

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 **Sterling Holiday Resorts (India) 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 equity shares in **Sterling Holiday Resorts (India) Limited**, please hand over this Letter of Offer, the accompanying Form of Acceptance-cum-Acknowledgement, Form of Withdrawal and Transfer Deed to the member of the stock exchange through whom the said sale was effected.

CASH OFFER BY

Bay Capital Investments Ltd (formerly known as Indus Hospitality Fund Ltd)

Reg. Office: 4th Floor, Raffles Tower, 19 Cybercity, Ebene, Republic of Mauritius (Tel. No.: +230 404 8800 Fax No.: +230 404 8899)
(Hereinafter referred to as '**Acquirer**' / '**BCIL**')

ALONG WITH

India Discovery Fund Ltd

Reg. Office : 4th Floor, Raffles Tower, 19 Cybercity, Ebene, Republic of Mauritius (Tel. No.: +230 404 8800 Fax No.: +230 404 8899)
(Hereinafter referred to as '**PAC**' / '**IDF**')

TO ACQUIRE 98,85,717 FULLY PAID UP EQUITY SHARES
representing 20% of the Emerging Voting Capital (**The 'Offer'**)

OF

Sterling Holiday Resorts (India) Limited



Reg. Office: No.163, T.T.K. Road, Alwarpet, Chennai – 600 018 (Tel. No. : +91-44-2499 8044, Fax No.: +91-44-2499 8043)
(Hereinafter referred to as '**Target Company**')

AT Rs. 36.25 (RUPEES THIRTY SIX AND PAISE TWENTY FIVE ONLY) PER FULLY PAID UP EQUITY SHARE OF FACE VALUE OF RUPEES 10/- (TEN) EACH pursuant to the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers Regulations), 1997 and subsequent amendments thereto (**the 'Takeover Regulations'**)

Please Note:

- This Offer is being made pursuant to regulation 10 and other applicable provisions of the Takeover Regulations.
- The Offer is not conditional and is not subject to a minimum level of acceptance by the shareholders of the Target Company.
- The Offer is subject to the receipt of approval from Reserve Bank of India ('RBI') under the Foreign Exchange Management Act, 1999 (FEMA) and rules made thereunder for the acquisition of equity shares validly tendered and accepted under the Offer by the Acquirer. RBI by its letter No. FE/CO/FID/369/10.21.159/2009-10 dated July 3, 2009 has accorded the approval to the Acquirer to acquire shares tendered under the Offer upto 95,85,717 equity shares of the Target Company. The Acquirer has filed a revised application dated August 27, 2010, with the RBI to obtain approval under FEMA for the acquisition of additional equity shares validly tendered and accepted under the Offer, pursuant to the increase in offer size from 95,85,717 to 98,85,717 equity shares. Please refer to Para 8 of this Letter of Offer for details.
- As of the date hereof, other than the above, no statutory approvals are required to acquire the equity shares tendered pursuant to this Offer. If any other statutory approvals are required or become applicable, the Offer would be subject to receipt of such other statutory approvals. In terms of regulation 27 of the Takeover Regulations, the Acquirer and the PAC will not proceed with the Offer in the event that such statutory approvals that are required are not obtained.
- If the aggregate of the valid response exceeds 98,85,717 equity shares, the Acquirer shall accept shares equal to 98,85,717 equity shares, on a proportionate basis, in consultation with the Manager to the Offer, in accordance with Regulation 21(6) of the Takeover Regulations.
- In case of delay in the receipt of any statutory approvals, SEBI has the power to grant extension of time to the Acquirer for payment of consideration to shareholders who have validly tendered their equity shares, subject to the Acquirer agreeing to pay interest for the delayed period as directed by SEBI in terms of Regulation 22(12) of the Takeover Regulations. Further, if the delay occurs on account of willful default by the Acquirer in obtaining the requisite approvals, Regulation 22(13) of the Takeover Regulations will also become applicable.
- The Acquirer can revise the Offer Price upto 7 (seven) working days prior to the date of closure of the Offer (i.e. November 18, 2010)
- If there is any upward revision in the Offer Price by the Acquirer till the last date of revision i.e. November 18, 2010, or withdrawal of the Offer in terms of the Takeover Regulations, the same would be informed by way of a public announcement in the same newspapers where the original Public Announcement dated June 8, 2009 had appeared. Such revised offer price would be payable for all the equity shares of Sterling Holiday Resorts (India) Limited, tendered anytime during the Offer and accepted under the Offer.
- Any Overseas Corporate Body (OCB) who is a shareholder of Target Company and wants to tender its shares in the Offer should obtain specific approval of RBI. No specific approval from RBI is required in case equity shares are tendered by NRI shareholders.
- This is not a competitive bid.**
- The procedure for acceptance is set out in Para 9 of this Letter of Offer. A Form of Acceptance-cum-Acknowledgement and a Form of Withdrawal is enclosed with this Letter of Offer.
- The Public Announcement, Corrigendum to Public Announcement, Second Corrigendum to Public announcement, Letter of Offer, Form of Acceptance-cum-Acknowledgement and Form of Withdrawal would also be available on the website of Securities and Exchange Board of India ('SEBI') <http://www.sebi.gov.in>
- Shareholders who have accepted the Offer by tendering the requisite documents, in terms of the Letter of Offer, can withdraw the same upto three working days prior to the date of closure of the Offer. Requests for such withdrawals should reach the Registrar to the Offer before the close of business hours on November 24, 2010.**
- There is no competitive bid as on date of this Letter of Offer.**
- As the offer price cannot be revised during the period after November 18, 2010, 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.**

All future correspondence, if any, should be addressed to the Manager to the Offer/ Registrar to the Offer at the addresses mentioned below:

MANAGER TO THE OFFER	REGISTRAR TO THE OFFER
 Collins Stewart Inga COLLINS STEWART INGA PRIVATE LIMITED A-404, Neelam Centre, 4th Floor, Hind Cycle Road, Worli, Mumbai 400 030 Tel.: +91-22-2498 2919 / 2498 2937; Fax: +91-22-2498 2956 Email: shrl@csinga.com Contact Person : Mr. Mihir Pandhi	 LINK INTIME INDIA PRIVATE LIMITED C-13, Pannalal Silk Mills Compound, L. B. S. Marg, Bhandup (West) Mumbai - 400 078 Tel.: +91-022-2596 0320 Fax.: +91-022-2596 0329 Email: shril.offer@linkintime.co.in Contact Person : Mr. Nilesh Chalke

OFFER OPENS: NOVEMBER 10, 2010 (WEDNESDAY)

OFFER CLOSSES: NOVEMBER 29, 2010 (MONDAY)

SCHEDULE OF MAJOR ACTIVITIES OF THE OFFER

Activity	ORIGINAL SCHEDULE		REVISED SCHEDULE	
	Date	Day	Date	Day
Public Announcement Date	June 8, 2009	Monday	—	—
Corrigendum to Public Announcement	—	—	September 10, 2009	Thursday
Second Corrigendum to Public Announcement	—	—	November 04, 2010	Thursday
Specified Date*	June 12, 2009	Friday	June 12, 2009	Friday
Last date for a Competitive Bid	June 29, 2009	Monday	June 29, 2009	Monday
Last Date by which Letter of Offer will be posted to the shareholders	July 20, 2009	Monday	November 06, 2010	Saturday
Date of Opening of the Offer	July 29, 2009	Wednesday	November 10, 2010	Wednesday
Last date for revising the Offer Price / Offer size	August 6, 2009	Thursday	November 18, 2010	Thursday
Last date of withdrawal of tendered application by the shareholders	August 12, 2009	Wednesday	November 24, 2010	Wednesday
Date of Closing of the Offer	August 17, 2009	Monday	November 29, 2010	Monday
Date by which acceptance / rejection under the Offer would be intimated and the corresponding payment for the acquired equity shares and/or the unaccepted demat shares / share certificate(s) will be credited/ dispatched	September 3, 2009	Thursday	December 14, 2010	Tuesday

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

ADVISOR TO THE OFFER



ANTIQUE CAPITAL MARKETS PRIVATE LIMITED

6th Floor, Nirmal Building,
Nariman Point
Mumbai 400 021
Tel: : +91-22-4031 3300 / 2204 0444
Fax: +91-22-2204 0303

RISK FACTORS

Given below are the risks related to the transaction, the proposed offer and the risks involved in getting associated with the Acquirer:

I. General

- i. Acceptance of the equity shares of the Target Company tendered in the Offer is subject to receipt of RBI approval for the same. In the event, any of the required statutory approvals is refused; the Offer would stand withdrawn in terms of the Regulations. For further details, see para 8 of this Letter of Offer.
- ii. In the event that either (a) a regulatory approval is not received in time; (b) there is any litigation leading to a stay on the Offer; or (c) SEBI instructing the Acquirer not to proceed with the Offer, then the Offer process may be delayed beyond the schedule of activities as indicated in this Letter of Offer. Consequently, the payment of consideration to the shareholders of Target Company whose equity shares have been accepted in the Offer as well as the return of the equity shares of the Target Company not accepted by the Acquirer may be delayed.
- iii. The Acquirer makes no assurance with respect to the market price of the equity shares of the Target Company both during the Offer period and upon the completion of the Offer, and disclaims any responsibility with respect to any decision by the shareholders of Target Company on whether or not to participate in the Offer.
- iv. The Acquirer makes no assurance with respect to the financial performance of Target Company. The Acquirer also makes no assurance with respect to their investment / divestment decisions relating to their proposed shareholding in Target Company.

II. Others

- i. The Offer is subject to completion risks as would be applicable to similar transactions.
- ii. The risk factors set forth above pertain to the acquisition and the Offer and not in relation to the present or future business or operations of Target Company or any other related matters, and are neither exhaustive nor intended to constitute a complete analysis of the risks involved in participation or otherwise by a shareholder in the Offer. Shareholders of Target Company are advised to consult their stockbroker or investment consultant for further risks with respect to their participation in the Offer.

CURRENCY OF PRESENTATION

In this Letter of Offer, all references to “USD” or “\$” means US Dollar. Unless otherwise stated, the Rupee equivalent quoted in each case is calculated based on the currency conversion rates available on Bloomberg website (www.bloomberg.com).

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1. DEFINITION

Acquirer / BCIL	Bay Capital Investments Ltd
BSE	Bombay Stock Exchange Ltd.
CDSL	Central Depository Services (India) Limited
Corrigendum to PA	Corrigendum to Public Announcement published on September 10, 2009
DP	Depository Participant
Dollars / \$ / USD	US Dollars
FEMA	Foreign Exchange Management Act, 1999
Eligible Shareholders	All owners (registered and unregistered) of shares of Target Company except, Acquirer and PAC
EOGM	Extra Ordinary General Meeting
FII(s)	Foreign Institutional Investor(s)
FOA	Form of Acceptance-cum-Acknowledgement
FOW	Form of Withdrawal
FY	Financial Year
Letter of Offer / LOF	This Letter of Offer
Manager/ Manager to the Offer	Collins Stewart Inga Private Limited
MSE	Madras Stock Exchange Limited
NSDL	National Securities Depository Limited
OCB	Overseas Corporate Body
Offer	Open Offer for acquisition of 98,85,717 fully paid up equity shares of of Rs. 10/- each of Target Company at a price of Rs. 36.25 per equity share
Offer price	Rs. 36.25 (Rupees Thirty Six and Paise Twenty Five only) per fully paid up share of Rs. 10/- each
Offer size	98,85,717 equity shares, Rs. 35,83,57,241.25 (Rupees Thirty Five Crores Eighty Three Lacs Fifty Seven Thousand Two Hundred and Forty One and Paise Twenty Five only)
PAC	Person Acting in Concert
RBI	Reserve Bank of India
Registrar to the Offer	Link Intime India Private Limited
SEBI	Securities & Exchange Board of India
SEBI Act	Securities & Exchange Board of India Act, 1992
SEBI DIP Guidelines	SEBI (Disclosure and Investor Protection) Guidelines, 2000 and subsequent amendments thereto
Second Corrigendum to Public Announcement	Second Corrigendum to Public Announcement published on November 04, 2010
Takeover Regulations	Securities & Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 1997 and subsequent amendments thereto.
Share(s) / Equity Shares	Fully paid equity shares of face value of Rs. 10/- each of Target Company
Target Company	Sterling Holiday Resorts (India) Limited

2 DISCLAIMER CLAUSE

IT IS TO BE DISTINCTLY UNDERSTOOD THAT FILING OF THE DRAFT LETTER OF OFFER WITH SEBI SHOULD NOT, IN ANY WAY, BE DEEMED OR CONSTRUED THAT THE SAME HAS BEEN CLEARED, VETTED OR APPROVED BY SEBI. THE DRAFT LETTER OF OFFER HAS BEEN SUBMITTED TO SEBI FOR A LIMITED PURPOSE OF OVERSEEING WHETHER THE DISCLOSURES CONTAINED THEREIN ARE GENERALLY ADEQUATE AND ARE IN CONFORMITY WITH THE REGULATIONS. THIS REQUIREMENT IS TO FACILITATE THE SHAREHOLDERS OF STERLING HOLIDAY RESORTS (INDIA) LIMITED TO TAKE AN INFORMED DECISION WITH REGARD TO THE OFFER. SEBI DOES NOT TAKE ANY RESPONSIBILITY EITHER FOR THE FINANCIAL SOUNDNESS OF THE ACQUIRER, PAC OR THE COMPANY WHOSE SHARES/ CONTROL IS PROPOSED TO BE ACQUIRED OR FOR THE CORRECTNESS OF THE STATEMENTS MADE OR OPINIONS EXPRESSED IN THE LETTER OF OFFER. IT SHOULD ALSO BE CLEARLY UNDERSTOOD THAT, WHILE THE ACQUIRER AND PAC ARE PRIMARILY RESPONSIBLE FOR THE CORRECTNESS, ADEQUACY, AND DISCLOSURE OF ALL RELEVANT INFORMATION IN THIS LETTER OF OFFER, THE MANAGER TO THE OFFER IS EXPECTED TO EXERCISE DUE DILIGENCE TO ENSURE THAT THE ACQUIRER AND PAC DULY DISCHARGES THEIR RESPONSIBILITY ADEQUATELY.

IN THIS BEHALF AND TOWARDS THIS PURPOSE, THE MANAGER TO THE OFFER, COLLINS STEWART INGA PRIVATE LIMITED, HAS SUBMITTED A DUE DILIGENCE CERTIFICATE DATED JUNE 18, 2009 TO SEBI IN ACCORDANCE WITH THE SEBI (SUBSTANTIAL ACQUISITION OF SHARES AND TAKEOVERS) REGULATIONS, 1997 AND SUBSEQUENT AMENDMENT(S) THEREOF. THE FILING OF THE LETTER OF OFFER DOES NOT, HOWEVER, ABSOLVE THE ACQUIRER AND PAC FROM THE REQUIREMENT OF OBTAINING SUCH STATUTORY CLEARANCES AS MAY BE REQUIRED FOR THE PURPOSE OF THE OFFER.

3 DETAILS OF THE OFFER

3.1 Background of the Offer

- 3.1.1 This Offer is being made by the Acquirer alongwith the PAC, to the equity shareholders of the Target Company in compliance of regulation 10 and other applicable provisions of the Takeover Regulations pursuant to substantial acquisition of shares and voting rights in the Target Company.
- 3.1.2 The Board of Directors of the Target Company, at their meeting held on June 4, 2009, on preferential basis has issued and allotted 95,26,500 equity shares of Rs. 10/- each at a price of Rs.35/- per share (including premium of Rs. 25/- per share), in compliance with the provisions of the Companies Act, 1956 and Chapter XIII of SEBI DIP Guidelines. Out of the said preferential issue, 78,82,200 (Seventy Eight Lacs Eighty Two Thousand Two Hundred) ('Subscription Shares') equity shares representing 18.80% of paid up share capital (as on the date of PA) for a consideration aggregating to Rs. 27,58,77,000/- (Rupees Twenty Seven Crores Fifty Eight Lacs Seventy Seven Thousand only) ('Subscription Amount') was allotted to Acquirer.
- 3.1.3 The consent of the members for the aforesaid preferential issue was accorded by passing of special resolution under section 81(1A) of the Act and in accordance with Chapter XIII of SEBI DIP Guidelines at the extra ordinary general meeting ('EOGM') of the Target Company held on May 25, 2009.
- 3.1.4 The offer to the shareholders of the Target Company is being made consequent to the aforesaid allotment to Acquirer and in compliance with regulation 10 and other applicable provisions of the Takeover Regulations.
- 3.1.5 As on the date of Public Announcement, the Acquirer and PAC held 95,68,292 equity shares representing 22.82% of paid up share capital of the Target Company. Except as stated, Acquirer and PAC has not acquired any further equity shares of the Target Company upto the date of this Letter of Offer. Details of existing shareholding, highest and average price at which the equity shares of the Target Company were acquired by the Acquirer and PAC are as under:

Names	Number of Equity Shares held	% of paid-up share Capital **	Highest and Average price paid (Rs.)
Bay Capital Investments Ltd (Acquirer)	78,82,200	18.80%	35/-
India Discovery Fund Ltd (PAC)	16,86,092	4.02%	35/-

** % is calculated on the paid up capital as on date of PA .

- 3.1.6 Acquirer, PAC and Target Company have not been prohibited by SEBI from dealing in securities in terms of directions issued under section 11B of SEBI Act or under any of the regulations made under the SEBI Act.
- 3.1.7 Acquirer does not intend to nominate any director on the board of directors of Target Company during the Offer Period. However, in case they appoint Director, then they will do so in compliance with the Takeover Regulations.

3.2 Details of the Offer

- 3.2.1 Public Announcement dated June 08, 2009, Corrigendum to Public Announcement dated September 9, 2009 and Second Corrigendum to Public Announcement dated November 03, 2010 published on June 08, 2009, September 10, 2009 and November 04, 2010 respectively, in the following newspapers:

Newspaper	Language	Edition
Financial Express	English	All Editions
Jansatta	Hindi	All Editions
Makkal Kural	Tamil	Chennai Edition
Navshakti	Marathi	Mumbai Edition

(Public Announcement, Corrigendum to Public Announcement and Second Corrigendum to Public Announcement are available on the SEBI website: www.sebi.gov.in)

3.2.2 Corrigendum to Public Announcement

The Court of 2nd Additional Senior Civil Judge at Gandhinagar has passed an order dated, 3 September, 2009 in a civil suit instituted by Gujarat Industrial Investment Corporation Limited ('GIIC'), *inter-alia* restraining the Target Company, Acquirer, PAC, Manager to the Offer and Registrar to the Offer (collectively the 'Defendants') from taking further steps in respect of the PA (Notice to the public for the same was published on September 10, 2009 in the news papers as mentioned para 3.2.1 of this Letter of Offer). The Target Company had preferred an appeal against the aforesaid order, in this connection, the Court of Senior Civil Judge, Gandhinagar has passed an Order dated July 16, 2010 in the aforesaid civil suit whereby GIIC has withdrawn the suit unconditionally on account of out of court settlement with the Target Company.

3.2.3 Acquirer along with PAC is making offer to Eligible Shareholders of the Target Company in compliance with regulation 10 and other applicable provisions of the Takeover Regulations to acquire 98,85,717 equity shares ('Offer Size') representing 20.25% of paid-up equity share capital (as on date of this Letter of Offer) and 20% of Emerging Voting Capital (computed in accordance with regulation 21(5) of the Takeover Regulations (as detailed in para 6.4 hereunder) of the Target Company, at a price of Rs. 36.25 per equity share ('Offer Price') payable in cash subject to the terms and conditions mentioned hereinafter.

3.2.4 This acquisition will not result in a change in control of the Target Company.

3.2.5 There are no partly paid up shares of the Target Company.

3.2.6 This is not a Competitive Bid.

3.2.7 The Offer is not conditional and is not subject to a minimum level of acceptance by the shareholders of the Target Company.

3.2.8 As on the date of this Letter of Offer, there are no representatives of Acquirer or PAC on the Board of the Target Company.

3.3 Object and purpose of Acquisition / Offer

3.3.1 This Offer to the shareholders of the Target Company is being made pursuant to regulation 10 of the Takeover Regulations involving substantial acquisition of equity shares and voting rights without a change in control / management of the Target Company. Acquirer does not intend to acquire or change control / management of the Target Company or become its promoter.

3.3.2 Acquirer and PAC are companies incorporated in Mauritius and operate as Collective Investment Scheme. Acquirer and PAC are licensed by Financial Services Commission (Mauritius) as a Category 1 Global Business License Company under the Financial Services Act, 2007 of Mauritius. PAC is also registered as a sub account (registration no. 20070499) under the Securities and Exchange Board of India (Foreign Institutional Investors) Regulations, 1995. Main activity of Acquirer and PAC is to make direct and indirect investments in listed and/or equity related securities in mid market companies across India. On completion of the Offer (assuming full acceptance), the Acquirer will hold 1,77,67,917 Equity Shares representing 35.95% of Emerging Voting Capital of the Target Company. Acquisition by Acquirer is in the nature of a financial investment.

4 BACKGROUND OF ACQUIRER AND PAC

4.1 Bay Capital Investments Ltd (formerly known as Indus Hospitality Fund Ltd) ('Acquirer')

4.1.1 Acquirer was incorporated on August 11, 2008 under the laws of Republic of Mauritius as private company limited by shares under the name of Indus Hospitality Holdings Ltd. The name of the company was changed to Indus Hospitality Fund Ltd and consequently new certificate of incorporation dated May 12, 2009 was issued by Registrar of Companies, Mauritius. Subsequently, the company was converted into a Public Company on May 8, 2009 by passing a special resolution, a new certificate of conversion to that effect was issued by Registrar of Companies, Mauritius, on May 27, 2009. Further, the name of the Company was changed to Bay Capital Investments Ltd with effect from July 8, 2010. Registered Office of the Acquirer is situated at 4th Floor, Raffles Tower, 19 Cybercity, Ebene, Republic of Mauritius; Tel. No.: +230 404 8800, Fax No.:+230 404 8899.

4.1.2 Acquirer is promoted by Bay Capital Partners Limited. Acquirer does not belong to any group.

4.1.3 There is no agreement entered between Acquirer and PAC with regard to Offer / acquisition of shares. Except for IDF has funded Acquirer for acquisition of equity shares to be acquired under the Open Offer by subscribing to 1,36,000 participating shares of USD 0.01 each issued at a price of USD 100 per share.

4.1.4 Acquirer operates as Collective Investment Scheme and is licensed by Financial Services Commission (Mauritius) as a Category 1 Global Business License Company under the Financial Services Act, 2007 of Mauritius. Main activity of Acquirer is to make direct and indirect investments in listed and/or equity related securities in mid market companies across India.

4.1.5 The details of the Board of Directors of Acquirer are as given below:

Name	Date of Appointment	Designation	Residential Address	National Identity Card no. issued by Government of Mauritius
Mr. Chandra Kumar Gujadhur	August 11, 2008	Director	MORC GIDC, Floreal, Mauritius	G019478211411
Mr. Tahleb Mahmbab Rujub	August 11, 2008	Director	Soobraty Road, Bon Accueil, Mauritius	R1803814600075

4.1.6 Experience and qualifications of Board of Directors of Acquirer are as follows:

Mr. Chandra Kumar Gujadhur, a fellow member of the Institute of Chartered of Accountants of England and Wales and an associate member of the Society of Trust and Estate Practitioners, has long standing experience in auditing of offshore funds, fund structuring and tax planning. He was a member of the Accounting and Auditing task team of the Corporate Governance Committee of Mauritius and the Chairman and member of the Consultative Sub-Committee on the drawing up of the New Listing Rules of the Stock Exchange of Mauritius. He retired as a senior partner with Deloitte at the end of September, 2006 after 18 years to assume the responsibility of Managing Director at Apex Mauritius.

Mr. Tahleb Rujub is an associate of the Association of Chartered Certified Accountants. He joined Apex Fund Services (Mauritius) Ltd (“Apex Mauritius”), which forms part of the Apex Group which has offices in various jurisdictions including Bermuda, Dubai, Singapore, Hong Kong and Ireland, since 2006 and holds the role of Manager. Tahleb also holds other directorships on the Boards of Global Business Companies through which he has acquired extensive experience and knowledge on key industries globally. Prior to joining Apex Mauritius, he has held positions at the Mauritius Ministry of Labour, Industrial Relations and Employment and at a leading Offshore Management Company.

- 4.1.7 None of the Directors of Acquirer has acquired any Equity Shares of Target Company in 12 months preceding the date of the PA and also has not acquired any equity shares of Target Company as on the date of this Letter of Offer.
- 4.1.8 None of the Directors of Acquirer or their representatives is on the Board of the Target Company.
- 4.1.9 The paid up share capital of Acquirer is USD 476,491.
- 4.1.10 Financial Highlights of Acquirer are given below:

Income Statement	Jan 1, 2010 to June 30, 2010 (Audited)		Jan 1, 2009 to Dec 31, 2009 (Audited)		Aug 11, 2008 to Dec 31, 2008 (Audited)	
	Amount in USD	Amount in Rs. Lacs*	Amount in USD	Amount in Rs. Lacs*	Amount in USD	Amount in Rs. Lacs*
Income from operations	439,225	210.39	6,399,216	2,977.55	Nil	Nil
Other Income	Nil	Nil	Nil	Nil	Nil	Nil
Total Income	439,225	210.39	6,399,216	2,977.55	Nil	Nil
Total Expenditure	(6,906)	(3.31)	(40,307)	(18.75)	4,225	2.06
(Loss) / Profit Before Depreciation Interest and Tax	432,319	207.08	6,358,909	2,958.80	(4,225)	(2.06)
Depreciation	Nil	Nil	Nil	Nil	Nil	Nil
Interest (incl. finance charges)	Nil	Nil	Nil	Nil	Nil	Nil
(Loss) / Profit Before Tax	432,319	207.08	6,358,909	2,958.80	(4,225)	(2.06)
Provision for Tax	Nil	Nil	Nil	Nil	Nil	Nil
(Loss) / Profit After Tax	432,319	207.08	6,358,909	2,958.80	(4,225)	(2.06)

Balance Sheet as at	June 30, 2010 (Audited)		Dec 31, 2009 (Audited)		Dec 31, 2008 (Audited)	
	Amount in USD	Amount in Rs. Lacs*	Amount in USD	Amount in Rs. Lacs*	Amount in USD	Amount in Rs. Lacs*
Sources of funds						
Paid up share capital						
Management Shares	1	**47.90	1	**46.53	1	**48.68
Redeemable participating shares	476,490	228.23	136,000	63.28	Nil	Nil
Reserves and Surplus (excluding revaluation reserves)	53,959,513	25,846.61	19,818,684	9,221.63	(4,225)	(2.05)
Total	54,436,004	26,074.84	19,954,685	9,284.91	(4,224)	(2.05)
Uses of funds						
Net fixed assets	Nil	Nil	Nil	Nil	Nil	Nil
Investments	46,253,584	22,155.46	12,350,144	5,746.52	Nil	Nil
Net current assets	8,182,420	3,919.38	7,604,541	3,538.39	(4,224)	(2.05)
Deferred tax assets / (liability)	Nil	Nil	Nil	Nil	Nil	Nil
Mis. Expenditure not written off	Nil	Nil	Nil	Nil	Nil	Nil
Total	54,436,004	26,074.84	19,954,685	9,284.91	(4,224)	(2.05)
Other Financial Data						
Networth	54,436,004	26,074.84	19,954,685	9,284.91	(4,224)	(2.05)
Dividend (%)	Nil	Nil	Nil	Nil	Nil	Nil
EPS (Rs.)**	0.91	43.59	46.76	2,175.74	Nil	Nil
Return on Networth (%)	0.79		31.87		Nil	
Book Value Per Share (Rs.)**	114.24	5,472.09	146.73	6,827.34	Nil	Nil

* The results converted to INR are not audited and have been inserted for ease of reference only.

** Not in Lacs

Source: Audited financial statements.

Conversion rate 1 USD = 47.90 (June 30, 2010), 1 USD = 46.53 (December 31, 2009) and 1 USD= Rs. 48.68 (December 31, 2008) Source (www.Bloomberg.com)

4.1.11 Financials of Acquirer are not comparable therefore, reasons for rise / fall in income and profit after tax can't be given .

4.1.12 Significant Accounting Policies:

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied in dealing with items which are considered material in relation to the financial statements.

Statement of compliance

The financial statements are prepared in accordance with International Financial Reporting Standards ('IFRS').

Basis of preparation

The financial statements are prepared under the historical cost convention as modified by the revaluation of financial assets at fair value through profit or loss.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires the Board of Directors to exercise its judgment in the process of applying the Company's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed.

Standards and amendments to existing standards effective from 1 January, 2009

IAS 1 (revised), 'Presentation of financial statements'. The revised standard prohibits the presentation of items of income and expenses (that is, 'non-owner changes in equity') in the statement of changes in equity. It requires non-owner changes in equity to be presented separately from owner changes in equity. All non-owner changes in equity are required to be shown in a performance statement, but entities can choose whether to present one performance statement (the statement of comprehensive income) or two statements (the income statement and statement of comprehensive income). Where entities restate or reclassify comparative information, they are required to present a restated statement of financial position as at the beginning comparative period, in addition to the current requirement to present statements of financial position at the end of the current period and comparative period. The Company has applied IAS 1 (revised) from 1 January, 2009, and has elected to present solely a statement of comprehensive income. The adoption of this revised standard has not resulted in a significant change to the presentation of the Company's performance statement, as the Company has no elements of other comprehensive income.

IAS 39 (amendment), 'Financial instruments: Recognition and measurement'. The amendment was part of the IASB's annual improvements project published in May 2008. The definition of financial asset or financial liability at fair value through profit or loss as it relates to items that are held for trading was amended. This clarifies that a financial asset or liability that is part of a portfolio of financial instruments managed together with evidence of an actual recent pattern of short-term profit taking is included in such a portfolio on initial recognition. Adoption did not have a significant impact on the Company's financial statements.

IFRS 7 (amendment) 'Financial instruments: Disclosures'. The amendment requires enhanced disclosures about fair value measurement and liquidity risk. In particular, the amendment requires disclosure of fair value measurements by level of a fair value measurement hierarchy. The adoption of the amendment results in additional disclosures but does not have an impact on the Company's financial position or performance.

Standards, amendments and interpretations effective on 1 January 2009 but not relevant

IAS 32 (amendment), 'Financial instruments: Presentation', and IAS 1 (amendment), 'Presentation of financial statements – Puttable financial instruments and obligations arising on liquidation'.

"IAS 23 (amendment), 'Borrowing costs';

IAS 39 and IFRIC 9 (amendments), 'Embedded derivatives' (effective for all periods ending on or after 30 June 2009);

IAS 39 and IFRS 7 (amendments), 'Reclassification of financial assets';

IFRS 1 (amendment), 'First-time adoption of IFRS', and IAS 27, 'Consolidated and separate financial statements';

IFRS 2 (amendment), 'Share-based payment';

IFRS 8, 'Operating segments'; and

IFRIC 15, 'Agreements for construction of real estates'."

Standards, amendments and interpretations that are not yet effective and not relevant for the Company's operations

The following interpretations are mandatory for the Company's accounting periods beginning on or after 1 July 2009 or later periods but are not relevant for the Company's operations:

"IAS 27 (revised), 'Consolidated and separate financial statements' (effective from 1 July 2009);

IAS 39 (amendment), 'Financial instruments: Recognition and measurement' (effective from 1 July 2009);

IFRS 1 (amendments), 'Additional exemptions for first-time adopters' (effective from 1 January 2010);

IFRS 2 (amendments), 'Group cash-settled share-based payment transactions' (effective from 1 January 2010);

IFRS 3 (revised), 'Business combinations' (effective from 1 July 2009);

IFRIC 17, 'Distributions of non-cash assets to owners' (effective from 1 July 2009); and

IFRIC 18, 'Transfers of assets from customers' (effective from 1 July 2009)"

Improvements to IFRS' were issued in May 2008 and April 2009 respectively and contain numerous amendments to IFRS, which the IASB consider non-urgent but necessary. 'Improvements to IFRS' comprise amendments that result in accounting

changes for presentation, recognition or measurement purposes as well as terminology or editorial amendments related to a variety of individual standards. Most of the amendments are effective for annual periods beginning on or after 1 January 2009 and 1 January 2010 respectively, with earlier application permitted. No material changes to accounting policies are expected as a result of these amendments.

Financial instruments

Financial instruments carried on the statement of financial position include financial assets at fair value through profit or loss and trade and other payables. The particular recognition methods adopted are disclosed in the individual policy statements associated with each item.

Foreign currency transactions

Functional and presentation currency

Items included in the Company's financial statements are measured using the currency of the primary economic environment in which the Company operates ('the functional currency'). The financial statements are presented in USD, which is the Company's functional and presentation currency. The directors of the Company have determined that the functional currency should be the USD as the principal financing currency for operations is sourced in USD.

Transaction and balances

Transactions denominated in foreign currencies are translated to USD at the rate of exchange ruling at the dates of the transactions. Monetary assets and liabilities are translated at the rate of exchange ruling at year end date. Exchange differences arising on translation and realised gains and losses on disposals or settlement of monetary assets and liabilities are recognised in the Statement of Comprehensive Income.

Financial assets at fair value through profit or loss

Classification

The Company classifies its investments as financial assets at fair value through profit or loss. Financial assets designated at fair value through profit or loss at inception are financial instruments that are not classified as held for trading but are managed, and their performance is evaluated on a fair value basis in accordance with the company's documented investment strategy. The company's policy requires the Investment Manager and Board of Directors to evaluate the information about these financial assets together with other related financial information.

Recognition

Investments are initially recognised at cost. They are subsequently carried at fair values based on the quoted prices at the year end date. Gains and losses arising from changes in the fair value of the 'financial assets at fair value through profit or loss' category are presented in the statement of comprehensive income within other net changes in fair value of financial assets and liabilities at fair value through profit or loss in the period in which they arise.

Fair value estimation

The fair value of financial assets are based on quoted market prices at the close of trading on the reporting date

Cash and cash equivalents

Cash and cash equivalents are made up of cash at bank.

Redeemable participating shares

Redeemable shares are class shares and are issued in respect of a specifically designated class. They are redeemable at the option of the holder or the Company subject to a lock-in period of 2 years during which they cannot be redeemed. Redeemable shares are classified as financial liabilities.

Redeemable shares are issued and redeemed at the holder's option at prices based on the Company's net asset value per share at the time of issue or redemption. The Fund's net asset value per share is calculated by dividing the net assets attributable to the holders of each class of redeemable shares with the total number of outstanding redeemable shares for each respective class. In accordance with the provisions of the Fund's regulations, investment positions are valued based on the last traded market price for the purpose of determining the net asset value per share for subscriptions and redemptions.

Increase/(decrease) in net assets attributable to holders of redeemable participating shares from operations

Income not distributed is included in net assets attributable to holders of redeemable participating shares. Movements in net assets attributable to holders of redeemable participating shares are recognised in the statement of comprehensive income as finance costs.

Related parties

Related parties are individuals and companies which have the ability, directly or indirectly, to control or exercise significant influence over the other party in making financial and operating decisions.

Expense recognition

All expenses are accounted for in the statement of comprehensive income on the accrual basis.

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

4.1.14 Details of earlier acquisition and status of Compliance under Chapter II of the Takeover Regulations and other statutory requirements:

Period /Year	Mode of acquisition	*Shares acquired Number & (%)	*Shares Sold Number & (%)	*Cumulative shares Number & (%)	Status of compliance
Allotted on June 04, 2009	Preferential issue	78,82,200 (18.80%)	NIL	78,82,200 (18.80%)	Complied with relevant provisions

* Percentages have been computed based on the issued and paid up capital as on the date of PA.

The Acquirer has complied with the applicable provisions of regulations of the Chapter II of the Takeover Regulations.

4.2 India Discovery Fund Ltd ('IDF'/ 'Person Acting in Concert'/ 'PAC')

4.2.1 IDF, a limited company was incorporated on May 9, 2007 under the laws of Republic of Mauritius under the name of India Horizon Fund Ltd. The name of the company was changed to India Discovery Fund Ltd. consequently new Certificate of Incorporation of change of name dated July 12, 2007 was issued by Registrar of Companies, Mauritius. Registered office of the Acquirer is situated at 4th Floor, Raffles Tower, 19 Cybercity, Ebene, Republic of Mauritius, Tel. No.: +230 404 8800, Fax No.: +230 404 8899.

4.2.2 IDF is promoted by Mr. Thomas Nils Robert Nilsson. IDF does not belong to any group.

4.2.3 IDF operates as Collective Investment Scheme and is regulated and licensed by the Financial Services Commission (Mauritius) as a Category I Global Business Licence Company under the Financial Services Act, 2007 of Mauritius. It is also registered as a sub account (registration no. 20070499) under the Securities and Exchange Board of India (Foreign Institutional Investors) Regulations, 1995. The main activity of IDF is to make direct and indirect investments in listed and/or equity related securities in mid market companies across India.

4.2.4 Details of the Board of Directors of IDF are as given below:

Name	Date of Appointment	Designation	Residential Address	National Identity Card no.	Issuing Authority
Mr. Maheshwar Doorgakant	May 9, 2007	Director	29 Avenue Ibis, Sodnac, Quatre Bornes, Mauritius	D090177820260E	National Identity Card no. issued by Government of Mauritius
Mr. Thomas Nils Robert Nilsson	June 26, 2007	Director	21 Caroline Terrace, London SW1W8JT, England	NR574374C	National insurance no. issued by government of U.K.
Mr. Alok Oberoi	July 18, 2007	Director	21, Blomfield Road, London, W91 AD, United Kingdom	P0103274	Persons of Indian Origin Card issued by High Commission of India at London
Mr. Tahleb Mahmab Rujub	August 11, 2008	Director	Soobraty Road, Bon Accueil, Mauritius	R1803814600075	National Identity Card no. issued by Government of Mauritius

4.2.5 Experience and qualifications of Board of Directors of PAC are as follows:

Mr Maheshwar Doorgakant is a member of the Institute of Chartered Accountants of England and Wales. He is a Director of Apex Fund Services (Mauritius) Ltd ("Apex Mauritius"), which forms part of the Apex Group which has offices in various jurisdictions including Bermuda, Dubai, Singapore, Hong Kong and Ireland. Prior to joining Apex Mauritius, he was the Group Financial Controller of a major listed group in Mauritius. He had also previously managed another Mauritian Management Company specialising in the management and administration of Global Business Companies.

Mr. Thomas Nils Robert Nilsson is having degree of Masters Degree from Stockholm School of Economics and Business Administration. He has over 20 years of experience in Private Equity Business.

Mr. Alok Oberoi is a founding partner of ACP Partners LLP since 2001. He has over 15 years of experience in asset management. He holds Bachelors degree and MBA from Cornell University.

Mr. Tahleb Rujub is an associate of the Association of Chartered Certified Accountants. He joined Apex Fund Services (Mauritius) Ltd ("Apex Mauritius"), which forms part of the Apex Group which has offices in various jurisdictions including Bermuda, Dubai, Singapore, Hong Kong and Ireland, since 2006 and holds the role of Manager. Tahleb also holds other directorships on the Boards of Global Business Companies through which he has acquired extensive experience and knowledge on key industries globally. Prior to joining Apex Mauritius, he has held positions at the Mauritius Ministry of Labour, Industrial Relations and Employment and at a leading Offshore Management Company.

4.2.6 None of the Directors of PAC has acquired any equity shares of Target Company in 12 months preceding the date of the Public Announcement and also has not acquired any equity shares of Target Company upto the date of this Letter of Offer.

4.2.7 None of the directors of PAC or their representatives is on the Board of Directors of the Target Company.

4.2.8 The paid up share capital of IDF is USD 12,333.75.

4.2.9 Financial Highlights of IDF are given below :

Income Statement	Jan 1, 2010 to June 30, 2010 (Audited)		Jan 1, 2009 to Dec 31, 2009 (Audited)		Jan 1, 2008 to Dec 31, 2008 (Audited)		May 9, 2007 to Dec 31, 2007 (Audited)	
	Amount in USD	Amount in Rs. Lacs*	Amount in USD	Amount in Rs. Lacs*	Amount in USD	Amount in Rs. Lacs*	Amount in USD	Amount in Rs. Lacs*
Income from operations	152,807	73.19	39,836,554	18,535.94	(105,661,159)	(51,435.85)	24,834,422	11,692.05
Other Income	2,358	1.13	61,910	28.80	86	0.04	1,973	0.93
Total Income	155,165	74.32	39,898,464	18,564.74	(105,661,073)	(51,435.81)	24,836,395	11,692.98
Total Expenditure.	(601,167)	(287.96)	(6,650,131)	(3,094.30)	819,571	398.97	545,360	2,567.56
(Loss) / Profit Before Depreciation Interest and Tax	(446,002)	(213.64)	33,248,333	15,470.44	(106,480,644)	(51,834.78)	19,382,793	9,125.42
Depreciation	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Interest (incl. finance charges)	Nil	Nil	Nil	Nil	2,623	1.28	3,975	1.87
(Loss) / Profit Before Tax	(446,002)	(213.64)	33,248,333	15,470.44	(106,483,267)	(51,836.06)	19,378,818	9,123.55
Provision for Tax	Nil	Nil	Nil	Nil	192	0.09	(192)	(0.09)
(Loss) / Profit After Tax	(446,002)	(213.64)	33,248,333	15,470.44	(106,483,075)	(51,835.97)	19,378,626	9,123.46

Balance Sheet as at	June 30, 2010 (Audited)		Dec 31, 2009 (Audited)		Dec 31, 2008 (Audited)		Dec 31, 2007 (Audited)	
	Amount in USD	Amount in Rs. Lacs*	Amount in USD	Amount in Rs. Lacs*	Amount in USD	Amount in Rs. Lacs*	Amount in USD	Amount in Rs. Lacs*
Sources of funds								
Paid up share capital								
Management Shares	1	**47.90	1	**46.53	1	**48.68	1	**47.08
Redeemable participating shares	12,333.75	5.91	15,504.19	7.21	15,478.32	7.53	9,196	4.32
Reserves and Surplus (excluding revaluation reserves)	96,719,248.25	46,328.51	116,612,092.81	54,259.60	77,759,579.68	37,853.37	111,327,269	52,412.89
Total	96,731,583	46,344.42	116,627,598	54,266.81	77,775,059	37,860.90	111,336,466	52,417.21
Uses of funds								
Net fixed assets	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Investments	92,038,707	44,086.54	108,482,821	50,477.05	13,914,300	6,773.48	93,148,936	43,854.52
Net current assets	4,692,876	2,247.88	8,144,777	3,789.76	63,860,759	31,087.42	18,187,722	8,562.78
Deferred tax assets/ (liability)	Nil	Nil	Nil	Nil	Nil	Nil	(192)	(0.09)
Mis. Expenditure not written off	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Total	96,731,583	46,334.42	116,627,598	54,266.81	77,775,059	37,860.90	111,336,466	52,417.21
Other Financial Data								
Networth	96,731,583	46,344.42	116,627,598	54,266.82	77,775,059	37,860.90	111,336,466	52,417.21
Dividend (%)	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Earning Per Share**	(0.36)	(17.24)	21.44	997.82	(68.79)	(3,348.94)	21.07	992.13
Return on Networth (%)**	(0.46)		28.51		(136.91)		17.41	
Book Value Per Share (Rs.)**	78.43	3,756.79	75.22	3,500.00	50.25	2,446.06	121.07	5,700.13

* The results converted to INR are not audited and have been inserted for ease of reference only.

** Not in Lacs

Source: Audited financial statements

Conversion rate 1 USD = Rs.47.90 (June 30, 2010), 1 USD = Rs. 46.53 (December 31, 2009) and 1 USD= Rs. 48.68 (December 31, 2008) and 1 USD = Rs. 47.08 (December 31, 2007) Source: (www.Bloomberg.com)

4.2.10 Reason for rise / fall in income and profit after tax

Financial year ended December 31, 2009

Income for the financial year ended December 31, 2009 was Rs. 18,564.74 Lacs as against negative income Rs. 51,435.81 for the previous financial year ended December 31, 2008. Profit after tax for the financial year ended December 31, 2009 was Rs. 15,470.44 Lacs as against loss for previous financial year ended December 31, 2008 of Rs. 51,835.97 Lacs.

Reasons for rise and fall in income and profit

Income for the financial year ended on December 31, 2009 was higher as compared to previous financial year due favorable market conditions, consequently resulted in higher profit for the financial year ended on December 31, 2009.

4.2.11 Significant Accounting Policies:

The financial statements have been prepared in accordance with and comply with International Financial Reporting Standards ("IFRS"). The preparation of financial statements in accordance with IFRS requires the directors to make estimates and assumptions that affect the reported amounts and disclosures in the financial statements. Actual results could differ from those estimates. A summary of the more important accounting policies, which have been applied consistently, is set out below.

Basis of preparation

The financial statements are prepared under the historical cost convention as modified by the revaluation of certain financial instruments.

Foreign currencies

Functional and presentation currency

Items included in the Company's financial statements are measured using the currency of the primary economic environment in which the Company operates ('the functional currency'). The financial statements are presented in USD, which is the Company's functional and presentation currency. The Company is a Category 1 Global Business Licence Company under the Financial Services Act, 2007, which requires that the Company's business or activity is carried out in a currency other than the Mauritian Rupee.

Transactions and balances

Transactions denominated in foreign currencies are translated in USD at the rate of exchange ruling at the dates of the transactions. Monetary assets and liabilities are translated at the rate of exchange ruling at the reporting date. Exchange differences arising on translation and realised gains and losses on disposals or settlement of monetary assets and liabilities are recognised in the Statement of Comprehensive Income.

Investments at fair value through profit or loss

Investments are classified as at fair value through profit or loss where the investment is either held for trading or it is designated as at fair value through profit or loss.

An investment is classified as held for trading if:

- it has been acquired principally for the purpose of selling in the near future; or
- it is a part of an identified portfolio of financial instruments that the Company manages together and has a recent actual pattern of short-term profit taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

An investment other than an investment held for trading may be designated as at fair value through profit or loss upon initial recognition

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- the investment forms part of a group of investments which is managed and its performance evaluated on fair value basis in accordance with the Company's documented risk management or investment strategy, and information about the grouping is provided internally; or
- it forms part of a contract containing one or more embedded derivatives, and IAS 39 Financial Instruments:

Recognition and Measurement permits the entire combined contract to be designated at fair value through profit or loss.

Investments at fair value through profit or loss are stated at fair value, with any resultant gain or loss recognised in profit or loss. Fair value is determined in the manner described in note 7.

Cash and cash equivalents

Cash comprises of currency and current accounts with banks. Cash equivalents are short term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value and are held for the purpose of meeting short term cash commitments rather than investment or other purpose.

Financial instruments

Financial instruments carried on the Statement of Financial Position include receivables, investment at fair value through profit or loss, bank balances and payables.

Related parties

Related parties are individuals and companies where the individual or company has the ability, directly or indirectly to control the other party or exercise significant influence over the party in making financial and operating decisions.

Trade and other payables

Trade and other payables are stated at amortised cost.

Revenue recognition

Interest income is recognised on a time proportion basis at the effective interest rate method.

Dividend income is recognised when the shareholders right to receive payment is established.

Expense recognition

All expenses are accounted for in the Statement of Comprehensive Income on the accruals basis.

Impairment of assets

At each reporting date, the company reviews the carrying amounts of its assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any, and the carrying amount of the asset is reduced to its recoverable amount.

Receivables and prepayments

Receivables and prepayments are stated at amortised cost.

Deferred taxation

Deferred taxation is provided in full, using the liability method, on temporary differences arising on the tax bases of the assets and liabilities and the carrying values for financial reporting purposes. Currently enacted tax rates are used to determine deferred tax. Deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which temporary differences can be utilised.

Provisions

A provision is recognised when and only when there is a present obligation (legal or constructive) as a result of a past event, and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate.

4.2.12 The shares of IDF are not listed on any stock exchange.

4.2.13 Details of earlier acquisition and status of compliance under Chapter II of the Takeover Regulations and other statutory requirements:

Period /Year	Mode of acquisition	*Shares acquired Number & (%)	*Shares Sold Number & (%)	*Cumulative shares Number & (%)	Status of Compliance
Allotted on February 12, 2009	Preferential issue	16,86,092 (5.20%)	NIL	16,86,092 (5.20%)	Complied with relevant provisions

*Percentages have been computed based on the issued and paid up capital as on the date of acquisition.

4.3 Disclosures in terms of Regulation 16(ix) of the Takeover Regulations and Acquirer's future plans for Target Company

4.3.1 Acquirer and PAC does not propose to sell, dispose of or otherwise encumber any assets of Target Company in the succeeding two years except in the ordinary course of business of Target Company. Further, they undertake not to sell, dispose off or otherwise encumber any substantial assets of the Target Company except with the prior approval of the shareholders of Target Company and in accordance with and subject to applicable laws, permissions and consents, if any.

4.3.2. Acquirer and PAC do not have any specific future plans for the Target Company.

5 DISCLOSURE IN TERMS OF REGULATION 21(2)

The Offer after assuming full acceptance will not result in the public shareholding falling below 25% of paid up equity share capital of the Target Company, which is the minimum level required to be maintained as per provisions of clause 40A of the Listing Agreement. Therefore, the provisions of regulation 21(2) of Takeover Regulations are not applicable.

6 BACKGROUND OF THE TARGET COMPANY

- 6.1 Target Company was originally incorporated as a private limited company on May 22, 1986 under the name of Sterling Holiday Resorts (India) Private Limited. The Target Company was converted into a public limited company as Sterling Holiday Resorts (India) Limited consequently new certificate of incorporation dated December 11, 1989 was issued by Registrar of Companies, Tamil Nadu.
- 6.2 The registered office of the Target Company is situated at No.163, T.T.K. Road, Alwarpet, Chennai – 600 018, Tamil Nadu, India, Tel. No. : +91-44-2499 8044, Fax No.: +91-44-2499 8043.
- 6.3 Target Company is in the business of developing and running holiday resorts, hotel, restaurants etc. It has holiday resorts at various cities namely Ooty, Kodaikanal, Yearcaud, Elagiri, Goa, Manali, Munnar, Puri, Darjeeling, Lonavala, Mussoorie etc.
- 6.4 The voting capital of the Target Company as on the date is calculated as under:

Paid up equity shares of Target Company	Issued, Subscribed and Paid up Shares	Voting Rights	% of Outstanding Shares	% of Voting Rights
Fully paid up equity capital as on the date of PA	4,19,28,585	4,19,28,585	100%	100%
Partly paid up equity capital as on the date of PA	Nil	Nil	Nil	Nil
Total	4,19,28,585	4,19,28,585	100%	100%
Emerging Voting Capital(at the expiration of 15 days from the date of closure of Offer)				
Capital as on the date of PA			(A)	4,19,28,585
Add: Shares allotted upto the date of this Letter of Offer				
ESOS 2007 – Shares allotted				25,00,000
ESOS 2009 – Shares allotted				10,00,000
Shares allotted pursuant to conversion of Warrants				34,00,000
Total paid-up capital as on the date of this Letter of Offer			(B)	4,88,28,585
Add: Assumed conversion of outstanding convertible warrants and options into equity shares of Target Company, in terms regulation 21(5) of Takeover Regulations				
Warrants allotted on June 4, 2009				1,00,000
ESOS 2009 – options vested not exercised				5,00,000
Total equity shares that can be allotted			(C)	6,00,000
Total Emerging Voting Capital			(A+B+C)	4,94,28,585

- 6.5 Out of the total 48,828,585 issued and paid-up equity shares of Target Company as on date of this Letter of Offer, 46,872,585 equity shares are listed on Bombay Stock Exchange Limited (BSE) and Madras Stock Exchange Limited (MSE). Remaining, 1,956,000 equity shares issued and allotted pursuant to conversion of warrants and ESOS Schemes are yet to be listed.
- 6.6 There are no partly paid up equity shares of the Target Company.

6.7 Build up of the Capital Structure of Target Company

Date of Allotment	No. of shares issued	% of total share Capital**	Total No. of Shares	Cumulative Paid up capital (Rs.)	Mode of allotment	Consideration	Identity of allottees (Promoters/ ex promoters / others)	Status of Compliance Complied with the following statute
22.05.1986	30	0.00	30	300	Subscribers to Memorandum	Rs.10/-	Promoters	The Companies Act, 1956
12.09.1986	64,000	0.13	64,030	640,300	Promoters Quota	Rs.10/-	Promoters	The Companies Act, 1956
21.11.1987	101,000	0.21	165,030	1,650,300	Promoters Quota	Rs.10/-	Promoters	The Companies Act, 1956
05.03.1988	125,000	0.26	290,030	2,900,300	Promoters Quota	Rs.10/-	Promoters	The Companies Act, 1956
29.12.1988	109,970	0.23	400,000	4,000,000	Promoters Quota	Rs.10/-	Promoters	The Companies Act, 1956
23.08.1989	150,000	0.31	550,000	5,500,000	Promoters Quota	Rs.10/-	Promoters	The Companies Act, 1956
30.11.1989	200	0.00	550,200	5,502,000	Promoters Quota	Rs.10/-	Promoters	The Companies Act, 1956
06.08.1990	251,000	0.51	801,200	8,012,000	Promoters Quota	Rs.10/-	Promoters	The Companies Act, 1956
29.08.1990	278,700	0.57	1,079,900	10,799,000	Promoters Quota	Rs.10/-	Promoters	The Companies Act, 1956
13.12.1990	3,437,570	7.04	4,517,470	45,174,700	Public Issue	Rs.10/-	Others	The Companies Act, 1956, Capital Issues (Control) Act, 1947
19.05.1993	2,246,185	4.60	6,763,655	67,636,550	Right Issue – 1993	Rs.30/-	Others	The Companies Act, 1956, SEBI Guidelines / Regulations
28.09.1993	350	0.00	6,764,005	67,640,050	Right Issue – 1993	Rs.30/-	Others	The Companies Act, 1956, SEBI Guidelines / Regulations
15.03.1994	750	0.00	6,764,755	67,647,550	Right Issue – 1993	Rs.30/-	Others	The Companies Act, 1956, SEBI Guidelines / Regulations
07.07.1994	1,650,000	3.38	8,414,755	84,147,550	Conversion of Detachable Warrants	Rs.60/-	Promoters	The Companies Act, 1956
03.08.1994	1,362,000	2.79	9,776,755	97,767,550	Conversion of Detachable Warrants	Rs.60/-	Promoters	The Companies Act, 1956
10.10.1994	1,335,000	2.73	11,111,755	111,117,550	Conversion of Detachable Warrants	Rs.60/-	Promoters	The Companies Act, 1956
04.01.1995	1,665,000	3.41	12,776,755	127,767,550	Conversion of Detachable Warrants	Rs.60/-	Others	The Companies Act, 1956
04.01.1995	200	0.00	12,776,955	127,769,550	Right Issue - 1993	Rs.30/-	Promoters	The Companies Act, 1956, SEBI Guidelines / Regulations
09.02.1995	1,088,000	2.23	13,864,955	138,864,550	Conversion of Detachable Warrants	Rs.60/-	Promoters	The Companies Act, 1956
09.02.1995	3,354,563	6.87	17,219,518	172,195,180	Right Issue - 1994	Rs.60/-	Others	The Companies Act, 1956, SEBI Guidelines / Regulations

Date of Allotment	No. of shares issued	% of total share Capital**	Total No. of Shares	Cumulative Paid up capital (Rs.)	Mode of allotment	Consideration	Identity of allottees (Promoters/ ex promoters / others)	Status of Compliance Complied with the following statute
29.03.1995	3,125	0.01	17,222,643	172,226,430	Right Issue - 1994	Rs.60/-	Others	The Companies Act, 1956, SEBI Guidelines / Regulations
10.05.1995	400	0.00	17,223,043	172,230,430	Right Issue - 1994	Rs.60/-	Others	The Companies Act, 1956, SEBI Guidelines / Regulations
11.05.1995	801,650	1.64	18,024,693	180,246,930	Amalgamation - Sterling Resorts and Hotels (India) Limited	Merger Ratio 4:1	Others	The Companies Act, 1956
07.09.1995	86,800	0.18	18,111,493	181,114,930	Amalgamation - Sterling Resorts and Hotels (India) Limited	Merger Ratio 4:1	Others	The Companies Act, 1956
30.10.1995	39,800	0.08	18,151,293	181,512,930	Amalgamation - Sterling Resorts and Hotels (India) Limited	Merger Ratio 4:1	Others	The Companies Act, 1956
09.02.1996	225	0.00	18,151,518	181,515,180	Right Issue - 1994	Rs.60/-	Others	The Companies Act, 1956
09.02.1996	12,775	0.03	18,164,293	181,642,930	Amalgamation - Sterling Resorts and Hotels (India) Limited	Merger Ratio 4:1	Others	The Companies Act, 1956
13.05.1996	350	0.00	18,164,643	181,646,430	Rights Issue - 1994	Rs.30/-	Others	The Companies Act, 1956
13.05.1996	15,275	0.03	18,179,918	181,799,180	Amalgamation - Sterling Resorts and Hotels (India) Limited	Merger Ratio 4:1	Others	The Companies Act, 1956
13.05.1996	25	0.00	18,179,943	181,799,430	Rights Issue - 1994	Rs.60/-	Others	The Companies Act, 1956
12.07.1996	5,850	0.01	18,185,793	181,857,930	Amalgamation - Sterling Resorts and Hotels (India) Limited	Merger Ratio 4:1	Others	The Companies Act, 1956
12.07.1996	25	0.00	18,185,818	181,858,180	Right Issue - 1994	Rs.60/-	Others	The Companies Act, 1956
28.11.1996	37,750	0.08	18,223,568	182,235,680	Amalgamation - Sterling Resorts and Hotels (India) Limited	Merger Ratio 4:1	Others	The Companies Act, 1956
30.06.1998	25	0.00	18,223,593	182,235,930	Amalgamation - Sterling Resorts and Hotels (India) Limited	Merger Ratio 4:1	Others	The Companies Act, 1956
29.08.2005	3,740,000	7.66	21,963,593	219,635,930	Preferential Issue	Rs. 43/-	Promoters & Others	The Companies Act, 1956, Chap XIII, SEBI (DIP) Guidelines 2000
06.01.2006	1,904,392	3.90	23,867,985	238,679,850	Warrants Conversion	Rs. 43/-	Others	The Companies Act, 1956, Chap XIII, SEBI (DIP) Guidelines 2000
13.01.2006	975,608	2.00	24,843,593	248,435,930	Warrants Conversion	Rs. 43/-	Others	The Companies Act, 1956, Chap XIII, SEBI (DIP) Guidelines 2000

Date of Allotment	No. of shares issued	% of total share Capital**	Total No. of Shares	Cumulative Paid up capital (Rs.)	Mode of allotment	Consideration	Identity of allottees (Promoters/ ex promoters / others)	Status of Compliance Complied with the following statute
28.02.2007	1,795,000	3.68	26,638,593	266,385,930	Warrants Conversion	Rs. 43/-	Promoters & Others	The Companies Act, 1956, Chap XIII, SEBI (DIP) Guidelines 2000
31.03.2007	1,200,000	2.46	27,838,593	278,385,930	ESOS - 2005	Rs. 10/-	Others	The Companies Act, 1956, SEBI (ESOS & ESPS) Guidelines 1999
12.02.2009	4,563,492	9.35	32,402,085	324,020,850	Preferential Issue	Rs. 35/-	Others	The Companies Act, 1956, Chap XIII, SEBI (DIP) Guidelines 2000
04.06.2009	9,526,500	19.51	41,928,585	419,285,850	Preferential Issue	Rs. 35/-	Others	The Companies Act, 1956, Chap XIII, SEBI (DIP) Guidelines 2000
25.03.2010	834,000	1.71	42,762,585	427,625,850	ESOS - 2007	Rs. 10/-	Others	The Companies Act, 1956, SEBI (ESOS & ESPS) Guidelines 1999
25.03.2010	1,290,000	2.64	44,052,585	440,525,850	Warrants Conversion	Rs.35/-	Promoter	The Companies Act, 1956, Chap XIII, SEBI (DIP) Guidelines 2000
05.04.2010	1,110,000	2.27	45,162,585	451,625,850	ESOS - 2007	Rs. 10/-	Others	The Companies Act, 1956, SEBI (ESOS & ESPS) Guidelines 1999
08.04.2010	635,000	1.30	45,797,585	457,975,850	Warrants Conversion	Rs.35/-	Promoter	The Companies Act, 1956, Chap XIII, SEBI (DIP) Guidelines 2000
04.08.2010	1,075,000	2.20	46,872,585	468,725,850	Warrants Conversion	Rs.35/-	Promoter	The Companies Act, 1956, Chap XIII, SEBI (DIP) Guidelines 2000
20.08.2010	400,000	0.82	47,272,585	472,725,850	Warrants Conversion	Rs.35/-	Promoter	The Companies Act, 1956, Chap XIII, SEBI (DIP) Guidelines 2000
08.10.2010	568,000	1.20	47,860,585	478,605,850	ESOS - 2009	Rs. 10/-	Others	The Companies Act, 1956, SEBI (ESOS & ESPS) Guidelines 1999
25.10.2010	412,000	0.84	48,272,585	482,725,850	ESOS - 2009	Rs. 10/-	Others	The Companies Act, 1956, SEBI (ESOS & ESPS) Guidelines 1999
01.11.2010	556,000	1.14	48,828,585	488,285,850	ESOS - 2007	Rs. 10/-	Others	The Companies Act, 1956, SEBI (ESOS & ESPS) Guidelines 1999

**% of shares issued is calculated on the total No. of paid up equity shares as on the date of this Letter of Offer

- 6.8 There has been no suspension of trading of the equity shares of Target Company on BSE and MSE.
- 6.9 There are no outstanding instruments in the nature of fully / partly convertible debentures etc. which are convertible into equity at any later date, except for 100,000 outstanding warrants and 5,00,000 options granted pursuant to ESOP Schemes of Target Company. The same has been taken into account for calculating the voting rights of the Target Company (refer para 6.4 of this Letter of Offer).
- 6.10 Status of Compliance under Chapter II of the Takeover Regulations
- (A) In terms of Adjudication Order under Rule 5 (1) of SEBI (Procedure for Holding Inquiry and Imposing Penalties by Adjudicating Officer) Rules, 1995 dated June 24, 2004, Target Company has paid a penalty of Rs. 25000/- to SEBI for violation of regulation 6(4) of the Takeover Regulations. Further, as per the information provided by Target Company, Target Company has complied with the provisions of Chapter II of the Takeover Regulations except for the year 2001 and 2003 wherein, the disclosures under regulation 8(3) of Regulations were not submitted within the stipulated time as required under the Takeover Regulations.
- (B) Adjudication Officer of SEBI has conducted an enquiry on July 15, 2010 at Chennai under Rule 4(3) SEBI (Procedure for holding enquiry and imposing penalties by Adjudicating Officer) Rules 1995 with regards to the delay of the request for dematerialisation of equity shares by a shareholder beyond the statutory period as prescribed under the applicable laws. The final adjudication order is awaited.

- 6.11 Target Company is in compliance with the listing agreements entered into with the Stock Exchanges. No penal action has been initiated by Stock Exchanges against the Target Company. Except as mentioned above, no investigations, proceedings, or inquiries are pending against Target Company by the Securities and Exchange Board of India, any recognized stock exchange, or any other regulatory authority, in relation to the securities of Target Company or trading therein or otherwise.
- 6.12 The Board of Directors of the Target Company as on date of this Letter of Offer are as under :

Name	Designation	Date of appointment	Residential Address	DIN No.
Mr. R. Subramanian	Chairman and Managing Director	May 22, 1986	Plot No.2054-D, II Avenue, Anna Nagar (West), Chennai - 600 040	00159020
Mr. S. Sidharth Shankar	Joint-Managing Director	October 25, 2006	Plot No.2054-D, II Avenue, Anna Nagar (West), Chennai - 600 040	00608099
Mr. K. Chandrasekaran	Director	July 04, 2005	Plot No.25 & 26, Sterling Avenue, Sakthi Nagar, Porur, Chennai - 600 116	00512638
Mr. M.N.Rangamani	Director	July 04, 2005	Old No.6/3, New No.15/3, Rajagopalan Street, Chennai - 600 033	00391632
Mr. S. Sethuraman,	Director	July 04, 2005	Apartment A2, Alakananda, New No.10, Old No.63, Seethammal Road, Alwarpet, Chennai - 600 018	00240211
Mr. G.Sundaram	Director	October 29, 2001	No.27/15, 19 th Street, Jainagar, Arumbakkam, Chennai - 600 106	00399762
Mr. E.S.Ganapathy	Director	July 30, 2001	Kaduvangudy, Aruvapadi Post, Nidur Via, Myladuthurai Taluk- 609 203	00581857
Mr. Amit Jatia	Director	February 12, 2009	'AVANTI', 67-A, Bhulabhi Desai Road, Mumbai – 400 026	00016871

- 6.13 Experience and qualifications of the Board of Directors of Target Company are as follows:

Mr. R. Subramanian, is a commerce graduate, Associate Member of the Institute of Chartered Accountants of India and Associate Member of the Institute of Cost and Works Accounts of India. He has got vast experience and expertise in financial management, as he has worked for large industrial houses, both in India and abroad, as head of finance and general management for more than a decade.

Mr. S. Sidharth Shankar, is an MBA from the University of IOWA at USA with around 10 years of experience in the corporate sector in various fields.

Mr. K.Chandrasekaran, is fellow member of the institute of the Company Secretaries of India and also a Bachelor of law from Madras University with Corporate experience of more than 30 years in the corporate sector and in the secretarial and legal fields.

Mr. M.N.Rangamani, a fellow member of the Institute of Chartered Accountants of India. He has about 36 years of experience, of which he has 7 years experience in a leading firm of chartered accountants in Chennai followed by 9 years experience in one of the leading automobile manufactures in India, and another 20 years as a management consultant and chartered accountant.

Mr. S. Sethuraman, holds degree of B.E (Mechanical). He has over 9 years of techno commercial experience as a Special Director with M/s. Ashok Leyland Limited in the development of a green field independent power project of installed capacity of 1,000MW capacity. He was also involved in the initial development of a 6.5 MT through put green field Refinery Project. He was the Chairman of Confederation of Indian Industry, Tamil Nadu.

Mr. G. Sundaram, is an associate member of the Institute of Company Secretaries of India and an advocate with corporate experience of 27 years in various fields. He practices as an advocate in civil, writs, corporate and tax Laws.

Mr. E. S. Ganapathy, is a Civil Chartered Engineer by profession and a fellow member of the Institute of Engineers of India. He also held the position as President - Cooperative Marketing Society, Mayiladuthurai for 3 years and President - Agricultural Credit Society, Nidur, Tamil Nadu, for 6 years and held the position of Director as Thanjavur District Co-operative Spinning Mills for three years. He held the position of Secretary in A.V.C.College for 20 years and he also held the position of Chairman for 5 years.

Mr. Amit Jatia, holds a degree in Business Administration from the University of Southern California, Los Angeles. He also holds a degree in Humbergerology from the Hamburger University, Oak Brook (Illinois, USA). He is the Managing Director of Hardcastle Restaurants Private Limited which operates McDonalds India's operations in the Western Region. He has been with McDonalds since 1995.

- 6.14 Target Company has confirmed that, there has been no mergers / demergers or spin-offs involving Target Company during the last three years.

6.15 The audited financial highlights of Target Company for the last three years and certified financials for the period ending on June 30, 2010 are as follows:

(Rs. lacs)

Profit & Loss Statement	June 30, 2010 (Unaudited)	March 31, 2010 (Audited)	March 31, 2009 (Audited)	March 31, 2008 (Audited)
Income Statement				
Income from operations	1,014.52	3,059.33	3,101.77	3,684.64
Other Income	15.10	133.74	171.19	968.16
Total Income	1,029.62	3,193.07	3,272.96	4,652.80
Total Expenditure	1,106.98	3,490.35	6,089.47	3,952.18
Profit and loss before Depreciation Interest Exceptional Items and Tax	(77.36)	(297.28)	(2,816.51)	700.62
Depreciation	96.30	412.21	484.43	479.91
Interest	10.14	146.20	134.19	272.09
Income before Exceptional Items	(183.80)	(855.69)	(3,435.13)	(51.38)
Profit and loss for Exceptional Items	-	(37.10)	1,268.38	-
Profit (Loss) Before Tax	(183.80)	(892.79)	(2,166.75)	(51.38)
Provision for tax	-	9.43	15.12	38.66
Profit (Loss) after Tax	(183.80)	(902.22)	(2,181.87)	(90.04)

Balance Sheet as at	June 30, 2010 (Unaudited)	March 31, 2010 (Audited)	March 31, 2009 (Audited)	March 31, 2008 (Audited)
Sources of funds				
Paid-up share capital	4,579.77	4,405.27	3,240.22	2,783.87
Share Warrants	187.63	104.85	105.00	-
Reserves and Surplus (excluding revaluation reserves)	13,616.31	13,425.08	10,658.32	8,979.45
Revaluation Reserve	2,081.97	2,081.97	2,081.97	3,877.74
Secured Loans	310.35	162.17	2,273.83	3,420.61
Unsecured Loans	625.30	1,622.22	734.01	1,054.12
Deferred Income	20,744.86	20,795.51	21,260.71	21,610.81
Total	42,146.19	42,597.07	40,354.06	41,726.60
Uses of funds				
Net fixed assets	22,315.29	22,666.26	22,649.94	29,468.29
Investments	1,052.57	1,148.21	978.33	978.33
Net current assets	2,173.66	1,474.70	320.11	(2,943.82)
Debit balance in P&L account	16,604.67	17,307.90	16,405.67	14,223.80
Total	42,146.19	42,597.07	40,354.05	41,726.60
Other Financial Data				
Networth	1,591.41	522.45	(2,507.13)	(2,460.48)
Dividend (%)	Nil	Nil	Nil	Nil
Earning per share*#	0.40	(2.10)	(12.03)	(0.32)
Return on Networth	-	-	-	-
Book value per share*	0.35	0.12	(0.77)	(8.84)

* Not in Lacs

#Calculated on the basis of weighted average number of equity shares

Source: Annual Report of Target Company for 2007-2008, 2008-2009, 2009-2010 and certified accounts for the period ending on June 30, 2010 by the statutory auditors.

Networth : Paid up share capital + Reserves – Debit balance in P&L A/c

Earnings Per Share (EPS) : Profit after Tax / Number of outstanding equity shares

Book Value Per share : Networth / Number of outstanding equity shares

Return on Networth (%) : Profit after Tax * 100 / Networth

6.16 Reasons for rise and fall in Income and Profit after Tax during the last three years

Financial year ended March 31, 2010

Income for the financial year ended March 31, 2010 is Rs.3193.07 Lacs as against Rs. 3272.96 Lacs for the financial year ended March 31, 2009. Loss for the financial year ended March 31, 2010 was Rs. 902.22 Lacs as against loss for previous financial year ended March, 31, 2009 of Rs. 2181.87 Lacs.

Reasons for rise and fall in income and loss

Income for the financial year ended on March 31, 2010 was marginally lower as compared to previous financial year. Loss for the financial year ended March 31, 2009 was higher due to provision of Rs. 2181.87 Lacs for doubtful debts and advances.

Financial year ended March 31, 2009

Income for the financial year ended March 31, 2009 was Rs. 3272.96 Lacs as against Rs. 4652.80 Lacs for the financial year ended March 31, 2008. Loss for the financial year ended March 31, 2009 was Rs. 2166.74 Lacs as against loss for previous financial year ended March 31, 2008 of Rs. 90.04 Lacs.

Reasons for rise and fall in income and loss

Income for the financial year ended on March 31, 2009 was lower as compared to previous financial year due unfavorable market conditions. Loss for the financial year ended March 31, 2009 was higher due to provision of Rs. 2045.00 Lacs for doubtful debts and advances

Financial year ended March 31, 2008

Income for the financial year ended March 31, 2008 was Rs. 4652.80 Lacs as against Rs. 5454.86 Lacs for the financial year ended March 31, 2007. Loss for the financial year ended March 31, 2008 is Rs. 90.04 Lacs as against loss for previous financial year ended March 31, 2007 of Rs.102.12 lacs.

Reasons for rise and fall in income and loss

Income for the financial year March 31, 2007 was higher due to higher other income from sale of property amounting to Rs. 1488 Lacs. There is no significant change in loss.

6.17 Pre and Post offer shareholding pattern of Target Company is as follows :

Detail of changes in capital build up of promoter from the date of PA upto the date of this Letter of Offer is as follows :

Particulars	No. of Equity Shares	% of paid-up capital
Equity Shares as on the date of PA	41,37,474	11.80
Add: Equity Shares allotted pursuant to conversion of warrants	30,00,000	6.14
Add : acquisition of shares	4,70,000	0.96
Less : sale of equity shares	23,80,000	4.87
Equity Shares held as on the date of this Letter of Offer	52,27,474	10.71

(A) Based on paid-up equity share capital:

Sr. No.	Shareholder Category	Equity Share prior to the agreement / acquisition and Offer		Equity Shares acquired which triggered the off the regulation		Shareholding after the Allotments		Equity Shares to be acquired in the Open offer (Assuming full acceptance)		Equity Shares after acquisition and offer	
		A	%	B	%	C = A + B	%	D	% *	E = C + D	%
1)	Promoter Group										
	Parties to the agreement if any	-	-	-	-	-	-	-	-	-	-
	Promoters other than (a) above	5,227,474	12.77	-	-	5,227,474	10.71	-	-	5,227,474	10.71
	Total (1)	5,227,474	12.77	-	-	5,227,474	10.71	-	-	5,227,474	10.71
2)	Acquirer and PACs										
1	Acquirer										
	Bay Capital Investments Ltd	-	-	7,882,200	16.14	7,882,200	16.14	9,885,717	20.25	17,767,917	36.39
2	PAC										
	India Discovery Fund Ltd.	1,686,092	4.12	-	-	1,686,092	3.45	-	-	1,686,092	3.45
	Total (2)	1,686,092	4.12	7,882,200	16.14	9,568,292	19.60	9,885,717	20.25	19,454,009	39.84
3)	Parties to agreement other than(1) (a) & (2)	-	-	-	-	-	-	-	-	-	-
4)	Public (other than parties to agreement)										
a	Fis/MFs/FIIs/Banks, SFIs	6,598,006	16.11	-	-	6,598,006	13.51	(9,885,717)	(20.25)	(24,147,102)	(49.45)
b	Others	27,434,813	67.01	-	-	27,434,813	56.19				
	Total (3)	34,032,819	83.12	-	-	34,032,819	69.70	(9,885,717)	(20.25)	24,147,102	49.45
	Grand Total (1+2+3)	40,946,385	100.00	7,882,200	16.14	48,828,585	100.00	-	-	48,828,585	100.00

(B) Based on Emerging Voting Capital:

Sr. No.	Shareholder Category	Equity Share prior to the agreement / acquisition and Offer		Equity Shares acquired which triggered the off the regulation		Shareholding and voting rights after the Allotments		Equity Shares to be acquired in the Open offer (Assuming full acceptance)		Equity Shares after acquisition and offer		Shareholding/ Voting rights on outstanding conversion of Warrants and ESOP8**		Shareholding/ Voting rights after conversion of Warrants and ESOP Exercised	
		A	%	B	%	C = A + B	%	D	% *	E = C + D	%	F	%	G = E + F	%
1)	Promoter Group														
	Parties to the agreement if any	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Promoters other than (a) above	5,227,474	12.77	-	-	5,227,474	10.71	-	-	5,227,474	10.71	-	-	5,227,474	10.58
	Total (1)	5,227,474	12.77	-	-	5,227,474	10.71	-	-	5,227,474	10.71	-	-	5,227,474	10.58
2)	Acquirer and PACs														
1	Acquirer														
	Bay Capital Investments Ltd	-	-	7,882,200	16.14	7,882,200	16.14	9,885,717	20.00	17,767,917	36.39	-	-	17,767,917	35.95
2	PAC														
	India Discovery Fund Ltd.	1,686,092	4.12	-	-	1,686,092	3.45	-	-	1,686,092	3.45	-	-	1,686,092	3.41
	Total (2)	1,686,092	4.12	7,882,200	16.14	9,568,292	19.60	9,885,717	20.00	19,454,009	39.84	-	-	19,454,009	39.36
3)	Parties to agreement other than(1) (a) & (2)	-	-	-	-	-	-	-	-	-	-	-	-	-	-
4)	Public (other than parties to agreement)														
a	Fis/MFs/FIIs/Banks, SFIs	6,598,006	16.11	-	-	6,598,006	13.51	(9,885,717)	(20.00)	24,147,102	49.45	600,000	1.21	24,747,102	50.07
b	Others	27,434,813	67.01	-	-	27,434,813	56.19								
	Total (3)	34,032,819	83.12	-	-	34,032,819	69.70	(9,885,717)	(20.00)	24,147,102	49.45	600,000	1.21	24,747,102	50.07
	Grand Total (1+2+3)	40,946,385	100.00	7,882,200	16.14	48,828,585	100.00	-	-	48,828,585	100.00	600,000	1.21	49,428,585	100.00

Notes:

- * Percentage is calculated based on the Emerging Voting Capital assuming conversion of outstanding warrants and options granted under ESOS 2009 (refer para 6.4 of this letter of Offer).
 - As on the Specified Data (June 12, 2009) the total number of public shareholders of Target company was 22,035.
- 6.18 Since the Takeover Regulations came into effect, details of shares acquired / sold by promoter / promoter group are given below.

Period / Year	Mode of acquisition	*Shares acquired Number	%	*Shares sold Number	%	*Cumulative shares Number	%	Compliance
Opening 1997		—	—	—	—	10,329,234	56.68	—
1997-1998	Transfer	400	0.00	398,094	2.18	9,931,540	54.50	NA
1998-1999	Transfer	—	—	12,450	0.07	9,919,090	54.43	NA
1999-2000	Transfer	—	—	5,550	0.03	9,913,540	54.40	NA
2000-2001	Transfer	—	—	323,300	1.77	9,590,240	52.63	NA
2001-2002	Transfer	100	0.00	287,100	1.58	9,303,240	51.05	NA
2002-2003	Transfer	230,000	1.26	244,000	1.34	9,289,240	50.97	NA
2003-2004	Transfer	—	—	2,775,207	15.23	6,514,033	35.75	Disclosures not filed
2004-2005	Reclassification (Refer Note)	—	—	133,184	0.73	6,380,849	35.01	NA
2005-2006	Preferential allotment	—	—	1,250,000	5.69	7,630,849	34.74	Complied with relevant provisions
	Transfer	—	—	1,420,925	5.72	6,209,924	25.00	Disclosures not filed
2006-2007	Conversion of Warrants	—	—	1,345,000	4.83	7,554,924	27.14	Disclosures not filed
	Transfer	—	—	2,373,000	8.52	5,181,924	18.61	Disclosures not filed
2007-2008	Transfer	22,251	0.08	1,027,251	3.86	4,176,924	15.68	Disclosures not filed
2008-2009	Transfer	—	—	39,450	0.12	4,137,474	12.77	NA
2009-2010	Transfer	3,002,500	6.82	32,92,500	7.47	3,847,474	8.73	Complied with relevant provisions
	Conversion of Warrants	1,290,000	2.93	—	—	5,137,474	11.66	Complied with relevant provisions
2010 – till date	Transfer	1,075,000	2.20	2,695,000	5.52	3,517,474	7.20	Complied with relevant provisions
	Conversion of Warrants	1,710,000	3.50	—	—	5,227,474	10.71	Complied with relevant provisions

*Percentages have been computed based on the issued and paid up capital as on the date of acquisition or sale, as the case may be.

Note : In the year 2004-2005, there has been a regrouping amongst the promoter group, whereby the three individuals shareholding aggregating to 1,33,184 equity shares have been classified into public category.

6.19 Target Company has duly complied with the various requirements of Clause 49 of the Listing Agreement, relating to corporate governance from time to time.

6.20 Details of Pending Litigation are as follows:

Civil Cases

Target Company has 37 civil cases filed by the suppliers and the customers claiming the refund of the amount with interest thereon. The aggregate amount claimed, in these cases is approximately Rs. 84 Lacs.

Employee Related Cases

- a. There are 12 cases pending before labour courts and civil courts filed against Target Company by its suspended employees, ex-employees, contract workmen and officers - contesting termination, suspension, claiming arrears of wages, insufficient / non-payment of voluntary retirement compensation. The total claim in these cases aggregates to Rs. 12.51 Lacs.
- b. Employees State Insurance Authority has claimed Rs. 5.27 lacs together with interest thereon from Target Company for non payment of statutory contributions by M/s. Sterling Health Care Ltd. Target Company has preferred an appeal and the same is pending for hearing before the ESI Court Chennai.

Property Related Cases

Target Company has 9 property related cases pending against it. The cases are for

- a) eviction and seeking return of possession of certain premises occupied by the Target Company (2 cases);
- b) illegal erection of structures in property (2 cases);
- c) encroachment (2 cases); and
- d) inadequate payment of tax (3 cases).

Consumer Cases

Target Company has 173 pending cases against it, filed by its customers before various consumer courts such as District Forum, State Commission and National Commission. The claims under the cases aggregate to Rs. 123.09 Lacs.

Insurance Related cases/ Workmen's compensation cases

Ex. Employee had filed a case before the Commissioner of Workmen Compensation claiming compensation for the injury sustained during the course of his employment . The Commissioner of Workmen Compensation has ordered Target Company to pay Rs.1.82 Lacs. Target Company has preferred an appeal against the order of Commissioner of Workmen Compensation in High Court. High Court has allowed the appeal and has set aside the order of Commissioner of Workmen Compensation.

MRTP Cases

Target Company has 21 cases filed by its customers against it, before M.R.T.P. (Now CAT), Delhi The total claims made under the cases aggregate to Rs.447.78 Lacs.

Tax related litigation

a. **Income tax Cases**

Target Company has 4 pending income tax related cases before various authorities. The total claim in these cases aggregates to Rs.38.34 Lacs.

b. **Sales tax**

Target Company has 4 sales tax related matter pending against it. The aggregate amount involved in the matters is approximately Rs. 24 Lacs

c. **Service tax related claims**

Target Company has 1 service related matter pending against it. The aggregate amount involved in the matter including penalty is Rs. 557 lacs .

Criminal cases

There are 7 criminal cases (Section 138 of the Negotiable Instruments Act) pending against Target Company pending before various courts and authorities in India, filed by dealers and customers. The aggregate of all the quantifiable amounts in relation to these criminal cases is approximately Rs. 3.93 Lacs.

Case file by GIIIC:

GIIIC has filed case against Target Company for recovery of money. Target Company has agreed to pay a sum of Rs. 23.10 Lacs towards full and final settlement with GIIIC. Out of the above said amount 25% has already been paid. Remaining amount has to be paid in 6 equal installments.

Proceedings Under Section 408 of The Companies Act, 1956

The Hon'ble High Court was pleased to pass an Order, granting stay of the Orders of the Hon'ble Company Law Board, Chennai, until further Orders of the Hon'ble High Court of Madras, pending disposal of the Appeal under CMA No.3647 of 2005. The stay is still in force.

6.21 Details of the Compliance Officer of Target Company:

Mr. M. Balasubramaniyan, Company Secretary
Sterling Holiday Resorts (India) Limited
No.163, T.T.K. Road, Alwarpet, Chennai – 600 018
Tel. No. : +91-44-2499 8044, Fax No.: +91-44-2499 8043
Email ID: companysecretary@sterlingresorts.org

7. OFFER PRICE AND FINANCIAL ARRANGEMENTS

7.1 Justification of Offer Price

7.1.1 Equity shares of Target Company are currently listed on BSE and MSE.

7.1.2 The annualized trading turnover in the shares of Target Company on BSE and MSE based on trading volume during December 2008 to May 2009 (six calendar months preceding the month in which the PA is made) is as given below:

Name of the Stock Exchange	Total number of Equity Shares traded during December 2008 to May 2009	Total number of Listed Equity Shares	Annualized trading turnover (% of total listed Equity Shares)
BSE*	65,02,914	3,24,02,085	40.14%
MSE**	Nil	3,24,02,085	Nil

*Source for BSE: (<http://www.bseindia.com>)

**Source for MSE: MSE letters dated May 11, 2009 and June 3, 2009

Based on the information available, the equity shares of the Target Company are frequently traded on BSE and infrequently traded on MSE within the meaning of explanation (i) to regulation 20(5) of the Takeover Regulations. The pricing under regulation 20 (4) of the Takeover Regulations is based on BSE prices, where equity shares are frequently traded.

7.1.3 In accordance with Regulation 20(4) and 20(5) of the Takeover Regulations, the Offer Price of Rs.36.25 per equity share is higher of the following:-

a)	Negotiated price	Not Applicable
b)	Acquisition price under preferential issue.	Rs.35/- per equity share
c)	Highest price paid by Acquirer and PAC for acquisition of any equity share of Target Company during 6 months period preceding the date of PA	Rs.35/- per equity share
d)	Average of weekly high and low of the closing prices of the equity shares of Target Company during 26 weeks preceding the date of the Board meeting where the preferential issue was proposed by the Board of Directors (April 28, 2009).	Rs.23.16 per equity share
e)	Average of daily high and low of the equity shares of Target Company during 2 weeks preceding the date of board meeting where the preferential issue was proposed by the Board of Directors (April 28, 2009)	Rs.36.07 per equity share
f)	Other parameters with reference to Target Company	March 31, 2008(Audited)
	Book Value (Rs.)	(8.84)
	Earnings Per Share (Rs.)	(0.32)

Note : Return on Net worth (%) and Price / Earnings (PE) Ratio cannot be computed as Net worth and Earnings for the year were negative.

7.1.4 In the opinion of the Manager to the Offer, the Offer Price of Rs.36.25 per equity share is justified in terms of Regulation 20(4) and 20(5) of the Takeover Regulations.

7.1.5 The computation of average price in terms of regulation 20 (4) (c) of the Regulations is as below:

Table 1: The average of weekly high and low closing prices for the 26 weeks preceding the date of the Board Meeting (April 28, 2009) where the Preferential Issue was proposed is shown in table below:

Week	From	To	Closing price at BSE		Average Price (Rs.)	VolumeShares
			High (Rs.)	Low (Rs.)		
1	28.10.2008	03.11.2008	12.81	9.90	11.36	73,175
2	04.11.2008	10.11.2008	15.49	14.09	14.79	49,540
3	11.11.2008	17.11.2008	15.45	14.02	14.74	48,629
4	18.11.2008	24.11.2008	19.02	16.22	17.62	160,226
5	25.11.2008	01.12.2008	19.87	17.75	18.81	119,588
6	02.12.2008	08.12.2008	16.90	14.40	15.65	119,874
7	09.12.2008	15.12.2008	17.40	15.10	16.25	145,914
8	16.12.2008	22.12.2008	22.15	18.25	20.20	262,818
9	23.12.2008	29.12.2008	21.05	18.25	19.65	51,556

Week	From	To	Closing price at BSE		Average Price (Rs.)	VolumeShares
			High (Rs.)	Low (Rs.)		
10	30.12.2008	05.01.2009	21.20	18.70	19.95	47,357
11	06.01.2009	12.01.2009	21.50	18.55	20.03	64,409
12	13.01.2009	19.01.2009	23.55	19.45	21.50	51,743
13	20.01.2009	26.01.2009	28.40	24.70	26.55	188,647
14	27.01.2009	02.02.2009	27.00	23.80	25.40	124,252
15	03.02.2009	09.02.2009	23.95	22.95	23.45	114,811
16	10.02.2009	16.02.2009	24.15	22.45	23.30	64,745
17	17.02.2009	23.02.2009	26.35	23.55	24.95	102,350
18	24.02.2009	02.03.2009	30.70	26.60	28.65	293,320
19	03.03.2009	09.03.2009	28.15	26.30	27.23	96,221
20	10.03.2009	16.03.2009	28.55	26.50	27.53	59,857
21	17.03.2009	23.03.2009	29.35	27.20	28.28	83,344
22	24.03.2009	30.03.2009	30.00	28.50	29.25	125,169
23	31.03.2009	06.04.2009	28.20	27.25	27.73	34,240
24	07.04.2009	13.04.2009	28.75	26.15	27.45	69,859
25	14.04.2009	20.04.2009	34.70	31.60	33.15	308,369
26	21.04.2009	27.04.2009	41.65	35.80	38.73	1,055,029
	Average				23.16	

Table 2: The average of the daily high and low of the price of equity shares of Target Company during the 2 weeks preceding the date of the Board Meeting (April 28, 2009) where the preferential issue was proposed is shown in the table below:

Day	Date	Daily high and low price at BSE		Average Price (Rs.)	Volume Shares
		High (Rs.)	Low (Rs.)		
1	15.04.2009	31.60	29.55	30.58	64,144
2	16.04.2009	34.75	31.75	33.25	101,178
3	17.04.2009	36.20	32.65	34.43	99,124
4	20.04.2009	35.95	32.10	34.03	43,923
5	21.04.2009	35.80	31.00	33.40	61,295
6	22.04.2009	39.35	35.15	37.25	176,198
7	23.04.2009	41.65	38.00	39.83	157,281
8	24.04.2009	43.60	40.25	41.93	585,267
9	27.04.2009	41.40	38.50	39.95	74,988
	Average			36.07	

(Source : BSE Website)

- 7.1.6 There is no non-compete agreement between the Acquirer, PAC and the Target Company and any other entity as envisaged under Regulation 20(8) of the Takeover Regulations. No additional payments are being made by the Acquirer as non-compete fees.
- 7.1.7 In the opinion of the Manager to the Offer, the Offer Price of Rs.36.25 per equity share is justified in terms of Regulation 20(4) and 20(5) of the Takeover Regulations.
- 7.1.8 The Acquirer and PAC are permitted to revise the Offer Price of shares / number of equity shares upwards and such upward revision will be made in accordance with Regulation 26 of the Takeover Regulations, not later than November 18, 2010, which is 7 (seven) working days prior to the date of closure of the Offer. If the Offer Price is revised upward, such revised price will be payable to all shareholders who have accepted the Offer and submitted their equity shares at any time during the Offer Period to the extent that their shares have been verified and accepted by the Acquirer and PAC. The same would be informed by way of public announcement in the same newspapers in which the PA had been published.

7.2 Financial Arrangements

- 7.2.1 The total fund requirement for implementation of the Offer at Rs. 36.25 (Rupees Thirty Six and Paise Twenty Five only) per equity share is Rs. 35,83,57,241.25 (Rupees Thirty Five Crores Eighty Three Lacs Fifty Seven Thousand Two Hundred and Forty One and Paise Twenty Five only) assuming that full acceptance for the Offer is received ("**Offer Consideration**").

- 7.2.2 Mr. Y. Nath Varma (Membership No. MRN/84/521 of M/s. Navy and Yan, Public Accountants and Knowledge Managers , West View La Marie Road, Glen –Park, Vacoas, Mauritius, Tel.No: +230-294-9880, Fax No.: +230-684-6830, have confirmed vide certificate dated June 5, 2009, being prior to the release of the PA, that the Acquirer and PAC has adequate financial resources available for meeting their obligations under the Takeover Regulations. Consequent to the increase in the Offer Size, they further confirmed vide their certificate dated August 11, 2010 that the Acquirer and PAC have adequate financial resources available for meeting their obligation under the Takeover Regulations.
- 7.2.3 Mr. Harsh Shah (Membership No. 105844) M/s. G. M. Kapadia & Co., Chartered Accountants, 1001, Raheja Chambers 213, Nariman Point, Mumbai 400 021, Tel.No: +91-22-6611 6611, Fax No.: +91-22-6611 6600, have confirmed vide certificates dated August 11, 2010 that the Acquirer and PAC, have adequate financial resources available for meeting their obligations under the Take Over Regulations for a value up to the Offer Consideration.
- 7.2.4 In terms of regulation 28 (2) of the Takeover Regulations, the Acquirer is required to make a minimum deposit of Rs. 8,95,89,310.31(Rupees Eight Crores Ninety Five Lacs Three Hundred Ten and Paise Thirty One only) being 25% of the Offer Consideration ('**Escrow Amount**') in escrow account.
- 7.2.5 In accordance with regulation 28 of the Takeover Regulations, prior to the date of PA, the Acquirer has made a cash deposit of Rs. 8,69,00,000/- (Rupees Eight Crores Sixty Nine Lacs only), with Standard Chartered Bank, 90, M G Road, Fort, Mumbai – 400 001. Pursuant to the increase in Offer Size and consequent upward revision in escrow amount, Acquirer has made an additional cash deposit of Rs.27,00,000 (Rupees Twenty Seven Lacs only) in escrow account. Accordingly, the Acquirer has caused a cumulative cash deposit of Rs. 8,96,00,000 (Rupees Eight Crores and Ninety Six Lacs only) being in excess of Escrow Amount, with Standard Chartered Bank. In accordance with regulation 28 of the Takeover Regulations, the Manager to the Offer has been duly authorized to realize the Escrow Amount.
- 7.2.6 The Manager to the Offer has satisfied itself that the Acquirer and PAC have the ability to implement the Offer in accordance with the Takeover Regulations as firm arrangements for funds for payment through verifiable means are in place to fulfill the Offer obligations.

8. TERMS AND CONDITIONS OF OFFER

8.1 Statutory Approval

- 8.1.1 The Offer is subject to the receipt of approval from Reserve Bank of India ('RBI') under the Foreign Exchange Management Act, 1999 (FEMA) and regulation made there under, for the acquisition of equity shares by the Acquirer along with any obligation to make payment, for shares validly tendered and accepted under the Offer. RBI by its letter No. FE/CO/FID/369/10.21.159/2009-10 dated July 3, 2009 has accorded the approval to the Acquirer to acquire shares tendered under the Offer upto 95,85,717 equity shares of the Target Company. The Acquirer has filed a revised application dated August 27, 2010, with the RBI to obtain approval under FEMA for the acquisition of additional equity shares validly tendered and accepted under the Offer, pursuant the increase in offer size from 95,85,717 to 98,85,717 equity shares.
- 8.1.2 As of the date of this Letter of Offer, there are no other statutory approvals or approval from lenders required, for the acquisition of equity shares tendered pursuant to this Offer. The Offer would be subject to all other statutory approvals that may become applicable at a later date before the completion of the Offer. The Acquirer will not proceed with the Offer in the event that such statutory approvals that are required are refused in terms of Regulation 27 of the Takeover Regulations.
- 8.1.3 In case of non receipt of any approval, SEBI may, if satisfied that non receipt of the requisite approvals was not due to any willful default or neglect of the Acquirer or failure of the Acquirer to diligently pursue the application for the approval, grant extension of time for the purpose, subject to the Acquirer agreeing to pay interest to the shareholders as directed by SEBI, in terms of regulation 22(12) of Takeover Regulations. Further, if delay occurs on account of wilful default by the Acquirer in obtaining the requisite approvals, regulation 22(13) of the Takeover Regulations will also become applicable.
- 8.1.4 The Acquirer does not require any approvals from financial institutions or banks for the Offer.

8.2 Other terms

- 8.2.1 The Letter of Offer, specifying the detailed terms and conditions, together with the Form of Acceptance-cum-Acknowledgement ('Form of Acceptance'), Form of Withdrawal and Transfer Deed (for shareholders holding equity shares in the physical form) will be mailed to the shareholders of Target Company (other than Acquirer and PAC) whose names appear in the register of members of Target Company and to the beneficial owners of the equity shares of Target Company whose names appear as beneficiaries on the records of the respective depository participants ('DP'), at the close of business on June 12, 2009 (Friday) (the 'Specified Date'). Accidental omission to dispatch Letter of Offer to any member entitled to this Offer or non-receipt of the Letter of Offer and other forms by any member entitled to this Offer shall not invalidate the Offer in any manner whatsoever. A copy of the Letter of Offer (including Form of Acceptance and Form of Withdrawal) is expected to be available on SEBI's website (<http://www.sebi.gov.in>) during the period of the Offer and may also be downloaded from the website.
- 8.2.1.1 All owners of equity shares, registered or unregistered (except the Acquirer and PAC) are eligible to participate in the Offer anytime before closure of the Offer, as per the procedure set out in Part 9 below. Eligible shareholders can participate in the Offer by offering their shareholding in whole or in part. The acceptance must be unconditional and should be absolute and unqualified. No indemnity is required from the unregistered owners.
- 8.2.1.2 The Offer is not subject to any minimum level of acceptance.
- 8.2.1.3 The acceptance of the Offer made by the Acquirer is entirely at the discretion of the shareholders of the Target Company. The Acquirer will not be responsible in any manner for any loss of equity share certificate(s) and offer acceptance documents during transit and the shareholders of the Target Company are advised to adequately safeguard their interest in this regard.
- 8.2.1.4 Incomplete applications, including non-submission of necessary enclosures, if any, are liable to be rejected.

- 8.2.1.5 Equity shares that are subject to any charge, lien or encumbrance are liable to be rejected. Equity shares tendered in the Offer by the shareholders of Target Company shall be free from lien, charges and encumbrances of any kind whatsoever, including the right to dividends, bonus and rights declared hereafter.
- 8.2.1.6 Equity shares acquired pursuant to the Offer can be transferred to the Acquirer subject to the continuation of the residual lock-in period in the hands of the Acquirer. Manger to the Offer shall ensure that there be no discrimination in the acceptance of locked-in and non locked-in shares, except otherwise specifically prohibited by any other law time being in force and / or by any Court Order or Such other authority.
- 8.2.1.7 The instructions and provisions contained in the Form of Acceptance-cum-Acknowledgement and Form of Withdrawal constitute an integral part of the terms of this Offer.

9. PROCEDURE FOR ACCEPTANCE AND SETTLEMENT

- 9.1 The Registrar to the Offer, Link Intime India Pvt. Ltd. ('Registrar to the Offer'), has opened a special depository account with Standard Chartered Bank called "**LIPL – SHRIL OFFER – ESCROW DEMAT ACCOUNT**" **Open Offer ('Special Depository Account')**. Beneficial owners and shareholders holding equity shares of Target Company in the dematerialized form, will be required to send their Form of Acceptance to the Registrar to the Offer, on addresses as mentioned in para 9.3, on or before the closure of the Offer, along with a photocopy or counterfoil of the delivery instruction slip in 'Off-market' mode, duly acknowledged by the DP, in favour of **Special Depository Account** and filled in with the details given below:

DP Name	Standard Chartered Bank
A/c Title	LIPL – SHRIL OFFER – ESCROW DEMAT ACCOUNT
DP ID Number	IN301524
Client ID Number	30023858
ISIN	INE657A01019
Market	Off-market
Depository	National Securities Depository Ltd.

Forms of Acceptance of dematerialized equity shares not credited to the above Special Depository Account on or before the closure of Offer are liable to be rejected. Beneficial owners are therefore requested to tender the delivery instruction at least two working days prior to the date of closing of the Offer.

Shareholders having their beneficiary account in Central Depository Services (India) Limited ('CDSL') have to use inter-depository delivery instruction slip for the purpose of crediting their equity shares in favour of the special depository account with NSDL.

- 9.2 Shareholders who hold equity shares of Target Company in physical form and wish to tender their equity shares pursuant to the Offer will be required to submit the Form of Acceptance, original share certificate(s) and duly signed and executed transfer deed(s) only to the Registrar to the Offer at the following address, so as to reach on or before the closure of the Offer, i.e. November 29, 2010 in accordance with the instructions specified in the Letter of Offer and the Form of Acceptance.
- 9.3 In case of non-receipt of the Letter of Offer, shareholder(s) may download the same from the SEBI website (<http://www.sebi.gov.in>) or obtain a copy of the same from the Manager to the Offer or Registrar to the Offer on providing suitable documentary evidence of acquisition of the said shares.

Name & Address of Collection Centre	Contact Person	Mode of Delivery	Tel. No.Fax No.E-mail ID
Mumbai C-13, Panalal Silk Mills Compound, L B S Marg, Bhandup (W), Mumbai - 400078.	Nilesh Chalke	Hand Delivery & Registered Post	Tel. 022-25960320 Fax 022-25960329 E-mail ID shril.offer@linkintime.co.in
Mumbai 203, Davar House, Next to Central Camera, D N Road, Fort Mumbai - 400 001	Vivek Limaye	Hand Delivery	Tel. 022-22694127 Fax 022-25960329 E-mail ID vivek.limaye@linkintime.co.in
Chennai C/o SGS Corporate Solutions India Pvt. Ltd., Indira Devi Complex, II Floor, No.20, Gopalakrishna Street, Pandy Bazaar, T. Nagar, Chennai - 600 017	Mrs.Solly Soy	Hand Delivery	Tel. 044- 2815 2672, 044- 4207 0906 Fax 044 - 2815 2672 (Telefax) E-mail ID chennai@sgs-cs.com

All registered owners can send the Form of Acceptance duly completed and signed in accordance with the instructions contained therein to the Registrar to the Offer at the collection centers mentioned above, on or before the closure of the Offer, i.e. November 29, 2010 (Monday). The documents can be tendered at the above centre between Monday to Friday from 10.00 am to 1.00 pm and 2.00 p.m. to 5.00 p.m. and on Saturdays from 10.00 am to 1.00 pm. Centres will be closed on Sundays and any other Public holidays.

9.4 Shareholders who wish to tender their shares under this Offer should enclose the following documents duly completed:

9.4.1 For equity shares held in physical form

Registered shareholders should enclose

- Form of Acceptance duly completed and signed in accordance with the instructions contained therein, by all shareholders whose names appear on the share certificates.
- Original share certificate(s).
- Valid share transfer deed / 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 Target Company and duly witnessed at the appropriate place.

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

Unregistered owners should enclose

- Form of Acceptance duly completed and signed in accordance with the instructions contained therein.
- Original share certificate(s).
- Original broker contract note.
- Valid share transfer deed(s) as received from the market. The details of the buyer should be left blank failing which the same will be invalid under the Offer. Unregistered shareholders should not sign the transfer deed. The transfer deed should be valid for transfer. No indemnity is required from unregistered shareholders.
- All other requirements for valid transfer will be precondition for acceptance.

9.4.2 For equity shares held in demat form:

Beneficial owners should enclose:

- Form of Acceptance duly completed and signed in accordance with the instructions contained therein, by all the beneficial owners whose names appear in the beneficiary account, as per the records of the respective depository.
- Photocopy of the delivery instruction in “Off-market” mode or counterfoil of the delivery instruction in “Off-market” mode, duly acknowledged by DP in favour of the special depository account.

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. The Form of Acceptance-cum-Acknowledgement for which corresponding shares have not been credited to the special depository account as on the date of closure of the Offer will be rejected.

9.4.3 Shareholders should also provide all relevant documents, which are necessary to ensure transferability of shares in respect of which the application is being sent failing which the tender would be considered invalid and would be liable to be rejected. Such documents may include (but not be limited to)

- Duly attested death certificate and succession certificate (for single shareholder) in case the original shareholder has expired.
- Duly attested power of attorney if any person apart from the shareholder has signed acceptance form or transfer deed(s).
- No objection certificate from any lender, if the shares in respect of which the acceptance is sent, were under any charge, lien or encumbrance.
- In case of companies, the necessary certified corporate authorizations (including board and/or general meeting resolutions).

9.5 The share certificate(s), share transfer form, Form of Acceptance-cum-Acknowledgement and other documents, if any should be sent only to the Registrar to the Offer. **They should not be sent to the Manager to the Offer or the Promoter, Acquirer/ PAC or the Target Company.** The above-mentioned documents can be sent by hand delivery on all days except Sundays and public holidays.

9.6 The minimum marketable lot for the purposes of acceptance, for both physical and demat shares, would be one share.

9.7 In case of unregistered owners or shareholders who have not received the Letter of Offer, may send their consent, to the Registrar to the Offer, on a plain paper stating the name, address, number of shares held, number of shares offered, along with the documents as mentioned above, so as to reach the Registrar to the Offer on or before the closure of the Offer. In the case of beneficial owners, they may send the application in writing to the Registrar to the Offer, on a plain paper stating the name, address, number of shares held, number of shares Offered, DP name, DP ID, beneficiary account number and a photocopy of the delivery instruction slip in “Off-market” mode or counterfoil of the delivery instruction in the “Off-market” mode, duly acknowledged by the DP, in favour of the aforesaid special depository account, so as to reach the Registrar to the Offer, on or before the closure of the Offer. No Indemnity is required from the unregistered owners.

The application should be signed by all the shareholders as per the registration details available with Target Company and should be sent to the Registrar to the Offer in an envelope clearly marked ‘**Sterling Holiday Resorts (India) Limited – Open Offer**’.

Shareholders of Target Company who have sent their equity shares for transfer should submit, Form of Acceptance duly completed and signed, copy of the letter sent to Target Company (for transfer of said shares) and acknowledgement received thereon and valid share transfer form. Shareholders who have sent their physical shares for dematerialization should submit their form of acceptance as applicable along with the copy of the demat request form (DRF) duly acknowledged by their DP. However, they have to ensure that the

corresponding credit of the dematerialized shares is received in the special depository account on or before closure of the Offer; else the application would be rejected.

- 9.8 Non-Resident shareholders, while tendering their equity shares under the Offer, should submit the previous RBI Approvals (specific or general) that they would have been required to submit to acquire the equity shares of the Target Company. In case the previous RBI Approvals are not submitted, the Acquirer and PAC reserves the right to reject such equity shares tendered. While tendering the shares under the Offer, non-resident shareholders will also be required to submit a Tax Clearance Certificate from Income Tax Authorities, indicating the amount of tax to be deducted by the Acquirer under the Income Tax Act, 1961 ('Income Tax Act'), before remitting the consideration. In case the aforesaid Tax Clearance Certificate is not submitted, the Acquirer will deduct tax at the rate as may be applicable to the category of the shareholder under the Income Tax Act, on the entire consideration amount payable to such shareholder.
- 9.9 As per the provisions of section 196(D)2 of the Income Tax Act, no deduction of tax at source shall be made from any income by way of capital gains arising from the transfer of securities referred to in section 115AD of the Income Tax Act payable to Foreign Institutional Investor ('FII') as defined in section 115AD of the Income Tax Act, 1961.
- 9.10 In case of delay in receipt of statutory approvals, SEBI has the power to grant extension of time to Acquirer for payment of consideration to shareholders, subject to the Acquirer agreeing to pay interest for the delayed period, as directed by SEBI in terms of regulation 22(12) of the Takeover Regulations.

In accordance with the regulation 22(5A) of the Takeover Regulations, shareholders who have tendered the requisite documents in terms of the Public Announcement and Letter of Offer shall have the option to withdraw acceptances tendered up to three working days prior to the Offer closing Date. The withdrawal option can be exercised by submitting the documents as per the instructions below so as to reach the Registrar to the Offer on or before November 24, 2010 (Wednesday).

Kindly follow the detailed instructions given below with respect to withdrawal:

- a) The withdrawal option can be exercised by submitting the Form of Withdrawal, enclosed with the Letter of Offer, duly signed by all the registered holders as per their specimen signature recorded with Target Company for shareholders in case of physical holdings/ with the Depository in case of electronic holdings so as to reach the Registrar to the Offer at the collection centre mentioned above on or before November 24, 2010. The signature of the beneficial holders on the Form of Withdrawal should be attested by the DP.
 - b) The withdrawal option can be exercised by submitting the Form of Withdrawal attached to this Letter of Offer, duly completed together with Acknowledgement slip in original / copy of the submitted Form of Acceptance-cum-Acknowledgement in case delivered by Registered A.D.
 - c) 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:
 - i. In case of physical shares: Name, address, distinctive numbers, folio number and number of shares tendered / withdrawn.
 - ii. In case of dematerialized shares: Name, address, number of shares tendered / withdrawn, DP name, DP ID, Beneficiary Account no., and a photocopy of delivery instructions in "Off market" mode or counterfoil of the delivery instruction in "Off market" mode, duly acknowledged by the DP in favour of the special depository account.
 - d) Shareholders who have tendered shares in physical form and wish to partially withdraw their tenders, should also enclose valid share transfer form(s) for the remaining equity shares (i.e. shares not withdrawn) duly signed as transferors by all registered shareholders (in case of joint holdings) in the same order and as per specimen signatures registered with Target Company and duly witnessed at the appropriate place.
 - e) The withdrawal of shares will be available only for the share certificates/ shares that have been received by the Registrar to the Offer/ credited to the special depository account.
 - f) The intimation of returned shares to the shareholders will be at the address as per the records of Target Company or the Depositories as the case may be.
 - g) 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 Target Company.
 - h) Partial withdrawal of tendered shares can be done only by the registered shareholders / beneficial owners. In case of partial withdrawal, the earlier Form of Acceptance-cum-Acknowledgement will stand revised to that effect.
 - i) Shareholders holding shares in dematerialized form are requested to issue the necessary standing instruction for receipt of the credit in their DP accounts.
- 9.11 In case the number of shares tendered for sale by the shareholders are more than the shares agreed to be acquired under the Offer, the Acquirer shall accept the offers received from the shareholders on a proportionate basis as per regulation 21(6) of the Takeover Regulations 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 equity shares from a shareholder shall not be less than the minimum marketable lot or the entire holding, if it is less than the marketable lot.

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. Shares held in demat form, to the extent not accepted, will be credited back to the beneficial owners' depository account with the respective depository participant as per the details furnished by the beneficial owner in the Form of Acceptance.

It will be the responsibility of the equity shareholders to ensure that the unaccepted equity shares are accepted by their respective Depository Participants when transferred by the Registrar to the Offer. Shareholders holding shares in dematerialized form are requested to issue the necessary standing instruction for receipt of the credit, if any, in their DP accounts. Shareholders should ensure that their depository accounts are maintained till the Offer formalities are completed.

- 9.12 The payment consideration for shares accepted under the Offer may be made through Electronic Clearing Services (ECS), Direct Credit (DC), RTGS (Real Time Gross Settlement) or NEFT (National Electronic Funds Transfer) at specified centers where clearing houses are managed by the Reserve Bank of India or through warrants/Demand Drafts. Shareholders who opt for receiving consideration through NECS/RTGS/DC/NEFT are requested to give the authorization for ECS/RTGS/DC/NEFT in the Form of Acceptance - cum - Acknowledgment and provide the IFSC code and enclose a photocopy of cheque/ along with the Form of Acceptance.
- 9.12.1 Direct Credit – Applicants having bank accounts with the same bank through which payment consideration shall be made shall also be eligible to receive consideration through direct credit in their respective bank accounts as mentioned in the FOA.
- 9.12.2 RTGS – Applicants having a bank account at any of the RBI managed centres and whose payment consideration exceeds Rs. 1 lac, have the option to receive refund through RTGS. Such eligible applicants who indicate their preference to receive consideration through RTGS are required to provide the IFSC code in the FOA. In the event the same is not provided, payment consideration shall be made through other electronic modes or by cheques, pay orders or demand drafts payable.
- 9.12.3 NEFT – Payment of consideration shall be undertaken through NEFT wherever the shareholders bank has been assigned the Indian Financial System Code (IFSC), which can be linked to a Magnetic Ink Character Recognition (MICR), if any, available to that particular bank branch. IFSC Code will be obtained from the website of RBI as on a date immediately prior to the date of payment of consideration, duly mapped with MICR numbers. Wherever the shareholder has registered their nine digit MICR number and their bank account number while opening and operating the demat account, the same will be duly mapped with the IFSC Code of that particular bank branch and the payment of consideration will be made to the applicants through this method. The process flow in respect of consideration by way of NEFT is at an evolving stage and hence use of NEFT is subject to operational feasibility, cost and process efficiency.
- 9.12.4 For all other applicants, including those applicants whose payment consideration is not credited by ECS/Direct credit due to technical errors or incomplete/incorrect bank account details, payment consideration will be dispatched through Speed Post/ Registered Post. Such payment consideration will be made by cheques, pay orders or demand drafts payable at par at places where the address of the shareholder is registered.
- 9.12.5 In case of payment consideration is rejected through the NECS/Direct credit/RTGS/NEFT facility, the registrar would endeavor to dispatch the payment consideration within 3 working days of such rejection.
- 9.12.6 **The bank account details for NECS/DC/RTGS/NEFT will be directly taken from the depositories' database or from the details as mentioned by the shareholders in the FOA.**
- 9.12.7 **It is advised that shareholders provide bank details in the Form of Acceptance-cum-Acknowledgment so that same can be incorporated in the demand draft/pay order.**
- 9.13 The consideration to those shareholders whose shares or share certificates and /or other documents are found complete, valid and in order, will be paid by crossed account payee cheques/demand drafts or through DC/NEFT/RTGS/ECS. Such considerations in excess of Rs. 1500/- or unaccepted share certificate(s), transfer deed(s) and other documents, if any, will be returned by registered post/speed post at the shareholders'/unregistered owners' sole risk to the sole/first shareholder/unregistered owner. Equity shares held in dematerialized form, to the extent not accepted, will be credited back to the beneficial owners' depository account with the respective depository participant as per the details furnished by the beneficial owner in the Form of Acceptance or otherwise. The Acquirer is required to deduct tax on source, as may be applicable. All dispatches involving payment of a value upto Rs.1,500/- will be made under certificate of posting at the shareholders sole risk.
- 9.14 The Registrar to the Offer will hold in trust the equity shares and share certificate(s), equity shares lying in credit of the special depository account, Form of Acceptance, and the transfer deed(s) on behalf of the shareholders of Target Company who have accepted the Offer, until the cheques/drafts / payment through any electric mode for the consideration and/or the unaccepted equity shares / share certificates are dispatched/ returned.

10 TAX TO BE DEDUCTED AT SOURCE

Summary of various provisions related to Tax Deduction at Source (withholding tax) under the Income Tax Act.

- 10.1 All the shareholders should be classified as resident or non-resident. The status as resident / non-resident is to be determined on the basis of criteria laid down in section 6 of the Income Tax Act, 1961.
- 10.2 No tax is required to be deducted on payment of consideration to resident shareholders.
- 10.3 The Rate of Deduction of Tax in the case of non-resident is dependent on few other factors. Since the Acquirer does not have in-house information in respect of various shareholders, all the shareholders have to specify their category in the Form of Acceptance.
- 10.4 As per the provisions of the section 2(37A) (iii) of the Income Tax Act, 1961, for the purposes of deduction of tax under section 195, the rate or rates of income-tax specified in this behalf in the Finance Act of the assessment year i.e. 2010-11 or the rates or rates of income tax specified in an agreement entered into by the Central Government under section 90 or an agreement notified by the Central Government under section 90A, whichever is applicable by virtue of the provisions of section 90, or section 90A, as the case may be, i.e. whichever beneficial, would be the applicable rate of TDS.
- 10.5 In the event the aforementioned categories of shareholders require the Acquirer not to deduct tax or to deduct tax at a lower rate or on a lower amount, they would need to obtain a certificate from the income tax authorities either under section 195(3) or under section 197 of the Income Tax Act, and submit the same to Acquirer while submitting the Bid Form. In the absence of any such certificate from the income tax authorities, the Acquirer will deduct tax as aforesaid, and a certificate in the prescribed form shall be issued to that effect.
- 10.6 The shareholders should specify their residential status and in case of FII the nature of their holding i.e. whether shares held as investment account or on trade account. Non disclosure in the bid form would lead to deduction of tax at source at the highest rate. If any shareholder wishes that lesser tax should be deducted in his / its case he / it should produce certificate from his / its jurisdictional Income Tax Officer to that effect.

11 DOCUMENTS FOR INSPECTION

The following material documents are available for inspection by shareholders of Target Company at the office of the Manager to the Offer, Collins Stewart Inga Private Limited, A – 404, Neelam Centre, Hind Cycle Road, Worli, Mumbai – 400 030 from 10.30 a.m. to 1.00 p.m. on any day except Saturdays, Sundays and public holidays from the date of opening of the Offer until the Offer closes.

- a) Copy of certificate of incorporation, copy of certificate of incorporation issued pursuant change of name and Memorandum and Articles of Association of Acquirer.
- b) Copy of certificate of incorporation, copy of certificate of incorporation issued pursuant change of name and Memorandum and Articles of Association of IDF.
- c) Certificate dated June 5, 2009 and August 11, 2010 issued by Mr. Y. Nath Varma of M/s. Navy and Yan, Public Accountants and Knowledge Managers certifying that Acquirer has adequate resources to meet the financial requirements of the Offer.
- d) Certificate dated June 5, 2009 and August 11, 2010 issued by Mr. Y. Nath Varma of M/s. Navy and Yan, Public Accountants and Knowledge Managers certifying that IDF has adequate resources to meet the financial requirements of the Offer.
- e) Certificate dated August 11, 2010 issued by Mr. Harsh Shah of M/s. G. M. Kapadia & Co., Chartered Accountants, 1001, Raheja Chambers 213, Nariman Point, Mumbai 400 021, Tel. No. : 91 -22 -6611 6611, Fax No.: 91 -22 -6611 6600, certifying that Acquirer has adequate resources to meet the financial requirements of the Offer.
- f) Certificate dated August 11, 2010 issued by Mr. Harsh Shah of M/s. G. M. Kapadia & Co., Chartered Accountants, 1001, Raheja Chambers 213, Nariman Point, Mumbai 400 021, Tel.No: +91 -22 -6611 6611, Fax No.: +91 -22 -6611 6600, certifying that IDF has adequate resources to meet the financial requirements of the Offer.
- g) Audited financial statements for the period from August 11, 2008 to December 31, 2008, for the year ended December 31, 2009 and period from January 1, 2010 to June 30, 2010, for the Acquirer .
- h) Audited financial statements for the period from May 9, 2007 to December 31, 2007, for the year ended December 31, 2008 and December, 2009 and period from January 1, 2010 to June 30, 2010 for the PAC.
- i) Copy of the letters issued by Standard Chartered Bank, confirming deposit of Rs. 8,96,00,000/-, being more than 25% of the total consideration payable under the Offer by the Acquirer.
- j) Copy of Public Announcement dated June 08, 2009 as published in the newspapers.
- k) Copy of Corrigendum to Public Announcement dated September 09, 2009
- l) Copy of second Corrigendum to Public Announcement dated November 03, 2010.
- m) Certificate of Incorporation and Memorandum and Articles of Association of Target Company.
- n) Annual Reports of Target Company for the financial years ended 2007 2008 and 2009 and certified unaudited accounts for the year ended on June 30, 2010 by the statutory auditors of Target Company.
- o) Copies of in-principal Listing approval received from BSE and MSE.
- p) Copy of notice of Extra-Ordinary General Meeting of shareholders of Target Company held on May 25, 2009, to approve by way of a Special Resolution under Section 81(1A) of the Companies Act, 1956 and other applicable provisions, the Preferential Issue and other related matter.
- q) Copy of Board Resolution for issue and allotment of shares under Preferential Allotment of shares dated June 04, 2009.
- r) Copy of confirmation regarding opening of Special Depository Account in the name and Style of '**LIPL – SHRIL OFFER – ESCROW DEMAT ACCOUNT**' opened by the Registrar to the Offer.
- s) Letter No. CFD/DCR/TO/DMS/24791/10 dated October 27, 2010 received from Securities and Exchange Board of India in terms of provisions of Regulation 18(2) of the Takeover Regulations.

12 DECLARATION BY ACQUIRER AND PAC

Acquirer, PAC and their respective Directors accept full responsibility severally and jointly for the information (except for the information pertaining to Target Company which has been compiled from publicly available sources) contained in this Letter of Offer. Acquirer and PAC are responsible for the fulfillment of their obligations under the Takeover Regulations.

For and on behalf of Bay Capital Investments Ltd

Sd/-

Authorised Signatory

For and on behalf of India Discovery Fund Ltd.

Sd/-

Authorised Signatory

Place : Mauritius

Date : November 04, 2010

Encl:

1. Form of Acceptance-cum-Acknowledgement
2. Form of Withdrawal
3. Transfer Deed (For the Physical Shareholders only)

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FORM OF ACCEPTANCE-CUM-ACKNOWLEDGEMENT

(Please send this Form of Acceptance cum Acknowledgement with enclosures to Link Intime India Private Limited at any of the collection centers as mentioned in the Letter of Offer. All terms and expressions used herein shall have the same meaning as ascribed thereto in the Letter of Offer)

From :

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

Name :

Address :

OFFER PERIOD	
OPENS ON	: November 10, 2010 (Wednesday)
CLOSES ON	: November 29, 2010 (Monday)

Tel. No.

Fax No.

E-mail

To,

Bay Capital Investments Ltd & India Discovery Fund Ltd

C/o Link Intime India Private Limited

C-13, Pannalal Silk Mills Compound,

L. B. S. Marg, Bhandup (West), Mumbai - 400 078

Dear Sir,

Sub.: Open Offer to acquire up to 98,85,717 fully Paid-up Shares of Rs.10/- each, representing 20.00% Emerging Voting Capital of Sterling Holiday Resorts (India) Limited, at a price of Rs. 36.25 per fully Paid up Share (Offer Price) payable in cash by Bay Capital Investments Ltd (formerly known as Indus Hospitality Fund Ltd) along with India Discovery Fund Limited.

I/We refer to the Letter of Offer dated November 04, 2010 for acquiring the equity shares held by me/us in **Sterling Holiday Resorts (India) Limited**. I/We, the undersigned have read the Letter of Offer and understood their contents and unconditionally accept the terms and conditions as mentioned therein.

SHARES IN DEMATERIALIZED FORM

I/We, holding shares in the dematerialized form, accept the Offer and enclose the photocopy of the Delivery Instruction in "Off-market" mode, duly acknowledged by the Depository Participant ("DP") in respect of my/ our shares as detailed below:

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

I/We have executed an off-market transaction for crediting the shares to the special depository account viz. '**LIPL – SHRIL OFFER – ESCROW DEMAT ACCOUNT**' via

A delivery instruction from my account with NSDL

An inter-depository delivery instruction from my account with CDSL

Depository Participant ("DP") Name	Standard Chartered Bank
DP ID Number	IN301524
Client ID Number	30023858
ISIN	INE657A01019

I/We note and understand that the shares would lie in the Special Depository Account until the time the Acquirer dispatches the purchase consideration as mentioned in the Letter of Offer. I/We also note and understand that the Acquirer will pay the purchase consideration only after verification of the documents and signatures.

SHARES IN PHYSICAL FORM

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

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

(In case the space provided is inadequate, please attach a separate sheet with details.)

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ACKNOWLEDGEMENT SLIP

Sr. No. : _____

Received from Mr./Ms. _____

Address _____

_____ Form of Acceptance cum Acknowledgement for _____ Shares

Copy of Depository Instruction slip from DP ID _____ Client ID _____.

_____ Share Certificate(s) _____ Transfer Deed(s) under folio number(s) _____ for accepting the Offer made by the Acquirer.

Signature of Official	Date of Receipt	Stamp of Collection Center

I/We note and understand that the Registrar to the Offer will hold the original share certificate(s) and valid share transfer deed in trust for me/us until the time the Acquirer dispatches the purchase consideration as mentioned in the Letter of Offer. I/We also note and understand that the Acquirer will pay the purchase consideration only after verification of the documents and signatures.

For NRIs/ OCBs/ FIIs/ Foreign Shareholders:

I/We have enclosed the following documents:

- No Objection Certificate / Tax Clearance Certificate from Income Tax Authorities.
- RBI approvals for acquiring shares of Sterling Holiday Resorts (India) Limited hereby tendered in the Offer.

I/We confirm that the equity shares of Sterling Holiday Resorts (India) Limited which are being tendered herewith by me/us under this Offer, are free from liens, charges and encumbrances of any kind whatsoever.

I/We authorize the Acquirer to accept the shares so offered which it may decide to accept in consultation with the Manager to the Offer and in terms of the Letter of Offer and I/We further authorize the Acquirer to return to me/us, share certificate(s)/ shares in respect of which the Offer is not found valid/not accepted without specifying the reasons thereof.

I/We authorize the Acquirer and the Registrar to the Offer and the Manager to the Offer to send by Registered Post/UPC as may be applicable at my/our risk, the draft/ cheque, in full and final settlement of the amount due to me/us and/or other documents or papers or correspondence to the sole/first holder at the address mentioned below.

Bank Details

So as to avoid fraudulent encashment in transit, the shareholder(s) holding shares in physical form should provide details of bank account of the first/sole shareholder and the consideration cheque or demand draft will be drawn accordingly. For shares that are tendered in demat form, the Bank account as obtained from the beneficiary position (download to be provided by the depositories) will be considered and the draft/cheque will be issued with the said Bank particulars, and not any details provided herein.

Shareholders have an option to receive the consideration through NECS/DC/NEFT/ RTGS.

I / we opt for NECS/DC/NEFT/RTGS not opt for NECS/DC/ NEFT/RTGS

Name of the Bank		Branch	
Account Number		Savings/Current/(Others: please specify)	
9 digit MICR code		IFSC Code**	

**only incase of RTGC and NEFT

Provide Photo copy of Cheque along with the above bank details.

Yours faithfully,

Signed and delivered

	Full Name(s) of the Share Holders	Signature(s)
First/Sole holder		
Joint Holder 1		
Joint Holder 2		
Joint Holder 3		

Address of First/Sole holder : _____

Tel No. : _____; Fax No. : _____; Email : _____

Place : _____ Date : _____

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All queries in this regard to be addressed to the Registrar to the Offer at the following address quoting your reference Folio No/DP ID/Client ID:

Link Intime India Private Limited
 C-13, Pannalal Silk Mills Compound,
 L. B. S. Marg, Bhandup (West), Mumbai - 400 078
 Tel.: 91- 022-25960320
 Fax.: 91- 022-25960329
 Email: shril.offer@linkintime.co.in
 Contact Person : Mr. Nilesh Chalke

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

General Instructions

- (1) **In case of shares held in joint names**, names should be filled up in the same order in the Form and in the transfer deed(s) as the order in which they hold shares in **Sterling Holiday Resorts (India) Limited** and should be duly witnessed. This order cannot be changed or altered nor can any new name be added for the purpose of accepting the Offer.
- (2) **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.
- (3) **Shareholders of SHRIL having their beneficiary account in Central Depository Services (India) Limited has to use inter depository delivery instruction slip for the purpose of crediting their equity shares in favour of the special depository account with NSDL.**
- (4) **Non-resident shareholders** should enclose copy (ies) of permission received from Reserve Bank of India to acquire shares held by them in Sterling Holiday Resorts (India) Limited.
- (5) **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. A copy of Memorandum and Articles of Association of the Company .
- (6) Shareholders have an option to receive the consideration through National Electric Clearing System (NECS). Payment of consideration shall be made through NECS, where NECS clearing are managed by Reserve Bank of India.
- (7) **All the shareholders** should provide all relevant documents which are necessary to ensure transferability of the shares in respect of which the acceptance is being sent. Such documents may include (but not be limited to):
 - (a) Duly attested death certificate and succession certificate (in case of single shareholder) in case the original shareholder has expired.
 - (b) Duly attested power of attorney if any person apart from the shareholder has signed acceptance form or transfer deed(s).
 - (c) No Objection Certificate from any lender, if the shares in respect of which the acceptance is sent, were under any charge, lien or encumbrance.

PLEASE REFER TO THE DETAILED INSTRUCTIONS UNDER PARA 09 TITLED PROCEDURE FOR ACCEPTANCE AND SETTLEMENT ON PAGE 27 OF THIS LETTER OF OFFER.

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FORM OF WITHDRAWAL-CUM-ACKNOWLEDGEMENT

(Please send this Form of Withdrawal with enclosures to Link Intime India Private Limited at any of the collection centers as mentioned in the Letter of Offer. All terms and expressions used herein shall have the same meaning as ascribed thereto in the Letter of Offer)

From :

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

Name :

Address :

OFFER PERIOD	
OPENS ON	: November 10, 2010 (Wednesday)
LAST DATE OF WITHDRAWAL	: November 24, 2010 (Wednesday)
CLOSES ON	: November 29, 2010 (Monday)

Tel. No.

Fax No.

E-mail

To,

Bay Capital Investments Ltd & India Discovery Fund Ltd

C/o Link Intime India Private Limited

C-13, Pannalal Silk Mills Compound,

L. B. S. Marg, Bhandup (West), Mumbai - 400 078

Dear Sir,

Sub.: Open Offer to acquire up to 98,85,717 fully Paid-up Shares of Rs.10/- each, representing 20.00% Emerging Voting Capital of Sterling Holiday Resorts (India) Limited, at a price of Rs. 36.25 per fully Paid up Share (Offer Price) payable in cash by Bay Capital Investments Ltd (formerly known as Indus Hospitality Fund Ltd) along with India Discovery Fund Limited.

I/We refer to the Letter of Offer dated November 04, 2010 for acquiring the equity shares held by me/us in **Sterling Holiday Resorts (India) Limited**. I/We, the undersigned have read the Letter of Offer and understood their contents and unconditionally accept the terms and conditions as mentioned therein

I / We hereby consent unconditionally and irrevocably to withdraw my / our shares from the Offer and I / we further authorize the Acquirer 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 the Acquirer / Manager to the Offer / Registrar to the Offer.

I / We note that this Form of Withdrawal should reach the Registrar to the Offer on or before the last date of withdrawal i.e. November 24, 2010 (Wednesday).

I / We note the Acquirer / 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 the Acquirer will return the original share certificate(s), share transfer deed(s) / shares in dematerialized form only on completion of verification of the documents, signatures and beneficiary position as available with the depositories from time to time.

SHARES IN PHYSICAL FORM

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

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

(In case the space provided is inadequate, please attach a separate sheet with details.)

I / We hold the following shares in dematerialized form and had executed an off-market transaction for crediting the shares to the **'LIPL – SHRIL OFFER – ESCROW DEMAT ACCOUNT'**. 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 follows:

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

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ACKNOWLEDGEMENT SLIP

Sr. No. : _____

Received from Mr./Ms. _____

Address _____

_____ Form of Withdrawal cum Acknowledgement for _____ Shares

Copy of Depository Instruction slip from DP ID _____ Client ID _____, Acknowledgement Slip when depositing dematerialised shares for withdrawing from the Offer made by the Acquirer.

Signature of Official	Date of Receipt	Stamp of Collection Center

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 have been verified by the DP as per their records and the same have been duly attested.

Yours faithfully,

Signed and delivered

	Full Name(s)	Signature(s)
First/Sole holder		
Joint Holder 1		
Joint Holder 2		
Joint Holder 3		

Address of First/Sole holder : _____

Tel No. : _____ ; Fax No. : _____ ; Email : _____

Place : _____ Date : _____

PLEASE NOTE THAT THE FORM OF WITHDRAWAL SHOULD NOT BE SENT DIRECTLY TO THE ACQUIRER OR TO THE MANAGER TO THE OFFER

General Instructions

- (1) In case of shares held in joint names, names should be filled up in the same order in the Form and in the transfer deed(s) as the order in which they hold shares in the Sterling Holiday Resorts (India) Limited, and should be duly witnessed. This order cannot be changed or altered nor can any new name be added for the purpose of accepting the Counter Offer.
- (2) 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.
- (3) 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.
- (4) 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).

PLEASE REFER TO THE DETAILED INSTRUCTIONS UNDER PARA 09 TITLED PROCEDURE FOR ACCEPTANCE AND SETTLEMENT ON PAGE 27 OF THIS LETTER OF OFFER.

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All queries in this regard to be addressed to the Registrar to the Offer at the following address quoting your reference Folio No/DP ID/Client ID:

Link Intime India Private Limited
C-13, Pannalal Silk Mills Compound,
L. B. S. Marg, Bhandup (West), Mumbai - 400 078
Tel.: 91- 022-25960320
Fax.: 91- 022-25960329
Email: shril.offer@linkintime.co.in
Contact Person : Mr. Nilesh Chalke

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