PUBLIC ANNOUNCEMENT FOR THE ATTENTION OF THE SHAREHOLDERS OF
STI INDIA LIMITED ["STI"]

Registered Office: Rau-Pithampur Link Road, Tehsil-Mhow, Distt Indore (M.P.) 453 332, India

CASH OFFER OF RS. 25.00 PER SHARE FOR ACQUISITION OF UPTO 58,00,000 EQUITY SHARES FROM THE SHAREHOLDERS / BENEFICIAL OWNERS ("OFFER") of STI

This Public Announcement (**"PA"**) is being issued by YES BANK Limited (**"YBL"**), [hereinafter referred to as the **"Manager to the Offer"**] on behalf of (a) Eight Capital Master Fund Limited, Cayman Islands (**"Eight Capital"**) and (b) Spinnaker Global Opportunity Fund Ltd, Spinnaker Global Emerging Markets Fund Ltd and Spinnaker Global Strategic Fund Ltd (**"Spinnaker Funds"**) [hereinafter referred to as the **"Acquirers"**] pursuant to and in compliance with among others, Regulation 10 and 12 of Chapter III of the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 1997 and subsequent amendments thereto (the **"Takeover Regulations"** or the **"Regulations"**). No person / entity is acting as Person Acting in Concert (**"PAC"**) with Eight Capital and Spinnaker Funds for the purpose of this open offer. This is not a competitive bid. This Offer is not pursuant to any global acquisition resulting in an indirect acquisition of shares of STI.

1. The Offer

Eight Capital and Spinnaker Funds entered into a Share Purchase Agreement dated May 24, 2007 (hereinafter referred to as **"SPA"**) with CDC Group plc (formerly known as Commonwealth Development Corporation) [hereinafter referred to as **"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"**). The Negotiated Price per Sale Share shall be paid in the form of cash. 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.

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. Accordingly, the Seller, the Acquirers viz Eight Capital and Spinnaker Funds, 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.

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 "he acquires 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.

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.

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 One Time Settlement (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 (**"OTS"**) 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.

Allotments made pursuant to Special Resolution passed in the EGM held on January 18, 2007

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 Bombay Stock Exchange Limited, Mumbai ("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 State Bank of India (**"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.

Allotments made pursuant to Special Resolution passed in the EGM held on March 23, 2007

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.

Promoters will hold 83,89,114 fully paid up equity shares representing 28.93% of the paid-up equity share capital of STI.

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 this 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 this 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 holds 12,50,000 warrants in STI as on the date of this PA. Spinnaker Funds do not hold any equity shares carrying voting rights / warrants in STI as on the date of this PA.

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 SBI in terms of OTS agreed to by and between SBI and STI as per details given above. As on the date of this PA, the paid up equity share capital of STI is 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. There are no partly paid up equity shares in the books of STI.

As the aggregate equity stake of the 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 Regulation 10 and 12 of the Takeover Regulations, the Acquirers are hereby making a public announcement of the Offer to acquire upto 58,00,000 equity shares of Rs. 10/- 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 per share (**"Offer Price"**) payable in cash subject to the terms and conditions mentioned hereinafter. 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.

The Offer is not conditional on any minimum level of acceptance and the Acquirers will be obliged to acquire all the equity shares tendered in response to the Offer, subject to 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 this PA and the Letter of Offer (**"LOF"**) to be mailed to the equity shareholders of STI.

Acquirers may purchase additional shares of STI from the open market or through negotiation or otherwise, after the date of this PA in accordance with Regulation 20(7) of Takeover Regulations and the details of such acquisition 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 Takeover Regulations.

YBL, the Manager to the Offer, does not hold any equity shares in STI as on the date of this PA.

2. The Offer Price

Equity shares of STI are presently listed and traded on the Bombay Stock Exchange Ltd (**"BSE"**) and The National Stock Exchange of India Ltd (**"NSE"**). As on the date of this PA, the paid up equity share capital of STI is Rs. 29,00,00,000/- represented by 2,90,00,000 equity shares of Rs. 10/- each. The annualized trading turnover based on the trading volume in the shares of STI on BSE and NSE during November 2006 to April 30, 2007 i.e. six calendar months preceding the date of this PA, were 6.23% and 26.08% respectively as during the said period 7,78,891 shares were traded on BSE whereas NSE reported trading of 32,59,437 shares. *[Source: www.bseindia.com and www.nseindia.com]*

As the annualized trading turnover 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 viz (a) Negotiated price i.e Rs. 3.26 per share, (b) Highest price paid by the Acquirer or PAC 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 i.e. Rs. 10.20 per share, (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 i.e. Rs. 18.88 per share and (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 i.e. Rs. 24.43 per share.

Equity shares of STI are listed on Madhya Pradesh Stock Exchange, Indore (**"MPSE"**). However, STI filed application for delisting and is expecting the final delisting approval letter from MPSE. Therefore, the equity shares are deemed to be infrequently traded on MPSE 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(5) of the Takeover Regulations as per the applicable parameters viz (a) Negotiated price i.e. Rs. 3.26 per share, (b) Highest price paid by the Acquirer or PAC 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 i.e. Rs. 10.20 per share and (c) Other parameters based on the audited financial results for the year ended on March 31, 2006 i.e. Book Value per share Rs. -46.78 per share, Return on Net Worth -00.89%, Earning Per Share Rs. 0.41 per share, 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] and Fair Value of the share [as per as per the details given below] Rs. -1.49 per share.

As the Equity Shares are 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.

3. Information on the Acquirer and PACs

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.

Eight Capital

Eight Capital Master Fund Ltd was incorporated as a private Investment Management Company [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. Mr. Ravi Chachra, Mr. Tony Stocks 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 a Private Equity Investment Management Company which focuses on investments into distressed assets in India. 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 50 million. It has commitments of USD 67.00 million. 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.

All 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. Since the Fund was incorporated in 2005, the first audited financial statements are expected in June 2007.

Spinnaker Funds

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 Global Emerging Markets 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 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 Funds 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. Spinnaker Funds are widely held by many institutional investors around the world and do not belong to any group.

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 whereas contact address is c/o Spinnaker Capital CGR Ltd., Al Santos 1940 2o andar, 01418-200 Sao Paulo, SP, Brazil.

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.

The audited financial statements provided below reflect the position and operations of Spinnaker Funds. (Conversion Rates: 1USD = Rs. 45.07 on December 31, 2005 and 1USD = Rs. 43.58 on December 31, 2004 and 1USD = Rs. 45.61 on December 31, 2003. Source: RBI web site)

Spinnaker Global Opportunity Fund Ltd: For the year ended December 31, 2005 (previous year's figures for the year ended December 31, 2004 are given in brackets): Total investment income Rs. 145,675.07 lakhs (Rs. 82,052.07 lakhs); Increase from operations in net assets attributable to holders of redeemable participating shares (Net Profit) Rs. 101,587.76 lakhs (Rs. 59,482.13 lakhs); Liabilities (excluding net assets attributable to holders of redeemable participating shares) Rs. 240,673.89 lakhs (Rs. 94,685.29 lakhs); Net assets attributable to holders of redeemable participating shares (Net Worth) Rs. 763,393.23 lakhs (Rs. 326,670.92 lakhs); and Total liabilities and equity Rs. 1,004,067.11 lakhs (Rs. 421,356.22 lakhs). Return on Net Worth [Net Profit / Net worth] is 13.31% (18.21%). Since the Fund is not listed, the PE multiple cannot be computed.

Spinnaker Global Emerging Markets Fund Ltd: For the year ended December 31, 2005 (previous year's figures for the year ended December 31, 2004 are given in brackets): Total investment income Rs. 145,703.72 lakhs (Rs. 107,094.92 lakhs); Increase from operations in net assets attributable to holders of redeemable participating shares (Net Profit) Rs. 103,449.57 lakhs (Rs. 82,539.12 lakhs); Liabilities (excluding net assets attributable to holders of redeemable participating shares) Rs. 180,553.14 lakhs (Rs. 50,632.79 lakhs); Net assets attributable to holders of redeemable participating shares (Net Worth) Rs. 481,365.09 lakhs (Rs. 365,046.34 lakhs); and Total liabilities and equity Rs. 661,918.23 lakhs (Rs. 415,679.14 lakhs). Return on Net Worth [Net Profit / Net worth] is 21.49% (22.61%). Since the Fund is not listed, the PE multiple cannot be computed.

Spinnaker Global Strategic Fund Ltd: For the year ended December 31, 2005 (previous year's figures for the year ended December 31, 2004 are given in brackets): Total investment income Rs. 36,819.76 lakhs (Rs. 13,770.61 lakhs); Increase from operations in net assets attributable to holders of redeemable participating shares (Net Profit) Rs. 26,833.33 lakhs (Rs. 10,396.12 lakhs); Liabilities (excluding net assets attributable to holders of redeemable participating shares) Rs. 63,462.42 lakhs (Rs. 10,887.28 lakhs); Net assets attributable to holders of redeemable participating shares (Net Worth) Rs. 174,052.47 lakhs (Rs. 62,925.28 lakhs); and Total liabilities and equity Rs. 237,514.89 lakhs (Rs. 73,812.56 lakhs). Return on Net Worth [Net Profit / Net worth] is 15.42% (16.52%). Since the Fund is not listed, the PE multiple cannot be computed.

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

4. Information on the Target Company STI India Limited

STI India Limited is a public limited company, incorporated on August 7, 1984, under the Companies Act, 1956 as 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.

Equity shares of STI are presently listed on BSE and NSE and MPSE. However, STI, vide their letter dated October 5, 2005 filed an application for delisting and MPSE vide their letter dated April 3, 2007 informed the Company that their delisting committee decided to approve the delisting of 1,75,00,000 shares of the company from their exchange subject to payment of listing fee. Thereafter STI, vide their letter dated April 9, 2007 has paid the listing fee to MPSE [which MPSE acknowledged vide their receipt dated April 18, 2007] and is expecting the final delisting approval letter from MPSE. Equity shares of STI were also listed on The Delhi Stock Exchange Association Ltd (**"DSE"**), The Stock Exchange, Ahemedabad (**"ASE"**) and The Ludhiana Stock Exchange Association Limited (**"LSE"**) and got delisted from DSE, ASE and LSE with effect from March 1, 2005 March 31, 2005 and March 31, 2005 respectively.

STI is an established manufacturer of cotton yarn and cotton knitted fabrics. The Company's main products are 100% cotton yarns, both super combed and super carded, in the coarse to medium count range of NE 16/1-NE 40/1 and knitted fabrics. The Company has an employee workforce of over 900 and a plant capacity of 68,016 spindles and has 16 circular knitting machines, making STI one of the country's largest single units of its kind. The plant has a capacity to produce 14,000 metric tones of yarn and 2000 metric tones of fabric, with a majority of the equipment coming from international vendors, ensuring global standards of quality control and production. As a result, the Company exports 99% of its production to over 45 countries in all continents.

As on the date of this PA, the paid up equity share capital of STI consists of 2,90,00,000 fully paid up equity shares of Rs. 10/- each aggregating to Rs. 29,00,00,000/-. There are no partly paid up equity shares in the books of STI. Audited financials of STI for the year ended on March 31, 2006 are [previous year's figures for the year ended March 31, 2005 are given in brackets] : Sales & Other Income Rs. 15934.56 lakhs (Rs. 16426.34 lakhs); Expenditures Rs. 13484.04 lakhs (Rs. 15919.22 lakhs); Gross Profit / (Loss) before Interest, Depreciation and Tax (PBIDT) Rs. 2450.52 lakhs (Rs. 507.12 lakhs); Interest Rs. 1235.65 lakhs (Rs. 24.60 lakhs); Preliminary / Deferred revenue Exp. written off Nil (Rs. 9.40 lakhs); Cash Profit Rs. 1214.87 lakhs (Rs. 473.12 lakhs); Depreciation Rs. 1095.08 lakhs (Rs. 1080.79 lakhs); Net Profit/(Loss) Rs. 119.79 lakhs (Rs. - 607.67 lakhs); Prior year adjustments Nil (Rs. 5076.50 lakhs); Provision for Tax (FBT) Rs. 15.50 lakhs (Nil); Adjusted Profit/(Loss) Rs. 104.29 lakhs (Rs. 4468.83 lakhs); Balance brought forward from previous year Rs. - 14300.85 lakhs (Rs. - 18769.68 lakhs) and Net Profit/(Loss) carried forward to the Balance Sheet Rs. - 14196.56 lakhs (Rs. - 14300.85 lakhs).

5. Reasons for the acquisition, rationale for 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.

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.

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.

6. Statutory Approvals & Conditions of the Offer

Government of India reviewed the policy on Foreign Direct Investment (FDI) and vide Press Note No.4 (2006 Series) dated February 10, 2006 [issued by Ministry of Commerce & Industry, Department of Industrial Policy & Promotion] decided to allow, under automatic route, transfer of shares from residents to non residents where Takeover Regulations are attracted but subject to sectoral FDI policy. Therefore, no approvals are required for the Acquirers from FIPB, to acquire shares pursuant to SPA and to acquire equity shares pursuant to the Offer.

The shares that are tendered in the Offer 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 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. The Offer is therefore subject to the receipt of the approval of the Reserve Bank of India (**'RBI"**) under the Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder (**"FEMA"**) for the acquisition / transfer of equity shares by the Acquirers from the aforesaid category of shareholders under the Offer and other related matters. The Offer, along with any obligation in terms of the Takeover Regulations to make payment for, or purchase the Shares tendered and accepted, is subject to the receipt of approval from the Reserve Bank of India (**"RBI"**), under the FEMA.

Acquirers have opened an offshore escrow account with HSBC Bank Mauritius (Limited) [For details please refer to clause 8 of this PA] and shall make an application to RBI, if required, for its approval including their permission to open and fund the cash escrow account in India /transfer of funds from the aforesaid offshore escrow account in terms of the provisions of Takeover Regulations and to open a special account in India for the purpose of releasing payment of purchase consideration to eligible shareholders, as per RBI requirements and rules. 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.

In case of delay in receipt of statutory approvals, as explained above, Securities and Exchange Board of India (**"SEBI"**) has power to grant extension of time to the Acquirers for payment of purchase consideration to eligible shareholders of STI, subject to the Acquirers agreeing to pay interest as directed by SEBI, for the delayed period in terms of Regulation 22(12) of the Takeover Regulations. If the delay occurs due to willful default of the Acquirers in obtaining requisite approvals, Regulation 22(13) of the Takeover Regulations will become applicable.

To the best of the Acquirers' knowledge, (a) no approval from banks / financial institutions of the Company is required for the Acquirers to make this Offer and (b) other than the approvals mentioned aforesaid, no other statutory or regulatory approval is required for the Acquirers to proceed with the Offer. If any other approvals are required or become applicable subsequently, the Offer would be subject to such approvals. The Acquirers will have a right not to proceed with the Offer in the event the approvals are refused, in terms of Regulation 27(1)(b) of the Regulations.

7. Continuous Listing

The minimum public shareholding required for continuous listing of the equity shares of STI is 25% (twenty five) of the total issued equity share capital. Pursuant to this Offer, there will be no violation of Clause 40A of the listing agreement of STI with the stock exchanges on which its equity shares are listed and the equity shares will continue to be listed. Post open offer, if the public shareholding falls to a level below the minimum public holding required for continuous listing, 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 the levels specified for continuous listing specified in the listing agreement with the stock exchanges, within the prescribed period. However, as per Clause 40A (x) of the Listing Agreement, relevant provisions of 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"**).

8. Funding Arrangement

The maximum purchase consideration payable by the Acquirers in case of full acceptance of this Offer would be Rs. 14,50,00,000/- for acquisition of 58,00,000 equity shares at the offer price of Rs. 25.00 per share. The Acquirers have opened 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 more than 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. The Acquirers have confirmed that the funds lying in the above mentioned offshore cash escrow account will be utilized exclusively for the purpose of the Offer. Further, Manager to the Offer has been empowered to operate the off shore cash escrow account in compliance with Regulation 28 of the Takeover Regulations. For the purpose, the Acquirers entered into an Escrow Agreement with HSBC Bank Mauritius (Limited), HSBC Mumbai, India and YBL in terms of 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.

On receipt of RBI approval (if required), the Acquirers shall open an escrow account in India, as per the provisions of the Takeover Regulations. The Acquirers have authorized the Manager to the Offer to transfer the funds lying in the above mentioned offshore cash escrow account to the said domestic cash escrow account. The Acquirers have authorized the Manager to the Offer to operate the domestic cash escrow account in compliance with Regulation 28 of the Takeover Regulations and also to realize the value of escrow account in terms of the Regulations.

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. Firm arrangement for financial resources required to implement the offer is already in place. 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. Firm arrangement for financial resources required to implement the offer is already in place.

In view of above, 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 obligations of the Acquirers under the Offer and is satisfied that the Acquirers have adequate resources to meet the financial requirements of the Offer and ability to implement the Offer in accordance with the Takeover Regulations.

9. Other Terms of the Offer

The Letter of Offer (**"LOF"**) with Form of Acceptance cum Withdrawal Form (**"Acceptance Form"**) will be mailed to the shareholders of STI [except the Acquirers and Seller] whose names appear on the Register of Members of STI and beneficial owners of the equity shares, whose names appear as beneficiaries on the records of the respective depositories i.e., National Securities Depository Limited [**"NSDL"**] and Central Depository Services (India) Limited [**"CDSL"**], at the close of business hours on Thursday May 31, 2007 (**"Specified Date"**). All owners (registered or unregistered) of shares of STI [except the Acquirers and Seller] who own/hold equity shares at any time before the date of closure of the Offer are eligible to participate in the Offer.

Mondkar Computers Pvt. Limited, having their office at 21, Shakil Niwas, Opp. Satya Sai Baba Temple, Mahakali Caves Road, Andheri East, Mumbai 400093 is acting as the Registrar to the Offer (**"Registrar"**). The Registrar has opened a special depository account with NSDL in the name and style of **"Eight Capital & Associates Escrow Account" ("Special Depository Account")** through HDFC Bank Ltd, Trade World, Wing "A", Ground Floor, Kamala Mills Compound, Senapati Bapat Marg, Lower Parel, Mumbai 400013 [**"HDFC Bank"**].

Shareholders of STI holding equity shares in physical form and who wish to tender their equity shares will be required to send the Acceptance Form, original share certificate/s and transfer deed/s, duly signed, to the Registrar on or before the closure of the Offer in accordance with the instructions to be specified in the LOF.

Beneficial owners holding equity shares in dematerialized form will be required to send on or before the closure of the Offer, along with their Acceptance Form, a photocopy of the delivery instruction slip in "off-market" mode, duly acknowledged by the DP, for transferring the shares in favor of **"Eight Capital & Associates Escrow Account"** as per the instructions given below:

• **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

Shareholders of STI having their depository account with CDSL have to use inter-depository delivery instruction slip for the purpose of crediting their equity shares in favour of the special depository account with NSDL.

The equity shareholders of STI who wish to avail of the Offer will be required to deliver the Acceptance Form with relevant documents to the Registrar on any day (excluding holidays and Sundays) at the collection centres mentioned below, in accordance with the instructions to be specified in the LOF and in the Acceptance Form.

Eligible shareholders who wish to participate in the Offer may deliver the Acceptance Form with relevant documents at any of the collection centres mentioned below, which would remain open on Monday to Friday from 10.30 am to 1.00 pm and from 2.00 pm to 4.30 pm and on Saturdays from 10.30 am to 1.00 pm. excluding Sundays and Holidays.

Address of 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, Office No.5, Agra Building, 1st Floor, 121, M. G. Road, Opp. Mumbai University, Mumbai 400 001	Mr. Philip	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),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. Ltd. Suntech Consultants, B-3/4, Golden Point, Palasia Chouraha, Near Udipi Café, Manorama Ganj, Indore 452001	Mr. Sunil Agarwal	Hand Delivery	Tel: 0731 4025150 Fax: 0731 2493789
Mondkar Computers Pvt Limited C/o Vanashree Tele. 9, Amrapali Shopping Centre, New Sharda Mandir Road, Paldi, Ahmedabad 380 007	Mr. Pradip Upadhyay	Hand Delivery	Tel: 079 2660 8147 Fax: 079 2660 1909
Mondkar Computers Pvt Limited C/o Mr. Pradeep Tandon, Martin Burn House, Mezanine Floor, Room No.1 1, R N Mukherjee Road, Kolkata 700 001	Mr. Manas Tandon	Hand Delivery	Tel: 033 2248 8562

Unregistered owners can send their written applications to the Registrar, on a plain paper stating (a) the name, address, number of equity shares held, number of equity shares offered, distinctive numbers and folio number together with the original share certificate/s and valid transfer deeds in the case of equity shares held in physical form or (b) DP name, DP ID and client ID (collectively called "Shareholding Details") together with photocopy or counterfoil of the delivery instruction slip in "off-market" mode in the case of equity shares held in dematerialized form and (c) the original contract note issued by the broker through whom they acquired their shares. No indemnity is required from the unregistered owners of equity shares.

In case of non-receipt of the LOF, the eligible persons / shareholders of STI may send their consent to the Registrar, on a plain paper giving their shareholding details as above and submitting the documents as mentioned above so as to reach the Registrar on or before the date of closure of the Offer. Beneficial owners may send their written application on plain paper to the Registrar, giving their Shareholding Details as above along with beneficiary account number and either a photocopy or counterfoil of the delivery instruction in "off-market" mode, duly acknowledged by the DP, in favour of the Special Depository Account, so as to reach the Registrar, on or before the date of closure of the Offer. Such shareholders of STI may also obtain a copy of LOF by writing to the Registrar to the Offer superscribing the envelope "STI Offer". The equity shares are traded in dematerialized mode, hence, the minimum marketable lot is one equity share.

Equity shares, if any, that are the subject matter of litigation wherein the shareholder/s is/are/ may be precluded from transferring the equity shares during the pendency of the said litigation are liable to be rejected in case directions/orders from competent authority regarding these equity shares are not received together with the equity shares tendered under the Offer. The LOF, in such cases, would be forwarded to the concerned competent authority for further action at their end. In case the equity shares are in the name of tainted persons or the transfer of the equity shares was kept in abeyance due to the inclusion of the tainted persons as declared by the Special Custodian under the Special Act, such shares will not be accepted until the equity shares are cleared by the Special Court appointed for this purpose.

Shareholders of STI who have sent their equity shares for dematerialization need to ensure that the process of getting the equity shares dematerialized is completed well in time so that the credit in the Special Depository Account should be received on or before the date of closure of the Offer, else the application would be rejected.

Shareholders of STI who have lodged equity shares for transfer may either download the LOF and Acceptance Form from the SEBI's site (www.sebi.gov.in) or request for the Acceptance Form from the Registrar to the Offer. The Acceptance Form, duly completed and signed in accordance with the instructions contained therein or an application in writing on a plain paper stating the name, address, number of equity shares held, number of equity shares offered, distinctive numbers and folio number shall be sent to the Registrar to the Offer along with the acknowledgement, if any, received from STI for having lodged the equity shares for transfer. Shareholders of STI 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.

The Registrar to the Offer will hold, in trust, the share certificates, equity shares lying to the credit of the Special Depository Account, the Acceptance Form, if any and the transfer form/s on behalf of the shareholders of STI who have accepted the Offer, till the Acquirers complete the Offer obligations in accordance with the Takeover Regulations and till the cheques/drafts for the consideration and/or the unaccepted equity shares/share certificates are dispatched/returned.

In accordance with Regulation 22(5A) of the Takeover Regulations, shareholders of STI who have tendered the requisite documents in terms of the PA and LOF shall have the option to withdraw acceptances tendered upto three working days prior to the date of closure of the Offer. The withdrawal option can be exercised by submitting the documents as per the instructions given below so as to reach the Registrar to the Offer or at the collection centres mentioned above as per the mode of delivery indicated therein on or before Wednesday August 8, 2007.

The withdrawal option can be exercised on submitting (a) the form of withdrawal which will be sent to shareholders of STI along with the LOF and (b) the copy of the acknowledgement received from the Registrar to the Offer while tendering the acceptances together with (a) name, address, distinctive numbers, folio number, and number of equity shares tendered in respect of equity shares held in the physical form or (b) name, address, number of equity shares tendered, DP name, DP ID, beneficiary account number i.e., client ID and photocopy of the delivery instruction in "off market" mode duly acknowledged by DP, in respect of dematerialized equity shares. In case of non-receipt of the form of withdrawal, the above withdrawal application can be made on a plain paper.

The consideration for equity shares accepted by the Acquirers will be paid by crossed account payee cheques/demand drafts. Such payments and documents i.e., share certificates etc. in case of unaccepted equity shares will be returned by registered post/speed post at the shareholders'/unregistered owners' sole risk. Consideration up to Rs. 1,500/- may be dispatched "Under Certificate of Posting". Equity shares held in dematerialized form to the extent not accepted will be credited back to the account of the beneficial owner specified in the Acceptance Form. The payment of consideration for the accepted equity shares will be made by the Acquirers by cheque/demand draft to the shareholders of the accepted equity shares within 15 days from the date of closure of the Offer i.e. by Tuesday August 28, 2007.

A schedule of the activities in respect of the Offer is given below:

Activities	Days & Dates
Specified Date *	Thursday May 31, 2007
Last date for Competitive Bid	Wednesday June 20, 2007
Date by which letter of offer to reach the shareholders	Saturday July 14, 2007
Date of opening of the Offer	Tuesday July 24, 2007
Last date for revising the Offer Price / number of equity shares	Thursday August 2, 2007
Last date up to which shareholders may withdraw	Wednesday August 8, 2007
Date of Closure of the Offer	Monday August 13, 2007
Date for communicating acceptance/rejection under the Offer and payment of consideration for applications accepted.	Tuesday August 28, 2007

* Specified Date is only for the purpose of determining the names of shareholders of STI as on such date to whom the letter of offer would be sent.

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

While tendering equity shares under the Offer, non resident shareholders (Non Resident Indians/Overseas Corporate Bodies/Foreign shareholder) will be required to submit the previous RBI approval (specific or general) that they would have been required to submit to acquire the shares of STI. In case the previous RBI approvals are not submitted, the Acquirers reserve the right to reject such shares tendered. While tendering the shares under the Offer, Non-Resident Indians (NRIs)/Overseas Corporate Bodies (OCBs)/foreign shareholders will be required to submit a Tax Clearance Certificate from Income Tax authorities, indicating the amount of tax to be deducted by the Acquirers under the Income-tax Act, 1961 (the **"Income Tax Act"**) before remitting the consideration. In case the aforesaid Tax Clearance Certificate (**"TCC"**) is not submitted, Acquirers will arrange to deduct tax at the rate as may be applicable to the category of the shareholder under the Income Tax Act, on the entire consideration amount payable to such shareholder.

As per the provisions of Section 196D (2) of the Income Tax Act, 1961 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, 1961 payable to a Foreign Institutional Investor ("FII") as defined in section 115AD of the Income Tax Act, 1961. 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, 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, 1961. Securities transaction tax will not be applicable to the shares accepted in this Offer.

In case of resident shareholders of STI, 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 of STI 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 No Objection Certificate from the income tax authorities indicating the rate at which tax is to be deducted by the Acquirers or a self declaration in Form 15G or Form 15H as may be applicable. Shareholders of STI eligible to receive interest component exceeding Rs. 5,000/- would be required to submit their Permanent Account Number for income tax purposes. Clauses relating to payment of Interest will become applicable only in the event of the Acquirers becoming liable to pay interest for delay in release of purchase consideration.

10. General

Shareholders who have accepted the Offer by tendering the requisite documents, in terms of the PA / LOF, can withdraw the same up to three working days prior to the date of closure of the Offer i.e. upto Wednesday August 8, 2007.

The Acquirers can revise the Offer price upwards up to 7 working days prior to the closure of the Offer i.e. Thursday August 2, 2007 and if there is any upward revision in the Offer Price up to 7 (seven) working days prior to the date of closure of the Offer, the same would be informed by way of a public announcement in the same newspapers where this PA appears and the revised price would be payable to all shareholders of STI who have tendered their equity shares anytime during the Offer.

The Acquirers, the Seller and STI have not been prohibited by SEBI from dealing in securities, in terms of direction issued under Section 11B of the Securities and Exchange Board of India Act, 1992(**"SEBI Act"**) or under any other regulations made under the SEBI Act.

The Acquirers retain the option of acquiring equity shares of STI outside this Offer, subject to the provisions of the Takeover Regulations.

If there is a competitive Offer / bid, (i) the public offers under all the subsisting bids shall close on the same day and (ii) as the Offer Price cannot be revised during 7 working days prior to the date of closure of the Offer / bids, it would be in the interest of the shareholders of STI to wait till the commencement of that period to know the final Offer Price of each offer/bid and tender their acceptance accordingly.

Pursuant to Regulation 13 of the Takeover Regulations, the Acquirers have appointed YBL, Mumbai as Manager to the Offer and YBL does not hold any equity shares in the paid up equity share capital of STI.

The Acquirers and the directors of the Acquirers accept full responsibility for the information contained in this PA and also for the obligations of the Acquirers to the extent as required and as laid down in the Takeover Regulations.

All financial data contained in this PA have been rounded off to the nearest Rs. lakhs except where stated otherwise.

SEBI web site

This PA would also be available on SEBI's website at www.sebi.gov.in. Eligible persons to the Offer may also download a copy of the LOF and Acceptance Form which will be available on SEBI's website from the date of opening of the Offer i.e., Tuesday July 24, 2007 and send their acceptances by filling in the same.

For further details, please refer to the LOF and Acceptance Form.

Manager to the Offer	Registrar to the Offer
YES BANK	MCPL
YES BANK Limited 12th Floor, Discovery of India Building Nehru Centre, Dr. Annie Besant Road Worli, Mumbai 400 018 Tel. No: 91 22 6669 9000 Fax No: 91 22 2497 4158 E-mail: merchantbanking@yesbank.in SEBI Registration No: MB / INM 0000 10874 Contact: Dhanraj Uchil / Debangshu Sarkar	**Mondkar Computers Pvt Limited** 21, Shakil Niwas, Opp: Satya Sai Baba Temple, Mahakali Caves Road Andheri East, Mumbai 400093 Tel: 022 2820 7203 - 2820 7205 Fax: 022 2820 7207 Email: info@mondkarcomputers.com SEBI Registration No: INR 000000 114 Contact: Ashok Gupta

Issued by Manager to the Offer on behalf of the Acquirers viz Eight Capital Master Fund Limited, M&C Corporate Services Limited, P.O. Box 306CEI, Ugland House, South Church Street, George Town Grand Cayman, Cayman Islands and Spinnaker Global Opportunity Fund Ltd, Spinnaker Global Emerging Markets Fund Ltd and Spinnaker Global Strategic Fund Ltd, c/o Maples Finance BVI Limited, Sea Meadow House, P.O. Box 173, Road Town, Tortola, British Virgin Islands.

Place: Mumbai

Date: May 30, 2007

Fortune 2206