo-SP, Brazil	21
Tamotsu Ogawa	Director	January 23, 2001	Degree in Economics	Yamada Building 2F, 2-8-4 Uchikanda, Chiyoda-ku, Tokyo 101-0047, Japan	20
Dr. Simon Ogus (PhD)	Director	July 1, 2001	BA (Economics & Econometrics), Suite 1703, M Sc (Management & Finance), PhD (Economics)	Square, 1-Century 13 D'Aguilar Street, Central, Hong Kong	17

Brief Profile of the Board of Directors of GS:

(a) **Francis D' Souza:** Francis D'Souza had a career at Citibank from 1976 through 2003. His final position was as Partner of Citigroup emerging market investments, with responsibility for private equity and distressed security investments. He held senior global risk management positions in the group from 1993 to 2001, and was a member of Citicorp's Global Market Risk Policy Committee. He served as Treasurer for Europe for Citigroup Consumer Bank from 1989 to 1993. He holds a degree in Electrical Engineering from the Indian Institute of Technology (IIT) in Bombay, and a Masters in Business Administration from the Harvard University-affiliated Iran Centre for Management Studies.

(b) **Marcos Lederman:** Marcos Lederman is the managing director of Spinnaker Asset Management – SAM Limited. He was responsible for setting up the operations of Credit Agricole Indosuez in São Paulo in 1991 and was a managing director of CAI in Brazil from 1991-1999. From 1985-1991, he worked for Citibank in São Paulo. His academic background is in computer technology.

(c) **Tamotsu Ogawa:** Tamotsu Ogawa is the President of Spinnaker Capital Japan. He was a managing director at Indosuez W.I. Carr Securities (Japan) Limited, the then investment banking vehicle of Credit Agricole Indosuez in Japan, and was the head of the emerging markets division in Japan from 1994 to 1999. Prior to joining CAI, he worked for JP Morgan in Tokyo as a vice-president of the Emerging Markets team. He holds a degree in Economics from Tokyo University of Foreign Studies.

(d) **Dr. Simon Ogus (PhD):** Dr. Simon Ogus is the founder and CEO of DSGAsia, which provides independent Asian economic and political analysis. Until May 1999, he was Managing Director and Chief Economist for Asia at Warburg Dillon Read, Hong Kong. He holds a PhD in Economics from the University of London's School of Oriental and African Studies; an MSc in Management and Finance from the University of London's Imperial College; and a BA in Economics and Econometrics from the University of Manchester.

None of the aforementioned directors, are on the board of the Target Company, nor are they an "insider" within the meaning of SEBI (Insider Trading) Regulations, 1992 in respect of the Target Company.

None of the directors of GS Fund has acquired any equity shares of the Target Company during the 12 (twelve) months preceding the date of the Public Announcement.

Brief audited financial details of GS Fund for last four years * are as under:

(Rs. in Lakhs)

Particulars	December 31, 2007	December 31, 2006	December 31, 2005	December 31, 2004
Profit & Loss Account				
Investment Income	35,662.11	19,348.41	5,147.38	2,200.53
Other Income	59,005.83	34,974.87	16,515.45	5,768.22
Total Income	94,667.94	54,323.29	21,662.83	7,968.75
Total Expenditure	36,945.69	18,842.42	9,812.19	3,361.86
Net Profit/ Loss	**57,722.25**	**35,480.86**	**11,850.64**	**4,606.89**
Balance Sheet				
Paid-up share capital	40.99	25.53	13.35	3.30
Reserves & Surplus (excluding revaluation reserve)	589,562.57	372,409.64	174,039.33	62,921.98
Net Worth	589,603.55	372,435.18	174,052.68	62,925.28
Total	**589,603.55**	**372,435.2**	**174,052.68**	**62,925.28**
Trading Securities (including derivative contracts)	519,570.80	355,542.10	194,927.75	61,565.68
Net Current Assets	66,657.28	14,163.64	(22,013.54)	1,075.12
Other Assets	3,375.47	2,729.88	1,138.47	284.49
Total	**589,603.55**	**372,435.6**	**174,052.68**	**62,925.28**

**From the date of incorporation i.e. December 29, 2003*

Other Financial Data	December 31, 2007	December 31, 2006	December 31, 2005	December 31, 2004
Net Asset Value per share (Rs.)	5,631.27	6,451.39	5,875.30	5,511.56

Notes:

(a) Conversion Rates applied: 1US$=Rs.39.41 [December 31, 2007]; 1US$=Rs.44.23 [December 29, 2006];1US$=Rs.45.07 [December 30, 2005]; 1US$=Rs.43.58 [December 31, 2004]; Source: www.rbi.org.in

(b) Net Asset Value as disclosed in audited accounts

(c) Source: Annual Reports for the period from December 29, 2003 (Date of incorporation) to December 31, 2004 and year ended December 31, 2005, 2006 ,2007.

(d) Statutory Auditors confirmed that the requirement with respect to adjustments to financial statements, required as per Clause 11 (a) to (e) of Standard Letter of Offer format of Securities and Exchange Board of India with respect to Open Offer as per Securities and Exchange Board of India [Substantial Acquisition of Shares and Takeovers] Regulations, 1997 as amended, are not applicable and therefore are not relevant.

Income for GS mainly comprises Interest Income, Dividend and Bank Interests. Consequently, the market conditions influence the rise or fall in the income. Rise in total income is attributed to increase in flow of investment from current and new investors and due to performance of investments.

Reason for rise in total income and Profit:

(Rs. in Lakhs)

Sl. No.	Financial Year	Total Income	Profit
1.	2004-05	21,662.83	11,850.64
2.	2005-06	54,323.29	35,480.86
3.	2006-2007	94,667.94	57,722.25

Reasons for changes in Total Income and PAT in 2007 over 2006: The total income and the profit increased due to increase in the value of the securities held by the fund.

Reasons for changes in Total Income and PAT in 2006 over 2005: The total income and the profit increased due to increase in the value of the securities held by the fund.

Reasons for changes in Total Income and PAT in 2005 over 2004: The total income and the profit increased due to increase in the value of the securities held by the fund.

Other income of the fund consists of treasury income .

The Financial Statements are prepared in accordance with International Financial Reporting Standards ("IFRS") and under the historical convention as modified as modified for the revaluation of investments in securities. Audits performed in accordance with International Standards of Auditing (UK&I).There has been no change in accounting policy. Significant Accounting Policies followed by GS Fund are as follows [Source: reproduced from the Annual Report for the year ended December 31, 2007]:

The principal accounting policies adopted in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

All references to net assets throughout this document refer to net assets attributable to holders of redeemable participating shares unless otherwise stated.

2.1 Basis of preparation

a) Statement of compliance

The financial statements are prepared in accordance with International Financial Reporting Standards (IFRS) adopted by the International Accounting Standards Board (IASB), and interpretations issued by the International Financial Reporting Interpretations Committee of the IASB. The financial statements have been prepared under the historical cost convention, as modified by the revaluation of financial assets and financial liabilities (including derivative financial instruments) at fair value through profit or loss.

The following standards, amendments and interpretations to existing standards have been published and are mandatory for accounting periods beginning on or after 1 January 2008 or later periods, and some are not relevant for the Funds's operations:

• IAS 23 (Amendment), 'Borrowing costs' (effective from 1 January 2009);
• IFRS 8, 'Operating segments' (effective from 1 January 2009);
• IFRIC 11, 'IFRS 2 - Group and Treasury Share Transactions' (effective from 1 March 2007);
• IFRIC 12, 'Service Concession Agreements' (effective from 1 January 2008);
• IFRIC 13, 'Customer Loyalty Programme' (effective from 1 July 2008); and
• IFRIC 14, 'IAS 19, The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction (effective from 1 January 2008).

b) Adoption of new accounting standards

In August 2005, the IASB issued IFRS 7 "Financial Instruments Disclosure" which becomes effective for annual accounting periods commencing on or after 1 January 2007. The standard requires disclosures about the significance of financial instruments for an entity's financial position and performance. These disclosures incorporate many of the requirements already contained in IAS 32 "Financial Instruments: Disclosure and Presentation". The Fund has applied IFRS 7 for the present annual accounting period commencing 1 January 2007. Where necessary, comparative figures for the financial year ended 31 December 2006 have been restated accordingly. However, the adoption of IFRS 7 has not modified the calculation of the net asset value, as this standard mainly focuses on extensive disclosures on the Fund's policies on financial risk management and capital maintenance.

In November 2006, the IASB issued IFRS 8 "Operating Segments" which becomes effective for annual accounting periods beginning on or after 1 January 2009. This standard requires disclosures on the financial performance of the operating segments of the entity. The Fund will apply IFRS 8 for its annual accounting period commencing 1 January 2009.

c) **Critical accounting estimates and judgements**

The preparation of financial statements in conformity with International Financial Reporting Standards requires the use of certain critical accounting estimates. It also requires the Board of Directors to exercise its judgement in the process of applying the Fund's accounting policies. For example, the Fund may, from time to time, hold financial instruments that are not quoted in active markets, such as over-the-counter derivatives or non-exchange traded loans and equities. Fair values of such instruments are determined using different valuation techniques validated and periodically reviewed by the Board of Directors.

Management makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The significant estimates and assumptions that are material to the financial statements are outlined below.

Fair value of derivative financial instruments

The Fund may, from time to time, hold financial instruments that are not quoted in active markets, such as over-the-counter derivatives. (for details, see Note 10 below). Fair values of such instruments are determined by the prime brokers and other counterparties which use valuation techniques incorporating market information on the underlying assets and risk assessment. Where valuation techniques are used to determine fair values, they are validated and periodically reviewed by the Fund Manager, independent of the counterparty.

Models use observable data, to the extent practicable. However, areas such as credit risk (both own and counterparty), volatilities and correlations require management to make estimates. Changes in assumptions about these factors could affect the reported fair value of certain financial instruments.

Fair value of illiquid holdings

In the course of its operating activities, the Fund enters into direct trades or derivative trades which ultimately expose it to unlisted securities, either as a seller or as a buyer. Among other securities, the Fund has taken positions in asset-backed securities and similar securitised financial instruments.The current turmoil in markets for those assets that commenced last August 2007 has rendered those markets highly illiquid, complicating the fair value determination of positions in those assets. Lack of liquidity and transparency in the pricing of those assets creates an uncertainty as to the possibility of exiting some of those positions under current market conditions at the valuations provided by derivative counterparties. The Board assesses the Fund's exposure on those products very closely and, where necessary, has marked down some of its holdings in those products where it has concerns about the willingness of counterparties to deal at the valuations provided.

As a precautionary measure given the current market conditions, the Fund, which stands to make significant gains on short positions in US subprime mortgage collateralized debt obligations, has written down some of its holdings in those assets by 25 % at year-end from the valuations provided by derivative counterparties. This resulted in an unrealised loss to the Fund of USD 7 million at year-end.

d) **Consolidation**

These consolidated financial statements incorporate the assets and liabilities of the subsidiary, Cobelir SA, as at 31 December 2007 and the results for the year then ended. In preparing consolidated financial statements, the Fund consolidates the financial statements of its subsidiaries in full. Intragroup balances and transactions are eliminated in full. There are no minority interests as the subsidiary is fully owned.

2.2 Recognition of Income

Dividend income

Dividend income arising from investments is accounted for on an accruals basis when the right to receive payment is established. Dividends are recorded gross of withholding tax which is shown separately in the consolidated income statement.

Interest income

Interest income is recognised on a time proportionate basis using the effective interest method. Where the principal loan amount is impaired, interest is accrued off-balance sheet and is not recorded in the consolidated income statement. After an impairment event, interest income is recognised in the consolidated income statement on a cash basis.

Swap income

Every swap contract involves the receipt or payment of interest at specifically stated maturity dates. Accrued interest is recognised in the consolidated income statement at each valuation date, using the effective interest method. Changes in the fair value of the swap contract are recognised through the consolidated income statement at each valuation date.

2.3 Foreign Currency Translation

a) **Functional and presentation currency**

Items included in the financial statements of the Fund are measured in the currency of the primary economic environment in which the entity operates (its functional currency). The Directors have considered the primary economic currency of the Fund and considered the currency in which the original capital was raised, and ultimately what currency capital would be returned on a break-up basis. The Directors have also considered the currency to which the underlying investments are exposed. On balance, the Directors believe the US Dollar best reflects the Fund's functional currency and has also been adopted as its presentation currency.

b) **Transactions and balances**

Transactions in foreign currencies are translated into the functional currency at the rate prevailing on the transaction date. Monetary assets and liabilities in foreign currencies are translated into the functional currency at the rate prevailing at the year end date. The Fund does not isolate that portion of the results of operations arising from changes in exchange rates from that portion arising from changes in market prices of securities held. Such fluctuations are included in realised and unrealised gain or loss on Financial Assets and Liabilities at Fair Value through profit or loss.

Reported net realised foreign exchange gains or losses arise from sales of foreign currencies, currency gains and losses realised between trade and settlement dates on securities transactions, the difference between the amounts of dividends and interest recorded on the Fund's books, and the US dollar equivalent of the amounts actually received or paid. Net unrealised foreign exchange gains and losses arise from changes in the value of assets and liabilities other than investments in securities at the reporting date, resulting from changes in the exchange rate.

2.4 Financial assets and financial liabilities at fair value through profit or loss

a) Classification

The Fund classifies its investments in debt and equity securities, and related derivatives, as financial assets or financial liabilities at fair value through profit or loss. These financial assets and financial liabilities are classified as held for trading or designated by the Board of Directors as at fair value through profit or loss at inception.

Financial assets or financial liabilities held for trading are those acquired or incurred principally for the purposes of selling or repurchasing in the short term. Derivatives are also categorised as financial assets or financial liabilities held for trading. The Fund does not classify any derivatives as hedges in a hedge relationship.

Financial assets and financial liabilities designated at fair value through profit or loss at inception are those that are managed and their performance evaluated on a fair value basis in accordance with the Fund's documented investment strategy. If the Fund makes short sales of securities in anticipation of a decline in the market value of those securities, or for arbitrage purposes, it will classify those short sales as financial liabilities at fair value through profit or loss.

b) Recognition /Derecognition

Regular-way purchases and sales of investments are recognised on the trade date - the date on which the Fund commits to purchase or sell the investment. Investments are derecognised when the rights to receive cash flows from the investments have expired or the Fund has transferred substantially all risks and rewards of ownership.

c) Measurement

Financial assets and financial liabilities at fair value through profit or loss are initially recognised at fair value. Transaction costs are expensed in the consolidated income statement. Subsequent to initial recognition, all financial assets and financial liabilities at fair value through profit or loss are measured at fair value. Gains and losses arising from changes in the fair value of the "financial assets or financial liabilities at fair value through profit or loss" category are presented in the consolidated income statement in the period in which they arise.

Interest income from financial assets at fair value through profit or loss is recognised in the consolidated income statement within interest income using the effective interest method. Dividends from these financial instruments are recognised in the consolidated income statement within dividend income when the Fund's right to receive payments is established. Interest expense from financial liabilities is recognised in the consolidated income statement as a finance cost using the effective interest method. Dividend payments under arrangements to borrow shares (stock lending agreements, repurchase agreements, total return swap transactions, etc.) are recognised in the consolidated income statement as short dividends when the Fund's obligation to pay the dividend to the counterparty is established.

d) Fair value estimation

Valuation of debt and equity securities

Securities that are regularly traded on a recognised exchange are valued at the fair value on the balance sheet date. Such price is determined by looking: (a) to the primary exchange on which such securities are traded, if there are reported trades on such exchange on such date; (b) if there are no reported trades on such exchange on such date, to the secondary exchange for such securities (on the basis of typical trading volume); (c) if there are no reported trades on either such exchange on such date, to the last reported trade price within the last week on the primary exchange (or, if more recent, the secondary exchange) prior to such date, or at the last bid/ask price if a security is thinly traded. Those prices are determined by looking to Bloomberg or another electronic data service. Non-exchange traded assets in the Fund's portfolio for which prices are available on such services are also generally valued using those prices. Securities with a value of USD 552,293,333 (36.92% of the Net Asset Value) (2006: USD 310,427,224 (36.87% of the Net Asset Value)) have been valued in this manner.

Securities which are regularly traded over-the-counter are valued at fair value, based on the bid and ask prices which are solicited from various third party dealers/brokers, deemed to be reputable, at the close of trading on the day the assets are being valued. Securities with a value of USD 568,390,436 (37.99% of the Net Asset Value) (2006: USD 370,050,952 (43.95% of the Net Asset Value)) have been valued in this manner.

Securities with a value of USD 6,453,319 (0.43% of the Net Asset Value) (2006: USD 29,724,411 (3.53% of the Net Asset Value)) have been valued by the Board at fair market value within the range of valuations provided by professional independent valuation agents. Securities with a value of USD 116,018,467 (7.75% of the Net Asset Value) (2006: USD 51,027,784 (6.06% of the Net Asset Value)) have been valued by the Board at prices equivalent to cost or cost less impairment.

Investments which are made through participation arrangements are valued at an amount equal to the Fund's percentage interest in the underlying security multiplied by the fair value of the underlying security; provided that, in the event that the seller of a participation purchased by the Fund is, or is an Affiliate of an entity that is, Investment Grade (credit rating of BBB or above), the Fund records its investment as a direct investment in the underlying security (to the extent of the Fund's participation interest therein) valued at 100% of the fair value of such underlying security.

Where the investments held by the Fund are unquoted, the Fund will refer to the prices on similar listed instruments to determine the fair value of the unquoted securities. Where no such instruments are available, the Fund will obtain quotations from various brokers dealing with the same securities and use the average of the quotations received to value the assets or liabilities held.

If extraordinary circumstances render a valuation pursuant to the above guidelines impracticable or inadequate, the Board may follow other accepted methodologies in order to achieve what it considers to be fair valuation of the relevant assets of the Fund (see note 2.1c).

Valuation of Derivative Contracts

Derivatives are initially recognised at fair value on the date a derivative contract is entered, and subsequently remeasured at their fair value.

- **Forward Foreign Exchange Contracts**

The unrealised gains and losses on open forward foreign exchange contracts are valued on the basis of forward exchange rates prevailing at the relevant valuation date for the remaining period to maturity.

- **Options**

Where they are traded on a recognised exchange, options are valued at the latest market bid or ask price at valuation date. Over-the-counter options are valued by the Fund's counterparty at the fair value based on the closing price of the underlying asset, implied volatility and prevailing interest rate on the balance sheet date.

- **Repurchase Agreements**

The Fund utilises repurchase agreements to borrow against applicable assets in the investment portfolio. Under these agreements, the Fund will sell assets to the repurchase agreement counterparty and agree to repurchase the same asset at the price equal to the sales price plus accrued interest. These agreements are accounted for as debt and valued at amortised cost. Interest rates vary for each repurchase agreement and are set at the initiation of the agreement. Assets sold under a repurchase agreement are delivered to the counterparty which values them at regular intervals to protect their investment. If the value of the investments sold under a repurchase agreement significantly depreciates in the hands of the counterparty, the Fund may be required, under certain conditions, to pay compensatory margins to the counterparty.

- **Reverse Repurchase Agreements**

Reverse repurchase agreements are valued at the amortised cost and accrued interest at the valuation date. It is the Fund's policy to take delivery of securities purchased under repurchase agreements and to value the securities on a daily basis to protect the Fund in the event the securities are not repurchased by the counterparty. The Fund will generally obtain additional margin payments if the market value of the underlying securities is less than the face value of the repurchase agreement plus any accrued interest. In the event of default on the obligation to repurchase, the Fund has the right to liquidate the transaction and apply the proceeds in satisfaction of the obligation. In the event of default or bankruptcy by the counter-party to the agreement, realisation and/or retention of the securities or proceeds may be subject to legal proceedings.

- **Futures**

Futures are exchange traded contracts in which the seller agrees to make delivery at a specified future date, at a specified price or yield. Gains and losses on futures are recorded by the Fund based on valuations supplied by the Fund's prime broker and are recorded as realised or unrealised gains/(losses) or other income dependent upon settlement terms of the contracts held. Margin requirements are held with brokers in margin accounts as part of Cash and Cash equivalents.

- **Short Sales**

The Fund may make short sales of securities. A short sale occurs when the Fund sells a security which it does not own, either by borrowing it from a broker or selling in a market with extended settlement dates. The amount of proceeds received on this date is recorded as a liability. In the event that the value of the security that the Fund sold short declines, the Fund will gain as it will repurchase the security in the market at a lower price. If the price of the security increases, the Fund will suffer a loss as it will have to repurchase the security at the higher price. Short sales may incur higher transaction costs than regular securities transactions.

- **Interest Rate Swaps**

Interest rate swaps are valued by the Fund's prime broker at their fair value at the balance sheet date based upon the value of each series of interest payments and principal at the balance sheet date.

- **Credit Default Swaps**

When the Fund enters into a credit default swap agreement, an amount equal to the premium paid is recorded as an asset and is subsequently fair valued in the consolidated statement of net assets. Credit default swap agreements are fair valued by the Fund's counterparties or prime brokers on the date of valuation based upon the reference entity credit spread curve and recovery rates using a valuation model.

The change in fair value, if any, is recorded as an unrealised gain or loss in the consolidated income statement. Realised gains or losses on maturity or termination of credit default swaps are presented in the consolidated income statement.

Where the Fund enters into a credit default swap transaction as the protection seller, the amount of the premium received is recorded as a liability in the balance sheet, and this amount is adjusted at fair value through the consolidated income statement at the balance sheet date using the statements provided by the counterparties and prime brokers.

- **Total Return Swaps**

Total Return swaps are valued by the Fund's counterparty or by the Administrator based upon the fair market value of the underlying assets at the balance sheet date.

2.5 Offsetting Financial Instruments

Financial assets and liabilities are offset and the net amount reported in the consolidated statement of assets and liabilities when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously.

2.6 Due to and from brokers

Amounts due from and to brokers represent receivables for securities sold and payables for securities purchased that have been contracted for but not yet settled or delivered on the balance sheet date, respectively. These amounts are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment for amounts due from brokers, if any. The Fund considers that there is impairment of its receivables when an amount is over one month overdue, and active procedures for recovering the outstanding balance prove fruitless in that interval of time. Depending on the risk of the counterparty, an estimate of the recoverable amount will be made using discounted cashflow methods. No such impairment has needed to be made by the Fund since its inception.

2.7 Cash and Cash Equivalents

Cash and cash equivalents include cash in hand, demand deposits, other short-term highly liquid investments with the original maturities of three months or less and bank overdrafts.

2.8 Accrued expenses

Accrued expenses are recognised initially at fair value and subsequently stated at amortised cost using the effective interest method.

2.9 Redeemable participating shares

Redeemable participating shares are redeemable subject to the terms and conditions of the Fund's Information Memorandum, and are classified as financial liabilities. They are redeemable for an amount of cash equal to a proportionate share of the net asset value of the relevant Series, subject to the terms and conditions of the Fund's Information Memorandum.

2.10 Taxation

The Fund is domiciled in the British Virgin Islands. Under the current laws of the British Virgin Islands, there is no income, estate, corporation, capital gains or other taxes payable by the Fund. However, the Fund currently incurs withholding taxes imposed by certain countries on investment income and capital gains. Such income or gains are recorded gross of withholding taxes, with the withholding taxes being separately disclosed in the consolidated income statement.

There are no material foreseeable contingent liabilities that are un accounted for in the financial statement of GS Fund.

There are no litigations against GS Fund in India.

There are no litigations against GS Fund other than in India.

4. DISCLOSURE WITH REGARD TO CONTINUOUS LISTING

The minimum public shareholding requirements contained in Clause 40A (i) to (vii) of the Listing Agreement are not applicable to STI as STI is a company in respect of which reference has been made to the Board for Industrial and Financial Reconstruction ("**BIFR**") under the Sick Industrial Companies (Special Provisions) Act, 1985 ("**SICA**"). However, post open offer, if the public shareholding falls to a level below 25%, the Acquirers have undertaken to take necessary steps to facilitate compliance of STI with the relevant provisions thereof in terms of the provisions of Regulation 21(2) of SEBI Takeover Regulations and enable STI to raise the level of public shareholding to 25% i.e. the minimum public shareholding requirement as per the Listing Agreement.

5. BACKGROUND OF THE TARGET COMPANY – STI

5.1 STI is a public limited company incorporated on August 07, 1984 under the Companies Act, 1956 by the name of STI Biplus Tubing (India) Limited. The name of the Company was changed to STI India Limited with effect from September 20, 1994. The registered office of the 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 4020 000 Fax No: 91 0731 4020 011.

5.2 The Company entered the capital market in 1986 with a public issue of 29,99,300 equity shares of Rs. 10/- each for cash at par aggregating Rs. 299.93 Lakhs. The issue was over subscribed and the Company allotted 31,99,300 Equity Shares of Rs. 10/- Cash for cash at par including retained oversubscription. The Shares were listed on Bombay Stock Exchange (BSE), Ludhiana Stock Exchange (LSE), Ahmedabad Stock Exchange (ASE), Madhya Pradesh Stock Exchange (MPSE), Indore and Delhi Stock Exchange (DSE).

5.3 The main objective of the Company is to remain as a world class producer of 100% Cotton Yarn & Knitted Fabric with consistent quality and timely delivery to meet customer needs and expectations and to achieve a niche an edge over global competition.

5.4 The Company was promoted by Dr. R B Baheti and Mr. K N Garg, along with Steel Tubes of India, with technical and financial collaboration from Carl Froh Rohrenwear, Germany. However, as on the date of PA as well as the date of this letter of offer neither Steel Tubes of India nor Carl Froh Rohrenwear are promoters of the Company within the meaning of Regulation 2(1)(h) of the Takeover Regulations. Following are the current Promoters of STI India Limited:

Name of Promoters	No. of Shares held	Percentage
East West Finance Private Limited	3,100	0.01
Goodeal Investment & Finance Private Limited	100	-
Hyson Investment and Finance Private Limited	15,50,000	5.34
STI Fabricraft Private Limited	100	-
Dr.R.B.Baheti	2,100	0.01
R.B.Baheti - HUF	2,000	0.01
Mr. K.N.Garg	2,000	0.01
Ms. Pushpa Garg	4,400	0.02
Mr. Ghanshyam Baheti	5,000	0.02
Mr. Ghanshyam Baheti	100	-
Mr. Darpan Baheti	2,300	0.01
Ms. Namrata Baheti	1,200	0.004
Mr. Raman Baheti	1,000	0.003
Ms. Shashi Baheti	100	-
TOTAL	**15,73,500**	**5.43**

5.5 The equity capital structure of STI as on the date of the PA was as under:

Particulars	Rupees in Lakhs
Share Capital	
Authorised	
4,00,00,000 (Previous year 2,50,00,000) Equity Shares of Rs.10/-each	4000.00
5,00,000 (Previous year 20,00,000) Preference Shares of Rs.100/- each	500.00
	4500.00
Issued, Subscribed & Paid up	
2,90,00,000 (Previous year 2,50,00,000) Equity shares of Rs.10/- each fully paid up.	2900.00
Share Application Money (for Warrants)	19.12
TOTAL	**2919.12**

Shares	No of equity shares / voting rights	% of equity shares / voting rights
Fully paid-up equity shares of Rs. 10/- (Rupees Ten only) each	2,90,00,000	100.00
Partly paid-up equity shares	-	-
Total paid up equity shares of Rs. 10/- (Rupees Ten only) each	2,90,00,000	100.00
Total voting rights in Target Company	2,90,00,000	100.00

5.6 Details of share capital history of STI as on the date of this Letter of Offer are as under:

No.	Date of Allotment	Number	Percent	Cumulative	Mode of Allotment	Identity of Allottees	Status of Compliances
1	07.08.1984	700	-	700	Subscribed through Memorandum of Association	Promoters	All Necessary Compliances had been Completed.
2.	10.12.1986	31,99,300	11.03%	32,00,000	Through Prospectus by Public Issue	Promoters, NRIs, UTI and Foreign Technical Collaborators	All Necessary Compliances had been Completed
3	16.05.1994	8,00,000	2.76%	40,00,000	Right Issue 1: 4	Offered to Existing Shareholders	All Necessary Compliances had been Completed
4.	10.12.1997	1,21,62,160	41.94%	1,61,62,160	Preferential Allotment	CDC, Overseas Private Investors and Promoters	Under SEBI's examination
5.	23.03.1998	13,37,840	4.62%	1,75,00,000	Preferential Allotment	To Promoters Group	All Necessary Compliances had been Completed
6.	30.09.2005	75,00,000	25.86%	2,50,00,000	Preferential Allotment	Stressed Assets Stabilization Fund(SASF) A Financial Institution	All Necessary Compliances had been Completed
7.	02.02.2007	40,00,000	13.79%	2,90,00,000	Preferential Allotment	State Bank Of India	All Necessary Compliances had been Completed
	Total		100%	2,90,00,000			

As on the date of the PA, the paid up equity share capital of STI was Rs. 29,00,00,000/- represented by 2,90,00,000 equity shares of Rs. 10/- each. Therefore, while determining 20% of the paid up equity share capital for the purpose of minimum public offer, paid up equity share capital of Rs. 29,00,00,000/- comprising of 2,90,00,000 equity shares of Rs. 10/- each is considered in terms of Regulation 21(5) of Takeover Regulations which provides that for the purpose of determining minimum 20% of the voting capital of the Company, voting rights as at the expiration of 15 days after the closure of the proposed public offer shall be reckoned. Acquirers have given undertakings that they shall not exercise the conversion option with regard to warrants and Optionally Convertible Debentures allotted to them, [which are convertible any time before the expiry of 6 months / 18 months from the date of allotment of warrants and Optionally Convertible Debentures], before the expiration of 15 days from the date of the closure of the proposed open offer. OCD series 1,2,3,4 and Warrants will not be converted into equity shares of STI by Eight Capital, Spinnaker Funds and the promoters of STI during the period of fifteen days after the closure of the proposed Open Offer. Details of Convertible Warrants and Optionally Convertible Debentures allotted to and presently held by the Acquirers and the Promoters are given under the head "Details of fund infusion into STI under OTS".

5.7 Shareholding of the promoters of STI as on May 31, 2007 are as follows:

Promoter Group	No. of shares	% of holding
Promoter Group	93,89,114	32.37%

Currently promoters hold 15,73,500 fully paid up equity shares representing 5.43% of the paid-up equity share capital of STI.

5.8 Details of change in the shareholding of the promoters of STI since 1997 are as follows:

Date of Allotment/ Issue / Transaction	Details of Allotment/ Issue / Transaction	No. of shares	Total No. of Shares As On Date	Purchase/ Sale	Cumulative Shares	Cumu-lative %	Regulatory Compliance
10/12/1997	Allotment	75,67,566	16162160	-	99,31,680	61.45	Under SEBI's examination
24/03/1998	Allotment	13,37,840	17500000	-	1,12,69,520	64.40	Complied
Apr'02 -June'02	Inter se Transfer	72,86,371	17500000	-	1,12,69,520	64.40	Complied
8/7/2003	Inter se Transfer	10,925	17500000	-	1,12,69,520	64.40	Complied
June'05 -Sept'05	Inter se Transfer	4,400	17500000	-	1,12,69,520	64.40	Complied
June'06 -Sept'06	Inter se Transfer	100	25000000	-	1,12,69,520	45.08	Complied
23/02/2007	Sale	29,05,406	29000000	Sale	83,64,114	28.84	Complied
23/02/2007	Purchase	25,000	29000000	Purchase	83,89,114	28.93	Complied
23/02/2007	Inter se Transfer	2,68,197	29000000	-	83,89,114	28.93	Complied
19/03/2007*	Purchase	10,00,000	29000000	Purchase	93,89,114	32.38	Complied
29/09/2007	Purchase	14,00,000	29000000	Purchase	1,07,89,114	37.20	Complied
16/02/2008	Transfer	92,14,114	29000000	Transfer on Invocation of Pledge by Investors	15,75,000	5.43	Complied
April 2008 to June 2008	Sale	1,500	29000000	Sale	15,73,500	5.43	Complied

* STI India paid a sum of Rs 102 lakhs vide demand draft dated February 14, 2007 to IDBI for purchase of 10 lakh shares of STI India Ltd. The said shares were credited to STI's account on April 25, 2007.

5.9 Compliance of SEBI Takeover Regulations: The main promoters of the company Dr. R.B. Baheti and Mr. K.N. Garg are respectively holding 2,100 and 2,000 shares in the company and they have duly complied with the requirements of Chapter II of the SEBI Takeover Regulations.

5.10 The Shares of the Company have not been suspended at any time in the ordinary course except suspension of trading on NSE from August 31, 2004 to June 22, 2006. There have not been any listing agreement violations by the Company in the past except accidental or un intentional delays.

5.11 STI has complied with the provisions of Takeover Regulations and other applicable provisions of SEBI Act and other statutory requirements except as per the details given in para 5.13 below. However, the allotment of equity shares to CDC and the promoter group made on December 10, 1997 is under SEBI's examination.

5.12 Commonwealth Development Corporation (CDC) acquired 45,94,594 equity shares STI by way of preferential allotment, on December 10, 1997. The said acquisition is under SEBI's examination.

5.13 (a) Acquirers viz i) Eight Capital & ii) Spinnaker Funds (b) Seller, (c) Target Company i.e. STI India Ltd and (d) Promoters of the target company have complied with the provisions of Chapter II SEBI Takeover Regulations except for a delay of 197 days in the year 2000, by STI, in complying with Regulation 8(3) of the Takeover Regulations. SEBI may initiate appropriate action against the Company at a later stage for this delay in compliance. The allotment of equity shares to CDC and the promoter group made on December 10, 1997 is also under SEBI's examination. Status of compliance with the provisions of Chapter II of the Takeover Regulations of the Target Company as well as the promoter group is as follows:

Compliance with Chapter II of Takeover Regulations by Target Company:

Sl. No.	Regulation/ Sub-regulation	Due Date for compliance as mentioned in the regulation	Actual date of compliance	Delay, if any (in no. of days) Col 4 – Col 3	Remarks
1	**2**	**3**	**4**	**5**	**6**
1	6(2)	20.05.1997	16.04.1997*	-	-
2	6(4)	20.05.1997	16.04.1997	-	-
3	8(3)	30.04.1998	15.04.1998	-	-
4	8(3)	30.04.1999	17.04.1999	-	-
5	8(3)	30.04.2000	14.11.2000	197	-
6	8(3)	30.04.2001	17.04.2001	-	-
7	8(3)	30.04.2002	17/04/2002	-	-
8	8(3)	30.04.2003	18/04/2003	-	-
9	8(3)	30.04.2004	20.04.2004	-	-
10	8(3)	30.04.2005	16.04.2005	-	-
11	8(3)	30.04.2006	18.04.2006	-	-
12	8(3)	30.04.2007	09.04.2007	-	-
13	8(3)	30.04.2008	04.04.2008	-	-
14	7(3)	09.01.2006	07.01.2006	-	
15	7(3)	04.03.2007	28.02.2007	-	
16	7(3)	04.03.2007	28.02.2007	-	-
17	7(3)	26.03.2007	22.03.2007	-	
18	7(3)	28.04.2007	23.04.2007	-	-
19	7(3)	06.10.2007	05.10.2007	-	-
20	7(3)	25.02.2008	20.02.2008	-	-

* the allotment of equity shares to CDC and the promoter group made on December 10, 1997 is under SEBI's examination.

Compliance with Chapter II of Takeover Regulations by the Promoters of the Target Company:

Sl. No.	Regulation/ Sub-regulation	Due Date for compliance as mentioned in the regulation	Actual date of compliance	Delay, if any (in no. of days)	Remarks
1	**2**	**3**	**4**	**5**	**6**
1	6(3)	20.04.1997	13.04.1997	-	-
2	8(2)	21.04.1998	12.04.1998	-	-
3	8(2)	21.04.1999	14.04.1999	-	-
4	8(2)	21.04.2000	20.04.2000	-	-
5	8(2)	21.04.2001	17.04.2001	-	-
6	8(2)	21.04.2002	15.04.2002	-	-
7	8(2)	21.04.2003	15.04.2003	-	-
8	8(2)	21.04.2004	17.04.2004	-	-
9	8(2)	21.04.2005	13.04.2005	-	-
10	8(2)	21.04.2006	15.04.2006	-	-
11	8(2)	21.04.2007	06.04.2007	-	-
12	8(2)	21.04.2008	04.04.2008	-	-

* the allotment of equity shares to the promoter group made on December 10, 1997 is under SEBI's examination

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

No.	Name of Director	Date of Appointment	Qualification	Experience	Residential Address
1.	Dr. R.B. Baheti	07-08-1984	M.Com., Ph.D.	Dr. R.B. Baheti, Promoter Director of the Company is a top level Corporate Executive having an experience of more than 3 decades in running business of Cotton Yarn and Textile, Copper Coated Automotive components, Precision Steel Tubes & Granite etc.	23, Old Palasia, Agra Bombay Road, Indore, 452001, Madhya Pradesh, India
2.	Mr. M. R. Shroff	30.07.1999	B.Sc., FCWA	Mr. M. R. Shroff, is a renowned Economist and Senior Corporate Executive having rich experience and exposure to Trade, Industry and Business for over last 3 decades. Mr. M. R. Shroff is associated with the Company and Group for many years. He has held various positions on the Boards of various Institutions in public and private Sector.	75, Ashoka Apartments, L. Jagmohandas Marg, Mumbai, 400006, Maharashtra, India
3.	Mr. Ashok Sharma	23.04.2007	B.E. (Mechanical), MBA (Finance)	Eight Capital nominee.	2500 Johnson Avenue, Apt 6N, Bronx, New York, United States of America - 10463
4.	Mr. R.C. Jain	23.09.1992	MA. IAS (Retd)	Mr. R. C. Jain, is a Retired I.A.S. Officer and Former Secretary to the Govt. of India. He has held many prestigious positions in public and private organizations of repute. He has a vide range of experience and expertise of trade and business activities.	E-26 (First Floor), Lajpat Nagar-III, New Delhi - 110 024
5.	Mr. K.N. Garg	07-08-1984	M.Com., LL.B.	Mr. K. N. Garg, Promoter Director of the Company, is an Industrialist having Masters Degree in Commerce and a Bachelors' Degree in Law. Mr. Garg is a new age entrepreneur and top level Corporate Executive having an experience of more than 3 decades in running business of Precision Steel Tubes, Cotton Yarn and Textile, Copper Coated Automotive Components & Granite etc.	23, Old Palasia, Agra Bombay Road, Indore, 452001, Madhya Pradesh, India

Mr. Ashok Sharma was on the board of STI as a nominee of Eight Capital Master Fund Ltd, and was appointed on April 23, 2007 pursuant to investments made in the Company by way of subscription to Optionally Convertible Debentures and Convertible Warrants. He did not participate in any matter concerning or relating to the offer including any preparatory steps leading to the offer. Pursuant to his resignation from Eight Capital and consequently from the board of STI, Mr. Ashok Sharma was replaced by Mr. Pelluru Bhaskara Rao as nominee of Eight Capital Master Fund Ltd. with effect from October 24, 2007. Mr. Pelluru Bhaskara Rao also did not, either in his capacity as director on the STI Board or in any other capacity, participate in any matter concerning or relating to the offer including any preparatory steps leading to the offer. Spinnaker Funds do not have any representatives on the board of STI. However, Spinnaker Funds propose to nominate Mr. Tarun Gandhi as their representative on the board of STI upon completion of open offer formalities.

As on the date of this letter of offer the Board of Directors comprises of Dr. Ramesh Baboolal Baheti, Mr. Bhaskara Rao Pelluru, Dr. Shashank Narendra Desai, Mr. T. N. Anand Reddy, Mr. S. Sreedhar Reddy, Mr. A. V. Narasimha Reddy, Mr. Minoo Rustomji Shroff and Mr. Kailash Narayanlal Garg.

5.15 Brief audited financial details of STI for the last 5 years are as follows:

(Rs. in Lakhs)

Profit & Loss a/c	2007-2008	2006-2007	2005-06	2004-05	2003-04
Sales & Other Income	16,075.47	15,809.94	15,934.56	16,426.34	16,050.46
Expenditures	16,675.01	13,816.12	13,484.04	15,919.22	15,625.26
Gross Profit / (Loss) before Interest, Depreciation and Tax (PBIDT)	(599.54)	1,993.82	2,450.52	507.12	425.20
Less - Interest	803.39	304.79	1,235.65	24.60	3,924.33
- Prel. / Deferred revenue Exp. written off	0.00	0.00	0.00	9.40	0.00
Cash Profit	(1,402.93)	1,689.03	1,214.87	473.12	(3,499.13)
Less: - Depreciation	1,147.93	1,092.82	1,095.08	1,080.79	1,087.12
Net Profit/(Loss) for the year	(2,550.86)	596.21	119.79	(607.67)	(4,586.25)
- Prior year adjustments	243.78	(9,585.23)	0.00	5,076.50	(44.77)
- Provision for Tax	11	12.63	15.50	0.00	0.00
Adjusted Profit/(Loss) for the year	(2,805.64)	10,168.81	104.29	4,468.83	(4,631.02)
Balance brought forward from previous year	(4,027.76)	(14,196.57)	(14,300.85)	(18,769.68)	(14,138.66)
Net Profit/(Loss) carried forward to the Balance Sheet	(6,833.4)	(4,027.76)	(14,196.56)	(14,300.85)	(18,769.68)

(Rs. in Lakhs)

Balance SheetAs at	March 31, 2008	March 31, 2007	March 31, 2006	March 31, 2005	March 31, 2004
Sources of Funds					
Paid up Share Capital	2,929.75	2,929.75	2500.00	2,500.00	1,750.00
Reserves & Surplus (excluding Profit and Loss Account)	10.26	10.26	3775.26	3,775.26	3,775.26
Secured Loan	14,620.36	15,051.51	22,904.61	21,991.09	2,6602.15
Unsecured Loan	0.00	0.00	470.00	672.50	1,641.53
Deferred Credits	5.2	0.00	0.00	2.28	6.78
Total	*17,565.57*	*17,991.52*	*29,649.87*	*28,941.13*	*33,775.72*
Uses of Funds					
Net Fixed Assets	12,189.44	13,318.33	13,331.33	14,137.85	15,080.56
Capital Work in Progress	11.63	246.11	1.96	0.82	0.00
Investments	1,199.93	1,199.93	1,200.53	1,200.53	1,200.53
Net Current Assets	1,104.17	2,663.67	919.48	(698.10)	(1,284.45)
Profit and Loss Account (Loss)	3,060.4	254.76	14,196.57	14,300.85	18,769.68
Miscellaneous Expenditure to the extent not w/off	0.00	308.72	0.00	0.00	9.40
Total	*17,565.57*	*17,991.52*	*29,649.87*	*28,941.13*	*33,775.72*

Details of Net worth of STI

(Rs Lakhs)

Particualrs	**March 31, 2008**	**March 31, 2007**	**March 31, 2006**	**March 31, 2005**	**March 31, 2004**
A					
Paid Up Equity Share Capital	2,900.00	2,900.00	2,500.00	2,500.00	1,750.00
Optionally Convertible Warrants	29.75	29.75	0.00	0.00	0.00
Reserve & Surplus	10.26	10.26	3,775.26	3,775.26	3,775.26
Total (A)	**2,940.01**	**2940.01**	**6,275.26**	**6,275.26**	**5,525.26**
B					
Accumulated Losses	3,060.4	254.76	14,196.57	14,300.85	18,769.68
Miscellaneous Expenditure to the extent not W/off	0.00	308.72	0.00	0.00	9.40
Total (B)	**3,060.40**	**563.48**	14,196.57	**14,300.85**	**18,779.08**
Networth (A)-(B)	**(120.39)**	**2,376.53**	**(7,921.31)**	**(8,025.59)**	**(13,253.82)**

Contingent liabilities as on March 31, 2008 are as under:

Sr. No.	**Particulars**	**Amount (Rs. Lakhs)**
1.	Claims against the company towards energy charges on captive generation not acknowledged as debt	490.32
2.	Outstanding towards MPAKVN towards land acquisition settlement	28.80
3.	Bonds executed in favour of President of India towards customs / excise obligations	5300
4.	Estimated interest amount payable on confirmed demand for sales and entry tax	28.04
	Total:	5,847.16

Other Financial data

Particulars	**March 31, 2008**	**March 31, 2007**	**March 31, 2006**	**March 31, 2005**	**March 31, 2004**
Dividend on equity (%)	Nil	Nil	Nil	Nil	Nil
Earning Per Share (Rs.)	(8.83)	2.01	0.42	(3.47)	(26.21)
Return on Net Worth (%)	-	25.1	-	-	-
Book Value per Share (Rs.) [figures in bracket indicate negative value]	(0.42)	8.19	(31.69)	(45.86)	(75.74)

Source: Annual Reports

Note:

(a) EPS = Profit after tax before extraordinary items /number of equity shares

(b) RONW= Profit after tax / net worth

(c) Book value per share (Rs.) = Net worth/ No of shares

5.16 Reason for rise/fall in total income and Profit After Tax (PAT):

(Rs. in Lakhs)

Sl. No.	**Financial Year**	**Total Income**	**PAT/ Loss**
1.	2005-06	15,934.56	119.79
2.	2006-07	15,809.94	596.21
3.	2007-2008	16,075.47	(2,550.86)

Reasons for changes in Total Income and PAT in 2008 over 2007: The total turnover increased due to export sales of higher value added products. The company incurred a loss due to steep rise in raw cotton prices as well as the adverse impact of the Indian rupee appreciation against the US dollar.

Reasons for changes in Total Income and PAT in 2007over 2006: The company registered a moderate decline in sales but the profit increased substantially due to sales of higher value added products and the increased realizations. Reduction in interest cost due to one time settlement of dues also contributed significantly to the increase in net profit.

Reasons for changes in Total Income and PAT in 2006 over 2005: The turnover was marginally lower because of lower sales realization on account of lower cotton prices. The net profit experienced a five fold increase mainly on account of management policy of aggressive marketing and cost cutting measures taken by the company. The restructuring of debt approved by institutional lenders also had a favorable impact on profitability.

5.17 Shareholding pattern before and after the Offer (assuming full acceptances) as on the date of PA

Category	Shareholding & voting rights prior to SPA		Share holding / voting rights agreed to be acquired which triggered off the open offer		Shares & voting rights to be acquired in Offer (assuming full acceptances)		Share holding & voting rights after Offer	
	Shares	%	Shares	%	Shares	%	Shares	%
(1) Promoter & Promoter Group	93,89,114	32.38%	-	-	-	-	15,73,500	5.43%
(2) Acquirer	-	-						
a) Eight Capital Fund	-	-	1,00,000	0.34%	19,33,333	6.67%	20,33,333	7.01%
b) Spinaker Funds	-	-	44,94,594	15.50%	38,66,667	13.33%	83,61,261	28.83%
Total (2)	-	-	45,94,594	15.84%	58,00,000*	20.00%	1,03,94,594	35.84%
(3) CDC Group plc	45,94,594	15.84%	(45,94,594)	(15.84%)	-	-	-	-
(4) Public (other than parties to SPA, Promoter and acquirer)	1,50,16,292	51.78%	-	-	(58,00,000)	(20.00%)	52,17,792	17.99%
(5) Debenture Trustee*							1,18,14,114	40.74%
GRAND TOTAL	**2,90,00,000**	**100.00%**	**45,94,594**	**15.84%**	**58,00,000**	**20.00%**	**2,90,00,000**	**100.00%**

* OCD's and Warrants have been excluded for (a) calculation of the Offer size (b) shareholding pattern above

** STI defaulted on repayment of principal of OCD Series 2, which became due for repayment on October 16, 2007 and also defaulted on interest payment on all series of OCDs starting from quarter ended September 30, 2007. This failure amounted to 'Events of Default' under the Debenture Subscription Agreements, Investment Agreements and the Debenture Trust Deeds. Accordingly, the acquirers had, by their notice dated January 29, 2008 called upon STI to cure the default within 10 days, which was also not done by STI. Therefore, the acquirers severally instructed ITSL to invoke the pledge on shares created by the promoters of STI as a collateral for the OCD investment by a letter dated February 14, 2008 and further instructed them to hold the shares in trust for the acquirers until further instructions. Pursuant thereto, ITSL invoked the pledge on the shares by giving suitable instructions to their depository participants. The pledge-invoked shares were transferred to the demat account of ITSL on February 18, 2008

5.18 Shareholding of Promoters: Promoters, as on date, hold 15,73,500 fully paid up equity shares representing 5.43% of the paid-up equity share capital of STI.

5.19 As on May 31, 2007 i.e. Specified Date, there were 5212 Shareholders out of which 5195 were Public shareholders. All owners (registered or unregistered) of Shares of STI except (a) the Acquirers and (b) the Seller are eligible to participate in the Offer. The Promoters are eligible to participate in this Offer.

5.20 The Company has fairly complied with the Provisions of the Corporate Governance. There is no Change in this from the last year.

5.21 Compliance Officer: STI has appointed Mr. Mukesh Kumar Garg, Company Secretary, Rau-Pithampur Link Road, Tehsil: Mhow, District: Indore 453 332, Madhya Pradesh, Telephone No: 91 0731 4020000, Fax No: 91 0731 4020011 as the Compliance Officer.

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

5.23 Pending litigations : Pending litigations as on the date of this letter of offer are as follows:

CIVIL CASES

S.NO	PARTICULARS OF CASE	AMOUNT (Rs)	JURISDICTIONAL AUTHORITY	PRESENT STATUS OF THE CASE
1	Maharashtra State Cotton Grower Mktg. Fedration	73,81,516	Directorate of Marketing, Maharashtra,Pune	Order awaited
2	G.I.C. Housing Finance Limited, Mumbai	6,33,79,397	The District Majistrate, Collectorate Office, Indore	GIC Housing Ltd.has filed an application on 08/08/08 to the District Majistrate for seeking his permission and support to take possession of the Residential Colony of Factory workers under the secruitization Act, 2002 and recovery of dues as land Revenue

SALES TAX MATTERS

S.NO	PARTICULARS OF CASE	AMOUNT (Rs)	JURISDICTIONAL AUTHORITY	PRESENT STATUS OF THE CASE
1	Demand raised by Asst. Commissioner of Comm. Tax under Assessment order	198787	Asstt. Comm. Of Sales Tax, Indore	Order awaited

EXCISE MATTERS

S.No.	Brief Description of Case	Jurisdictional Authority	Amount involed (Rs.)	Present status
1	Unutilized balance of RG23A part-II at the time of conversion into 100% E.O.U. (SCN No. V(52) 18-160/99-2000/C-7/8939 dated 26.10.99 issued by A.C., Indore with refrence to refund claim filed U/R 57(13). A.C. Indore adjudicated the case against us rejecting our refund claim vide letter No. V(52) 160/99-2000/C-I /10835 DTD. 30.12.99.(Order in original No.03.03.99-2000) **"Refund of R.G.23A"**	High Court, Indore.	55,92,820/-	Writ petition filed on 17.11.04 with the High Court and delay in filing petition has been considered by High Court and admitted our Appeal on 05.09.05 by the High Court, Indore. Private records have been asked by the court and the same were submitted on 12/ 12/2005 Hearing on 15/9/2008 Court vacation up to 13/10/2008
2	Rebate claims of rejected by A.C. Div-I, Indore, due to non submission of proof of exports within time limit. **"Refund of R.G.23C" (Rejection of Rebate claims)**	High Court, Indore.	43,88,694/-	Writ petition filed on 09.05.05 with the High Court and SCN served to Central Excise Dept., & Dept., has also filed their reply on 16/7/05 to H.C.
3	SCN No.V(ST)18-15/08-09/C-I/ 8195/ Indore dated 28/29.07.08 in the matter of Service Tax Refund on Goods Transport Agencies related to Export services.	Asstt., Commissioner Customs & Central Division - Indore.	36,085/-	Personal Hearing attended on 21.8.08 before the Asstt., Commissioner, Division Indore. Adjudication order is awaited
4	SCN No.V(ST)18-15/08-09/ C-I/8197/ Indore dated 28/29.07.08 in the matter of Service Tax Refund on Goods Transport Agencies related to Export services.	Asstt., Commissioner Customs & Central Division - Indore.	15,613/-	Personal Hearing attended on 21.8.08 before the Asstt., Commissioner, Division Indore. Adjudication order is awaited

5	SCN.No. DGCEI/AZU/30-40/2005/ 7082 dated 29.3.06 in the matter of DTA sale value exceeded from DTA sale permission (COTTON WASTE)	Commissioner, C.E. Customs & Central Indore	6,11,86,752/- (Duty) 6,11,86,752/- (Penalty)	Reply to Show Cause Notice filed with the Commissioner, Customs & Central Excise, Indore. on 12.12.2007
6	SCN.No.C.NO.V (52) 15-05/ Adj-I/28027 dated 28.11.06 issued by the Commissioner, C.E., Indore, In the matter of DTA sale value exceeded from DTA sale permission. (COTTON WASTE)	Commissioner, C.E. Customs & Central Indore	1,11,68,960/- (Duty) 1,11,68,960/- (Penalty)	Reply to Show Cause Notice will be filed to the Commissioner, Customs & Central Excise, Indore. on 12.12.2007
7	SCN.No.C.NO.V (52) 15-05/ Adj-I/30436 dated 22.11.07 issued by the Commissioner, Customs & C.E., Indore, In the matter of DTA sale value exceeded from DTA sale permission. (COTTON WASTE)	Commissioner, C.E. Customs & Central Indore	1,15,08,089/- (Duty) 1,15,08,089/- (Penalty)	Reply to Show Cause Notice filed with the Commissioner, Customs & Central Excise, Indore. on 18.12.2007
8	SCN.No.C.NO.V (S.T.) 15-159//06/Adj-II/ 23560 dated 14.08.07 in the matter of recovery of Service Tax on a/c of C & F agents for the period 16.8.02 to 31.12.2004 Service Tax on C&F Agents	Jt., Commiss-ioner, Customs & Central Excise, H.Q. Indore	6,12,077/- (Duty) +Interest	Personal Hearing was attended on 25/8/2008 before Joint Commissioner, CCE, H.Q. Indore. Awaiting Adjudication order.
9	SCN.No. DGCE/AZU/36-60/204/ 1039 DATED 15.9.04, in the matter of Aditional Customs Duty @ 1.50 /- Litre. on 23/1/2006 to enhance the amount from 54,72,063/- to 60,49,553/- DEMAND ON IMPORTED HSD	CESTAT, New Dehi	5,77,490/- (Duty)	Received order in company's favour. Department has filed an Appeal against the company before CESTAT, N Delhi.Appeal is pending for hearing. Dismissed Departmental appeal on 30/9/2008, CESTAT order is awaited.
10	SCN.No. V(27)18-83/C-II/1-A/04/- dated 19.1.05 in the matter of Aditional Customs Duty @ 1.50 /- Litre.(Deptt., has filed an Appeal against the order of Commissioner (Appeal), Indore DEMAND ON IMPORTED HSD	CESTAT, New Dehi	22,03,200/- (Duty) 50000/- (Penalty)	Received order in company's favour. Department has filed an Appeal against the company before CESTAT, N Delhi.Appeal is pending for hearing.

6. OFFER PRICE AND FINANCIAL ARRANGEMENTS

6.1 Justification of Offer Price

The Shares of STI are presently listed on BSE, NSE and MPSE but traded on BSE and NSE. Further, there are no partly paid up equity shares in the books of STI

During the six calendar months prior to the month in which the PA was made i.e. November 2006 to April 2007, the Shares were traded on BSE and NSE. Details of trading during this period were as follows:

Stock Exchanges	Total Shares traded	Total No. of listed Shares	Annualized trading turnover as a % of total number of listed Shares
BSE	7,78,891	2,90,00,000	5.37
NSE	32,59,437	2,90,00,000	22.48
MPSE	Nil	2,90,00,000	N.A.

Source: Bloomberg

As the annualized trading turnover, based on the trading during six calendar months i.e. November 2006 to April 2007 is more than 5% of the total number of listed shares on BSE and NSE, the equity shares are deemed to be frequently traded on BSE and NSE within the meaning of the Explanation (i) of Regulation 20(5) of the Takeover Regulations.

Consequently, the minimum Offer Price to be computed for this Offer would be governed by Regulation 20(4) of the Takeover Regulations as per the applicable parameters as per the details given below:

(a) Negotiated price	Rs.3.26 per share
(b) Highest price paid by the Acquirer 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	N.A.
(c) Average of weekly high and low of the closing prices of STI for the 26 weeks period ended on May 29, 2007 i.e., the date preceding the PA, on the stock exchange, where shares are most frequently traded i.e. NSE	Rs.18.88 per share
(d) Average of daily high and low prices of STI for the 2 weeks period ended on May 29, 2007 i.e., the date preceding the PA, on the stock exchange, where shares are most frequently traded i.e. NSE	Rs. 24.43 per share

Average of the weekly high and low of the closing prices and volume data in NSE, where the Shares are most frequently traded, for the twenty six weeks period ended May 29, 2007 i.e. date preceding the date of the PA:

Wk No	Week Ending	Weekly High (Rs.)	Weekly Low (Rs.)	Weekly Average (Rs.)	Volume Traded
1	05-Dec-06	11.20	10.50	10.85	1,577
2	12-Dec-06	10.50	10.50	10.50	500
3	19-Dec-06	10.50	10.50	10.50	290
4	26-Dec-06	10.05	10.00	10.02	1,450
5	02-Jan-07	12.15	10.50	11.32	192
6	09-Jan-07	15.65	12.80	14.22	14,263
7	16-Jan-07	19.30	15.80	17.55	13,585
8	23-Jan-07	21.75	20.25	21.00	64,019
9	30-Jan-07	19.75	18.70	19.22	40,107
10	06-Feb-07	18.85	17.05	17.95	14,948
11	13-Feb-07	18.50	17.15	17.82	9,634
12	20-Feb-07	17.50	16.75	17.12	8,648
13	27-Feb-07	17.05	15.40	16.22	29,65,414

Wk No	Week Ending	Weekly High (Rs.)	Weekly Low (Rs.)	Weekly Average (Rs.)	Volume Traded
14	06-Mar-07	20.50	17.90	19.20	12,831
15	13-Mar-07	22.80	21.35	22.07	28,902
16	20-Mar-07	20.90	19.50	20.20	6,223
17	27-Mar-07	21.80	19.95	20.87	7,985
18	03-Apr-07	21.25	20.50	20.87	8,907
19	10-Apr-07	20.90	19.60	20.25	3,838
20	17-Apr-07	21.00	18.40	19.70	1,376
21	24-Apr-07	21.70	19.70	20.70	16,209
22	01-May-07	29.05	23.90	26.47	34,174
23	08-May-07	32.05	28.95	30.50	52,263
24	15-May-07	27.50	24.80	26.15	18,406
25	22-May-07	24.90	23.60	24.25	9,841
26	29-May-07	26.80	23.85	25.33	23,309
			Twenty six weeks average (Rs.)	**18.88**	

Source: Bloomberg

Average of daily high and low prices for the two weeks period ended May 29, 2007 i.e. date preceding the date of the PA:

Dates	DailyHigh (Rs.)	DailyLow (Rs.)	DailyAverage (Rs.)	Volume
29-May-07	26.80	25.50	26.15	3,229
28-May-07	25.50	24.25	24.88	8,315
25-May-07	24.75	23.15	24.25	7,066
24-May-07	24.35	23.30	23.83	1,349
23-May-07	25.80	23.65	24.73	3,350
22-May-07	24.90	23.70	24.30	491
21-May-07	24.90	23.50	24.20	4,212
18-May-07	24.50	22.45	23.48	968
17-May-07	25.00	23.55	24.28	2,756
16-May-07	25.40	23.65	24.53	1,414
		Two weeks Average (Rs.)	**24.43**	

Source: Bloomberg

Equity shares of STI are listed on MPSE. However, the Equity shares were delisted from MPSE with effect from March 24, 2007 as per letter dated June 18, 2007 issued by MPSE. Therefore, the equity shares were deemed to be infrequently traded on MPSE during six calendar months i.e. November 2006 to April 2007 within the meaning of the Explanation (i) of Regulation 20(5) of the Takeover Regulations.

Consequently, the minimum Offer Price to be computed for this Offer would also be governed by Regulation 20(5) of the Takeover Regulations as per the applicable parameters as per the details given below:

(a)	Negotiated price	Rs.3.26 per share
(b)	Highest price paid by the Acquirer 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	N.A.
	Other parameters based on the audited financial results for the year ended on March 31, 2006	• Book Value per share Rs. (46.78) • Return on Net Worth (00.89)% • Earning Per Share Rs. 0.41 • Price Earning Ratio 61.29 times • Offer P/E 60.97 • [P/E multiple for the Industry category i.e. "Textiles – Cotton / Blended" (Source: Capital Market : May 07 – 20, 2007) is 10.4 times] • Fair Value of the share [as per as per the details given below] Rs. (1.49) per share

Note: figures in bracket indicate negative values

As the Equity Shares were deemed to be infrequently traded on MPSE as per the details given above, so as to ascertain fair value of the equity shares of STI, in terms of the provisions of Regulation 20(5) of SEBI Takeover Regulations, Acquirers have obtained a share valuation certificate dated May 29, 2007 from Mr. Dinesh C Bangar, Partner, (Membership No. 36247), Dinesh Bangar & Co, Chartered Accountants, 201, Rehman House, Nadirshah Sukhia Street, Off: Cawasji Patel Street, Fort, Mumbai 400001, an independent Chartered Accountant, keeping in view the decision of the Hon'able Supreme Court of India in the case of *Hindustan Lever Employee Union* v. *Hindustan Lever Limited*, (1995) 83 Comp Case 30. The said valuation report, prepared on the basis of Net Asset Value [Rs. – 56.29 per share], Profit Earning Capacity Value [Nil] and Market Value [Rs. 24.43 per share] as per the erstwhile guidelines of the Controller of Capital Issues, indicated that the fair value of the equity share of STI based on the audited financial statements as on March 31, 2006 is Rs. – 1.49 per equity share.

The Offer Price of Rs. 25.00 per share is therefore justified (a) in terms of Regulation 20(4) of the Takeover Regulations, applicable for companies whose shares are frequently traded and (b) in terms of Regulation 20(5) of the Takeover Regulations, applicable for companies whose shares are infrequently traded in view of this offer price being more than the parameters specified in Regulation 20(4) and 20(5).

The Acquirers are permitted to revise this Offer upward upto seven working days prior to the date of closure of the Offer. In the event of such revision, an announcement will be made in the same newspapers where the PA has appeared and the revised offer price would be paid for all the shares tendered anytime during the Offer.

Non Compete Fee: Acquirers have not paid any other monetary consideration, whether by way of any non-compete fee or otherwise, or pursuant to any non-compete agreement for acquisition of the shares of STI.

Based on the above, (a) the Manager to the Offer and (b) the Acquirer are of the opinion that the Offer Price of Rs. 25.00 (Rupees Twenty Five only) per equity share is justified.

It will be ensured that the Offer Price is higher than the highest price paid by the Acquirers for any acquisition of Shares of STI, if any, from the date of PA i.e. Wednesday – May 30, 2007 up to seven working days prior to the closure of the Offer i.e. Wednesday– November 5, 2008.

6.2 Financial Arrangements

The total funds required for the acquisition of 58,00,000 Shares of STI in the Offer assuming full acceptance at Rs. 25.00 (Rupees Twenty Five only) per equity share amounts to Rs. 14,50,00,000 (Rupees Fourteen Crores Fifty Lakhs only).

Ms. Lina Shah, CPA , Russel Bedford Stefanou Mirchandani LLP, Accounting Firm, 5 West, 37th Street, 9th Floor, New York, NY 10018 Tel No: 00 212 868 3669, Fax No: 00 646 514 8484, e-mail ID: lshah@rbsm.com, has certified vide her letter dated May 28, 2007 that Eight Capital has adequate financial resources to finance the acquisition of upto 19,33,333 equity shares i.e. to the extent of their obligations of the Offer.

PricewaterhouseCoopers, Chartered Accountants and Registered Auditors, One Spencer Dock, North Wall Quay, Dublin 1, Ireland, I.D.E. Box No. 137, Tel: 00 353 (0) 1 792 6000, Fax: 00 353 (0) 1 792 6200 have certified vide their letter dated May 25, 2007 that Spinnaker Funds have adequate financial resources to finance the acquisition of upto 38,66,667 equity shares i.e. to the extent of their obligations of the Offer.

Pending receipt of the approval of the RBI to open and operate an escrow account in India, prior to release of PA, the Acquirers have opened four offshore cash escrow accounts with HSBC Bank Mauritius (Limited), having its registered office at 5th Floor, Les Cascades Building, Edith Cavell Street, Port Louis, Mauritius bearing Nos. 080-107303-020, 080-107261-020, 080-107279-020 and 080-107295-020 and deposited USD 1101000 equivalent to approximately Rs. 4,45,35,450/- at an exchange rate of Rs. 40.45 per USD [RBI Reference Exchange Rate as on May 29, 2007. Source: rbi.org.in] being equal to 25% of the total purchase consideration payable under the Offer assuming full acceptance at the aforesaid Offer Price in accordance with Regulation 28 of the Takeover Regulations.

In the event of any short fall in the offshore cash escrow amount arising on account of exchange rate fluctuations, the Acquirers have undertaken to provide additional funds to ensure that the escrow account has adequate funds to the extent of at least 25% of the total purchase consideration payable under the Offer, to discharge their offer obligations irrespective of fluctuations in the exchange rate. Therefore, irrespective of the fluctuations in the conversion rate, the minimum amount as stipulated in the SEBI Takeover Regulations shall be maintained at all times.

However, RBI, vide A.P. (DIR Series) Circular No. 62 dated May 24, 2007 decided to permit the Authorised Dealers to open escrow account and special account on behalf of non resident acquirers without prior approval of RBI.

The Acquirers had authorized the Manager to the Offer to transfer the funds lying in the offshore cash escrow account to the domestic cash escrow account. Accordingly, in light of above mentioned RBI circular, the acquirers transferred the funds from four offshore cash escrow accounts with HSBC Bank Mauritius (Limited) to four domestic cash escrow accounts opened with The Hongkong and Shanghai Banking Corporation Limited, 52/60, M G Road, Mumbai 400001 ["**HSBC Mumbai**"] bearing Nos. 030-275143-001, 030-275663-001, 030-275655-001 and 030-275671-001. HSBC Mumbai vide their letter dated October 22, 2008 certified that as on October 22, 2008 an aggregate amount of Rs. 5,48,07,884.06 is lying to the credit of the said four domestic cash escrow accounts.

Funds lying in the domestic cash escrow accounts represent 25% of the total purchase consideration payable under the Offer assuming full acceptance at the aforesaid Offer Price. The Acquirers have confirmed that the funds lying in the above mentioned domestic cash escrow accounts will be utilized exclusively for the purpose of the Offer.

The Manager to the Offer has been authorised to operate the cash escrow accounts in compliance with the provisions of Takeover Regulations. For the purpose, the Acquirers entered into an Escrow Agreement with HSBC Bank Mauritius (Limited), HSBC Mumbai, and YBL in terms of Regulation 28 of the Takeover Regulations.

In light of (a) aforesaid cash escrow accounts constituting 25% the total purchase consideration payable under the Offer and (b) Ms. Lina Shah, CPA and PricewaterhouseCoopers, Chartered Accountants having certified that the Acquirers have adequate financial resources to finance the Offer, the Manager to the Offer is satisfied that firm arrangements for financial resources required to implement the Offer i.e. funds and money for payment through verifiable means are in place to fulfill the Offer obligations and are satisfied that Acquirers have adequate resources to meet the financial requirements of the offer and ability to implement the Offer in accordance with the Regulations.

The funding arrangement is sufficient to meet the total financial obligation under the SPA as well as this offer. The Acquirers propose to meet the financial obligation under the SPA and this Open Offer via the investment corpus of their funds and internal accruals.

7. TERMS AND CONDITIONS OF THE OFFER

7.1 The Offer is being made by the Acquirers to (i) all Shareholders of STI whose names appeared in the Register of Members on Thursday – May 31, 2007 i.e. Specified Date except (a) the Acquirers and (b) the Seller, (ii) beneficial owners of the Shares of STI whose names appeared as beneficiaries on the records of the respective Depositories, at the close of business hours on Thursday – May 31, 2007 i.e. Specified Date and (iii) to those persons who acquire Shares of STI any time prior to the date of the closure of the Offer i.e. Monday – November 17, 2008 but who are not the registered Shareholders of STI. The Promoters are eligible to participate in this Offer.

7.2 The Offer is not subject to any minimum level of acceptance and the Acquirer will be obliged to acquire up to a maximum of 58,00,000 Shares of STI that are tendered in the valid form in terms of this Offer subject to the terms and conditions mentioned in the PA and this Letter of Offer. The Shares of STI that would be tendered in the valid form in terms of this Offer will be transferred in favour of Eight Capital and Spinnaker Funds in the ratio of 1:2.

7.3 The Offer will open on Wednesday – October 29, 2008 and close on Monday – November 17, 2008.

7.4 The Shareholders who have accepted the Offer by tendering the requisite documents in terms of the PA / Letter of Offer can withdraw the same up to three working days prior to the date of the closure of the Offer i.e. on or up to Tuesday – November 11, 2008.

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

7.6 Each Shareholder of STI to whom this Offer is being made is free to offer his Shareholding in STI in whole or in part while accepting the Offer. However, (a) the Acquirers and (b) the Seller are not eligible to tender their Shares under the Offer. The Promoters are eligible to participate in this Offer.

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

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

RBI, vide their letter dated October 31, 2007 granted approval to the Acquirers to acquire equity shares of STI through open offer from the eligible shareholders as the equity shares that are tendered in the Offer, will be those held by resident shareholders and may be those held by non-resident Indians or persons resident outside India who are not non-resident Indians, including overseas corporate bodies, if any, holding equity shares in STI who may be persons not covered by specific provisions of the Foreign Exchange Management (Transfer or Issue of Security by a Person Resident Outside India) Regulations, 2000 under FEMA. Equity shares that are likely to be tendered by the erstwhile overseas corporate bodies will be accepted subject to prior RBI approval.

To the best of the Acquirer's knowledge, no approvals from banks / financial institutions are required for the Offer.

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

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

7.11 In the event of non-fulfilment of any of the obligations by the Acquirers as required under the Takeover Regulations, the amount lying in the escrow account shall be liable to be forfeited and dealt with in the manner provided in Regulation 28 of SEBI Takeover Regulations, apart from the Acquirers being liable for penalty as provided in the Takeover Regulations.

7.12 There has been no competitive bid.

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

7.14 The Manager to the Offer shall within a period of forty five days of the closure of the Offer inform BSE, NSE and SEBI as to level of acceptance received thereof.

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

7.16 The Acquirers will proceed with the Offer even if they are unable to obtain acceptance to the extent of 58,00,000 fully paid-up Shares of face value of Rs. 10/- (Rupees Ten only) each of STI.

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

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

7.19 The acceptance must be unconditional and should be sent with the attached form duly filled in, signed by the applicant Shareholder(s) which should be received by the Registrar to the Offer at the address mentioned in para no. 8.13 on or before Monday – November 17, 2008. If any change or modification is made, the acceptance is liable to be rejected.

7.20 All expenses relating to the Offer will be borne by the Acquirers.

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

7.22 There are no equity shares of STI which are subject to lock in.

8. PROCEDURE FOR ACCEPTANCE AND SETTLEMENT OF THE OFFER

8.1 The Shareholders of STI who wish to avail this Offer should forward the under mentioned documents by hand delivery or by registered post or by speed post or by courier to Mondkar Computers Private Limited, the Registrar to the Offer [details of collection centres are given in para no. 8.13] so as to reach them on or before Monday – November 17, 2008 on working days during business hours indicated in para no. 8.13. In the case of dematerialized Shares, the Registrar is not bound to accept those Offers which have not yet been credited to the escrow depository account at the end of business hours on the date of closure of the Offer, i.e. Monday – November 17, 2008. No documents for tendering the Shares should be sent either to the Acquirers or Manager to the Offer or STI or the Seller.

8.2 The registered Shareholders of STI holding physical shares should submit:

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

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

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

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

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

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

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

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

8.7 Procedure for Shares held in dematerialized form - Registered beneficiary owners:

The beneficiary owners (holders of Shares in dematerialized form) who wish to tender their Shares will be required to send their Form of Acceptance cum Acknowledgement along with a photocopy of the delivery instructions in "off-market" mode or counterfoil of the delivery instruction in "off-market" mode, duly acknowledged by the DP in favor of the escrow depository account.

8.8 The beneficiary owners/ registered demat Shareholders who have not received Letter of Offer:

These Shareholders can apply on a plain piece of paper giving details like the name, address, number of shares held, no. of Shares offered, depository details i.e. DP name, DP ID and Client ID along with a photocopy of the delivery instructions in "off-market" mode or counterfoil of the delivery instruction in "off-market" mode, duly acknowledged by the DP in favor of the escrow depository account. Alternatively, they may download the Acceptance Form from the SEBI's site (www.sebi.gov.in) or may request for the Acceptance Form from the Registrar to the Offer. All other requirements for valid transfer (including matching of signatures) will be precondition for acceptance.

8.9 Mondkar Computers Private Limited, Registrar to the Offer, have opened an escrow depository account. The details are as under:

Depository	NSDL
Depository Participant / DP	HDFC Bank Ltd
Client ID	22024870
DP ID	IN 301151
Account Name	Eight Capital & Associates Escrow Account
ISIN	INE 090 C 01019

8.10 The Shareholders having their depository account with a DP who is registered with CDSL have to use inter-depository delivery instruction slip for the purpose of crediting their Shares in favour of the escrow depository account opened by Mondkar Computers Private Limited with HDFC Bank Ltd. which is registered with NSDL. The Shareholders may note that the credit for the Shares tendered must be received in the escrow depository account, as specified above, at the end of business hours on Monday – November 17, 2008.

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

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

- Duly attested death certificate and succession certificate / No Objection Certificates **("NoC")** / letters from legal heirs (in the case of single Shareholder) where the original Shareholder has expired.
- Duly attested power of attorney, if any person other than the Shareholder has signed the Form of Acceptance cum Acknowledgement or transfer deed(s).
- In case of companies, the necessary corporate authorizations (including board and shareholders' resolutions) and specimen signatures of authorized signatories.
- Any other relevant documents, as deemed necessary.

In case of non-receipt of the aforesaid documents, but receipt of Shares in the escrow depository account before the end of business hours on Monday – November 17, 2008, the Offer shall be deemed to be accepted provided subsequent receipt of all the relevant documents.

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

Addresses of the Collection Centres	**Contact Persons**	**Mode of delivery**	**Phone/Fax / Email**
Mondkar Computers Pvt Limited 21, Shakil Niwas Opp: Satya Sai Baba Temple Mahakali Caves Road Andheri East, Mumbai 400093	Mr. Devanand Dalvi	Hand Delivery/ Regd Post/ Courier	Tel: 022 2820 7203 - 2820 7205 Fax: 022 2820 7207 Email: info@mondkarcomputers.com
Mondkar Computers Pvt Limited C/o Beetal Consultant Ghia Textile Production Co. Office No.5, Agra Building First Floor, 121, M. G. Road Opp. Mumbai University Mumbai 400 001	Mr. Pravin Kothavale	Hand Delivery	Tel: 022 3262 3359 / 2265 1498 Fax: 022 2265 1498
Mondkar Computers Pvt. Limited C/o Beetal Consultant Ground Floor, 99, Madangir Behind Local Shopping Centre (Pushp Vihar) Near Dada Harsukhdas Mandir New Delhi 110 062	Mr. Ashok K Sundriyal	Hand Delivery	Tel: 011 2996 2971 / 29962972 Fax: 011 29961284

Addresses of the Collection Centres	Contact Persons	Mode of delivery	Phone/Fax / Email
Mondkar Computers Pvt. Limited C/o Skystock Financial Services Pvt. Limited Suntech Consultants, B-3/4Golden Point Palasia Chouraha, Near Udipi Cafe Manorama Ganj Indore 452001	Mr. Sunil Agarwal	Hand Delivery	Tel: 0731 4025150 Fax: 0731 2493789
Mondkar Computers Pvt Limited C/o Vanashree Telecom 9, Amrapali Shopping Centre New Sharda Mandir Road Near Shreyas Crossing, Paldi Ahmedabad 380 007	Mr. Pradip Upadhyay	Hand Delivery	Tel: 079 2660 8147 Fax: 079 2660 1909
Mondkar Computers Pvt Limited C/o Skystock Financial Services Pvt. Limited 161 Rabindra SaraniOmkar Market, Near Canara Bank Kolkata 700 001	Mr. Simraj	Hand Delivery	Tel: 033 3293 0032

Note: Collection centres mentioned above would remain open from (a) Monday to Friday between 10.30 am and 1.00 pm and between 2.00 pm and 4.30 pm and on (b) Saturdays between 10.30 am and 1.00 pm.

8.14 The documents sent by registered post/ speed post/ courier or through any other means will be at the applicant's own risk and cost.

8.15 All owners (registered or unregistered) of Shares of STI except (a) the Acquirers and (b) the Seller, anytime before closure of the Offer are eligible to participate in the Offer. The Promoters are eligible to participate in this Offer.

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

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

8.16 Shares, if any, that are subject matter of litigation wherein the Shareholder/s is/are/ may be precluded from transferring the Shares during the pendency of such litigation are liable to be rejected in case directions/orders from competent authority regarding these Shares are not received together with the Shares tendered under the Offer.

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

8.18 The Registrar to the Offer will hold in trust the Share certificates, Shares lying in credit of the escrow depository account, Form of Acceptance cum Acknowledgement, if any, and the transfer form(s) on behalf of the Shareholders of STI who have accepted the Offer, till the Offer obligations are completed in full by the Acquirers.

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

8.20 In accordance with Regulation 22(5A) of the Takeover Regulations, the Shareholders who have tendered the requisite documents in terms of the PA and this Letter of Offer shall have the option to withdraw acceptances tendered up to three working days prior to the closing date of the Offer. The withdrawal option can be exercised by submitting the documents as per the instructions given below so as to reach the Registrar to the Offer at the collection centers mentioned above as per the mode of delivery indicated therein on or before Tuesday – November 11, 2008.

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

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

- The Shareholders who have tendered Shares in physical form and wish to partially withdraw their tenders, should also enclose valid share transfer form(s) for the remaining Shares (i.e. Shares not withdrawn) duly signed as transferors by all registered Shareholders (in case of joint holdings) in the same order and as per specimen signatures registered with STI and duly witnessed at the appropriate place.
- The withdrawal of Shares will be available only for the share certificates / Shares that have been received by the Registrar to the Offer / escrow depository account.
- The intimation of returned Shares / rejected Shares to the Shareholders will be made at the address as specified in the Acceptance Form.
- The Form of Withdrawal should be sent only to the Registrar to the Offer, at the collection centres mentioned in para no. 8.13.
- In case of partial withdrawal of Shares tendered in physical form and the original share certificates are required to be split, the withdrawn Shares will be returned on receipt of share certificates from STI.
- In case of partial withdrawal of Shares / rejection of Shares tendered in demat form, the Shares withdrawn / rejected will be credited to the beneficial owner's depository account with the respective DP as furnished in the Acceptance-cum-Acknowledgment form. It is the responsibility of the Shareholder to ensure that the withdrawn Shares / unaccepted Shares are accepted by their respective DP when transferred by the Registrar to the Offer. The Shareholders should ensure that their depository account is maintained till the Offer formalities are completed.
- Partial withdrawal of tendered Shares can be done only by the registered Shareholders / beneficial owners.
- In case of partial withdrawal, the earlier Form of Acceptance-cum-Acknowledgement will stand revised to that effect.
- The Shareholders holding Shares in dematerialized form are requested to issue the necessary standing instruction for receipt of the credit in their DP account.

8.23 Transfers not lodged: In case any person has lodged Shares of STI for transfer and such transfer has not yet been effected, the concerned person may apply as per instruction contained in para no. 8.5 above together with the acknowledgement of the lodgement of Shares for transfer. Such persons should also instruct STI to send the transferred share certificate(s) directly to Mondkar Computers Private Limited at 21, Shakil Niwas, Opp: Satya Sai Baba Temple, Mahakali Caves Road, Andheri East, Mumbai 400093. The applicant should ensure that the certificate(s) reach the designated collection centre on or before the Offer closing date, else the Offer will be deemed invalid.

8.24 Dematerialization process not complete: In case any person has tendered his physical Shares in STI for dematerialization and such dematerialization has not yet been effected, then, the concerned Shareholder may apply in the Offer as per instructions mentioned above together with a photocopy of the completed dematerialization request form acknowledged by Shareholder's DP. Such Shareholders should ensure the credit of the Shares to the escrow depository account on or before 3 pm of Monday – November 17, 2008 and forward a copy of the delivery instructions acknowledged by the DP to the collecting centre.

8.25 The consideration for the Shares accepted by the Acquirers will be paid by crossed account payee cheques / demand drafts. Such considerations in excess of Rs. 1,500/- or unaccepted share certificates, transfer forms and other documents, if any, will be returned by registered post / speed post at the Shareholders' / unregistered owners' sole risk to the sole / first Shareholder. The consideration up to Rs. 1,500/- may be dispatched Under Certificate of Posting ("**UPC**"). It is mandatory that Shareholders provide bank account details in the Acceptance Form so that the same can be incorporated in the cheque / demand draft.

8.26 While tendering Shares under the Offer, non resident Shareholders (NRI/OCB/FII etc.) will be required to submit the previous RBI / GOI approvals, if any, which they would have obtained for acquiring the Shares of STI and Tax Clearance Certificate ("**TCC**") from the Income Tax authorities under the Income Tax Act, 1961 ("**Income-tax Act**") indicating the rate at which the tax is required to be deducted by the Acquirers before remitting the consideration. In case previous approvals as explained above are not submitted, the Acquirers reserve the right to reject the Shares tendered in the Offer. In case the aforesaid TCC is not submitted, the Acquirers will deduct the tax at the current prevailing rates as applicable to the category of the Shareholder under the Income Tax Act on the entire consideration payable to such shareholder.

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

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

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

8.30 The shareholders who successfully tender the equity shares of STI have the option to receive payment through Electronic Clearing System (ECS), if the required information for ECS has been provided in the Form of Acceptance or details provided on plain paper.

9. DOCUMENTS FOR INSPECTION

Copies / certified copies of the following documents will be available for inspection at the office of YES Bank Limited, 12th Floor, Discovery of India Building, Nehru Centre, Dr. Annie Besant Road, Worli, Mumbai 400 018 during normal business hours on any working day i.e. Monday to Friday between 10 am and 3 pm during the Offer period i.e. from Wednesday – October 29, 2008 to Monday – November 17, 2008.

1. Certificate of incorporation of Eight Capital.
2. Certificates of incorporation of Spinnaker Funds.
3. Memorandum and Articles of Association of Eight Capital.
4. Memorandum and Articles of Association of Spinnaker Funds
5. Audited financial statements of Spinnaker Funds for the years ended December 31 - 2003, 2004, 2005, 2006 and 2007 .
6. Audited Annual Reports of STI for the years ended March 31 - 2008, 2007, 2006, 2005 and 2004
7. Letter dated May 29, 2007 from HSBC Bank Mauritius confirming deposit of funds in off shore escrow cash account and letter dated October 22, 2008 from HSBC Mumbai confirming balance in domestic escrow cash account.
8. Share Purchase Agreement dated May 24, 2007 entered into between the Acquirers and the Seller
9. Share cum Cash Escrow Agreement dated May 24, 2007 entered into between the Acquirers, the Seller, Share Escrow Agent and Cash Escrow Agent.
10. Letter dated May 24, 2007 received from Eight Capital and dated May 21, 2007 received from Spinnaker Funds that the escrow funds will be exclusively utilized for the Offer.
11. Newspaper clipping of the PA published on May 30, 2007.
12. Letter dated October 7, 2008 received from SEBI in terms of Regulation 18(2).
13. Escrow Depository Agreement/ Engagement Letter entered into with / issued to the Registrar to the Offer.
14. Certificates dated May 28, 2007 and May 25, 2007 issued by the CPA and the Chartered Accountants that Acquirers have adequate financial resources to finance the above mentioned acquisition, to the extent of their obligations of the Offer.

10. DECLARATION BY THE ACQUIRERS

10.1 A copy of the draft Letter of Offer was delivered to (a) the Board of Directors of STI, (b) BSE (c) NSE and (d) MPSE for their information and perusal on June 13, 2007.

10.2 The Acquirers and the directors of Acquirers accept full responsibility for the information contained in this Letter of Offer and also for the obligations of Acquirers as laid down in Regulation 22(6) of SEBI Takeover Regulations.

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

10.4 The Manager to the Offer has ensured that Mr. Ravi Chachra and Mr. Tarun Gandhi respectively are duly and legally authorized by Eight Capital and Spinnaker Funds to sign the Letter of Offer.

For and on behalf of Eight Capital Master Fund Ltd

Sd/-

Mr. Ravi Chachra
Authorized Signatory

For and on behalf of Spinnaker Global Opportunity Fund Ltd, Spinnaker Global Emerging Markets Fund Ltd and Spinnaker Global Strategic Fund Ltd

Sd/-

Mr. Tarun Gandhi
Authorized Signatory

Date: October 23, 2008

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

2. Transfer Deed (as applicable)

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

- *Please submit this Form with enclosures to the Registrar to the Offer at their address given overleaf.*
- *Please read the enclosed Letter of Offer dated October 23, 2008 carefully before filling this Acceptance Form.*
- *All terms and expressions used herein shall have the same meaning as ascribed thereto in the Letter of Offer.*
- *Each Shareholder of STI to whom this Offer is being made, is free to offer his Shareholding in STI in whole or in part while accepting the Offer.*

OFFER
OPENS ON : OCTOBER 29, 2008
CLOSES ON : NOVEMBER 17, 2008

FORM OF ACCEPTANCE-CUM-ACKNOWLEDGEMENT

From:

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

To,

Mondkar Computers Pvt Limited
[Unit: STI India Limited]
21, Shakil Niwas,Opp: Satya Saibaba Temple, Mahakali Caves Road, Andheri East, Mumbai 400093

Dear Sir,

Sub: Offer for purchase of upto 58,00,000 fully paid up Shares of the face value of Rs. 10/- (Rupees Ten only) each, representing 20.00% of the voting paid up equity share capital of STI India Limited, at an Offer Price of Rs. 25.00 (Rupees Twenty Five only) per fully paid-up equity share by Eight Capital and Spinnaker Funds.

I/We refer to the Letter of Offer dated October 23, 2008 for acquiring the Shares held by me/us in STI.

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

☐ **FOR SHARES IN PHYSICAL FORM**

I/We accept the Offer and enclose the original Share certificate (s) and duly signed transfer deed(s) in respect of my / our Shares as detailed below:

Sr.No	Ledger Folio No	Certificate No	Distinctive Nos		No of fully paid-up Shares
			From	To	
				Total number of Shares	

Note: Please attach an additional sheet of paper if the above space is insufficient and authenticate the same.

I/ We note and understand that the original Share certificate (s) and valid Share transfer deed(s) will be held in trust for me / us by Registrar to the Offer until the time the Acquirers complete the Offer obligations under the SEBI Takeover Regulations as mentioned in the Letter of Offer. I/ We also note and understand that the Acquirers will pay the purchase consideration only after verification of the documents and signatures.

☐ **SHARES IN DEMATERIALIZED FORM**

I/We, holding Shares in the dematerialized form, accept the Offer and enclose the photocopy of the delivery instruction in "off-market" mode, duly acknowledged by the DP in respect of my/our Shares as detailed below:

DP Name	DP ID	Client ID	Beneficiary Name	No of fully paid-up Shares

I/ We have executed an off-market transaction for crediting the Shares to the escrow depository account opened by Mondkar Computers Private Limited with HDFC Bank Limited styled **"Eight Capital & Associates Escrow Account"** with the following particulars:

DP Name	DP ID	Client ID	ISIN
HDFC Bank Ltd	IN 301151	22024870	INE 090 C 01019

☐ via a delivery instruction from my account with NSDL ☐ via inter-depository delivery instruction from my account with CDSL

I/ We note and understand that the Shares would reside in the Escrow Depository Account until the time the Acquirers complete the Offer obligations under the SEBI Takeover Regulations as mentioned in the Letter of Offer.

☐ **For NRIs/ OCBs/ FIIs/ Foreign Shareholders:**

I/We have enclosed the following documents:

☐ No Objection Certificate / Tax Clearance Certificate from Income Tax Authorities, as applicable.

☐ RBI approval(s) for acquiring Shares of UCL hereby tendered in the Offer.

Following documents should be enclosed wherever applicable

☐ Power of attorney

☐ Death certificate/ succession certificate/ No objection Certificate/ letters from legal heirs- duly attested

☐ Corporate authorization in case of companies along with board/ general meeting resolutions and specimen signatures of authorized signatories

☐ Others (please specify) ______________________________________

Bank details: So as to avoid fraudulent encashment in transit, the Shareholder(s) holding Shares in physical form should provide details of bank account of the first/sole Shareholder and the consideration cheque or demand draft will be drawn accordingly. For Shares that are tendered in electronic form, the bank account as obtained from the "beneficiary position download" to be provided by the Depositories will be considered and the payment instruments will be issued with those bank particulars only:

Name of Bank		**Branch**	
Account Number		**Current/ Savings/Others (Please specify)**	
IFSC Code		**RTGS**	

I/We confirm that the Shares of STI, which are being tendered herewith by me/us under this Offer, are free from liens, charges and encumbrances of any kind whatsoever.

I/ We note and understand that once I/ We have accepted the Offer by tendering the requisite documents in terms of Public Announcement / Letter of Offer, I/ We have the option to withdraw the same up to three working days prior to the date of the closure of the Offer i.e. up to November 11, 2008.

I/We authorize the Acquirers to accept the Shares so offered which they may decide to accept in consultation with the Manager to the Offer and in terms of the Letter of Offer and I/We further authorize the Acquirers to return to me/us, share certificate(s) in respect of which the Offer is not found valid/not accepted, specifying the reasons thereof.

I/We authorize the Acquirers to accept the Shares so offered or such lesser number of Shares that they may decide to accept in terms of the Letter of Offer and I/We authorize the Acquirers to split / consolidate the share certificates comprising the Shares that are not acquired to be returned to me/us and for the aforesaid purposes the Acquirers are hereby authorized to do all such things and execute such documents as may be found necessary and expedient for the purpose.

I/We authorize the Acquirers and the Registrar to the Offer and the Manager to the Offer to send by registered post/speed post/under postal certificate as may be applicable at my/our risk, the draft/cheque/payment instruments, in full and final settlement of the amount due to me/us and/ or other documents or papers or correspondence to the sole/first holder at the address mentioned below.

In case of Shares tendered in dematerialized form,

I/We authorize the Acquirers, Registrar to the Offer and the Manager to the Offer to use my details regarding my address and bank account details as obtained from my depository participant for the purpose of mailing the aforementioned instruments.

The shareholders who successfully tender the equity shares of STI have the option to receive payment through Electronic Clearing System (ECS), if the required information for ECS has been provided in the Form of acceptance or details provided on plain paper.

Yours faithfully,
Signed and Delivered

	Full name(s) of Shareholder(s)	**Specimen Signature(s)**	**PAN/ GIR No.**
1st/ Sole Holder			
Joint Holder 1			
Joint Holder 2			
Joint Holder 3			

Note: In case of joint holdings, all holders must sign. A corporation must affix its rubber stamp.

Address of first/ sole holder where the purchase consideration/ share certificates are to be dispatched ____________________________________

____

____

Place:

Date:

PROCEDURE FOR ACCEPTANCE

The Equity Shareholders of STI who wish to avail the Offer can deliver all the relevant documents referred to above to the Registrar to the Offer at the collecting centres specified below in accordance with the instructions specified in the Letter of Offer and Acceptance Form so as to reach them not later than November 17, 2008.

COLLECTING CENTRES DETAILS:

Address of the Collection Centres	Contact Person	Mode of delivery	Phone/Fax / Email
Mondkar Computers Pvt Limited 21, Shakil Niwas Opp: Satya Sai Baba Temple Mahakali Caves Road Andheri East, Mumbai 400093	Mr. Devanand Dalvi	Hand Delivery/ Regd Post/ Courier	Tel: 022 2820 7203 - 2820 7205 Fax: 022 2820 7207 Email: info@mondkarcomputers.com
Mondkar Computers Pvt Limited C/o Beetal Consultant Ghia Textile Production Co. Office No.5, Agra Building First Floor, 121, M. G. Road Opp. Mumbai University Mumbai 400 001	Mr. Pravin Kothavale	Hand Delivery	Tel: 022 3262 3359 / 2265 1498 Fax: 022 2265 1498
Mondkar Computers Pvt. Limited C/o Beetal Consultant Ground Floor, 99, Madangir Behind Local Shopping Centre (Pushp Vihar) Near Dada Harsukhdas Mandir New Delhi 110 062	Mr. Ashok K Sundriyal	Hand Delivery	Tel: 011 2996 2971 / 29962972 Fax: 011 29961284
Mondkar Computers Pvt. Limited C/o Skystock Financial Services Pvt. Limited Suntech Consultants, B-3/4Golden Point Palasia Chouraha, Near Udipi Cafe Manorama Ganj Indore 452001	Mr. Sunil Agarwal	Hand Delivery	Tel: 0731 4025150 Fax: 0731 2493789
Mondkar Computers Pvt Limited C/o Vanashree Telecom 9, Amrapali Shopping Centre New Sharda Mandir Road Near Shreyas Crossing, Paldi Ahmedabad 380 007	Mr. Pradip Upadhyay	Hand Delivery	Tel: 079 2660 8147 Fax: 079 2660 1909
Mondkar Computers Pvt Limited C/o Skystock Financial Services Pvt. Limited 161 Rabindra SaraniOmkar Market, Near Canara Bank Kolkata 700 001	Mr. Simraj	Hand Delivery	Tel: 033 3293 0032

Working hours: Monday to Friday - 10.30 am to 1.00 pm and 2.00 pm to 4.30 pm. Saturdays - 10.30 am to 1.00 pm

— — — — — — — — — — — — — — — TEAR ALONG THIS LINE— — — — — — — — — — — — — — —

ACKNOWLEDGEMENT SLIP

Folio No__________________ DP ID_________________________ Client ID_________________________ Sr. No_____________________

Received from Mr./Ms. ____

residing at ____

a Form of Acceptance cum Acknowledgment for Offer of ___________________________

Shares of STI Limited along with: ☐ Copy of depository instruction slip

☐ Share certificate(s) under folio number(s) ___________________________________ along with transfer deed(s).

Stamp of Collecting Centre	Signature of Official, & Date of Receipt

PLEASE NOTE THAT NO SHARES / FORMS SHOULD BE SENT DIRECTLY TO THE ACQUIRERS OR TO THE MANAGER TO THE OFFER

(1) **All queries** pertaining to this Offer may be directed to the Registrar to the Offer.

(2) **Shareholders holding registered Shares** should submit the Form duly completed and signed in accordance, by the holders of the Shares, along with the original equity share certificate(s) and valid equity share transfer form(s) duly signed as per the specimen signatures lodged with STI and duly witnessed at the appropriate place. Please do not fill in any other details in the transfer deed except name, signature and witness.

(3) **Shareholders holding Shares in dematerialized form** should submit the Form duly completed and signed in accordance with the instruction contained therein by all the beneficial holders of the Shares, as per the records of the DP.

(4) **In case of Shares held in joint names**, names should be filled up in the same order in the Form and in the transfer deed(s) as the order in which they hold Shares in STI, and should be duly witnessed. This order cannot be changed or altered nor can any new name be added for the purpose of accepting the Offer.

(5) **In case where the signature is subscribed by thumb impression**, the same shall be verified and attested by a magistrate, notary public or special executive magistrate or a similar authority holding a public office and authorized to use the seal of his office.

(6) **Persons who own Shares (as on the Specified Date or otherwise) but are not the registered holders** of such Shares and who desire to accept the Offer, will have to communicate their acceptance in writing to the Registrar to the Offer together with the original contract note issued by the broker, the share certificate(s), the transfer deed(s) with the buyers details not filled in and other relevant documents. In case the share certificate(s) and transfer deed(s) are lodged with STI / its transfer agent for transfer, then the Form shall be accompanied by the acknowledgment of lodgment with, or receipt by STI /its transfer agent, of the share certificate(s) and transfer deed(s). Persons under this paragraph should submit their acceptance and necessary documents by registered post or speed post or courier or in person to the Registrar at their office as mentioned above.

(7) **Non-resident Shareholders** should enclose copy (ies) of permission received from Reserve Bank of India to acquire Shares held by them in STI.

(8) **Non-resident Shareholders** are advised to refer to the clause on taxation in the Letter of Offer regarding important disclosures regarding the taxation on the consideration to be received by them.

(9) **In case of bodies corporate**, certified copies of appropriate authorization (including board/shareholders' resolutions, as applicable) authorizing the sale of Shares along with specimen signatures duly attested by a bank must be annexed. The common seal should also be affixed.

(10) **All the Shareholders** should provide all relevant documents which are necessary to ensure transferability of the Shares in respect of which the acceptance is being sent. Such documents may include (but not be limited to):

(a) Duly attested death certificate and succession certificate (in case of single Shareholder) in case the original Shareholder has expired.

(b) Duly attested power of attorney if any person apart from the Shareholder has signed acceptance form or transfer deed(s).

(c) No objection certificate from any lender, if the Shares in respect of which the acceptance is sent, were under any charge, lien or encumbrance.

— — — — — — — — — — — — — — — — **TEAR ALONG THIS LINE** — — — — — — — — — — — — — — — —

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

Mondkar Computers Private Limited
[Unit: STI India Ltd]
21, Shakil Niwas Opp: Satya Sai Baba Temple Mahakali Caves Road
Andheri East, Mumbai 400093
Tel: 022 2820 7203 - 05 • Fax: 022 2820 7207
Email: info@mondkarcomputers.com
SEBI Registration No: INR 000000114
Contact: Ravindra Utekar

FORM OF WITHDRAWAL

OFFER OPENS ON	**October 29, 2008**
LAST DATE FOR WITHDRAWAL	**November 11, 2008**
OFFER CLOSES ON	**November 17, 2008**

I/ We would like to withdraw my/our acceptance in terms of Regulation 22(5A) of the SEBI Takeover Regulations and my/our relevant details are as follows:

☐ In respect of physical shares

Name		
Address		
Distinctive Numbers		
Folio Number		
Share Certificate Numbers	From	
	To	
Number of Shares tendered		
Number of Shares withdrawn		

Copy of acknowledgment received from the Registrar to the Offer while tendering the acceptance is being attached herewith.

☐ In respect of demat / electronic shares:

Name	
Address	
Number of Shares tendered	
Number of Shares withdrawn	
DP Name	
DP ID	
Beneficiary Account Number	

Photocopy of the delivery instruction slip in off market mode duly acknowledged by DP is attached along with a copy of the acknowledgment received from the Registrar to the Offer while tendering the Shares.

I/We note that upon withdrawal of my/our shares from the Offer, no claim or liability shall lie against the Acquirers /Manager to the Offer / Registrar to the Offer.

— — — — — — — — — — — — — — TEAR ALONG THIS LINE— — — — — — — — — — — — — — —

ACKNOWLEDGEMENT SLIP

Folio No__________________ DP ID_________________________ Client ID_________________________ Sr. No________________________

Received from Mr./Ms. ____

residing at ____

a form of withdrawal of Offer of____

Shares of STI Limited along with: ☐ Copy of depository instruction slip

☐ Share certificate(s) under folio number(s) ______________________________________ along with transfer deed(s).

Stamp of Collecting Centre	Signature of Official, & Date of Receipt

— — — — — — — — — — — — — — — TEAR ALONG THIS LINE — — — — — — — — — — — — — — — —

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

Mondkar Computers Private Limited
[Unit: STI India Ltd]
21, Shakil Niwas Opp: Satya Sai Baba Temple Mahakali Caves Road
Andheri East, Mumbai 400093
Tel: 022 2820 7203 - 05 • Fax: 022 2820 7207
Email: info@mondkarcomputers.com
SEBI Registration No: INR 000000114
Contact: Ravindra Utekar

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