LETTER OF OFFER

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

This Letter of Offer is sent to you as a Shareholder(s) of AGC Networks Limited (formerly known as Avaya GlobalConnect Limited). If you require any clarifications about the action to be taken, you may consult your stock broker or investment consultant or the Manager / Registrar to the Offer. In case you have recently sold your shares in AGC Networks Limited, please hand over this Letter of Offer and the accompanying Form of Acceptance cum Acknowledgement, Form of Withdrawal and Transfer Deed to the member of the stock exchange through whom the said sale was effected.

CASH OFFER

BY

Essar Capital Finance Private Limited (the "Acquirer" / "ECF")
Registered Office : 56, New No. 77, C. P. Ramaswamy Road, Abhiramapuram, Chennai – 600 018
Tel : 022 6660 1100; Fax : 022 2354 4490

along with

Essar Services Holdings Limited (as the Person Acting in Concert, the "PAC" / "ESHL")
Registered Office : 10, Frère Félix de Valois Street, Port Louis, Mauritius
Tel : (230) 202 3000; Fax : (230) 212 5265

AT Rs. 274 (Rupees Two Hundred and Seventy Four only) PER FULLY PAID UP EQUITY SHARE OF FACE VALUE OF Rs. 10/- (Rupees Ten Each) TO ACQUIRE 28,46,647 FULLY PAID UP EQUITY SHARES

representing 20% of the voting capital **("Offer")** of **AGC Networks Limited ("Target Company")**
Registered office : 72, Kalpataru Synergy, Opp. Grand Hyatt, Vakola, Santacruz (East), Mumbai - 400055
Tel : 022 6661 7272; Fax : 022 6704 5888

Notes :

1. This Offer is being made by ECF, the Acquirer along with ESHL, the PAC pursuant to and in accordance with the provisions of Regulation 10 read with Regulation 12 of the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 1997, and subsequent amendments thereof **("SEBI (SAST) Regulations").**
2. **This Offer is not a conditional offer and is not subject to a minimum level of acceptance by the Shareholders of the Target Company.**
3. This Offer is not a competitive bid.
4. The Offer is subject to receipt of the approval of the Reserve Bank of India **("RBI")** under the Foreign Exchange Management Act, 1999 and the rules and regulations issued thereunder. ECF had filed an application dated June 1, 2010 with the RBI. Pursuant to said application RBI has vide its letter dated July 7, 2010 granted its no-objection to the acquisition of 28,46,647 Shares by ECF along with ESHL from certain public shareholders (i.e. NRI / NR entities / FIIs etc.) of the Target Company. The RBI has specified that if the Shares are tendered by OCB/s, then ECF would have to approach the RBI for specific prior approval, giving details of the OCB/s. As of the date of this Offer, there are no other approvals required other than that of the RBI which will be required only if Shares are tendered by OCB/s. The Offer would be subject to all other statutory approvals that may become applicable at a later date before the completion of the Offer.
5. **Shareholders who accept the Offer by tendering the requisite documents, in terms of the Public Announcement / Letter of Offer, can withdraw the same up to 3 working days prior to the date of closure of the Offer. Requests for such withdrawals should reach the Registrar to the Offer on or before 5 pm on Wednesday, August 4, 2010.**
6. ECF and ESHL are permitted to increase the Offer Price and/ or the number of Shares proposed to be acquired by ECF. Such upward revision will be made in accordance with Regulation 26 of the SEBI (SAST) Regulations, not later than Thursday, July 29, 2010, which is 7 working days prior to the date of closure of the Offer (i.e. Monday, August 9, 2010). If the Offer Price is revised upward, such revised price will be payable to all the Shareholders of the Target Company who have accepted the Offer and submitted their Shares at any time during the Offer period to the extent their Shares have been verified and accepted by ECF. In the event of such revision a public announcement will be made in the same newspapers mentioned in paragraph 2.2.1 of this Letter of Offer where the original PA appeared.
7. ECF may withdraw the Offer in accordance with the conditions specified in Regulation 27 of the SEBI (SAST) Regulations. In the event of such withdrawal, the same would be notified by way of a public announcement in the same newspapers in which the PA was published.
8. **"If there is a competitive bid(s): (i) the public offers under all the subsisting bids shall close on the same date; and (ii) as the Offer Price cannot be revised during 7 working days prior to the closing date of the offers/bids, it would, therefore, be in the interest of Shareholders to wait till the commencement of that period to know the final offer price of each bid and tender their acceptance accordingly."**
9. There has been no competitive bid as of the date of this Letter of Offer.
10. **The Public Announcement, this Letter of Offer, Form of Acceptance cum Acknowledgment and Form of Withdrawal is also available on the website of the Securities and Exchange Board of India ("SEBI") www.sebi.gov.in. A copy of the Form of Acceptance cum Acknowledgment may also be obtained from the Registrar to the Offer commencing on the date of the dispatch of the Letter of Offer. All future correspondence, if any, should be addressed to the Registrar to the Offer at the address mentioned below:**

MANAGER TO THE OFFER	REGISTRAR TO THE OFFER
Edelweiss Ideas create, values protect **Edelweiss Capital Limited** 14th Floor, Express Towers, Nariman Point, Mumbai – 400 021, India Tel: +91–22– 4086 3535 Fax: +91–22– 4086 3610 E-mail: eshlopenoffer@edelcap.com SEBI Regn: INM0000010650 Contact Person: Ms. Sujaya Moghepadhye/ Ms. Neetu Ranka	**Datamatics Financial Services Limited** A-16 & 17, MIDC, Part B Crosslane, Marol, Andheri (East), Mumbai 400093, India Tel: +91-22-66712151-56 Fax: +91-22-66712234 Email: ecfopenoffer@dfssl.com SEBI Regn: INR 000000874 Contact person: Mr. Ralph Gonsalves
OFFER OPENING DATE: Wednesday, July 21, 2010	**OFFER CLOSING DATE: Monday, August 09, 2010**

Activity	**Original Schedule Day and Date**	**Revised Schedule Day and Date**
Public Announcement	Monday, May 31, 2010	Monday, May 31, 2010
Specified Date*	Friday, June 04, 2010	Friday, June 04, 2010
Last date for a competitive bid	Monday, June 21, 2010	Monday, June 21, 2010
Last date by which Letter of Offer will be dispatched to Shareholders	Wednesday, July 07, 2010	Friday, July 16, 2010
Date for opening of the Offer	Friday, July 16, 2010	Wednesday, July 21, 2010
Last date for revising the Offer Price / number of equity shares	Monday, July 26, 2010	Thursday, July 29,2010
Last date for withdrawing acceptance from the Offer	Friday, July 30, 2010	Wednesday, August 4, 2010
Date of closure of the Offer	Wednesday, August 04, 2010	Monday, August 9, 2010
Date of communicating rejection / acceptance and payment of consideration for accepted applications**	Thursday, August 19, 2010	Monday, August 23, 2010

**Specified Date is only for the purpose of determining the names of the public shareholders of the Target Company as on such date to whom the Letter of Offer would be sent. All owners (registered or unregistered) of the equity shares of the Target Company, except the parties to the SPA, are eligible to participate in the Offer anytime before the closure of the Offer*.

***Last date as per SEBI (SAST) Regulations.*

RISK FACTORS

I. *General*

- ECF and ESHL cannot provide any assurance with respect to the market price of the Shares of the Target Company before, during or after the Offer and each expressly disclaims any responsibility or obligation of any kind (except as required by applicable law) with respect to any decision by any Shareholder on whether to participate or not to participate in the Offer.

II. *Risk Factors associated with the Open Offer*

- ECF had filed an application dated June 1, 2010 with the RBI to seek RBI's approval for acquisition of Shares from non-resident Shareholders. RBI has vide its letter dated July 7, 2010 granted its no-objection to the acquisition of 28,46,647 Shares by ECF along with ESHL from certain public shareholders (i.e. NRI / NR entities / FIIs etc.) of the Target Company. The RBI has, however, specified that if the Shares are tendered by OCB/s, then ECF would have to approach the RBI for specific prior approval, giving details of the OCB/s.
- In the event of regulatory approvals not being received in a timely manner or there is any litigation leading to a stay on the Offer, or SEBI instructing that the Offer should not proceed, the Offer process may be delayed beyond the schedule indicated in this Letter of Offer. Consequently, the payment of consideration to the Shareholders of the Target Company whose Shares have been accepted in the Offer as well as the return of the Shares not accepted by ECF may be delayed.
- In case of delay in receipt of the statutory approval(s) SEBI has the power to grant an extension of time to ECF and ESHL for payment of consideration to the Shareholders of the Target Company, subject to ECF and ESHL agreeing to pay interest for the delayed period as directed by SEBI in terms of Regulation 22(12) of the SEBI (SAST) Regulations.
- Further, Shareholders should note that after the last date of withdrawal i.e. Wednesday, August 4, 2010, Shareholders who have lodged their Shares would not be able to withdraw their Shares 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 the process of acceptance of tenders and the payment of consideration is completed. The Shareholders will not be able to trade in such Shares which are in the custody of the Registrar to the Offer.
- There is no assurance with respect to the continuation of the past trend in the financial performance of the Target Company.
- In the event of oversubscription in the Offer, the acceptance of the Shares tendered will be on a proportionate basis and will be contingent on the level of subscription and there is no certainty that all the Shares tendered by the Shareholders in the Offer will be accepted.
- ECF, ESHL and the Manager to the Offer accept no responsibility for the statements made otherwise than in the Public Announcement or this Letter of Offer or in the advertisement or any materials issued by or at the instance of ECF, ESHL and the Manger to the Offer, and any person placing reliance on any other source of information would be doing so at its own risk.
- The Offer is subject to completion risks as would be applicable to similar transactions.

The risk factors set forth above are not intended to cover a complete analysis of all risks as perceived in relation to the Offer or in association with ECF and ESHL, but are only indicative. They do not relate to the present or future business or operations of the Target Company or any other related matters, and are neither exhaustive nor intended to constitute a complete analysis of the risks involved in the participation by a Shareholder in the Offer. The Shareholders are advised to consult their stockbroker, investment consultant or tax advisor, if any, for further risks with respect to their participation in the Offer.

CURRENCY OF PRESENTATION

In this Letter of Offer, all references to “USD” or “$” is to the US Dollar. Unless otherwise stated, the Rupee equivalent quoted in each case is calculated in accordance with the Bloomberg Reference rate.

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DEFINITIONS

Acceptor	Shall have the meaning given to it in paragraph 8.1
Acquirer / ECF	Essar Capital Finance Private Limited
BSE	Bombay Stock Exchange Limited
CDSL	Central Depositary Services (India) Limited
DC	Direct Credit
DP	Depository Participant
Draft Letter of Offer	Draft Letter of Offer dated June10, 2010 filed with the SEBI
ECS	Electronic Clearing Services
Escrow Account	Shall have the meaning assigned to it in paragraph 6.3.3.1
Escrow Agent	Shall have the meaning assigned to it in paragraph 6.3.3.1
Escrow Agreement	Shall have the meaning assigned to it in paragraph 6.3.3.1
FEMA	Foreign Exchange Management Act, 1999
Form of Acceptance / FOA	Form of Acceptance cum Acknowledgement
GCA	GlobalConnect Australia Pty Ltd
Letter of Offer	This Letter of Offer dated July 13, 2010
Listing Agreements	Shall have the meaning given to it in paragraph 4
Manager/ Manager to the Offer / Merchant Banker	Edelweiss Capital Limited
NEFT	National Electronic Funds Transfer
NSDL	National Securities Depository Limited
NSE	National Stock Exchange of India Limited
NRI	Non-Resident Indians
OCB	Overseas Corporate Bodies
Offer	This mandatory offer being made by ECF along with ESHL to acquire 28,46,647 Shares, representing in aggregate 20% of the voting capital of the Target Company at a price of Rs. 274 (Rupees two hundred and seventy four only) per fully paid up Share payable in cash as set out in this Letter of Offer
Offer Consideration	Shall have the meaning given to it in paragraph 2.1.5 (i)
Offer Price	Rs. 274 (Rupees two hundred and seventy four only) per fully paid up Share each in terms of Regulation 20 of the SEBI (SAST) Regulations
Offer Shares	28,46,647 fully paid up Shares of Rs. 10/- each, representing 20% of the voting capital of the Target Company to be acquired from the public Shareholders of the Target Company at the Offer Price, payable in cash
PAC / ESHL	Essar Services Holdings Limited, a company registered under the laws of the Republic of Mauritius, the Person Acting in Concert with ECF for the purpose of

	the Offer
Persons eligible to participate in Offer	All Shareholders (except parties to the SPA), whose names appear in the register of Shareholders on the Specified Date and also persons who own Shares any time prior to the closure of the Offer, whether or not they are registered Shareholders, are eligible to participate in the Offer
Public Announcement / PA	Public Announcement of the Offer by ECF and ESHL, made by the Manager to the Offer on behalf of ECF and ESHL on May 31, 2010
RBI	The Reserve Bank of India
Registrar / Registrar to the Offer	Datamatics Financial Services Limited
RTGS	Real Time Gross Settlement
Sale Shares	59.13% of the paid up share capital of the Target Company comprising 84,15,988 (eight four lakhs fifteen thousand nine hundred and eighty eight) Shares
SEBI	The Securities and Exchange Board of India
SEBI (SAST) Regulations	The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 1997, and subsequent amendments thereto
SEBI Act	The Securities and Exchange Board of India Act, 1992
Seller I	Sierra Communication International LLC having its registered office at 2711 Centreville Road, Suite 400, Wilmington, Delaware 19808; Fax: (908)953-6000, Tel: (908) 953-4912
Seller II	Avaya Mauritius Limited having its registered office at St Louis Business Centre, Cnr Desroches & St Louis Streets, Port Louis, Mauritius; Fax: (908)953-6000, Tel: (908) 953-4912
Sellers	Seller I and Seller II collectively
Share(s)	Fully paid up equity share(s) of the Target Company, having a face value of Rs. 10/- each
Shareholder(s)	All owners (registered or unregistered) of Shares
SPA	Shall have the meaning given to it in paragraph 2.1.3
Specified Date	June 4, 2010
Target Company	AGC Networks Limited
TCC	Tax Clearance Certificate

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

1 DISCLAIMER CLAUSE

IT IS TO BE DISTINCTLY UNDERSTOOD THAT FILING OF THE DRAFT LETTER OF OFFER WITH THE SEBI SHOULD NOT IN ANY WAY BE DEEMED OR CONSTRUED THAT THE SAME HAS BEEN CLEARED, VETTED OR APPROVED BY THE SEBI. THE DRAFT LETTER OF OFFER HAS BEEN SUBMITTED TO THE SEBI FOR A LIMITED PURPOSE OF OVERSEEING WHETHER THE DISCLOSURES CONTAINED THEREIN ARE GENERALLY ADEQUATE AND ARE IN CONFORMITY WITH THE SEBI (SAST) REGULATIONS. THIS REQUIREMENT IS TO FACILITATE THE SHAREHOLDERS OF AGC NETWORKS LIMITED TO TAKE AN INFORMED DECISION WITH REGARD TO THE OFFER. THE SEBI DOES NOT TAKE ANY RESPONSIBILITY EITHER FOR FINANCIAL SOUNDNESS OF ESSAR CAPITAL FINANCE PRIVATE LIMITED, ESSAR SERVICES HOLDINGS LIMITED OR AGC NETWORKS LIMITED WHOSE SHARES ARE PROPOSED TO BE ACQUIRED OR FOR THE CORRECTNESS OF THE STATEMENTS MADE OR OPINIONS EXPRESSED IN THE LETTER OF OFFER. IT SHOULD ALSO BE CLEARLY UNDERSTOOD THAT WHILE ECF AND ESHL 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 ECF DULY DISCHARGES ITS RESPONSIBILITY ADEQUATELY. IN THIS BEHALF, AND TOWARDS THIS PURPOSE, EDELWEISS CAPITAL LIMITED, THE MANAGER TO THE OFFER, HAS SUBMITTED A DUE DILIGENCE CERTIFICATE DATED JUNE 10, 2010 TO THE SEBI IN ACCORDANCE WITH THE SEBI (SAST) REGULATIONS AND SUBSEQUENT AMENDMENTS THEREOF. THE FILING OF THE LETTER OF OFFER DOES NOT, HOWEVER, ABSOLVE ESSAR CAPITAL FINANCE PRIVATE LIMITED AND ESSAR SERVICES HOLDINGS LIMITED 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 The Offer is being made pursuant to Regulation 10 read with Regulation 12 and other applicable provisions of the SEBI (SAST) Regulations by ECF as Acquirer along with ESHL, the PAC to the Shareholders of AGC Networks Limited (formerly known as Avaya GlobalConnect Limited) to acquire the Offer Shares for the substantial acquisition of Shares of the Target Company and change in control pursuant to it.

2.1.2 For the purpose of this Offer, ESHL is acting as a PAC with ECF to the Offer within the meaning of Regulation 2(1)(e) of the SEBI (SAST) Regulations.

2.1.3 On May 30, 2010, ESHL entered into a Share Purchase Agreement (the "**SPA**") with ECF and the promoters of the Target Company i.e. Sierra Communication International LLC (Seller I) and Avaya Mauritius Limited (Seller II). Pursuant to the SPA, Seller I has agreed to sell to ESHL and ESHL has agreed to purchase from Seller I, 36,30,035 (thirty six lakhs thirty thousand and thirty five) Shares aggregating to 25.50% of the paid up share capital of the Target Company and Seller II has agreed to sell to ESHL and ESHL has agreed to purchase from Seller II, 47,85,953 (forty seven lakhs eighty five thousand nine hundred and fifty three) Shares aggregating to 33.63% of the paid up share capital of the Target Company. Therefore, cumulatively, ESHL has agreed to purchase from the Sellers, the Sale Shares at the United States Dollars ("**USD**") equivalent of Rs. 245/- (Rupees two hundred and forty five only) per Sale Share (as per the applicable exchange rate on May 28, 2010). On the completion date, as per the SPA, the consideration will be wire transferred by ESHL to the designated bank accounts of the Sellers. Apart from the consideration mentioned herein, no compensation either directly or indirectly is being given to the Sellers.

2.1.4 As on the date of the PA, ECF and ESHL do not hold any shares in the Target Company.

2.1.5 The salient features of the SPA are as follows:

a. The Sellers are the legal and beneficial owners of the Sale Shares i.e. 84,15,988 Shares constituting 59.13% of the issued and paid up equity share capital of the Target Company. The Sellers have agreed to sell and ESHL has agreed to acquire from the Sellers the Sale Shares for an aggregate consideration of the USD equivalent of Rs. 206,19,17,060/- (Rupees two hundred and six crores nineteen lakhs seventeen thousand and sixty only) (as per the applicable exchange rate on May 28, 2010).

b. The obligation of the parties to the SPA to complete the transfer of Sale Shares is subject to fulfillment of conditions precedent mentioned in the SPA including completion of the Offer on the terms thereof including at the Offer Price.

c. ESHL will not acquire any Shares from the public Shareholders of the Target Company under the Offer and the Shares will be acquired in the Offer only by ECF. ESHL will acquire the Sale Shares from the Sellers only upon the successful completion of the Offer.

d. In terms of Regulation 22(16) of the SEBI (SAST) Regulations, the parties to the SPA have agreed that in the event that any of the provisions of the SEBI (SAST) Regulations are not complied with by ECF, the SPA shall not be acted upon by the Sellers, ESHL and ECF.

e. The sale and purchase of the Sale Shares shall be subject to compliance with the provisions of the SEBI (SAST) Regulations.

f. Within 5 working days after issuance of a certificate by the Manager to the Offer as per Regulation 23(6) of SEBI (SAST) Regulations, certifying the fulfillment of all obligations by ECF under the SEBI (SAST) Regulations, and the fulfillment of the other conditions precedents as per the SPA, the Sale Shares held by the Sellers shall be transferred to ESHL and the Sellers will give the necessary instructions to their respective depository participants in relation to such transfer.

g. The SPA consists of standard standstill provisions commensurate to transactions of this nature to ensure primarily that pending completion of the transaction contemplated in the SPA, the business of the Target Company is conducted in its ordinary and usual course of business as defined in the SPA.

h. The SPA contains standard representations, warranties, indemnities, non-solicitation and non-compete provisions commensurate to transactions of this nature. No separate non-compete fee is being paid to the Sellers by ECF or ESHL.

i. Subject to ECF having deposited in the escrow account 100% of the consideration for the Shares to be acquired as a part of the Offer ("**Offer Consideration**"), upon the expiry of 21 days from the date of the PA, the Sellers will exercise their rights as Shareholders of the Target Company and cause their respective nominees on the board of the Target Company (subject to their fiduciary duties) to exercise their rights as directors to invite 1 (one) representative jointly nominated by ESHL and ECF as an observer to the board of directors of the Target Company with the right to attend meetings of the board of the Target Company in a non – voting capacity and receive notices, agendas, minutes, consents and other materials in connection with the meetings of the board of the Target Company.

j. Unless otherwise agreed by the parties, the SPA shall stand terminated on the earlier of the 180th day from the execution of the SPA or such other date as may be mutually agreed in writing between the parties to the SPA, in the event that the transactions contemplated therein have not been completed by then or SEBI permitting ECF to withdraw the Offer on the grounds that ECF was not permitted to complete the Offer as per the terms of the Offer or RBI approval for acquisition of shares tendered by non-resident Indians, overseas corporate bodies and persons resident outside India in the Offer was denied.

2.1.6 Pursuant to the proposed substantial acquisition of Shares, this Offer is being made by ECF as Acquirer along with ESHL as PAC pursuant to Regulations 10 and 12 and other applicable provisions of the SEBI (SAST) Regulations.

2.1.7 ECF and ESHL belong to Essar group of companies. Save and except ESHL, no other person is acting in concert with ECF for the purpose of the Offer.

2.1.8 As confirmed by ECF and ESHL, they have not been prohibited from dealing in securities in terms of directions issued under Section 11B of the SEBI Act or under any other applicable law.

2.1.9 The Sellers have not been prohibited from dealing in securities in terms of directions issued under Section 11B of the SEBI Act or under any other applicable law.

2.1.10 The Target Company has not been prohibited from dealing in securities in terms of directions issued under Section 11B of the SEBI Act or under any other applicable law.

2.1.11 As on date of the PA and this Letter of Offer, ECF does not have any representative on the board of directors the Target Company.

2.1.12 There will be a change in the directors representing ECF and ESHL on the board of directors of the Target Company subsequent to the Open Offer. The name(s) of the directors representing ECF and ESHL are yet to be decided.

2.2 ***Details of the Offer***

2.2.1 The Public Announcement dated May 31, 2010 in accordance with Regulation 15(1) of the SEBI (SAST) Regulations was made in the following newspapers on May 31, 2010:

Newspaper	**Language**	**Editions**
Financial Express	English	All
Business Standard	Hindi	All
Navshakti	Marathi	Mumbai

(A copy of the Public Announcement is available on SEBI's website: www.sebi.gov.in)

2.2.2 ECF along with ESHL hereby makes this Offer to the Shareholders of the Target Company (except parties to the SPA) to acquire 28,46,647 Shares, representing 20% of the voting capital of the Target Company, from the public Shareholders of the Target Company, at a price of Rs. 274 per Share payable in cash subject to the terms and conditions set out in this Letter of Offer in accordance with the SEBI (SAST) Regulations.

2.2.3 As on the date of the Draft Letter of Offer, there are no partly paid up Shares in the Target Company or any other instruments convertible into Shares, at a later date.

2.2.4 This is not a competitive bid. As of the date of this Letter of Offer, there have been no competitive bids.

2.2.5 Subject to the receipt of regulatory approvals as set out in this Letter of Offer, ECF will acquire Shares up to the extent mentioned in this Letter of Offer.

2.2.6 This Offer is not a conditional offer and is not subject to a minimum level of acceptance by the Shareholders of the Target Company. Further, there is no differential pricing.

2.2.7 There have been no further acquisition(s) of Shares of the Target Company by ECF or ESHL after the date of the Public Announcement.

2.2.8 The Shares to be acquired under this Offer are to be free from all liens, charges and encumbrances and will be acquired together with all rights attached thereto, including all rights to dividend, bonus and rights of offer declared thereof.

2.3 ***Object of the Offer***

2.3.1 This Offer is being made to the Shareholders of the Target Company pursuant to Regulations 10 and 12 of the SEBI (SAST) Regulations and other applicable provisions of the SEBI (SAST) Regulations as a result of proposed substantial acquisition of Shares / voting rights along with the change in control of the Target Company.

2.3.2 The object and purpose of the acquisition is to enable ESHL to enter into the business of systems integration and managed services in India and Australia.

2.3.3 ECF and ESHL envisage that the Target Company may explore acquisitions, mergers or strategic tie-ups for achieving organic and inorganic growth.

3 BACKGROUND OF ECF AND ESHL

Acquirer / ECF

3.1 ECF was incorporated on May 14, 2008 in India and has its registered office at 56, New No. 77, C. P. Ramaswamy Road, Abhiramapuram, Chennai – 600 018 (Tel. No. 022 6660 1100 Fax No. 022 2354 4490). The corporate office of ECF is at Essar House, 11, Keshavrao Khadye Marg, Mahalaxmi, Mumbai – 400 034, India (Tel: 91 22 6660 1100; Fax: 91 22 2354 4490).

3.2 The authorized share capital of ECF is Rs. 2,00,00,000/- (Rupees two crores only) divided into 10,00,000 equity shares of Rs. 10/- (Rupees ten only) each and 10,00,000 preference shares of Rs. 10/- where as the paid up share capital of ECF is Rs. 96,00,000/- (Rupees ninety six lakhs only) comprising of 10,000 equity shares of Rs. 10/- (Rupees ten only) each and 9,50,000 preference shares of Rs. 10/- (Rupees ten only) each as on the date of the PA.

3.3 ECF is engaged in the business of financing, financial advisory services and mergers and acquisition advisory services.

3.4 The promoter of ECF is Mr. Anshuman Shashi Ruia.

3.5 As ECF does not hold Shares of the Target Company and has never held Shares of the Target Company in the past, the provisions of chapter II of the SEBI (SAST) Regulations are not applicable to ECF as far as the Target Company is concerned.

3.6 The board of directors of ECF and their other details are as listed below:

Name, Designation	Residential Address	Qualifications	Experience	Date of Appointment	Director Identification Number
Mr. Anshuman Shashi Ruia, Director	67 A Walkeshwar Road, Opp Birla School, Mumbai, 400006, Maharashtra, India	Bachelor of Commerce	12 years	14/05/2008	00008501
Mr. VG Raghavan, Director	Flat No 171/172, 17th Floor, Kalpataru Residency, Sion Circle, Sion (E), Mumbai, 400022, Maharashtra, India	Chartered Accountant	38 years	31/10/2009	00008683
Mr. Neeraj Gupta, Director	Panhar, Worli Sea Face, Khan Abdul Gafar Khan Road, Worli, Mumbai,	Chartered Accountant	17 years	14/05/2008	00317395

Name, Designation	Residential Address	Qualifications	Experience	Date of Appointment	Director Identification Number
	400025, Maharashtra, India				

3.7 Currently none of the directors of ECF are on the board of directors the Target Company.

3.8 The equity shares of ECF are not listed on any stock exchanges.

3.9 Shareholding pattern of ECF as on date of the PA is as follows:

Sl. No.	Shareholder's Category	No. of equity shares held (of the face value of Rs. 10 each)	Percentage of shareholding
1.	Promoter – Anshuman Ruia	10,000 equity shares	100.00
2.	FII/ Mutual Funds/ FIs/ Banks	NIL	NIL
3.	Public	NIL	NIL
	Total	10,000	100.00

3.10 None of the directors of ECF has acquired any Shares of the Target Company during the 12 months prior to the date of the Public Announcement and from the date of Public Announcement till the date of this Letter of Offer.

3.11 Selected financial data from ECF's financial statements is provided below:

(Rs in lacs)

Profit & Loss Statement	Audited financials for March 31, 2009	Unaudited certified financials for nine months ended Dec 31, 2009
Income from operations	-	Negligible
Other Income	-	-
Total Income	**-**	**Negligible**
Total Expenditure.	2.18	13.26
Profit / (Loss) Before Depreciation Interest and Tax	(2.18)	(13.26)
Depreciation	Nil	Nil
Interest	Nil	Nil
Profit / (Loss) Before Tax before extraordinary item	**(2.18)**	**(13.26)**
Extraordinary items	Nil	Nil
Profit / (Loss) before tax after extraordinary items	(2.18)	(13.26)
Provision for Tax	Nil	Nil
Profit / (Loss) After Tax	**(2.18)**	**(13.26)**

		(Rs in lacs)
Balance Sheet Statement	**Audited financials as on March 31, 2009**	**Unaudited certified financials as on nine months ended Dec 31, 2009**
Sources of funds		
Paid up share capital	1.00	96.00
Reserves and Surplus (excluding revaluation reserves) – P&L Account (Debit balance)	(2.18)	(15.44)
Networth	(1.18)	80.56
Secured loans	Nil	Nil
Unsecured loans	Nil	32.13
Total	**(1.18)**	**112.69**
Uses of funds		
Net fixed assets (inc rev reserve)	Nil	Nil
Less Revaluation reserve	Nil	Nil
Net Fixed Assets (excluding rev. reserve)	Nil	Nil
Investments	Nil	95.00
Net current assets	(1.18)	17.69
Total	**(1.18)**	**112.69**

Other Financial Data	**Audited financials as on March 31, 2009**	**Unaudited certified financials as on nine months ended Dec 31, 2009**
Dividend (%)	Nil	Nil
Earning Per Share (Rs.)	(21.79)	(1.38)
Return on Networth (%)	Nil	Nil
Book Value Per Share (Rs.)	(11.79)	8.39

(Source: Annual Report for fiscal 2009 and certified financials for nine months ending on December 31, 2009 as certified by Nisar & Kumar, Chartered Accountants, Statutory Auditors)

3.12 Significant accounting policies adopted by ECF

The financial statements have been prepared on accrual basis and in accordance with applicable accounting policies, which have been applied consistently, is set out below:

(i) Basis of Accounting:

The financial statements are prepared in accordance with the historical cost convention.

(ii) Taxation:

The Provision for current tax, if any, is computed in accordance with the relevant tax regulations. Differed Tax is recognized on timing difference between accounting and taxable income for the year by applying applicable tax rates as per Accounting Standard 22 on 'Accounting for taxes on Income'. Deferred Tax Asset is recognized wherever there is virtual certainty that future certainty that future taxable income will be available against which such Deferred Tax Asset be realized.

(iii) Contingencies and Provisions:

Provisions are recognized in the accounts for present probable obligations arising from past events that require outflow or resources, the amount of which can be reliable estimated. Contingent Liabilities are disclosed in respect of possible obligations that arise from past events but their existence is confirmed by the occurrence or non occurrence of one or more uncertain future events not wholly within the control of the company unless likelihood of an outflow of resources is remote. Contingent Assets are not recognized in the accounts, unless there is virtual certainty as to its realization.

3.13 ECF does not have any contingent liabilities as on March 31, 2009.

3.14 ECF has not acquired any other Shares, of the Target Company including through open offers.

PAC / ESHL

3.15 ESHL was incorporated on June 13, 2006 in Mauritius and has its registered office and corporate office at 10, Frère Félix de Valois Street, Port Louis, Mauritius (Tel. No. (230) 202 3000 Fax No. (230) 212 5265). ESHL was incorporated under the name of Essar Trading Limited and its name was changed to Essar Services Holdings Limited on October 20, 2008.

3.16 The paid up share capital of ESHL is USD 325,006,211 comprising of 32,50,06,211 ordinary shares of USD 1 each as on the date of the PA.

3.17 ESHL is an investment and holding company which invests in the information technology and information technology enabled services companies.

3.18 The promoter of ESHL (formerly known as Essar Trading Limited) is Essar Telecom Limited (formerly known as Telecom Networks Solutions Limited), a Mauritius company.

3.19 As ESHL does not hold Shares of the Target Company and has never held Shares of the Target Company in the past, hence the provisions of chapter II of the SEBI (SAST) Regulations are not applicable to ESHL as far as the Target Company is concerned..

3.20 The board of directors of ESHL and their other details are as listed below:

Name, Designation	Residential Address	Qualifications	Experience	Date of Appointment
Mr. Uday Kumar Gujadhar, Director	8, Lislet Geoffrey Street, Curepipe, Mauritius	Association of Chartered Certified Accountants	30 years	June 13, 2006
Mr. Craig Thomas Downes, Director	30B, Morcellement Les Multipliants, Petite Riviere Noire, Mauritius	Chartered Financial Analyst	4 years	July 17, 2009
Mr. Steven Robert Flynn, Director	95, Plantation Marguery, Black River, Mauritius	Chartered Accountant	20 years	July 17, 2009
Mr. Somdatt L. Kurdikor, Director	Flat 1, 29 Broadhurst Gardens, NW6 3QT, London	Chemical Engineering, PGDBM from IIM Calcutta and MBA from INSEAD, France	15 years	July 17, 2009
Mr. Raman Jaggi, Director	623 The Bleinhein Centre, Prince Regent Road, TW3 1NJ, London	MBA, Advance Management Programme from Oxford	10 years	July 17, 2009

3.21 Currently none of the directors of ESHL are on the board of the Target Company.

3.22 The equity shares of ESHL are not listed on any stock exchanges.

3.23 Shareholding pattern of ESHL as on date of PA is as follows:

Sl. No.	**Shareholder's Category**	**No. of shares held (of the face value of USD $ 1 each)**	**Percentage of shareholding**
1.	Promoter - Essar Telecom Limited	325,006,211	100.00
2.	FII/ Mutual Funds/ FIs/ Banks	NIL	NIL
3.	Public	NIL	NIL
	Total	325,006,211	100.00

Shareholding pattern of Essar Telecom Limited as on date of PA is as follows:

Sl. No.	**Shareholder's Category**	**No. of shares held (of the face value of USD 1 each)**	**Percentage of shareholding**
1.	Promoter - Essar Global Limited	100	100
2.	FII/ Mutual Funds/ FIs/ Banks	NIL	NIL
3.	Public	NIL	NIL
	Total	100	100.00

3.24 None of the directors of ESHL has acquired any Shares of the Target Company during the 12 months prior to the date of the Public Announcement and from the date of Public Announcement till the date of this Letter of Offer.

3.25 Selected standalone financial data from ESHL's financial statements is provided below:

(Amount in USD)

Profit & Loss Statement	**Audited**			**Unaudited but certified**
	Mar-07	**Mar-08**	**Mar-09**	**Dec-09**
Income from operations	-	-	-	-
Other Income	-	-	-	822,820.00
Total Income	**-**	**-**	**-**	**822,820.00**
Total Expenditure.	5,897.00	16,008.00	11,693.00	2,939,182.00

Profit Before Depreciation Interest and Tax	**(5,897.00)**	**(16,008.00)**	**(11,693.00)**	**(2,116,362.00)**
Depreciation	-	-	-	-
Interest	-	-	-	-
Profit Before Tax before extraordinary item	**(5,897.00)**	**(16,008.00)**	**(11,693.00)**	**(2,116,362.00)**
Extraordinary items	-	-	-	-
Profit before tax after extraordinary items	(5,897.00)	(16,008.00)	(11,693.00)	(2,116,362.00)
Provision for Tax	-	-	-	-
Profit After Tax	**(5,897.00)**	**(16,008.00)**	**(11,693.00)**	**(2,116,362.00)**

(Amount in USD)

Balance Sheet Statement	**Audited**			**Unaudited but certified**
	Mar-07	**Mar-08**	**Mar-09**	**Dec-09**
Sources of funds				
share capital Including Share application money	6,211.00	6,211.00	721,828,981.00	721,833,581.00
Reserves and Surplus (excluding revaluation reserves)	(5,897.00)	(21,905.00)	(33,598.00)	(2,149,960.00)
Networth	**314.00**	**(15,694.00)**	**721,795,383.00**	**719,683,621.00**
Secured loans	-	-	-	-
Unsecured loans	-	-	-	-
Total	**314.00**	**(15,694.00)**	**721,795,383.00**	**719,683,621.00**
Uses of funds				
Net fixed assets (inc rev reserve)	-	-	-	-
Less Revaluation reserve	-	-	-	-
Net Fixed Assets (excluding rev. reserve)	-	-	-	-
Investments	-	-	721,672,064.00	721,672,064.00
Net current assets	**314.00**	**(15,694.00)**	**123,319.00**	**(1,988,443.00)**
Total miscellaneous expenditure not written off	-	-	-	-
Total	**314.00**	**(15,694.00)**	**721,795,383.00**	**719,683,621.00**

(Rs. in lacs)

Profit & Loss Statement	**Audited**			**Unaudited but certified**
	Mar-07	**Mar-08**	**Mar-09**	**Dec-09**

Income from operations	-	-	-	-
Other Income	-	-	-	397.34
Total Income	-	-	-	397.34
Total Expenditure.	2.67	6.44	5.37	1,419.33
Profit Before Depreciation Interest and Tax	(2.67)	(6.44)	(5.37)	(1,021.99)
Depreciation	-	-	-	-
Interest	-	-	-	-
Profit Before Tax before extraordinary item	(2.67)	(6.44)	(5.37)	(1,021.99)
Extraordinary items	-	-	-	-
Profit before tax after extraordinary items	(2.67)	(6.44)	(5.37)	(1,021.99)
Provision for Tax	-	-	-	-
Profit After Tax	(2.67)	(6.44)	(5.37)	(1,021.99)
Conversion Rate for $ / Rs.	45.21	40.24	45.91	48.29

(Rs. in lacs)

Balance Sheet Statement				
	Mar-07	**Mar-08**	**Mar-09**	**Dec-09**
Sources of funds				
share capital Including Share application money	2.71	2.48	367,771.87	338,973.05
Reserves and Surplus (excluding revaluation reserves)	(2.57)	(8.76)	(17.12)	(1,009.62)
Networth	**0.14**	**(6.27)**	**367,754.75**	**337,963.43**
Secured loans	-	-	-	-
Unsecured loans	-	-	-	-
Total	**0.14**	**(6.27)**	**367,754.75**	**337,963.43**
Uses of funds	-	-	-	-
Net fixed assets (inc rev reserve)	-	-	-	-
Less Revaluation reserve	-	-	-	-
Net Fixed Assets (excluding rev. reserve)	-	-	-	-
Investments	-	-	367,691.92	338,897.20
Net current assets	**0.14**	**(6.27)**	**62.83**	**(933.77)**
Total miscellaneous expenditure not written off	-	-	-	-
Total	**0.14**	**(6.27)**	**367,754.75**	**337,963.43**
Conversion Rate for $ / Rs.	43.59	39.97	50.95	46.96

Other Financial Data	Mar-07	Mar-08	Mar-09	Dec-09
Dividend (%)	Nil	Nil	Nil	Nil
Earning Per Share (Rs.)	-42.92	-103.71	-86.43	-0.31
Return on Networth (%)	Nil	Nil	Nil	Nil
Book Value Per Share (Rs.)	2	-101	-276	47

(Source: Annual Reports of ESHL and certified financials for nine months ending on December 31, 2009 as certified by Ernst &Young, Chartered Accountants, Statutory Auditors.)

Note: Conversion of standalone financials statements from USD to Indian Rupees as certified by Kunder, D'Mello & Associates, Chartered Accountant dated June 8, 2010

Audited Consolidated Income Statement for the year ended March 31, 2009

	2009 (Rs. in Lacs)	**2009** ($ in million)
Continuing operations		
Rendering of services	118264.16	257.60
Cost of services	(83234.83)	(181.30)
Gross profit	**35029.33**	**76.30**
Other income	1882.31	4.10
General and administration expenses	(22404.08)	(48.80)
Selling and distribution expenses	(2020.04)	(4.40)
Finance income	367.28	0.80
Finance cost	(2846.42)	(6.20)
Profit before tax	**10008.38**	**21.80**
Income taxes		
- Current tax	(3443.25)	(7.50)
- Deferred tax	2065.95	4.50
Income tax expense	**(1377.30)**	**(3.00)**
Net profit	**8631.08**	**18.80**
Equity holders of the parent	5784.66	**12.60**
Minority interest	2846.42	6.20
Earnings per share		
Basic and diluted (Rs./ US cents)	179.05	**3.90**

Audited Consolidated Balance Sheet for the year ended March 31, 2009

	2009 (Rs. in Lacs)	**2009** ($ in million)
Non current assets		
Property, plant and equipment	22367.05	43.90
Investment properties	1222.80	2.40
Goodwill	226167.05	443.90

Other intangible assets	37142.55	72.90
Available for sale investments	9782.40	19.20
Prepayments	101.90	0.20
Other financial assets	2853.20	5.60
Deferred tax assets	2190.85	4.30
Total non current assets	**301827.80**	**592.40**
Current assets		
Trade and other receivables-financial assets	43664.15	85.70
Other financial assets	9731.45	19.10
Non financial assets	3260.80	6.40
Tax receivables	7336.80	14.40
Cash and cash equivalents	7438.70	14.60
Total current assets	**71431.90**	**140.20**
Total assets	**373259.70**	**732.60**
Non current liabilities		
Borrowings	62464.70	122.60
Trade and other payables-financial liabilities	50.95	0.10
Employee benefits	458.55	0.90
Deferred tax liabilities	9731.45	19.10
Total non current liabilities	**72705.65**	**142.70**
Current liabilities		
Borrowings	16049.25	31.50
Trade and other payables- financial liabilities	35614.05	69.90
Trade and other payables- non-financial liabilities	2394.65	4.70
Derivative liabilities	560.45	1.10
Income tax payable	4381.70	8.60
Total current liabilities	**59000.10**	**115.80**
Total liabilities	**131705.75**	**258.50**
Net assets	**241553.95**	**474.10**
Equity		
Issued capital**		*
Share application money	367757.10	721.80
Currency translation reserve	(32658.95)	(64.10)
Fair value reserve	(254.75)	(0.50)
Accumulated loss	(95021.75)	(186.50)
Equity attributable to equity holders of the Company	**239821.65**	**470.70**

Minority interest	1732.30	3.40
Total equity	**241553.95**	**474.10**

* USD 6211.0

** The capital USD 6211 does not appear in the audited financial statements as numbers are presented in $ in million and hence the same has not been considered while doing translation.

Conversion Rate for $ / Rs. is 50.95

(Note: Conversion of consolidated financials statements from USD to Indian Rupees as certified by Kunder, D'Mello & Associates, Chartered Accountant dated June 8, 2010)

Note: Financials statements of ESHL were consolidated only for fiscal year 2009

3.26 ESHL was a non operating entity till March 31, 2008. Income for the period December 31, 2009 has gone up due to sale of investments which were bought in fiscal year 2009. Expenditure for the period December 31, 2009 has gone up due to increase in finance and administrative cost and loss incurred on hedging transaction. Loss for the period December 31, 2009 is higher due to higher expenditure.

3.27 Significant accounting policies of ESHL are listed below:

- **Business combinations and Goodwill**

All business combinations are accounted for using the purchase method. The cost of acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus cost directly attributable to the acquisition. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at fair values at the date of acquisition.

Goodwill arising on acquisition represents the excess of the cost of acquisition over ESHL's and it's subsidiaries' (for the purpose of this paragraph 3.27 collectively referred to as the "**Group**") interest in the net fair value of the identifiable assets, liabilities and contingent liabilities of the subsidiary recognised at the date of acquisition. Goodwill is initially recognised as an asset at cost and is subsequently measured at cost less any accumulated impairment losses. Internally generated goodwill is not recognized.

Where goodwill forms part of a cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operations. Goodwill disposed of in this circumstance is measured based on the relative values of the operation disposed of and the portion of the cash-generating unit retained.

- **Investment Property**

Initially, investment properties are measured at cost including transaction costs. Subsequent to initial recognition investment properties are stated at cost using the cost model. Investment properties are derecognised when they have either been disposed off or when the investment property is permanently withdrawn from use and no future benefit is expected from its disposal. Any gains or losses on the derecognition of an investment property are recognised in the income statement in the year of derecognition.

- **Intangible assets**

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is its fair value as at the date of acquisition.

Following initial recognition, intangible assets are carried at cost less accumulated amortisation and impairment losses, if any.

Intangible assets with finite lives are amortised over their useful lives and assessed for impairment whenever there is an indication that an intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at each financial year end. The asset's useful lives and methods of amortisation are reviewed, and adjusted if appropriate, at each financial year end.

Amortisation of intangible assets is calculated to write-off the cost of the asset to its residual value using straight line method (SLM) as appropriate, over its expected useful life.

Finite lived intangible assets which are subject to amortization are amortized over their useful lives as mentioned below:

Intangible asset	**Expected useful life (years)**
Customer relationships and customer contracts	3-10
Non compete agreement	6-10
Software	3-6

The Group does not have intangible assets with indefinite lives.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in profit or loss when the asset is derecognised.

- **Impairment of non-financial assets**

The carrying amounts of property, plant and equipment and intangible assets are reviewed for impairment at each balance sheet date if events or changes in circumstances indicate that the carrying value of an asset may not be recoverable. Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. If there are indicators of impairment, an assessment is made to determine whether the asset's carrying value exceeds its recoverable amount. Whenever the carrying value of an asset exceeds its recoverable amount, the carrying value of the asset or the cash generating unit is reduced to its recoverable amount and impairment loss is recognised in profit or loss. An asset's recoverable amount is the higher of an asset's or cash generating unit's fair value less costs to sell and its value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

Goodwill is tested for impairment annually (as at 31 March) and when circumstances indicate that the carrying value may be impaired. Impairment is determined for goodwill by assessing the recoverable amount of each cash-generating unit (or group of cash-generating units) to which the goodwill relates. Where the recoverable amount of the cash generating unit is less than their carrying amount an impairment loss is recognised. Impairment losses relating to goodwill cannot be reversed in future periods.

For assets excluding goodwill, an assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the Group estimates the asset's or cash generating unit's recoverable amount. A previously recognized impairment loss is reversed only if there has been change in the assumption used to determine the asset's recoverable amount since the last impairment loss was recognized. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in the income statement unless the asset is carried at revalued amount, in which case, the reversal is treated as a revaluation increase.

On disposal of a subsidiary, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

- **Revenue**

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured.

Business process outsourcing services (BPO)

Incomes from services rendered are accounted on accrual basis based on agreements/ arrangements with the concerned parties.

Customer solutions revenues earned under contracts based on time incurred and/or on transactions handled are recognized after the related services are performed at rates realizable under the contracts. Customer solutions revenues earned under contracts based on successful sales are recognized on the date such sale is verified by the customer.

Revenue from time and material contracts is recognized as related services are performed. The subsidiary has certain arrangements where billings are contingent upon collections. In these cases, contingency fee revenue is recognized upon collection of funds by the Group on behalf of its customers.

Revenue from engineering services is recognised on the percentage of completion basis reflected by the proportion that the actual direct cost (comprising of employee cost, subcontracting cost and equipment cost), incurred to date bears to total cost. Projected losses, if any, are provided for in their entirety as and when they become known, without reference to the portion of completion. Earning in excess of billing is classified as unbilled revenue while billing in excess of earnings is classified as unearned revenue.

Others

Interest income is accrued with reference to the principal outstanding and at the effective interest rate applicable.

Dividend income from investments is recognised when the Group's right to receive the payment is established.

- **Foreign currency transactions and translation**

Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency. Transactions in currencies other than the functional currency are translated into functional currency at the exchange rates ruling at the date of transaction. Monetary assets and liabilities denominated in other currencies are translated into functional currency at exchange rates ruling at the balance sheet date and exchange differences are recognised in profit or loss.

The Consolidated financial statements are presented in US dollars, which is the Group's functional and presentation currency. For the purposes of consolidation, the income statement items of those entities for which the US dollar is not the functional currency are translated into US dollars at the average rates of exchange during the period. The related balance sheets are translated at the rates ruling at the balance sheet date. Exchange differences arising on translation are reported in the consolidated statement of changes in equity.

On disposal of a foreign entity, the cumulative translation adjustment recognised in equity relating to that particular foreign operation is recognised in profit or loss.

3.28 The contingent liabilities of ESHL as on March 31, 2009 are as follows:

Particulars	(US$ in million)	(Rs. in lacs)
Claims not acknowledge as debt	0.30	152.90
Bank Guarantee Outstanding	5.40	2,751.30
Others	0.30	152.90
Total	**6.00**	**3,057.10**

3.29 Other than under the SPA, ESHL has not acquired any Shares of the Target Company including acquisition made through open offers.

3.30 ECF and ESHL belong to Essar group of companies. ECF and ESHL are parties to the SPA.

3.31 There are no companies directly promoted by ECF.

3.32 The following are the details of the companies directly promoted by ESHL:

Global Vantedge Mauritius Limited

- Date of Incorporation: August 1, 2001, under the laws of Mauritius
- Nature of Business: Investment Company
- Key Financials

(Amount in USD)

Particulars	**As on March 31, 2007**	**As on March 31, 2008**	**As on March 31, 2009**
Equity capital	5,203,601.00	5,203,601.00	5,203,601.00
Reserves (excluding revaluation reserves)	(77,916.00)	(89,238.00)	(102,566.00)
Sales/Turnover	-	-	-
Profit/(Loss) after Tax	(9,735.00)	(11,322.00)	(13,328.00)

(All values are in Rs. /lacs except EPS & NAVPS)

Particulars	**As on March 31, 2007**	**As on March 31, 2008**	**As on March 31, 2009**
Equity capital	2,268.25	2,079.88	2,651.23
Reserves (excluding revaluation reserves)	(33.96)	(35.67)	(52.26)
Sales/Turnover	-	-	-
Profit/(Loss) after Tax	(4.40)	(4.56)	(6.12)

Particulars	As on March 31, 2007	As on March 31, 2008	As on March 31, 2009
Earning per Share	Nil	Nil	Nil
Net Asset Value per Share	0.43	0.39	0.50
Conversion Rate for $ / Rs.			
Closing rate	43.59	39.97	50.95
Average Rate	45.21	40.24	45.91

Note: Conversion of the figures to Rupees as certified by Kunder, D'Mello & Associates, Chartered Accountants, dated June 8, 2010)

Global Vantedge Mauritius Limited is not a Sick Industrial Company

Aegis Limited

- Date of Incorporation: January 7, 1992
- Nature of Business: Aegis Limited is one of the leading integrated third party providers of business process outsourcing ("**BPO**") services to clients in the banking, financial services and insurance ("**BFSI**"), telecom, travel and hospitality, healthcare and manufacturing sectors. Aegis has a diverse client base of 128 clients, including several Fortune 500 clients. Aegis provides its clients with services which cover the entire lifecycle of their customers. The services range from collaborating with clients to understand their business requirements, to prospecting for clients through lead generation and customer acquisition, to order processing, cross selling, customer care, data analysis and collections. Aegis also offers engineering services mainly in the manufacturing sector.
- Key Financials

(All values are in Rs. /lacs except EPS & NAVPS)

Particulars	As on March 31, 2007	As on March 31, 2008	As on March 31, 2009
Equity capital	2,904	3,758.1	6,163.5
Reserves (excluding revaluation reserves)	20,335	27,076.8	72,292.9
Sales/Turnover	46,369.6	75,430.2	156,322.9
Profit/(Loss) after Tax	-983	1,380.1	11,846.9
Earning per Share	-467.3	0.7	5.1
Net Asset Value per Share	80.0	82.0	127.3

Aegis Limited is not a Sick Industrial Company

Disclosure In Terms Of Regulation 16(ix) of the SEBI (SAST) Regulations

3.33 ECF and ESHL do not have any plan to dispose off any of the assets of the Target Company in the succeeding 2 years from the date of closure of the Offer except in the ordinary course of business of the Target Company. ECF and ESHL plan to expand the operations of the Target Company in various geographies and to fund this growth, ECF and ESHL may have to encumber assets of the Target Company.

3.34 ECF and ESHL undertake that they shall not sell, dispose off or otherwise encumber any substantial assets of the Target Company, other than in ordinary course, except with the prior approval of the Shareholders of the Target Company.

3.35 ECF and ESHL envisage that the Target Company may explore acquisitions, mergers or strategic tie ups for achieving organic and inorganic growth.

4 OPTION IN TERMS OF REGULATION 21(2)

Pursuant to the listing agreements with the BSE and NSE ("**Listing Agreements**"), the Target Company is required to maintain at least 10% public shareholding for listing on a continuous basis. By Notification dated June 4, 2010, the Central Government has amended the Securities Contracts (Regulation) Rules, 1957 and inter alia raised the minimum threshold level of public shareholding to be 25% for all listed companies. If the Offer results in the public shareholding in the Target Company, being reduced to below such minimum level of public shareholding, ECF along with ESHL undertake to take necessary steps to facilitate compliance of the listing requirements under law within the prescribed time.

5 BACKGROUND OF THE TARGET COMPANY

Note: The information provided in relation to the Target Company and the Sellers as provided in this Letter of Offer and Annexures filed with SEBI, has been inserted based on information received from the Target Company and the Sellers and also from information available from public sources.

5.1 AGC Networks Limited was incorporated on August 19, 1986 in Maharashtra, India and has its registered office at 72, Kalpataru Synergy, Opp. Grand Hyatt, Vakola, Santacruz (East), Mumbai - 400 055 (Tel. No. 022 6661 7272, Fax No. 022 6704 5888). The corporate office of the Target Company is at DLF Square, 19th Floor, M-Block, Jacaranda Marg, DLF City Phase II, Gurgaon – 122 002; Tel +91-124-4093333. The name of the Target Company was changed from "Tata Telecom Private Limited" to "Tata Telecom Limited" on May 26, 1987 and from "Tata Telecom Limited" to "Avaya GlobalConnect Limited" on September 16, 2004 and from "Avaya GlobalConnect Limited" to "AGC Networks Limited" on April 27, 2010.

5.2 The authorized share capital of the Target Company as on the date of the PA is Rs. 35,00,00,000/- (Rupees thirty five crores only) comprising of 2,50,00,000 Shares of Rs. 10/- (Rupees ten only) each and 10,00,000 cumulative redeemable preference shares of Rs. 100/- (Rupees one hundred only) each where as the paid up equity share capital of the Target Company is Rs. 14,23,32,320/- (Rupees fourteen crores twenty three lakhs thirty two thousand and three hundred twenty only) comprising of 1,42,33,232 Shares. The Target Company has not issued any preference shares. Further, all the Shares are fully paid and the Target Company does not have any partly paid up issued capital.

5.3 The Target Company is currently engaged in the business of providing end-to-end Converged Solutions and Contact Center/Customer relationship management (CRM) Solutions to enterprise customers in the telecommunications industry. The range of solutions for enterprises includes EPABX and Key Telephone System, Multimedia Contact Center and CRM Solutions, Multi Conferencing Solution for audio and video, Multiservice Data Networking and Unified Messaging Solutions. The Target Company's activities can broadly be classified as the provision of information technology and information technology enabled products and services.

5.4 The location and other details of the works facilities of the Target Company are as under:
AGC Networks Limited, E-1/I, Gandhinagar Electronics Estate, Gandhinagar – 382 028 (Gujarat) Tel : 079 6671 2200; Fax: 079 6671 2287.

5.5 The Target Company has a wholly-owned subsidiary in Australia – GlobalConnect Australia Pty Ltd ("**GCA**"), which was incorporated in Australia in September, 2004. The Target Company has invested a total of Rs. 14,50,00,000/- (Rupees fourteen crore fifty lakhs only) in GCA by way of subscribing to 42,24,993 ordinary shares of AUD 1/- (Australian Dollar One only) each fully paid up. Starting the operations from Sydney initially, GCA now has a strong presence in Melbourne too. Adelaide, Perth and Brisbane are on its expansion radar. GCA has 35 staff and over 100 customers. As on date, GCA has completed more than five and a half years of operations in Australia. The Registered Office and principal place of business of GCA is at 123 Epping Road, North Ryde, NSW 2113, Australia; Tel: +61 2 9886 1017; Fax: +61 2 9886 1099. The CEO of GCA is Mr. Pushkar Taneja and Finance Head is Mr. Philip Pragasam.

5.6 Share capital structure of the Target Company as of the date of the PA:

Paid up equity Shares of the Target Company	***No. of Shares / voting rights***	***% of Shares / voting rights***
Fully paid up equity shares	1,42,33,232	100%
Partly paid up equity shares	-	-
Total paid up equity shares	1,42,33,232	100%
Total voting rights in the Target Company	1,42,33,232	100%

5.7 The capital build-up for the Target Company since inception is as given below:

Date of Allotment	**Number of shares issued**	**% of paid up capital**	**Cumulative Share Capital**	**Mode of Allotment**	**Identity of Allottees**	**Status of Compliance with SEBI(SAST) Regulations & other Statutory provisions as applicable**
(1) 08.09.86	20	100%	20	Allotted for cash	Subscribers to the Memorandum of Association (MOA)	The Target Company had complied with the relevant provisions
(2) 25.03.88	44,99,980	100%	45,00,000	Allotted for cash	Public	The Target Company had complied with the relevant provisions
(3a) 18.01.93	56,25,000	55.79%	1,01,78,700	Allotted for cash	Public (Rights basis)	The Target Company had complied with the relevant provisions
(3b) 18.01.93	53,700			Allotted for cash	Employees (Rights basis)	
(4) 26.03.96	4,26,692	4.02%	1,06,05,392	Allotted otherwise than for cash	Shareholders of Tata Keltron Limited (As per BIFR Order)	The Target Company had complied with the relevant provisions
(5) 04.04.98	36,30,035	25.50%	1,42,35,427	Allotted for cash	M/s. Lucent Technologies International Inc., USA (Preferential basis)	The Target Company had complied with the relevant provisions
Total	**1,42,35,427**	**100%**	**1,42,35,427**	**-**	**-**	**-**

Date of Allotment	Number of shares issued	% of paid up capital	Cumulative Share Capital	Mode of Allotment	Identity of Allottees	Status of Compliance with SEBI(SAST) Regulations & other Statutory provisions as applicable
Less: Shares forfeited 23.10.02	(-) 2,195	-	(-) 2,195	Shares forfeited	Public Shareholders	The Target Company had complied with the relevant provisions
Total (net)	**1,42,33,232**	**100%**	**1,42,33,232**	**-**	**-**	**-**

(Source: Letter of Offer for the open offer made by Avaya Mauritius Limited dated May 26, 2004)

5.8 The Target Company as well as the Sellers have till date complied with the applicable provisions of Chapter II of the SEBI (SAST) Regulations within the time specified other than as set out herein. Seller I made disclosures under Regulation 7(1) of the SEBI Takeover Regulations in relation to acquisition of 36,30,035 Shares representing 25.5% of the paid up share capital of the Target Company on November 17, 2003 upon receipt of all approvals for the acquisition of Target Company's Shares by Seller I. The adjudicating officer appointed by SEBI ("**Adjudicating Officer**") vide his order dated November 1, 2004 ("**Order**") held that the reporting requirements under Regulation 7(1) of the SEBI Takeover Regulations in relation to acquisition of 36,30,035 Shares representing 25.5% of the paid up share capital of the Target Company was triggered on September 30, 2000. Consequently, the Adjudicating Officer held that there was a delay of 1137 days by Seller I in making the necessary disclosures in terms of Regulation 7(1) of the SEBI Takeover Regulations and imposed a penalty of Rs.1,00,000/- (Rupees one lakh only) on Seller I, which was duly paid by Seller I.

5.9 The entire issued and paid up share capital of the Target Company is listed on BSE and NSE.

5.10 The Target Company has complied with the provisions of the Listing Agreements and had complied with all the provisions of the listing agreement with the Ahmedabad Stock Exchange (until it was delisted therefrom with effect from November 6, 2006) and no punitive / penal action has been initiated by either BSE or NSE or was initiated by the Ahmedabad Stock Exchange against the Target Company. The Target Company is in compliance with the Listing Agreements as on the date of the PA.

5.11 Except for the voluntary delisting from the Ahmedabad Stock Exchange with effect from November 6, 2006, the Target Company has not been delisted from any of the stock exchanges since listing. There has been no suspension of trading in Shares of the Target Company.

5.12 The Target Company does not have any partly paid up shares, outstanding convertible instruments converted into shares at any later date.

5.13 The Target Company has not received any directions from SEBI and has not been prohibited from dealing in securities in terms of Section 11B of the SEBI Act or under any of the regulations made under the SEBI Act, or any other applicable law prohibiting it from dealing in securities.

5.14 The board of directors of the Target Company as on the date of the PA is as listed below:

Sl. No.	Name and designation	Date of appointment	Qualifications	Experience in number of years	Residential / Mailing Addresses	Director Identification Number
1.	Mr. S. Ramakrishnan, Chairman	04.08.2004	B. Tech (Mechanical), Management Degree	38 years	A-701, NCPA Apartments, 'A' Block, Nariman Point,	00005090

Sl. No.	Name and designation	Date of appointment	Qualifications	Experience in number of years	Residential / Mailing Addresses	Director Identification Number
					Mumbai – 400 021 Maharashtra, India	
2.	Mr. Amarnath K. Pai, Vice-Chairman	04.08.2004	BE (Mechanical Engineering), MS Degree (Industrial & Systems Engineering), MBA (Finance)	31 years	603 Farley Road, Whitehouse Station, NJ 08889, USA	00263064
3.	Mr. Anil Govindan Nair, Managing Director	28.04.2009	B. Sc., Management Degree, Global Advance Management Program (from ISB & Kellogg Business School)	30 years	Phoenix Towers, 8th Floor, Flat No. 801, S. B. Marg, Lower Parel, Mumbai – 400 013 Maharashtra, India	02655564
4.	Mr. Anil Batra, Director	19.03.2009	Bachelor of Electronics & Communications Engineering Degree, M. Sc. (Computer Science)	31 years	19471 Scotland Dr., Saratoga, CA 95070, USA	01168808
5.	Mr. Christopher Formant, Director	18.07.2009	B. Sc., MBA	36 years	801 Key HWY Unit 151, Baltimore MD 21230, USA	02720559
6.	Mr. David Manganello, Director	23.01.2008	BS (Economics), MBA (Finance)	25 years	17 Bennett Place, Westfield, NJ 07090, USA	02042664
7.	Mr. Hoshang Noshirwan Sinor, Director	18.07.2009	B. Com., LLB	44 years	F 764 Sarosh Court, Tilak Road, Dadar, Mumbai – 400 014 Maharashtra, India	00074905
8.	Ms. Pamela F. Craven, Director	18.07.2009	B.A. (English), J.D. Degree, Master of Laws	36 years	101 Campbell Road, Bernardsville, New Jersey 07924, USA	02720531

(Source: Website of Ministry of Corporate Affairs as regards date of appointment and address)

5.15 As on the date of the PA, there are no directors representing ECF or ESHL on the board of directors of the Target Company.

5.16 There has been no merger / demerger, spin off during the last 3 years involving the Target Company.

5.17 Brief audited consolidated financial details of the Target Company for the last 3 years are as follows:

Consolidated Financial Details

Amount (Rs in lacs)

Profit & Loss Account	**18 months ending 30/09/2007**	**12 months ending 30/09/2008**	**12 months ending 30/09/2009**	**6 months period ending 31st Mar 2010**
		Audited Financial		Unaudited, limited review by auditor
Income from Operations	91,481	63,108	55,541	27,504
Other Income	829	338	420	172
Total Income	92,310	63,446	55,961	27,676
Total Expenditure	84,213	59,795	52,524	24,769
Profit before Depreciation, interest & Tax	8,097	3,651	3,437	2,907
Depreciation	1,747	1,208	1,028	407
Interest	(553)	(415)	(444)	(359)
Profit before exceptional item	6,903	2,858	2,853	2,859
Exceptional item(Expenditure on Separation of Employees)		-	534	-
Profit before tax	6,903	2,858	2,319	2,859
Provision for Tax	2,631	1,107	768	985
Profit after Tax	4,272	1,751	1,551	1,874

Balance Sheet Statement	As on 30/09/2007	As on 30/09/2008	As on 30/09/2009	As on 31st Mar 2010
	Audited Financial			Unaudited, limited review by auditor
Sources of Funds				
Paid up Share Capital	1,423	1,423	1,423	1,423
Reserves & Surplus(excluding revaluation reserves)	18,918	20,099	21,151	23,014
Net worth	20,341	21,522	22,574	24,437
Secured Loans	17	-	-	-
Unsecured Loans	37	19	-	-
Total	20,395	21,541	22,574	24,437
Uses of Funds				
Net Fixed assets	2,582	2,662	1,937	2,500
Investments	59	59	50	-
Deferred Tax assets	1,338	1,431	1,221	1,315
Net current assets	16,416	17,389	19,366	20,622
Total miscellaneous expenditure not written off				
Total	20,395	21,541	22,574	24,437

Note: Year 1 information is for 18 months ended September 2007

Other Financial data	30/09/2007	30/09/2008	30/09/2009	6 months period ended 31st Mar 2010*
Dividend %	67.50%	35.00%	35.00%	
Earning per Share (Rs.) on consolidated basis	30.01	12.30	10.90	13.16
Return on Net worth % on consolidated basis	21.00%	8.13%	6.87%	7.67%
Book value Per Share (Rs.) on consolidated basis	142.91	151.21	158.60	171.69

* not annualized

(Source: The figures pertaining to fiscal year 2007, 2008 and 2009 are based on the annual reports of the Target Company. Figures pertaining to the 6 months period ending March 31, 2010 are based on a limited review certificate by the Statutory Auditor)

5.18 Overall fall in the total income and PAT in fiscal year 2008 and 2009 is mainly on account of market conditions and recession in economy.

5.19 The shareholding before the Offer (as on June 30, 2010) and after the Offer (assuming full acceptance of the Offer), based on the total outstanding Shares, is given in the table below:

Shareholders' category	Shareholding & voting rights prior to the agreement / acquisition and offer		Shares / voting rights agreed to be acquired which triggered off the Regulations		Shares / voting rights to be acquired in open offer (Assuming full acceptances)		Shareholding / voting rights after the acquisition and offer i.e.	
	(A)		**(B)**		**(C)**		**(A) + (B) + (C) = (D)**	
	No.	**%**	**No.**	**%**	**No.**	**%**	**No.**	**%**
(1) Promoter Group								
1. Parties to agreement, if any	84,15,988	59.13	(84,15,988)	(59.13)	-	-	0	0
2. Promoters other than (a) above	-	-	-	-	-	-	-	-
Total 1 (a+b)	**84,15,988**	**59.13**	**-**	**-**	**-**	**-**	**0**	**0**
(2) Acquirers								
1. Main Acquirer	-	-			28,46,647	20.00	28,46,647	20.00
2. PACs	-	-	84,15,988	59.13	-	-	84,15,988	59.13
Total 2 (a+b)	**-**	**-**	**84,15,988**	**59.13**	**28,46,647**	**20.00**	**1,12,62,635**	**79.13**
(3) Parties to agreement other than (1)(a) & (2)	-	-	-	-	-	-	-	-
(4) Public (other than parties to agreement, acquirers & PACs)								
(a) Mutual Funds/ UTI – 1284387 Financial Institutions / Banks – 5500 Insurance Companies – 142684 Foreign Institutional Investors – 46411	14,78,982	10.40	-	-	(28,46,647)	(20.00)	29,70,597	20.87
(b) Others	43,38,262	30.47	-	-				
Total 4 (a+b)	**58,17,244**	**40.87**	**-**	**-**	(28,46,647)	(20.00)	**29,70,597**	**20.87**
Grand Total (1+2+3+4)	**1,42,33,232**	**100.00**					**1,42,33,232**	**100.00**

Note: As on June 30, 2010, the Target Company has a total of 15,286 Shareholders out of which public shareholders were 15,284.

5.20 The details of the changes in the shareholding of the promoters of the Target Company as and when it happened is as follows:

Date of Transaction	No. of shares allotted / purchased	% of shares allotted / purchased	No. of shares sold	% of shares sold	Cumulative no. of shares held	Cumulative %	Status of compliance With SEBI (SAST) Reg. & other Statutory provisions as applicable
14.11.2003*	36,30,035	25.50%	-	-	36,30,035	25.50%	Note 1
04.08.2004**	35,72,082	25.10%	-	-	72,02,117	50.60%	Seller II made the disclosures to the Company and stock exchanges under Regulation 7(1A) of the SEBI (SAST) Reg and Reg. 13 (3) of the SEBI (Prohibition of Insider Trading) Regulations 1992 on 06.08.2004.
04.08.2004***	12,13,871	8.53%	-	-	84,15,988	59.13%	Acquired pursuant to Open Offer made vide Letter of Offer dated May 26, 2004

(Source: Letter of Offer for the open offer made by Avaya Mauritius Limited dated May 26, 2004)

** Avaya International LLC (the former name of Sierra Communication International LLC) acquired the said shares pursuant to a spin-off on September 30, 2000 under the applicable law of the State of Delaware, USA by Lucent Technologies Inc., of its Enterprise Communication Business into Avaya Inc. As part of the aforesaid spin off transaction, pursuant to and in terms of the Contribution and Distribution Agreement dated September 30, 2000, Lucent Technologies International Inc., a subsidiary of Lucent Technologies Inc., transferred 3,630,035 shares constituting 25.5% of the paid up share capital of the Target Company* *(then Tata Telecom Limited) (which formed part of the Enterprise Communications Business of Lucent Technologies Inc) to Avaya International LLC.*

*Whilst the transfer of the shares, as between Lucent Technologies International Inc., and Avaya International LLC., occurred on September 30, 2000, pursuant to the spin off in terms of Contribution and Distribution Agreement dated September 30, 2000, the actual transfer of the shares was completed and Avaya International LLC., registered as the owner of the shares, upon obtaining necessary regulatory approvals and internal processes, only on November 14, 2003. Disclosures to the stock exchanges in terms of Regulation 7 of the SEBI (SAST) Regulations were made upon such transfer being completed on November 14, 2003. The adjudicating officer appointed by SEBI ("**Adjudicating Officer**") vide his order dated November 1, 2004 ("**Order**") held that the reporting requirements under Regulation 7(1) of the SEBI (SAST) Regulations in relation to acquisition of 36,30,035 Shares representing 25.5% of the paid up share capital of the Target Company was triggered on September 30, 2000. Consequently, the adjudicating officer held that there was a delay of 1137 days by Seller I in making the necessary disclosures in terms of Regulation 7(1) of the SEBI (SAST) Regulations and imposed a penalty of Rs.1,00,000/- on Seller I, which was duly paid by Seller I.*

Note 1: *Seller I made disclosures under Regulation 7(1) of the SEBI (SAST) Regulations in relation to acquisition of 36,30,035 Shares representing 25.5% of the paid up share capital of the Target Company on November 17, 2003 upon receipt of all approvals for the acquisition of Target Company's Shares by Seller I. The adjudicating officer appointed by SEBI ("**Adjudicating Officer**") vide his order dated November 1, 2004 ("**Order**") held that the reporting requirements under Regulation 7(1) of the SEBI Takeover Regulations in relation to acquisition of 36,30,035 Shares representing 25.5% of the paid up share capital of the Target Company was triggered on September 30, 2000. Consequently, the Adjudicating Officer held that there was a delay of 1137 days by Seller I in making the necessary disclosures in terms of Regulation 7(1) of the SEBI Takeover Regulations and imposed a penalty of Rs.1,00,000/- on Seller I, which was duly paid by Seller I.*

*** Seller II along with Avaya Inc. and Seller I made an open offer to the public shareholders of the Target Company (then Tata Telecom Limited) in terms of Regulation 11(1) and 12 of the SEBI (SAST) Regulations, pursuant to the Share Purchase Agreement dated April 2, 2004 executed by Seller II along with Avaya Inc., on one part and Tata Industries Ltd, The Tata Power Company Ltd, Tata Chemicals Ltd, Tata Investment Corporation Ltd, Niskalp Investments & Trading Company Ltd and Tata Sons Ltd on the other part (collectively herein referred as "Tata Group") for the purchase of 3,572,082 shares of the Target Company (then Tata Telecom Limited), representing 25.1% of the voting equity share capital of the Target Company (then Tata Telecom Limited), held by the Tata Group on April 2, 2004 at a price of Rs. 220 per shares payable in cash. The open offer was made to acquire up to 2,846,647 shares of Rs. 10/- each, representing in the aggregate 20% of voting share capital of the Target Company (then Tata Telecom Limited) at a price of Rs. 220 per share, payable in cash.*

****Acquired as per the open offer by Seller II along with Avaya Inc. and Seller I. Out of these, 61,097 shares were in physical form which were transferred separately in favour of Seller II (rest 11,52,774 shares were in demat format). The 45 day report under the SEBI (SAST) Regulations was filed by the merchant banker on 02.08.2004.*

5.21 The Target Company is in compliance of the Corporate Governance requirements as stipulated under the Listing Agreements (and the Companies Act, 1956).

5.22 Pending litigation involving the Target Company as on July 10, 2010:

Sr. No	**Parties Involved(*)**	**Nature of Dispute**	**Pending Before**	**Commencement Date**	**Brief Particulars of the dispute**	**Status**	**Amount (Estimated)**
(A)	**Litigations against Target Company**						
1.	Bubna	Non-	Mumbai	09.08.2007	Bubna International	Matter	Rs. 10.00

Sr. No	Parties Involved(*)	Nature of Dispute	Pending Before	Commencement Date	Brief Particulars of the dispute	Status	Amount (Estimated)
	International	payment of dues	High Court, Mumbai		were apparently the Distributors of Tata Keltron Ltd. (Tatafone division), which was merged into erstwhile Tata Telecom Limited (TTL). Bubna forwarded cheques of Rs. 30 lakhs for initial supply of products and also paid a security deposit of Rs. 50,000/-. Bubna alleged that the Target Company discriminated against them and did not pass the benefit of marketing schemes to them. Subsequently, disputes arose between the parties and Bubna claimed payment of the dues from the Target Company. Subsequently, Bubna filed a case in the court and the High Court, Bombay, passed an ex-parte decree/ order dated 09.08.2007 instructing the Target Company (formerly TTL) to pay a sum of Rs. 4,19,907 plus interest @ 12% p.a. from the date of the suit till payment or realization. Target Company has filed a petition against this order (for setting aside this order).	pending before the Mumbai High Court.	lakhs
2.	Harayana	Claim	Punjab &	11.02.2009	An LOI was issued	Matter	Rs. 14.00

Sr. No	Parties Involved(*)	Nature of Dispute	Pending Before	Commencement Date	Brief Particulars of the dispute	Status	Amount (Estimated)
	State Eectronics Development Corporation Ltd., Chandigarh (HARTRON)	for losses for non-execution of order	Haryana High Court, (Arbitration)		by HARTRON in favour of the Target Company (on 08-03-06) under a tender for supply of certain products / services for the HC of Punjab & Haryana. However, Target Company expressed its inability to execute the order and subsequently the work was awarded to another party by HARTRON. In terms of a clause in the tender document, HARTRON has filed a case in the Office of the Arbitrator-cum-District & Sessions Judge-Cum-Registrar (Vigilance), HC of Punjab & Harayana, Chandigarh, claiming a sum of Rs.9,53,886 due to non-execution of order by AGCL. HARTRON is additionally claiming interest @ 18% from 1-11-07 plus Rs. 12,000 on account of legal fees, etc.	pending before Punjab & Haryana High Court, Chandigarh (Artibtration)	lakhs
3.	Shree Sales and Supply, Nagpur	Payment of outstanding bills	Civil Judge, Senior Division Nagpur	02.02.2009	AMC services were sub-contracted to Shree Sales for a yearly amount of Rs. 2,75,000/- (contract till 31-7-02) for a customer. There were certain technical and services issues	Matter pending before the Civil Judge, Senior Division, Nagpur.	Rs. 3.00 lakhs

Sr. No	Parties Involved(*)	Nature of Dispute	Pending Before	Commencement Date	Brief Particulars of the dispute	Status	Amount (Estimated)
					going on at customer's site for which customer had sent many complaint letters and a letter was also received from Shree Sales confirming that the radio links were non-operational for a period of 4 months. Payments were received from customer upto 31-1-02 (from 1-2-02 to 31-07-02) not received). Target Company released payments to Shree Sales upto 31-01-02. The party is claiming amount of o/s bill (including interest & legal fees) (Rs. 1,37,500 + 99,000 + 1500 = Rs. 2,38,000). Shree Sales is additionally claiming interest @ 24% from 30-07-05 plus costs on account of legal fees, etc.		
4.	Vimal Teletronix Pvt. Ltd., Noida, (UP)	Disputed payment to Vendor	Delhi High Court, Delhi	22.11.2004	Vimal Teletronix (Vendor) had done supply and installation services for Target Company in respect of the IOCL Tender. The final payments had been made to the vendor (after meetings with the vendor). There were also some issues relating to non satisfactory services on the part	Matter pending before the Delhi High Court	Rs. 32.00 lakhs

Sr. No	Parties Involved(*)	Nature of Dispute	Pending Before	Commencement Date	Brief Particulars of the dispute	Status	Amount (Estimated)
					of the vendor. The vendor has filed a case in Delhi High Court for claiming unpaid amount as per its records/ estimates.		
5.	Abacus Computers, Sriganganagar, Rajasthan	Outstanding Claim/ Payment	Additional Civil Judge, Sriganganar, Rajasthan	23.06.2008	A summon was received from the Office of the Additional Civil Judge, Sriganganagar, in respect of a suit filed against Target Company by Abacus Computers, claiming an amount of Rs. 16,650 (15,795 + 855) plus interest plus legal costs. Since, this pertained to the erstwhile Tatafone Division of Target Company (which was de-merged into "ITel Industries Limited"), Target Company has filed the appropriate reply through its lawyer for striking off the name of Target Company from the suit.	Matter pending before the Additional Civil Judge, Sriganganar, Rajasthan	Rs. 0.50 lakhs
6.	Zen Online, Chennai	Supply of Defective / faulty products	Letter / Notice from the party	02.04.2009	A letter was received from Zen Online alleging a demand of Rs.26.50 lakhs on account of various issues with the products supplied (memory usage, end of life, pricing, resource, etc.). A reply was sent to Zen disputing all the allegations. Infact, as per	Matter pending at the other party's end (Target Company has not received any reply to its letter).	Rs. 26.50 lakhs

Sr. No	Parties Involved(*)	Nature of Dispute	Pending Before	Commencement Date	Brief Particulars of the dispute	Status	Amount (Estimated)
					Target Company's records Zen was liable for slackness, lack of interest in selling Target Company products due to which even Target Company faced issues in selling the products. Target Company has not received any reply to its reply letter send out to Zen in April 2009.		
7.	BHI Capital Advisors Pvt. Ltd., Chennai	Issues with product, software, services, warranty, etc.	Letter / Notice from the party	04.11.2009	BHI Capital Advisors Pvt. Ltd. had sent a legal notice to Target Company mentioning lot of issues with the product, software, services, and warranty, etc. and had demanded free software, services at discounted rates and amount of Rs.1.00 lakhs back from Target Company. Target Company had refuted the contentions of BHI and had send a reply to BHI though its external legal counsel. Target Company has not received any reply from the other party.	Matter pending at the other party's end (Target Company has not received any reply to its letter)	Rs. 5.00 lakhs
8.	Gcom Systems and Solutions Pvt. Ltd., Secunderabad	Return of goods	Letter / Notice from the party	06.04.2009	Gcom was appointed as a Distributor by Target Company on 04.03.2008 in Hyderabad. It purchased certain products (including software licenses)	Matter pending at the other party's end (Target Company has not	Rs. 33.00 lakhs

Sr. No	Parties Involved(*)	Nature of Dispute	Pending Before	Commencement Date	Brief Particulars of the dispute	Status	Amount (Estimated)
					from Target Company to the tune of Rs. 40 lakhs. Gcom could not sell more than Rs.8 lakhs worth of goods and they wanted Target Company to take back the unsold material and pay back the money. Gcom claimed that Target Company made false promises that it would help Gcom to sell those stocks and did not help. Reviews showed that Target Company extended all necessary support to them and even conducted road-shows for Gcom. It appears that Gcom was not willing to co-operate with Target Company in selling those products. Target Company replied to their notice and has not received any reply. Subsequently, in April 2010, Gcom filed a complaint with Competition Appellate Tribunal, New Delhi, however this petition was dismissed by the Tribunal.	received any reply to its letter). Further, complaint filed by Gcom with Competition Appellate Tribunal, New Delhi, has also been dismissed.	
9.	Mr. T.V.S Ravi	Employee related case (payment of dues)	Hyderabad Civil Court	06.06.2001	Mr. T.V.S Ravi Joined on 15/06/1992 and signed the bond with Target Company for the period 10/01/97 –	Matter pending before Hyderabad Civil Court.	Rs. 0.50 lakhs

Sr. No	Parties Involved(*)	Nature of Dispute	Pending Before	Commencement Date	Brief Particulars of the dispute	Status	Amount (Estimated)
					09/01/00 (in respect of foreign training) He resigned on 03/12/1999. Total bond amount was Rs. 1,85,000. After adjustment in final settlement, total recovery to be made from Mr. T.V.S Ravi was Rs. 1,53,812.80/-. The Target Company sent a legal notice through an Advocate to Mr. T.V.S Ravi against recovery of Rs. 1,53,812.80 against Full & Final settlement. Mr. Ravi replied through his Advocate asking thereby an amount of Rs. 36,272/- against Full & Final. After exchange of two rounds of legal notices, Mr. Ravi filed a case against the Target Company in Hyderabad Civil Court in March 2001 asking for payment of Rs. 36,272 against his F&F and Rs. 5,000 as the cost of Injunction thereby accounting to Rs. 41,272/-. The Target Company has also filed a case against Mr. Ravi for breach of bond.		
10.	Mr. Jaidev Maity	Ex-Employee related	Calcutta High Court, Kolkata	24.03.2004	Mr. Jaidev Maity was appointed by TataFone division of TTL (now Target	Matter pending before the High	Rs. 8.00 lakhs

Sr. No	Parties Involved(*)	Nature of Dispute	Pending Before	Commencement Date	Brief Particulars of the dispute	Status	Amount (Estimated)
		case (re-instate services terminated employee)			Company) as multipurpose employee (21.08.90). On 09.12.98 his services were terminated. Employee filed a case and Second Industrial Tribunal, West Bengal in Case No. VIII – 91/2000 passed an Order to reinstate the employee with back wages (04.08.03). On 12.03.04, Injunction granted by Calcutta HC against the aforesaid Order. Target Company wrote letter to ITel Industries to take over the case due to divestiture of TataFone division to ITel (24.03.04). Writ Petition was dismissed as Target Company did not appear for the matter and the injunction was vacated (31.07.08). On 19.02.09, Target Company received a letter from Jaidev Maity with a copy of the Writ Petition vacating order and asking Target Company to comply with Labour Tribunal orders. The Target Company has filed a petition against the said order with the High Court, Kolkata.	Court, Kolkata	

Sr. No	Parties Involved(*)	Nature of Dispute	Pending Before	Commencement Date	Brief Particulars of the dispute	Status	Amount (Estimated)
11.	Various parties (19 litigations)	Equity Shares related litigations	Various forums	July 1988 onwards	These disputes pertain/ relate to 5609 equity shares of the Target Company (restraining transfers, duplicate shares, injunctions, etc.) wherein Target Company has been made party to the disputes.	Matters pending before various forums	Rs. 15.00 lakhs. (19 litigations involving 5609 shares
(B)	**Litigations against other parties by Target Company**						
1.	Truston Devices, Nodia	Cheque bouncing	Patiala House Court, Delhi	22.09.2008	Customer issued cheques amounting to Rs. 29,59,714. These cheques bounced. Despite repeated reminders customer has not made payment. Cheque bounce case u/s 138 NI Act, has been filed in Patiala House Court, Delhi.	Matter pending before Patiala House Court, Delhi	Rs. 30.00 lakhs
2.	Nortech Infonet Pvt. Ltd., Kochi	Cheque bouncing	Kochi District Court, Kochi	16.12.2009	Nortech Infonet was a purchaser of Target Company's products. It owed Rs. 16.12 lakhs to Target Company, however, the cheques given by Nortech bounced. Target Company has filed a criminal case u/s 138 of NI Act at Kochi and also send a notice for winding up in case Infonet does not pay Rs. 16.12 lakhs (with interest @18%) and legal costs of Rs. 11,000.	Matter pending before Kochi District Court, Kochi	Rs. 17.00 lakhs
3.	INVU IT Solutions Pvt. Ltd.,	Non-payment	Letter / Notice from	15.12.2009	INVU IT Solutions Pvt. Ltd. purchased certain Company's	Matter pending at the	Rs. 10.00 lakhs

Sr. No	Parties Involved(*)	Nature of Dispute	Pending Before	Commencement Date	Brief Particulars of the dispute	Status	Amount (Estimated)
	Bangalore		Target Company		products. It owed Rs. 17.50 lakhs to Target Company. However, the cheques amounting to Rs. 10 lakhs given by INVU bounced. Target Company has send a notice for winding up in case INVU does not pay Rs. 10 lakhs (with interest @ 18%) and legal costs of Rs. 11,000. Company has not received reply of INVU on this matter.	other party's end (Target Company has not received any reply to its letter)	
4.	Mr. Mehul Narendra Bhuva	Non-refund of security deposit	High Court, Mumbai	08.11.1999	The Target Company had leased a premises at Nariman Point, Mumbai and had given Security Deposit of Rs. 67 lakhs to the landlord (4 parties). At the time of termination of the lease, the landlord did not pay back security deposit and hence Target Company kept possession of premises with itself. Target Company had filed a case with HC, Mumbai for refund of deposit. The landlord called the Target Company for negotiations for exploring possibility of an out-of-court settlement. However, landlord (one of the 4 parties) has expired since and the	Matter pending before the High Court, Mumbai	Rs. 67 lakhs

Sr. No	Parties Involved(*)	Nature of Dispute	Pending Before	Commencement Date	Brief Particulars of the dispute	Status	Amount (Estimated)
					matter is still pending. However, the case continues with the Mumbai HC.		

(*) In all these cases Target Company is a party to the litigations.

(C)	Income Tax Litigations						
Sr. No.	**Parties Involved**	**Nature of Dispute**	**Pending Before**	**Commencement Date**	**Brief Particulars of the dispute**	**Status**	**Amount (Estimated)**
1. (F.Y. 03-04)	AGC Networks V/S Commissioner of Income tax Appeal	Income tax demand	Commissioner of Income tax Appeal	29th Dec'2009	Demand is raised for the disallowance of obsolete stock and partial allowance of software expenses	Pending before Commissioner of Income tax Appeal	Rs. 50 lakhs
2. (F.Y. 04-05)	AGC Networks V/S Commissioner of Income tax Appeal	Income tax demand	Commissioner of Income tax Appeal	26th Dec'2008	Demand is raised for the change in revenue recognition policy, write back of provisions / expenses and others	Pending before Commissioner of Income tax Appeal	Rs. 1552 lakhs
3. (F.Y. 05 - 06)	AGC Networks V/S Commissioner of Income tax Appeal	Income tax demand	Commissioner of Income tax Appeal	17th Dec'2009	Demand is raised for the change in revenue recognition policy, write back of provisions / expenses and others	Pending before Commissioner of Income tax Appeal	Rs. 229 lakhs
(D)	**Sales Tax Litigations**						
Sr. No.	**Parties Involved**	**Nature of Dispute**	**Pending Before**	**Commencement Date**	**Brief Particulars of the dispute**	**Status**	**Amount (Estimated)**
1.	AGC	Intere	Assistant	23.03.2008	Interest	Pending	Rs. 4 lakhs

	Networks Ltd. V/S Assistant Commissioner (Commercial Taxes)	st on works contract tax / sales tax	Commissioner (Commercial Tax)	and 09.09.2008	demand is raised	before Assistant Commissioner (Commercial Tax)	
(E)	**Excise, Service Tax, Custom related Litigations**						
Sr. No.	**Parties Involved**	**Nature of Dispute**	**Pending Before**	**Commencement Date**	**Brief Particulars of the dispute**	**Status**	**Amount (Estimated)**
1.	AGC Networks V/S Commissioner of Central Excise	Excise demand	Custom, Excise, Service tax Appellate Tribunal	13-02-2004	The demand is raised for the reversal of Cenvat on scrapped material and penalty thereon	Pending before Custom, Excise, Service tax Appellate Tribunal	Rs. 110 lakhs
2.	AGC Networks V/S Commissioner of Central Excise	Excise Demand	Custom, Excise, Service tax Appellate Tribunal	29-04-2005	Demand is raised on software	Pending before Custom, Excise, Service tax Appellate Tribunal	Rs. 47 lakhs
3	AGC Networks V/S Commissioner of Central Excise	Service tax demand	Custom, Excise, Service tax Appellate Tribunal	31-03-2008	The demand is raised on Right to Use Activation charges.	Pending before Custom, Excise, Service tax Appellate Tribunal	Rs. 460 lakhs
4	AGC Networks V/S Commissioner of Central Excise	Service tax demand	Custom, Excise, Service tax Appellate Tribunal	22-10-2008	The interest demand is raised on service tax payable for the services provided by foreign vendors	Pending before Custom, Excise, Service tax Appellate Tribunal	Rs. 6 lakhs
5	Commissioner of custom V/s AGC Networks Ltd.	Custom demand	Custom, Excise, Service tax Appellate Tribunal	31-8-2006	The demand was raised on royalty remittance. Commissioner's order in favour of	Pending before Custom, Excise, Service tax Appellate Tribunal	Rs. 660 lakhs

					AGC. However the department has filed an appeal which is pending before CESTAT New Delhi		

5.23 The compliance officer of the Target Company is:

Mr. Vishal Kohli,
Company Secretary
Tel: 0124-4093342
Fax: 0124-2560620
Email: vishal.kohli@agcnetworks.com

6 OFFER PRICE AND FINANCIAL ARRANGEMENTS

6.1 *Justification of the Offer Price*

6.1.1 The Shares of the Target Company are listed on BSE and NSE.

6.1.2 Based on the information available on the websites of BSE (www.bseindia.com) and NSE (www.nseindia.com), the Shares are frequently traded on BSE and NSE in terms of explanation (i) to Regulation 20(5) of the SEBI (SAST) Regulations.

6.1.3 The annualized trading turnover in the Shares of the Target Company in each of the above mentioned stock exchanges during November 2009 to April 2010 (six calendar months preceding the month in which the PA is made) is as given below:

Stock Exchange	**Total no. of shares traded during 6 calendar months preceding the month in which the PA was made**	**Total no. of listed shares**	**Annualized trading turnover (as % of total listed shares)**
BSE	37,38,495	1,42,33,232	52.53%
NSE	53,21,906	1,42,33,232	74.78%

(Source: www.bseindia.com; www.nseindia.com)

6.1.4 The Shares of the Target Company are most frequently traded on the NSE within the meaning of explanation (i) to Regulation 20(5) of the SEBI (SAST) Regulations. Accordingly, the Offer Price of Rs. 274 (Rupees two hundred and seventy four only) per Share has been determined as per Regulation 20(4) of the SEBI (SAST) Regulations taking inter-alia into account the following factors:

	Particulars	Rs. / Share
a)	Negotiated Price as per the SPA	245

b)	Highest price paid by ECF or ESHL with ECF for acquisitions including by way of allotment in a public or rights issue or preferential issue, if any, during the twenty-six weeks period prior to the date of the PA i.e. May 31, 2010	Not applicable
c)	Average of the weekly high and low of the closing prices of the Shares of Target Company as quoted on the NSE during the 26 weeks preceding the date of PA i.e. May 31, 2010	224.44
d)	Average of the daily high and low of prices of the Shares of Target Company as quoted on the NSE during the 2 weeks preceding the date of PA i.e. May 31, 2010	273.66

The calculations of the 26 weeks and 2 weeks prices on NSE are provided below:

Week No.	Week ending	High (Rs.)	Low (Rs.)	Average (Rs.)	Volume (No. of shares)
1	December 6, 2009	174.30	169.80	172.05	66751
2	December 13, 2009	185.10	169.90	177.50	316198
3	December 20, 2009	183.50	177.15	180.33	227305
4	December 27, 2009	188.35	185.45	186.90	296362
5	January 3, 2010	189.05	187.65	188.35	92895
6	January 10, 2010	197.3	190.00	193.65	213929
7	January 17, 2010	235.20	219.65	227.43	1179574
8	January 24, 2010	235.80	217.90	226.85	239007
9	January 31, 2010	210.05	196.35	203.20	74297
10	February 07, 2010	232.7	220.30	226.5	426562
11	February 14, 2010	229.65	220.30	224.98	241295
12	February 21, 2010	227.6	220.95	224.28	116796
13	February 28, 2010	220.20	215.15	217.68	60693
14	March 07, 2010	240.55	222.95	231.75	160490
15	March 14, 2010	243.80	231.80	237.80	414508
16	March 21, 2010	232.05	225.55	228.80	91024
17	March 28, 2010	230.35	227.80	229.08	76428
18	April 4, 2010	233.45	228.55	231.00	79287
19	April 11, 2010	243.25	234.30	238.78	167241
20	April 18, 2010	236.10	233.05	234.58	40894
21	April 25, 2010	241.95	236.85	239.40	160244
22	May 2, 2010	249.90	237.50	243.70	222923
23	May 9, 2010	249.35	241.60	245.48	204903
24	May 16, 2010	298.95	256.25	277.60	2962371
25	May 23, 2010	290.65	263.60	277.13	1198266
26	May 30, 2010	282.25	259.05	270.65	660471

Day No.	Date	High (Rs.)	Low (Rs.)	Average (Rs.)	Volume (No. of shares)
1	May 17, 2010	277.00	261.25	269.13	108972
2	May 18, 2010	297.70	263.00	280.35	637256
3	May 19, 2010	290.70	266.00	278.35	233799
4	May 20, 2010	286.60	269.25	277.93	159843
5	May 21, 2010	278.95	268.05	273.50	58396
6	May 24, 2010	279.90	269.30	274.60	38508
7	May 25, 2010	274.45	255.50	264.98	59236
8	May 26, 2010	268.00	255.15	261.58	30563

Day No.	Date	High (Rs.)	Low (Rs.)	Average (Rs.)	Volume (No. of shares)
9	May 27, 2010	288.00	260.00	274.00	439371
10	May 28, 2010	287.80	276.50	282.15	92723

In terms of Regulations 20(4) of the SEBI (SAST) Regulations, the Offer Price of Rs. 274/- (Rupees two hundred and seventy four only) is justified as being higher than the above presented parameters.

6.1.5 If ECF / ESHL acquires Shares after the date of the PA upto 7 working days prior to the closure of the Offer at a price higher than the Offer Price, then the highest price paid for such acquisition shall be payable for all the Shares tendered and accepted under the Offer.

6.2 *Non-compete fee*

6.2.1 No non-compete fee is being paid to the Sellers by ECF or ESHL.

6.3 *Financial arrangements*

6.3.1 ECF and ESHL have made firm financial arrangements for financing the acquisition of Shares under the Offer, in terms of Regulation 16(xiv) of the SEBI (SAST) Regulations.

6.3.2 Assuming full acceptance, the Offer Consideration payable under this Offer shall be Rs. 77,99,81,278/- (Rupees seventy seven crores ninety nine lakhs eighty one thousand two hundred and seventy eight only).

6.3.3 By way of security for the performance of its obligations under Regulation 28 of the SEBI (SAST) Regulations, ECF has created an escrow account in the following manner:

6.3.3.1 Cash deposit of Rs. 20,00,00,000/- (Rupees twenty crores only) being more than 25% of the Offer Consideration (i.e. 19,49,95,319.50/-) payable under this Offer (assuming full acceptance), with Axis Bank, Fort Branch, Universal Insurance Building, Ground Floor, Sir P.M. Road, Fort, Mumbai 400001 (the "**Escrow Agent**") in the account name "ECF Open Offer Cash Escrow Account" having account number 910020016642146 (the "**Escrow Account**"), with a lien marked on the Escrow Account in favour of the Manager to the Offer, under the terms of the escrow agreement dated May 28, 2010 entered into between ECF, the Escrow Agent and the Manager to the Offer ("**Escrow Agreement**").

6.3.3.2 Cash deposit of Rs. 57,99,81,278/- (Rupees fifty seven crores ninety nine lakhs eighty one thousand two hundred and seventy eight only) being the balance consideration payable under this Offer (i.e. total Offer Consideration being Rs. 77,99,81,278), with the Escrow Agent in the Escrow Account, with a lien marked on the Escrow Account in favour of the Manager to the Offer, under the terms of the Escrow Agreement was deposited by ECF within 21 days of the PA.

6.3.4 ECF has empowered the Manager to the Offer to realize the value of the aforesaid Escrow Account in terms of the Regulation 28(5) of the SEBI (SAST) Regulations.

6.3.5 ECF has tied up debt facilities to the extent of the Offer Consideration, from ECL Finance Limited to meet its obligations under the Offer.

6.3.6 As per the certificate dated May 29, 2010 issued by Kunder, D'Mello & Associates, Chartered Accountants, having their office at 16, Agarwal Peace Heaven, Kaul's Heritage City, Babhola Naka, Vasai Road (W), Thane - 401202, Tel. No.: 9821666686 / 9821665044 (Membership No. of CA Vijay Kunder, Partner is 133062), on the basis of the examination of the books of accounts and committed credit lines, ECF has sufficient means and financial capability for the purpose of meeting the financial requirements of the Offer. As per the certificate dated May 29, 2010 issued by Kunder, D'Mello & Associates, Chartered Accountants, having their office at 16, Agarwal Peace Heaven, Kaul's Heritage City, Babhola Naka, Vasai Road (W), Thane - 401202, Tel. No.: 9821666686 / 9821665044 (Membership No. of CA Vijay Kunder, Partner is 133062), based on the examination of the books of accounts and other records, ESHL has a networth of Rs.

24,155.40 million as on March 31, 2009.

6.3.7 On basis of the above, the Manager to the Offer has satisfied itself that ECF and ESHL have adequate and firm financial arrangements to implement the Offer in accordance with the SEBI (SAST) Regulations.

7 TERMS AND CONDITIONS OF THE OFFER

Statutory Approvals

7.1 The acquisition of the Shares under this Offer from non-resident Shareholders is subject to receipt of the approval of the RBI under FEMA and the rules and regulations issued thereunder. ECF had filed an application dated June 1, 2010 with the RBI. RBI has vide its letter dated July 7, 2010 granted its no-objection to the acquisition of 28,46,647 Shares by ECF along with ESHL from certain public shareholders (i.e. NRI / NR entities / FIIs etc.) of the Target Company. The RBI has, however, specified that if the Shares are tendered by OCB/s, then ECF would have to approach the RBI for specific prior approval, giving details of the OCB/s. As of the date of this Letter of Offer, there are no other approvals, statutory or otherwise, required under the Companies Act, 1956, FEMA and/ or any applicable laws.

7.2 The Offer would be subject to all other statutory approvals that may become applicable at a later date before the completion of the Offer.

7.3 ECF may not be able to purchase any Shares tendered in the Offer if any statutory approval required to purchase such Shares are not received and ECF will be deemed to have no obligation to acquire such Shares even if tendered in such circumstances. In the event of such non-receipt of statutory approvals, a public announcement will be made in the same newspapers in which the PA was made. In terms of Regulation 27 of the SEBI (SAST) Regulations, if the statutory approvals are refused, ECF shall have the right to withdraw the Offer.

7.4 In case of delay, in receipt of the above statutory approvals, SEBI has the power to grant extension of time to ECF and ESHL for payment of consideration to the Shareholders of the Target Company, subject to ECF and ESHL agreeing to pay interest to the Shareholders for the delayed period as directed by SEBI in terms of Regulation 22(12) of the SEBI (SAST) Regulations.

7.5 As per the SEBI (SAST) Regulations, ECF along with ESHL are required to complete all procedures relating to the Offer within a period of 15 days from the closure of the Offer.

7.6 If ECF fails to obtain the requisite approvals in time due to willful default or neglect or inaction or non-action on ECF's and ESHL's part, Regulation 22(13) of the SEBI (SAST) Regulations will become applicable and the amount deposited by ECF and ESHL in escrow shall be forfeited in the manner provided in Regulation 28(12)(e) of the SEBI (SAST) Regulations.

7.7 ECF does not require any approvals from lenders including financial institutions or banks in relation to this Offer.

Locked-In Shares

7.8 There are no locked-in shares of the Target Company.

Eligibility Criteria for Accepting the Offer

7.9 The Offer is made to (except to the parties to SPA) (i) all the Shareholders whose names appeared in the register of Shareholders on the Specified Date, (ii) those persons who own the Shares any time prior to the closure of the Offer, but are not the registered Shareholder(s) and (iii) the beneficial owners of the dematerialized Shares, whose names appear as beneficiaries on the records of the respective depositories at the close of business hours on the Specified Date.

7.10 Subject to the conditions governing this Offer as mentioned herein, the acceptance of this Offer by the equity Shareholders of the Target Company must be absolute and unqualified. Any acceptance to this Offer which is conditional and incomplete in any respect will be rejected without assigning any reason whatsoever.

7.11 Shareholders who hold Shares in physical form and who wish to tender their Shares will be required to send the Form of Acceptance cum Acknowledgement, duly signed and completed in the manner specified therein together with all the necessary documents, as specified in the section of this Letter of Offer titled "**Procedure for Acceptance and Settlement**", to the Registrar to the Offer at address mentioned under paragraph 8 of this Letter of Offer either by hand delivery during business hours or by registered post so that the same are received on or before the closing date i.e. 5 p.m. on Monday, August 9, 2010.

7.12 Shareholders may send their consent to participate in the Offer to the Registrar to the Offer on a plain paper stating their name, address, number of Shares held, distinctive numbers, folio number and number of Shares offered along with documents as mentioned in paragraphs 8.2 - 8.10 below, as applicable, so as to reach the Registrar to the Offer on or before the closure of the Offer (i.e. no later than 5 pm on Monday, August 9, 2010).

7.13 In respect of dematerialized Shares, the credit for the Shares tendered must be received in the special depository account as specified in paragraph 8.3 of this Letter of Offer on or before 5 p.m. Indian Standard Time on Monday, August 9, 2010.

7.14 The Registrar to the Offer will hold all Shares / Share certificates, transfer deed(s) and/or other documents on behalf of the Shareholders of the Target Company who accept this Offer in trust till the cheques / drafts for the consideration are dispatched or unaccepted Share certificates / Shares, if any, are dispatched / returned to the relevant equity Shareholders.

7.15 ECF and ESHL will not be responsible in any manner for any loss of Share certificate(s) and/or offer acceptance documents during transit and the Shareholders of the Target Company are advised to adequately safeguard their interest in this regard. In case of any lacunae and/or defect or modifications in the documents/forms submitted, the acceptance is liable to be rejected.

7.16 Any Shares that are the subject matter of litigation or are held in abeyance due to pending court cases/ attachment order(s) / restriction from other statutory authorities, wherein the Shareholder(s) may be precluded from transferring the Shares during pendency of the said litigation are liable to be rejected in case directions/orders of the court/relevant statutory authority permitting transfer of these Shares are not received together with the Shares tendered under the Offer. The Letter of Offer in some of these cases, wherever possible, would be forwarded to the concerned statutory authorities for further action by such authority.

7.17 The acceptance of the Offer made by ECF is entirely at the discretion of the Shareholders of the Target Company. ECF does not accept any responsibility for the decision of any Shareholder to either participate or to not participate in the Offer. ECF will not be responsible in any manner for any loss of Share certificate(s) and Offer acceptance documents during transit and the Shareholders of the Target Company are advised to adequately safeguard their interest in this regard. The acceptance must be unconditional and should be absolute and unqualified.

7.18 Incomplete acceptances, including non-submissions of necessary enclosures, if any, are liable to be rejected. Further, in case, the documents / forms submitted are incomplete and / or if they have any defect or modifications, the acceptance is liable to be rejected.

Others

7.19 Accidental omission to dispatch this Letter of Offer or any further communication to any person to whom this Letter of Offer is or should be made or the non-receipt of this Letter of Offer by any such person shall not invalidate the Offer in any way.

7.20 The instructions, authorizations and provisions contained in the Form of Acceptance cum Acknowledgement and Form of Withdrawal constitute an integral part of the terms of the Offer.

7.21 Barring unforeseen circumstances and factors beyond their control, ECF and ESHL intend to complete all formalities pertaining to the purchase of the Shares, including dispatch payment of consideration to the Shareholders who have accepted the Offer, by Monday, August 23, 2010.

8 PROCEDURE FOR ACCEPTANCE AND SETTLEMENT

8.1 The equity Shareholders of the Target Company who qualify and who wish to avail of this Offer (hereinafter referred to as "**Acceptor**") will have to deliver the relevant documents as mentioned in paragraphs 8.2 - 8.10 below as applicable to the Registrar to the Offer i.e. Datamatics Financial Services Limited, A-16 & 17, MIDC, Part B Crosslane, Marol, Andheri (East), Mumbai 400093, India; Tel: +91-22-66712151-56; Fax: +91-22-66712234; Email: ecfopenoffer@dfssl.com, by hand delivery or registered post between 10:30 am to 5 pm on all working days i.e. other than Sundays and public holidays before closure of the Offer.

8.2 For the purpose of the Offer a special depository account has been opened by Registrar to the Offer i.e. "Datamatics Financial Services Limited", in the name and style of "DFSL ESCROW A/C – ESSAR CAPITAL FINANCE OPEN OFFER" with Edelweiss Securities Limited as the depository participant in CDSL. Equity Shareholders holding the Shares in dematerialized form will have to deliver the following documents:

- Form of Acceptance cum Acknowledgement duly completed and signed in accordance with the instructions contained therein, as per the records of the depository.
- Photocopy of the delivery instruction slip in "off-market" mode or counterfoil of the delivery instruction slip in "off-market" mode, duly acknowledged by the relevant DP.
- For each delivery instruction the beneficial owner should submit separate Form of Acceptance cum Acknowledgement.

In case of non-receipt of the aforesaid documents, but receipt of the Shares in the special depository account, the Offer shall be deemed to be accepted.

8.3 The details of the special depository account opened for this purpose are as under:

DP Name	Edelweiss Securities Limited
DP ID Number	12032300
Beneficiary Account Number	00322406

8.4 The Shareholders having their beneficiary account in NSDL have to use inter depository delivery instruction for the purpose of crediting their Shares in favour of special depository account with CDSL. The ISIN number allotted to Shares of the Target Company is INE676A01019. The Shareholders who have sent their physical Shares for dematerialization need to ensure that the process of getting Shares dematerialized is completed well in time so that the credit in the special depository account is received on or before closure of Offer.

8.5 Shareholders who have sent their Share certificates for dematerialization should enclose:

- Form of Acceptance duly completed and signed in accordance with the instructions contained therein by the sole/joint equity Shareholders whose name appears on the Share certificate and in the same order and as per the specimen signature lodged with the Target Company.
- Copy of the dematerialization request form duly acknowledged by the Shareholders' depository participant.

Such Shareholders should ensure that the credit of their Shares tendered under Offer to the special depository account is made on or before the date of closing of the Offer, otherwise the same are liable to be rejected. A copy of delivery instructions acknowledged by the DP in favour of the special depository account should be forwarded to the Registrar to the Offer where the Form of Acceptance and other documents were tendered, before the close of business hours on the date of closure of Offer i.e. August 9, 2010. Alternatively, if the Shares sent for dematerialization are yet to be processed by the Shareholders depository participants, the Shareholders can withdraw their dematerialization request and tender the Share certificates in the Offer as per procedure mentioned in paragraph 8.6 of the Letter of Offer.

Procedure for equity shares held in physical form:

8.6 Registered Shareholders of the Target Company should enclose:

- Form of Acceptance duly completed and signed in accordance with the instructions contained therein, by sole/joint Shareholders whose name(s) appears on the Share certificate(s) and in the same order and as per the specimen signature lodged with the Target Company;
- Original Share certificate(s); and
- Valid Share transfer deed(s) duly signed as transferor(s) by the sole/joint Shareholder (s) in the same order and as per specimen signatures lodged with the Target Company and duly witnessed at the appropriate place. The transfer deed should be left blank, except for the signatures as mentioned above. Attestation, where required (thumb impressions, signature difference, etc.) should be done 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 or a member of a recognized stock exchange under their seal of office and membership number or manager of the transferor's bank. A blank share transfer form is enclosed along with this Letter of Offer.

8.7 In case of registered Shareholders, non receipt of the aforesaid documents, but receipt of the Share certificates along with the duly completed transfer deed, shall be deemed that the Offer has been accepted.

8.8 Notwithstanding that the signature(s) of the transferor(s) has/have been attested as aforesaid, if the signature(s) of the transferor(s) differs from the specimen signature(s) recorded with the Target Company 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 *bona fide* owner of such Shares.

8.9 Unregistered owners of Shares of the Target Company should enclose:

- Form of Acceptance cum Acknowledgment duly completed and signed in accordance with the instructions contained therein;
- Original Share certificate(s) / photocopy of DP instruction slip duly acknowledged by DP;
- Original broker contract note;
- Valid share transfer deed(s) as received from the market. The details of buyer should be left blank failing which the same will be considered invalid under the Offer. All other requirements for valid transfer (including matching of signatures) will be preconditions for acceptance; and
- The acknowledgement received, if any, from the Target Company in case the Shares have been lodged with the Target Company. Such persons should instruct the Target Company and its Registrar and Transfer agents to send the transferred Share certificate(s) directly to the Registrar to the Offer. The applicant should ensure that the Share certificate(s) reach the Registrar to the Offer before the date of closing of the Offer.

8.10 Unregistered owners can send their acceptance of the Offer in writing to the Registrar to the Offer, Datamatics Financial Services Limited i.e. A-16 & 17, MIDC, Part B Crosslane, Marol, Andheri (East), Mumbai 400093, India; Tel: +91-22-66712151-56; Fax: +91-22-66712234; Email: ecfopenoffer@dfssl.com, by hand delivery or registered post between 10:30 am to 5 pm on all working days i.e. other than Sundays and public holidays before closure of the Offer, on plain paper stating name, address, number of equity shares held, no. of equity shares offered, distinctive numbers, folio numbers, together with the original share certificate(s), valid transfer deeds in case of equity shares held in physical form or photocopy or counterfoil of the delivery instructions in "Off-market" mode in case of equity shares held in dematerialized form and the original contract note issued by the broker through whom they acquired their equity shares.

8.11 Unregistered owners, if they so desire, may also apply on the Form of Acceptance cum Acknowledgment downloaded from the SEBI's website (www.sebi.gov.in).

8.12 No indemnity is needed from unregistered equity Shareholders.

8.13 Shares and other relevant documents should not be sent to ECF, ESHL, Manager to the Offer or the Target Company.

8.14 If the aggregate of the valid responses to the Offer exceeds offer size, then ECF shall accept the valid applications received on a proportionate basis in accordance with Regulation 21(6) of the SEBI (SAST) Regulations.

8.15 In case of delay in receipt of the statutory approval(s) SEBI has the power to grant an extension of time to ECF and ESHL for payment of consideration to the Shareholders of the Target Company, subject to ECF and ESHL agreeing to pay interest for the delayed period as directed by SEBI in terms of Regulation 22(12) of the SEBI (SAST) Regulations.

8.16 Unaccepted Share certificates, transfer forms and other documents, if any, will be returned by registered post at the Shareholders'/unregistered owners' sole risk to the sole/first Shareholder.

8.17 Unaccepted Shares held in dematerialized form will be credited back to the beneficial owners' depository account with the respective depository participant as per details received from the beneficial owner in the Form of Acceptance cum Acknowledgment.

8.18 The Shareholders of the Target Company who have accepted the Offer by tendering the requisite documents, in terms of this Letter of Offer can withdraw the same up to 3 working days prior to the date of the closure of the Offer i.e. on or before Wednesday, August 4, 2010. The withdrawal option can be exercised by submitting the 'Form of Withdrawal' (separately enclosed with this Letter of Offer) to the Registrar to the Offer so as to reach them on or before 5 pm on Wednesday, August 4, 2010.

Procedure to be adopted in case of non-receipt of the Letter of Offer:

By Shareholders holding Shares in physical form

8.19 In case of non-receipt of the Letter of Offer, eligible persons may send their acceptance of the Offer in writing to the Registrar to the Offer, on plain paper stating their name, address, number of Shares held, number of Shares offered, distinctive numbers, folio numbers together with the original Share certificate(s), valid transfer deeds in case of Shares held in physical form, so as to reach the Registrar to the Offer on or before the date of closing of the Offer.

8.20 Shareholders who have lodged their Shares for transfer with the Target Company must also send the acknowledgement received, if any, from the Target Company towards such lodging of Shares.

8.21 Shareholders who have sent their Share certificates for dematerialization should send a copy of the dematerialized request form duly acknowledged by their depository participant.

By equity Shareholders holding equity shares in dematerialized form

8.22 Beneficial Owners may send the acceptance of the Offer in writing to the Registrar to the Offer, on plain paper, stating name, address, number of equity shares held, number of Shares offered, DP name, DP ID, Beneficiary Account Number and a photocopy or counterfoil of the delivery instructions in "Off market" mode, duly acknowledged by the beneficial owners depository participant, in favour of the special depository account, the details of which are mentioned in paragraph 8.3 above of the Letter of Offer, so as to reach the Registrar to the Offer on or before the closing of the Offer.

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

8.24 Shareholders not receiving the Letter of Offer, if they so desire, may also apply on the Form of Acceptance cum Acknowledgment downloaded from SEBI website (www.sebi.gov.in).

8.25 In case of non-receipt of the 'Form of Withdrawal', the withdrawal option can be exercised by making an application on plain paper along with the following details (in case of Shares held in physical form) name, address, distinctive numbers, folio number, and number of Shares tendered, number of shares withdrawn and (in case of dematerialized Shares) name, address, number of

Shares offered, number of shares withdrawn, DP name, DP ID, beneficiary account number and a photocopy of the delivery instruction in "Off-market" mode or counterfoil of the delivery instruction in "Off-market" mode, duly acknowledged by the DP, in favor of the special depository account.

8.26 While tendering Shares under the Offer, NRIs, OCBs and other non-resident Shareholders will be required to submit RBI's approval (specific or general) that they would have obtained for acquiring the Shares of the Target Company. In the event that the previous RBI approvals are not submitted, ECF reserves the right to reject such tendered Shares.

8.27 The Shares of the Target Company are traded in compulsory dematerialized form and minimum marketable lot is one equity share.

8.28 While tendering their Shares under the Offer, NRIs, OCBs and other non-resident Shareholders will be required to submit a TCC or Certificate for Deduction of Tax at Lower Rate from the Income-tax authorities under the Income Tax Act, 1961 indicating the amount of tax to be deducted by ECF before remitting the consideration, failing which ECF will arrange to deduct tax at the maximum marginal rate as may be applicable to the relevant category to which the Shareholder belongs under the Income Tax Act, 1961, on the entire consideration amount payable to such Shareholder.

8.29 As per the provisions of Section 196D (2) of the Income Tax Act, 1961, no deduction of tax at source will 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 to a Foreign Institutional Investor as defined in Section 115AD of the Income Tax Act, 1961. However, the interest payment for delay in payment of consideration, if any, will not be governed by this provision. For interest payments, if any, NRIs, OCBs and other non-resident Shareholders will be required to submit a TCC or Certificate for Deduction of Tax at Lower Rate from the Income-tax authorities under the Income-tax Act, 1961 indicating the amount of tax to be deducted by ECF before remitting the consideration, failing which ECF will arrange to deduct tax at the maximum marginal rate as may be applicable to the relevant category to which the Shareholder belongs under the Income Tax Act, 1961, on the entire consideration amount payable to such Shareholder.

8.30 No tax will be deducted on the Offer Price payable to the resident Shareholders. In case of resident Shareholders of the Target Company, ECF will deduct the tax on the interest component exceeding Rs. 5,000/- (Rupees five thousand only) at the applicable current prevailing rates, if applicable. If the resident Shareholder of the Target Company requires that no tax is to be deducted or tax is to be deducted at a lower rate than the prescribed rate, such Shareholder will be required to submit No Objection Certificate from the income tax authorities indicating the rate at which tax is to be deducted by ECF or a self declaration in Form 15G or Form 15H as may be applicable. Shareholders of the Target Company eligible to receive interest component exceeding Rs. 5,000/- (Rupees five thousand only) would be required to submit their Permanent Account Number for income tax purposes. Clauses relating to payment of interest will become applicable only if ECF and ESHL become liable to pay interest for delay in release of purchase consideration.

8.31 Share certificates would be held in trust by Registrar to the Offer till ECF completes the Offer obligations in terms of the SEBI (SAST) Regulations.

8.32 Shares that are subject to any charge, lien or encumbrance are liable to be rejected.

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

8.34 Pursuant to the Regulation 13 of the SEBI (SAST) Regulations, ECF has appointed Edelweiss Capital Limited as the Manager to the Offer. ECF has appointed Datamatics Financial Services Limited as the Registrar to the Offer.

9 DOCUMENTS FOR INSPECTION

The following material documents are available for inspection by Shareholders of the Target Company at the office of the Manager to the Offer, 3rd Floor, Express Towers, Nariman Point, Mumbai – 400 021, India from 10 a.m. to 4:30 p.m. on any day except Saturdays, Sundays and public holidays from the date of opening of the Offer until the Offer closes:

9.1 Certificate of Incorporation, Memorandum and Articles of Association of ECF and ESHL.

9.2 Certificate dated May 29, 2010 issued by Kunder, D'Mello & Associates, Chartered Accountants, that on the basis of the examination of the books of accounts and committed credit lines, ECF has sufficient means and financial capability for the purpose of meeting the financial requirements of the Offer.

9.3 Certificate dated May 29, 2010 issued by Kunder, D'Mello & Associates, Chartered Accountants, that based on the examination of the books of accounts and other records, ESHL has a networth of Rs. 24,155.40 million as on March 31, 2009.

9.4 Audited annual reports of ECF, ESHL and Target Company for the last 3 years.

9.5 Letters from Axis Bank dated May 31, 2010 and June 21, 2010 confirming the amount kept in the escrow account with a lien marked on the Escrow Account in favour of the Manager to the Offer.

9.6 A copy of the SPA dated May 30, 2010.

9.7 A published copy of PA.

9.8 Due diligence certificate of Manager to the Offer dated June 10, 2010

9.9 A copy of confirmation from DP regarding opening of special depository account in the name and style of "DFSL ESCROW A/C – ESSAR CAPITAL FINANCE OPEN OFFER".

9.10 Undertakings from ECF/ESHL

1 DECLARATION

ECF and ESHL along with their respective board of directors accept responsibility for the information contained in this Letter of Offer, Form of Acceptance cum Acknowledgment and Form of Withdrawal and for their obligations under the SEBI (SAST) Regulations and subsequent amendments made thereto and are severally and jointly responsible for ensuring compliance with the terms of SEBI (SAST) Regulations.

For and on behalf of ECF

Shruti Jain

(Authorized Signatory)

For and on behalf of ESHL

C M Sharma

(Authorized Signatory)

Place: Mumbai

Date: July 13, 2010

Encl:

1) Form of Acceptance cum Acknowledgment
2) Form of Withdrawal
3) Transfer Deed(s) (for Shareholders holding shares in Physical form)

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FORM OF ACCEPTANCE CUM ACKNOWLEDGEMENT

(All terms and expressions used herein shall have the same meaning as ascribed thereto in the Letter of Offer)

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

(Please send this Form with enclosures to the Registrar to the Offer ONLY at their address as mentioned herein)

OFFER		
OPENS ON	:	**Wednesday, July 21, 2010**
CLOSES ON	:	**Monday, August 09, 2010**
LAST DATE OF WITHDRAWAL	:	**Wednesday, August 4, 2010**

From

Name : ______________________

Address : ______________________

____

Tel No : ______________ Fax No : ______________ Email ID : ______________

To,

The Acquirer - **Essar Capital Finance Private Limited**
C/o. Datamatics Financial Services Limited,
A-16 & 17, MIDC, Part B Crosslane,
Marol, Andheri (East),
Mumbai - 400093, India

Dear Sir,

Sub: Open Offer to acquire 28,46,647 equity shares of face value Rs. 10/- each ("Shares") representing 20% of the voting capital of AGC Networks Limited ("Target Company") by Essar Capital Finance Private Limited ("ECF") as acquirer and Essar Services Holdings Limited ("ESHL") as person acting in concert with ECF through a mandatory open offer (the "Offer") pursuant to the provisions of the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 1997 (as amended) (the "SEBI (SAST) Regulations")

I/We refer to the Letter of Offer dated July 13, 2010 for acquiring the Shares held by me / us in **AGC Networks Limited.**

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

FOR SHARES HELD IN PHYSICAL FORM

I/We accept the offer and enclose the original Share Certificate(s) and duly signed transfer deed(s) in repect of my/ our Shares as detail below:

Sr. No.	Ledger Folio No.	Certificate No.	Distinctive No(s)		No. of Shares
			From	To	
1					
2					
3					
4					
5					
Total No. of Certificates			**Total No. of Shares**		

Please attach an additional sheet of paper if the above space is insufficient.

FOR SHARES HELD IN DEMATERIALISED FORM

I/We holding shares in dematerialized form, accept the Offer and enclose photocopy/counterfoil of the delivery instructions duly acknowledged by my/our DP in respect of my/our Shares as detailed below:

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

I/We confirm having done an off market transaction for crediting the Shares to the special depository account with CDSL named as **"DFSL ESCROW A/C - ESSAR CAPITAL FINANCE OPEN OFFER"**, whose particulars are:

DP ID Number:	**12032300**	**DP Name:**	**Edelweiss Securities Limited**
Beneficiary Account Number:	**00322406**	**Depository:**	**Central Depositary Services (India) Limited**

Note: Shareholders, having their beneficiary account with National Securities Depository Limited ("NSDL"), have to use inter-depository delivery instruction slip for the purpose of crediting their Shares in favour of the special depository account with CDSL.

TEAR ALONG THIS LINE

ACKNOWLEDGEMENT SLIP

(To be filled in by the Shareholders) (Subject to verification)

Datamatics Financial Services Limited

A-16 & 17, MIDC, Part B Crosslane, Marol, Andheri (East), Mumbai - 400093, India:

Sr. No. ______________

Received by Mr./Mrs./M/s ______________________

Address ______________________

Physical shares: Folio No. ______________ /Demat Shares: DP ID ______________; Client ID: ______________

Form of Acceptance along with (Tick wherever is applicable):

Physical Shares: No. of shares______________; No. of Certificates enclosed ______________

Demat Shares: Copy of delivery instruction for ______________ number of shares enclosed

Signature of Official ______________ Date of Receipt ______________

I/We have enclosed the following documents:

Enclosures (Please tick as appropriate, if applicable)

- ☐ Power of Attorney
- ☐ Corporate Authorisation in case of Companies along with Board Resolution and Specimen Signatures of Authorised Signatories
- ☐ No Objection Certificate & Tax Clearance Certificate under Income Tax Act, 1961, for NRIs/OCBs/Foreign Shareholders as applicable
- ☐ Death Certificate/ Succession Certificate
- ☐ Others (please specify)

I/We confirm that the Shares which are being tendered herewith by me/us under the Offer are free from lien, charges and encumbrances of any kind whatsoever. I/we are not debarred from dealing in Shares.

I/We note and understand that the Shares/ Share certificate(s) and valid transfer deed(s) will be held in trust for me/us by Datamatics Financial Services Limited (the **"Registrar to the Offer"**) until the time ECF pays the purchase consideration as mentioned in the Letter of Offer. I/We also note and understand that ECF will pay the purchase consideration only after verification of the documents and signatures, net of applicable withholding taxes, if any.

I/We authorise ECF to accept the Shares so offered which it may decide to accept in consultation with the Edelweiss Capital Limited (**"Manager to the Offer"**) and in terms of the Letter of Offer and I/we further authorise ECF to return to me/us, Share certificate(s) in respect of which the Offer is not found valid/not accepted and in case of dematerialized shares, to the extent not accepted will be released to my Depository Account at my sole risk.

I/We authorise ECF 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 further authorise ECF to split/consolidate the Share certificates comprising the Shares that are not acquired to be returned to me/us and for the aforesaid purpose ECF is hereby authorised to do all such things and execute such documents as may be found necessary and expedient for the purpose.

I/We authorise ECF to send by registered post/speed post the draft/cheque/pay order, in settlement of the amount to the sole/first holder at the address mentioned above.

I/We note and understand that the Shares would lie in the special depository account until the time ECF makes payment of purchase consideration 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 the Income Tax Authorities
- ☐ RBI approvals for acquiring shares of the Target Company hereby tendered in the Offer
- ☐ Copy of Permanent Account Number / PAN Card

For FII Shareholders :

I / We, confirm that the Shares of the Target Company are held by me / us on Investment / Capital Account or Trade Account *(select whichever is applicable in your case).*

Note: In case the Shares are held on trade account, kindly enclose a certificate stating that you are a tax resident of your country of residence / incorporation and that you do not have a permanent establishment in India in terms of the Double Taxation Avoidance Agreement (DTAA) entered into between India and your country of residence. In order to avail the benefit of lower rate of tax deduction under the DTAA, if any, kindly enclose a certificate stating that you are a tax resident of your country of incorporation in terms of the DTAA entered into between India and your country of residence.

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

	First / Sole Shareholder	**Second Joint Shareholder**	**Third Joint Shareholder**	**Fourth Joint Shareholder**
PAN/GIR No.				

Bank Details

So as to avoid fraudulent encashment in transit, Shareholder(s) holding Shares in physical form should provide details of bank account of the first/sole Shareholder as follows and the consideration cheque or demand draft or pay order will be drawn accordingly:

Name of the Bank		Branch	
Account Number		Savings/Current/ (Others: please specify)	

For Shares that are tendered in dematerialized form, the bank account details as obtained from the beneficiary position download to be provided by the depositories will be considered and the consideration will be paid in accordance with the said bank particulars.

TEAR ALONG THIS LINE

No document should be sent to the Acquirer / PAC or the Manager to the Offer.

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

Datamatics Financial Services Limited

A-16 & 17, MIDC, Part B Crosslane, Marol,

Andheri (East), Mumbai – 400093, India

Phone +91–22– 66712151-56; Fax +91–22– 66712234

Email: ecfopenoffer@dfssl.com;

Contact Person: Mr. Ralph Gonsalves, **quoting your Reference Folio No./DPID/Client ID.**

Details for RTGS / NEFT

In addition to above Bank Details, Shareholders opting for the RTGS/ NEFT option should provide the following details:

Payment through RTGS (Yes/No): ____________________

Payment through NEFT (Yes/No): ____________________

IFSC Code of the Branch where account is maintained: ____________________

Yours faithfully,
Signed and Delivered

	Full Name(s) of the Shareholder(s)	Signature
First/Sole Shareholder		
Second / Joint Shareholder		
Third / Joint Shareholder		
Fourth / Joint Shareholder		

Note: In case of joint holdings, all holders must sign. A corporation must affix its common seal and necessary Board Resolution must be attached.

Tel No. ____________________; Fax No. ____________________; Email: ____________________

Place : ____________________ Date : ____________________

SHAREHOLDERS ARE REQUESTED TO NOTE THAT THE ACCPTANCE FORMS / SHARES THAT ARE RECEIVED BY THE REGISTRAR AFTER THE CLOSE OF THE OFFER i.e. BY 5.00 P.M. ON MONDAY, AUGUST 9, 2010 SHALL NOT BE ACCEPTED UNDER ANY CIRCUMSTANCES AND HENCE ARE LIABLE TO BE REJECTED.

INSTRUCTIONS

1. Please read the enclosed Letter of Offer carefully before filling this Form of Acceptance cum Acknowledgement.
2. The acceptance of the Offer is entirely at the discretion of the Shareholders. Each Shareholder to whom this Offer is being made is free to offer his Shares in whole or in part while accepting the Offer.
3. Shareholders should enclose the following:

   Procedure for Shares held in Physical Form

   - Registered Shareholders should enclose**:**
     - Form of Acceptance cum Acknowledgement duly completed and signed in accordance with the instructions contained therein, by sole/joint Shareholders whose name(s) appears on the Share certificate(s) and in the same order in which their name(s) appear in the register of Shareholders and as per the specimen signature lodged with the Target Company;
     - Original Share certificate(s);
     - Valid share transfer forms(s) duly signed as transferor(s) by all registered Shareholder(s) (in case of joint holdings), in the same order and as per specimen signatures registered with and duly witnessed at the appropriate place. A blank share transfer form is enclosed along with this Letter of Offer. The share transfer form should be left blank, except for the signatures as mentioned above;
     - The details of the buyer should be left blank failing which the same will be invalid under the Offer. The details of ECF as buyer will be filled in by ECF upon verification of the Form of Acceptance cum Acknowledgement on the same being found valid. All other requirements for valid transfer will be preconditions for valid acceptance.
   - Unregistered owners of Shares should enclose:
     - Form of Acceptance cum Acknowledgement duly completed and signed in accordance with the instructions contained herein;
     - Original Share certificate(s);
     - Original broker contract note;
     - Valid share transfer form(s) as received from the market. The details of buyer should be left blank failing which the same will be considered invalid under the Offer. All other requirements for valid transfer (including matching of signatures) will be preconditions for acceptance;

     In case of registered Shareholders, non-receipt of the aforesaid documents, but receipt of the Share certificates along with the duly completed transfer form, the Offer shall be deemed to be accepted.

   Procedure for Shares held in Dematerialized Form

   - Beneficial owners should enclose:
     - Form of Acceptance cum Acknowledgement duly completed and signed in accordance with the instructions contained herein, as per the records of the depository;
     - A photocopy or counterfoil of the delivery instruction slip in "off market" mode, duly acknowledged by the beneficial owners' DP and completed as per the details of the special depository account given below.

     The Registrar to the Offer has for the purpose of this Offer, opened a special depository account with **CDSL "DFSL ESCROW A/C – ESSAR CAPITAL FINANCE OPEN OFFER", whose particulars are:**

     DP ID Number: 12032300; DP Name: Edelweiss Securities Limited; Beneficiary Account Number: 00322406; Depository: Central Depositary Services (India) Limited

     Shareholders, having their beneficiary account with NSDL, have to use inter-depository delivery instruction slip for the purpose of crediting their Shares in favour of the special depository account with CDSL. The Shares are compulsory in dematerialized mode and the minimum marketable lot for such shares is one.

     The beneficial owners who hold Shares in dematerialized form are required to execute a trade by tendering the delivery instructions for debiting their beneficial account with the beneficial owners' DP and crediting the above mentioned special depository account. The credit in the special depository account should be received on or before 5 pm Indian Standard Time on Monday, August 9, 2010. **In order to ensure this, beneficial owners should tender the delivery instructions at least two working days prior to date of closing of the Offer.**

For each delivery instruction the beneficial owner should submit separate Form of Acceptance cum Acknowledgement.

In case of non-receipt of the aforesaid documents, but receipt of the Shares in the special depository account, the Offer shall be deemed to be accepted.

IN CASE OF DEMATATERIALIZED SHARES THE SHARES SHOULD BE CREDITED IN FAVOUR OF THE SPECIAL DEPOSITORY ACCOUNT MENTIONED ABOVE BEFORE THE CLOSURE OF THE OFFER. FORM OF ACCEPTANCE CUM ACKNOWLEDGEMENT OF SUCH DEMATERTIALIZED SHARES WHICH ARE NOT CREDITED IN FAVOUR OF THE SPECIAL DEPOSITORY ACCOUNT BEFORE THE CLOSURE OF THE OFFER WILL BE REJECTED.

4. FIIs are requested to enclose the SEBI Registration letter and RBI general permission letter.

5. Where the number of Shares offered for sale by the Shareholders are more than the Shares agreed to be acquired by the Acquirer under this Offer, the Acquirer shall accept the offers received from the Shareholders on a proportional basis, in consultation with the Manager to the Offer, taking care to ensure that the basis of acceptance is decided in a fair and equitable manner and does not result in non-marketable lots. Provided that acquisition of Shares from a Shareholder shall not be less than the minimum marketable lot or the entire holding, if it is under the marketable lot.

6. In case of physical Shares, the enclosed transfer deed should be duly signed as transferors by all Shareholders in the same order and as per specimen signatures lodged with the Target Company and should be duly witnessed at the appropriate place. The transfer deed should be left blank, excepting the signatures as mentioned above. Attestation, where required (thumb impressions, signature difference, etc.) should be done by a magistrate, notary public or special executive magistrate or a similar authority holding a public office and authorised to use the seal of his office or a member of a recognized stock exchange under their seal of office and membership number or manager of the transferor's bank. PLEASE DO NOT FILL UP ANY DETAILS ON THE TRANSFER DEED. Relevant Share certificates must be annexed.

7. The Shareholders who have sent their Share certificates for dematerialization should submit their Form of Acceptance cum Acknowledgement and other documents, as applicable, along with a copy of the dematerialization request form duly acknowledged by their DP. Shareholders who have sent their Shares for transfer should enclose, Form of Acceptance cum Acknowledgement duly completed and signed, copy of the letter sent to the Target Company (for transfer of shares) and valid Share transfer form(s).

8. In case of bodies corporate, proper corporate authorization should be enclosed.

9. Shareholders must note that on the basis of name of the Shareholders, DP's name, DP ID, beneficiary account number provided by them in the Form of Acceptance cum Acknowledgement, the Registrar to the Offer will obtain, from the depositories, the Shareholders' demographic details including address, bank account details, the nine digit MICR code as appearing on a cheque leaf and occupation. These bank account details will be used to make payment to Shareholders holding Shares in dematerialized form. **Hence Shareholders are advised to immediately update their bank account details as appearing on the records of the DP**. Please note that failure to do so could result in delays in dispatch of payment or electronic transfer of funds, as applicable, and any such delay shall be at the Shareholders' sole risk and neither ECF, ESHL, the Manager to the Offer, Registrar to the Offer nor Axis Bank (the "**Escrow Agent**") shall be liable to compensate the Shareholders for any losses caused to the Shareholder due to any such delay or liable to pay any interest for such delay. Shareholders holding shares in physical form are requested to fill in the required bank details in the Form of Acceptance cum Acknowledgment. Unless Shareholders holding shares in physical form opt for payment by RTGS / NEFT option or where relevant details for payment by RTGS / NEFT option provided by such Shareholders are incorrect, payments shall be made to Shareholders holding Shares in physical form by demand drafts / cheques / pay orders as per bank details provided by such Shareholders in the Form of Acceptance cum Acknowledgment.

10. All Persons, registered or unregistered, who own the Shares, at any time prior to the closing of the Offer, are eligible to participate in the Offer. Unregistered owners can send their acceptance of the Offer in writing to the Registrar to the Offer, Datamatics Financial Services Limited, , A-16 & 17, MIDC, Part B Crosslane, Marol, Andheri (East), Mumbai – 400093, India; Phone +91–22– 66712151-56; Fax +91–22– 66712234, by hand delivery or registered post between 10:30 am to 5 pm on all working days i.e. other than Sundays and public holidays on or before the closing of the Offer, i.e. Monday, August 09, 2010 on plain paper stating Name, Address, No. of Shares held, No. of Shares offered, Distinctive Nos., Folio No., together with the original Share certificate(s), valid transfer deeds in case of Shares held in physical form or photocopy or counterfoil of the delivery instructions in "Off-market" mode in case of Shares held in dematerialized form and the original contract note issued by the broker through whom they acquired their Shares. No indemnity is required from the unregistered owners.

11. While tendering Shares under the Offer, NRIs, OCBs and other non-resident Shareholders will be required to submit RBI's approval, if any (specific or general) that they would have obtained for acquiring the Shares of the Target Company. If the Shares are held under general permission of the RBI, the non-resident Shareholder should state that the Shares are held under the general category and whether on repatriable basis or non repatriable basis. In the event that the previous RBI approvals are not submitted, ECF reserves the right to reject such tendered Shares.

12. Rejection of Shares

    If the Shares are rejected for any of the following reasons, the Shares will be returned to the sole / first named holder along with all the documents received from them at the time of submission. Please note that the following list is not exhaustive.

    a. The signature(s) of the holder(s) do not match with the specimen signature(s) as per the records of Target Company;

    b. The transfer deed is not complete or valid;

    c. The number of Shares mentioned in the Form of Acceptance cum Acknowledgement does not tally with the actual physical share certificate(s) submitted or in case of dematerialized Shares, the Shares in the Form of Acceptance cum Acknowledgement do not tally with the instruction to the depository participant and the credit received in the special depository account;

    d. The relevant documents, as applicable, as mentioned above are not submitted with the Form of Acceptance cum Acknowledgement. ECF also reserves the right to reject such tenders from Shareholders, where the relevant documents are not submitted.

13. Neither ECF, ESHL, the Manager to the Offer, the Registrar to the Offer or Target Company will be liable for any delay/loss in transit resulting in delayed receipt/ non-receipt by the Registrar to the Offer of your Form of Acceptance cum Acknowledgement or for the failure to deposit your Shares to the special depository account or submission of original physical Share certificates due to inaccurate/incomplete particulars/instructions on your part, or for any other reason.

14. While tendering their Shares under the Offer, NRIs, OCBs and other non-resident Shareholders will be required to submit a TCC or Certificate for Deduction of Tax at Lower Rate from the Income-tax authorities under the Income Tax Act, 1961 indicating the amount of tax to be deducted by ECF before remitting the consideration, failing which ECF will arrange to deduct tax at the maximum marginal rate as may be applicable to the relevant category to which the Shareholder belongs under the Income Tax Act, 1961, on the entire consideration amount payable to such Shareholder.

15. As per the provisions of Section 196D (2) of the Income Tax Act, 1961, no deduction of tax at source will 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 to a Foreign Institutional Investor as defined in Section 115AD of the Income Tax Act, 1961. However, the interest payment for delay in payment of consideration, if any, will not be governed by this provision. For interest payments, if any, NRIs, OCBs and other non-resident Shareholders will be required to submit a TCC or Certificate for Deduction of Tax at Lower Rate from the Income-tax authorities under the Income-tax Act, 1961 indicating the amount of tax to be deducted by ECF before remitting the consideration, failing which ECF will arrange to deduct tax at the maximum marginal rate as may be applicable to the relevant category to which the Shareholder belongs under the Income Tax Act, 1961, on the entire consideration amount payable to such Shareholder.

16. No tax will be deducted on the Offer Price payable to the resident Shareholders. In case of resident Shareholders of the Target Company, ECF will deduct the tax on the interest component exceeding Rs. 5,000/- (Rupees five thousand only) at the applicable current prevailing rates, if applicable. If the resident Shareholder of the Target Company requires that no tax is to be deducted or tax is to be deducted at a lower rate than the prescribed rate, such Shareholder will be required to submit No Objection Certificate from the income tax authorities indicating the rate at which tax is to be deducted by ECF or a self declaration in Form 15G or Form 15H as may be applicable. Shareholders of the Target Company eligible to receive interest component exceeding Rs. 5,000/- (Rupees five thousand only) would be required to submit their Permanent Account Number for income tax purposes. Clauses relating to payment of interest will become applicable only if ECF and ESHL become liable to pay interest for delay in release of purchase consideration.

17. **Shareholders are advised to consult their tax advisors for their taxability or any other procedural aspects including the treatment that may be given by their respective assessing officers in their case, and the appropriate course of action that they should take. ECF / ESHL and the Manager to the Offer do not accept any responsibility for the accuracy or otherwise of such advice.**

18. All Persons eligible to participate in the Offer who wish to avail this Offer should deliver the above mentioned documents, by hand delivery to the Registrar to the Offer, Datamatics Financial Services Limited, A-16 & 17, MIDC, Part B Crosslane, Marol, Andheri (East), Mumbai – 400093, India; Phone +91–22– 66712151-56; Fax +91–22– 66712234; Email: ecfopenoffer@dfssl.com; Contact Person: Mr. Ralph Gonsalves, so as to reach the Registrar to the Offer on or before 5 pm on Monday, August 09, 2010 (i.e. the date of Closing of the Offer). Persons who are unable to hand deliver the documents as above may send the same by registered post at their sole risk to the Registrar to the Offer as above, so as to reach the Registrar to the Offer on or before 5 pm on Monday, August 09, 2010 (i.e. the date of Closing of the Offer)

FORM OF WITHDRAWAL

(All terms and expressions used herein shall have the same meaning as ascribed thereto in the Letter of Offer)

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

OFFER		
OPENS ON	:	**Wednesday, July 21, 2010**
CLOSES ON	:	**Monday, August 09, 2010**
LAST DATE OF WITHDRAWAL	:	**Wednesday, August 4, 2010**

From

Name : ______________________________

Address : ______________________________

____

Tel No : ____________ Fax No : ____________ Email ID : ____________

Status :Resident/ Non Resident

To,
The Acquirer - **Essar Capital Finance Private Limited**
C/o Datamatics Financial Services Limited,
A-16 & 17, MIDC, Part B Crosslane,
Marol, Andheri (East),
Mumbai - 400093, India

Dear Sir,

Sub: Open Offer to acquire 28,46,647 equity shares of face value of Rs. 10/- each ("Shares") representing 20% of the voting capital of AGC Networks Limited ("Target Company") by Essar Capital Finance Private Limited ("ECF") as acquirer and Essar Services Holdings Limited ("ESHL") as person acting in concert with ECF through a mandatory open offer (the "Offer") pursuant to the provisions of the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 1997 (as amended) (the "SEBI (SAST) Regulations")

Withdrawal of shares tendered in the caption Offer

I/We refer to the Letter of Offer dated July 13, 2010 for acquiring the Shares held by me/us in the Target Company.

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

I/We have read the procedure for withdrawal of Shares tendered by me/us in the Offer as mentioned in the Letter of Offer and unconditionally agree to the terms & condition mentioned therein.

I/We hereby consent unconditionally and irrevocably to withdraw my/our Shares from the Offer and I/we further authorize ECF to return to me/us, the tendered Share certificate(s)/Share(s) at my/our sole risk.

I/We note that upon withdrawal of my/our Shares from the Offer, no claim or liability shall lie against ECF/ ESHL / Edelweiss Capital Limited ("**Manager to the Offer**") / Datamatics Financial Services Limited ("**Registrar to the Offer**").

I/We note that this Form of Withdrawal should reach the Registrar to the Offer at A-16 & 17, MIDC, Part B Crosslane, Marol, Andheri (East), Mumbai - 400093, India on or before the last date of withdrawal (i.e. Wednesday, August 4, 2010) on or before 5 pm Indian Standard Time.

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

ACKNOWLEDGEMENT SLIP

(To be filled in by the Shareholders) (Subject to verification)

Datamatics Financial Services Limited

A-16 & 17, MIDC, Part B Crosslane, Marol, Andheri (East), Mumbai - 400093, India:

Sr. No. ____________

Received from Mr./Ms./M/s ______________________________

Address ______________________________

Physical shares: Folio No. ____________ /Demat Shares: DP ID ____________; Client ID: ____________

☐ Physical Shares: No of Shares tendered- ____________ No of Shares Withdrawn ____________

☐ Demat Shares: No of Shares tendered- ____________ No of Shares Withdrawn ____________

(Please ✓" whichever is applicable)

Signature of Official ____________ Date of Receipt ____________

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

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

SHARES IN PHYSICAL FORM

The particulars of withdrawal of original Shares certificates and duly signed transfer deed(s) are detailed below:

Sr. No.	Ledger Folio No.	Certificate No.	Distinctive No(s)		No. of Shares
			From	To	
	TENDERED				
1.					
2.					
3.					
Total No. of Certificates			**Total No. of Shares**		
	WITHDRAWN				
1.					
2.					
3.					
Total No. of Certificates			**Total No. of Shares**		

Please attach an additional sheet of paper if the above space is insufficient.

SHARES IN DEMATERIALIZED FORM

I/We hold the following Shares in dematerialized form and have tendered the Shares in the Offer and have done an off-market transaction for crediting the Shares to the "**DFSL ESCROW A/C – ESSAR CAPITAL FINANCE OPEN OFFER**", whose particulars are:

DP ID Number: 12032300; DP Name: Edelweiss Securities Limited; Beneficiary Account Number: 00322406; Depository: Central Depositary Services (India) Limited

Please find enclosed a photocopy of the depository delivery Instruction(s) duly acknowledged by DP.

The particulars of the account from which my/our Shares have been tendered are as detailed below:

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

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

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

In case of dematerialized Shares, I/we confirm that the signatures of the beneficiary holders have been verified by the DP as per the records maintained at their end and the same have also been duly attested by them under their seal.

Yours faithfully,

TEAR ALONG THIS LINE

No document should be sent to the Acquirer / PAC or the Manager to the Offer.

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

Datamatics Financial Services Limited
A-16 & 17, MIDC, Part B Crosslane, Marol,
Andheri (East), Mumbai – 400093, India
Phone +91–22– 66712151-56; Fax +91–22– 66712234
Email: ecfopenoffer@dfssl.com;
Contact Person: Mr. Ralph Gonsalves, **quoting your Reference Folio No./DPID/Client ID.**

Signed and delivered	Full Name(s)	Signature(s)	Verified and Attested by us. Please affix the stamp of DP(in case of demat Shares) / Bank (in case ofphysical Shares)
First/Sole Shareholder			
Second Shareholder			
Third Shareholder			
Fourth Shareholder			

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

Place :

Date :

INSTRUCTIONS

1. Shareholders are advised to ensure that the Form of Withdrawal should reach the address of the Registrar to the Offer mentioned in the Form of Acceptance cum Acknowledgment as per the mode of delivery indicated therein on or before the last date of withdrawal i.e. Wednesday, August 4, 2010.

2. The withdrawal option can be exercised by submitting the Form of Withdrawal, duly signed and completed, along with the copy of acknowledgement slip issued at the time of submission of the Form of Acceptance cum Acknowledgement.

3. 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.

4. In case of bodies corporate, certified copies of appropriate authorization (including Board/shareholder 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.

5. All the Shareholders should provide all relevant documents which are necessary to ensure transferability of the Shares in respect of which the withdrawal 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 withdrawal form or transfer deed(s).

6. Shareholders should enclose the following:

   i. For Shares held in dematerialized form:

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

   - Duly signed and completed Form of Withdrawal. The signature(s) should be attested by the DP.
   - Acknowledged slip in original/copy of the submitted Form of Acceptance cum Acknowledgement in case delivered by registered post.
   - Photocopy of the delivery instruction in “Off-market” mode or counterfoil of the delivery instruction in “Off-market” mode, duly acknowledged by the DP.

ii. **For Shares held in physical form:**

Registered Shareholders should enclose:

- Duly signed and completed Form of Withdrawal.
- Acknowledged slip in original/copy of the submitted Form of Acceptance cum Acknowledgement in case delivered by registered post.
- In case of partial withdrawal, valid Share transfer form(s) duly signed as transferors by all registered Shareholders (in case of joint holdings) in the same order and as per specimen signatures registered with the Target Company and duly witnessed at the appropriate place.

Unregistered owners of Shares should enclose:

- Duly signed and completed Form of Withdrawal.
- Acknowledged slip in original/copy of the submitted Form of Acceptance cum Acknowledgement in case delivered by registered post.

7. The withdrawal of Shares will be available only for the Share certificates/the Shares that have been received by the Registrar to the Offer/ special depository account.
8. The intimation of Shares which are returned to the Shareholders pursuant to the withdrawal will be at the address as per the records of the Target Company/ depository as the case may be.
9. The Form of Withdrawal should be sent only to the Registrar to the Offer.
10. In case of partial withdrawal of Shares tendered in physical form, if the original Share certificates are required to be split, the same will be returned on receipt of Share certificates from the Target Company. **The facility of partial withdrawal is available only to registered Shareholders.**
11. Shareholders holding Shares in dematerialized form are requested to issue the necessary standing instruction for receipt of the credit in their DP account.
12. Applicants should send the Form of Withdrawal along with their documents by hand delivery to the Registrar to the Offer, Datamatics Financial Services Limited, A-16 & 17, MIDC, Part B Crosslane, Marol, Andheri (East), Mumbai – 400093, India; Phone +91–22–66712151-56; Fax +91–22– 66712234; so as to reach the Registrar to the Offer on or before 5 pm on Wednesday, August 4, 2010. Applicants who are unable to hand deliver the Form of Withdrawal along with their documents as above may send the same by registered post at their sole risk to the Registrar to the Offer as above, so as to reach the Registrar to the Offer on or before 5 pm on Wednesday, August 4, 2010.