LETTER OF OFFER

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

This Letter of Offer is sent to you as registered Shareholder(s)/Beneficial Owners of STI India Limited. If you require any clarifications about the action to be taken, you may consult your stockbroker or investment consultant or the Manager to the Offer / Registrar to the Offer. In case you have recently sold your Shares in STI India Limited, please hand over this Letter of Offer and the accompanying Form of Acceptance cum Acknowledgement, Form of Withdrawal and Transfer Deed (applicable for Shareholders holding Shares in physical form) to the Member of Stock Exchange through whom the said sale was effected.

Bombay Rayon Fashions Limited ("Acquirer")

Registered Office: D-1st Floor, Oberoi Garden Estates, Chandivali Farms Road, Chandivali, Andheri (E), Mumbai - 400072, Maharashtra, India, Tel: +91 (22) 4082 1800 Fax: +91 (22) 2847 6992

makes a cash offer at Rs. 29.00 (Rupees Twenty Nine only) per Share to acquire 58,00,000 Shares representing 20.00% of the Share Capital

of

STI India Limited ("**Target Company**")

Registered office: Rau-Pithampur, Link Road, Tehsil – Mhow, District Indore (M.P) 453 332, India, Tel: 0731- 4014400 Fax: 0731 – 4020011

Pursuant to Regulations 10 and 12 of the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 1997 and subsequent amendments thereof ("SEBI (SAST) Regulations" or "Regulations").

ATTENTION

- For the purpose of computing the voting percentage, the voting rights as at the expiration of 15 days after the closure of the Offer has been reckoned.
- The Offer would require the approval from the Reserve Bank of India ("**RBI**") under the Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder ("**FEMA**") for acquiring Shares from Non-Resident Shareholders validly tendered and accepted under the Offer at the Offer Price. Application for the abovementioned approval has been filed with the RBI on November 8, 2010. Following the application the Acquirer have responded to certain queries raised by the RBI. The approval is presently awaited.
- Except for the RBI approval as mentioned above, as on the date of this Letter of Offer, no other statutory approval is required by the Acquirer to acquire the Shares tendered pursuant to this Offer. However, the Offer would be subject to all statutory approval(s) as may become applicable even at a later date.
- Shareholders who have accepted the Offer by tendering the requisite documents, in terms of the Public Announcement / Letter of Offer, can withdraw the same up to 3 working days prior (i.e. Monday February 14, 2011) to the date of the closure of the Offer (i.e. Thursday February 17, 2011).
- The Acquirer is permitted to revise the Offer Price and/or the number of Shares contemplated by the Offer upward at any time up to 7 working days prior (i.e. Tuesday February 08, 2011) to the date of the closure of the Offer (i.e. Thursday February 17, 2011). If there is any upward revision in the Offer Price and/or the number of Shares by the Acquirer till the last date of revision i.e. Tuesday February 08, 2011 or in case of withdrawal of the Offer, the same would be informed by way of a public announcement in the same newspapers where the original Public Announcement had appeared on November 1, 2010 and as mentioned in this Letter of Offer. The revised price would be payable by the Acquirer to all Shareholders who tendered their Shares at any time during the Offer and which are accepted by the Acquirer under the Offer.
- The Offer is not subject to any minimum level of acceptance by the public Shareholders.
- **If there is a competitive bid:**
  - **The public offers under all the subsisting bids shall close on the same date.**
  - **As the Offer Price cannot be revised during 7 (seven) working days prior to the date of closure of the Offer, it would, therefore, be in the interest of the shareholders to wait till the commencement of that period to know the final offer price of each bid and tender their acceptance accordingly.**
- No competitive bid has been announced as of the date of this Letter of Offer.
- The Public Announcement, Corrigendum to the Public Announcement and this Letter of Offer (including Form of Acceptance-cum-Acknowledgement and Form of Withdrawal) are/will be also available on SEBI's web-site (www.sebi.gov.in).
- If Non-Resident Shareholder(s), had required any RBI or Foreign Investment Promotion Board ("**FIPB**") approval in respect of the Shares held by them in the Target Company, they will be required to submit the previous RBI/FIPB approvals that they would have obtained for holding the Shares of the Target Company. In the event such permissions are not submitted, the Acquirer reserves the right to reject such Shares tendered in the Offer.

  In case of delay in receipt of other requisite statutory approval(s) in relation to the Offer, SEBI has the power to grant an extension of time to the Acquirer for payment of consideration to the Shareholders, subject to the Acquirer agreeing to pay interest for the delayed period if directed by SEBI in terms of Regulation 22(12) of the SEBI (SAST) Regulations.

MANAGER TO THE OFFER	REGISTRAR TO THE OFFER
AXIS BANK **Axis Bank Limited** Central Office, Maker Tower 'F', 11th Floor, Cuffe Parade, Mumbai 400 005 Tel No: +91-22-67071725 Fax No: + 91-22-67071689 Email: axbmbd@axisbank.com Contact Person: Mr. Amit Shah SEBI Registration No.: INM000006104	LINK INTIME INDIA PVT LTD (Formerly INTIME SPECTRUM REGISTRY LTD) **Link Intime India Private Limited** (Unit - STI India Limited - Open Offer) C-13, Pannalal Silk Mills Compound, LBS Marg, Bhandup West, Mumbai - 400 078, India, Telephone: (+91) 22 25960320 Fax: (+91) 22 25960329 Email: sti.offer@linkintime.co.in Contact Person Mr. Nilesh Chalke SEBI Registration No.: INR000004058
OFFER OPENS ON : FRIDAY, JANUARY 28, 2011	**OFFER CLOSES ON : THURSDAY, FEBRUARY 17, 2011**

SCHEDULE OF MAJOR ACTIVITIES OF THE OFFER

Activity	Original Schedule[1] Day and Date	Revised Schedule Day and Date
Date of Public Announcement	Monday, November 01, 2010	Monday, November 01, 2010
Corrigendum to Public Announcement	----------	Friday, January 21, 2011
Specified Date*	Friday, November 26, 2010	Friday, November 26, 2010
Last Date of Competitive Bid	Monday, November 22, 2010	Monday, November 22, 2010
Date by which Letter of Offer to be dispatched to the Shareholders	Saturday, December 11, 2010	Monday, January 24, 2011
Date of opening the Offer	Thursday, December 16, 2010	Friday, January 28, 2011
Last date for revising the Offer Price/Number of Shares	Monday, December 27, 2010	Tuesday, February 08, 2011
Last date for withdrawal of acceptance by Shareholders who have accepted the Offer	Friday, December 31, 2010	Monday, February 14, 2011
Date of closure of the Offer	Wednesday, January 05, 2011	Thursday, February 17, 2011
Last Date by which communicating acceptance /rejection and payment of consideration for accepted Shares / dispatch of Share certificate in case of rejection	Thursday, January 20, 2011	Friday, March 04, 2011

[1] *As per the Public Announcement published on November 01, 2010*

** Specified Date is the date for determining the names of the Shareholders to whom the Letter of Offer would be sent, being all Shareholders (except the Acquirer and Sellers) whose names appear on the register of members of the Target Company and as regards the beneficial owners of the dematerialized Shares, whose names appear as beneficiaries on the records of the respective depositories, at the close of business on November 26, 2010.*

RISK FACTORS

Given below are the risks related to the proposed Offer, and in associating with the Acquirer:

i. Risks Related to proposed Offer

- The Offer would require the approval from the RBI under the FEMA for acquiring Shares from Non-Resident Shareholders validly tendered under the Offer at the Offer Price. Application for the abovementioned approval has been filed with the RBI on November 08, 2010. Following the application the Acquirer have responded to certain queries raised by the RBI. The approval is presently awaited. Except for the RBI approval as mentioned above, as of the date of this Letter of Offer, no other statutory approval is required to acquire the Shares tendered pursuant to this Offer. However, the Offer would be subject to all statutory approval(s) that may become applicable at a later date. The Acquirer reserves the right to withdraw the Offer in accordance with Regulation 27 of the SEBI (SAST) Regulations in the event the requisite statutory approval(s) for the purpose of this Offer or those that may be necessary at a later date are refused.

- In the event of regulatory approvals not being received in a timely manner or litigation leading to a stay on the Offer, or SEBI instructing that the Offer should not proceed, the Offer process may be delayed beyond the schedule indicated in this Letter of Offer or may have to be withdrawn. Consequently, the payment of consideration to the Shareholders whose Shares have been accepted in the Offer as well as the return of the Shares not accepted by the Acquirer may be delayed.

- If Non-Resident Shareholder(s), had required any RBI or FIPB approval in respect of the Shares held by them in the Target Company, they will be required to submit the previous RBI/FIPB approvals that they would have obtained for holding the Shares of the Target Company. In the event such permissions are not submitted, the Acquirer reserves the right to reject such Shares tendered in the Offer.

- The Shares tendered in the Offer will be held in trust by the Registrar to the Offer until the completion of the Offer formalities, and the Shareholders will not be able to trade such Shares. During such period there may be fluctuations in the market price of the Shares. Accordingly, the Acquirer makes no assurance with respect to the market price of the Shares both during the Offer Period and upon the closure of the Offer, and disclaims any responsibility with respect to any decision by any Shareholder on whether to participate or not to participate in the Offer.

- Where the number of Shares tendered by the Shareholders is more than the Shares agreed to be acquired by the Acquirer, the Acquirer shall accept the offers received from the Shareholders on a proportionate basis in consultation with the Manager to the Offer, in accordance with Regulation 21(6) of the SEBI (SAST) Regulations. Hence, there is no certainty that all Shares tendered by the Shareholders in the Offer will be accepted, in the event there is oversubscription of the Offer.

- The Acquirer and the Manager to the Offer accept no responsibility for statements made otherwise than in the Public Announcement or this Letter of Offer or in the advertisements or other materials issued by, or at the instance of the Acquirer and the Manager to the Offer, and anyone placing reliance on any other source of information, would be doing so at his/her/their own risk.

ii. Risk involved in associating with the Acquirer

- By virtue of voting rights, the Acquirer has the ability to influence the outcome of shareholder resolutions of the Target Company.

- The Acquirer makes no assurance with respect to financial performance of the Target Company.

- The Acquirer makes no assurance of market price of Shares of the Target Company during or after the Offer.

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

Please refer to the section on 'Key Definitions' for the definition of the capitalized terms used above.

TABLE OF CONTENTS

1. KEY DEFINITIONS

Acquirer or BRFL	Bombay Rayon Fashions Limited
BIFR	Board for Industrial and Financial Reconstruction
Board / Board of Directors	The board of directors of the Target Company
BSE	Bombay Stock Exchange Limited
Cash Deposit	Amount of Rs. 4,20,50,000 (Rupees Four Crores Twenty Lacs Fifty Thousand only) deposited in the Escrow Account by the Acquirer in terms of Regulation 28 of the SEBI (SAST) Regulations
CDSL	Central Depository Services (India) Limited
Companies Act	Companies Act, 1956
Corrigendum to Public Announcement	Corrigendum to Public Announcement dated January 21, 2011
Depository Participant or DP	Ventura Securities Limited
Escrow Account	An cash escrow account opened by the Acquirer with the Escrow Agent in terms of Regulation 28 of the SEBI (SAST) Regulations
Escrow Agent	Axis Bank Limited, Universal Insurance Building, Ground Floor, Sir P. M. Road, Fort, Mumbai- 400 001
Escrow Agreement	The escrow agreement dated October 29, 2010 entered into between the Acquirer, the Escrow Agent and the Manager to the Offer
FEMA	Foreign Exchange Management Act, 1999 and shall include applicable rules and regulations issued there under
FII(s)	Foreign Institutional Investors registered with SEBI.
FY	Financial Year
Form of Acceptance cum Acknowledgement	Form of acceptance cum acknowledgement annexed to this Letter of Offer
Form of Withdrawal	Form of Withdrawal annexed to this Letter of Offer
IFSC	Indian Financial System Code.
Income Tax Act	Income Tax Act, 1961
ITSL	IDBI Trusteeship Services Limited
Letter of Offer / LOF	This Letter of Offer dated January 21, 2011
Listing Agreement	Listing Agreement entered into with Stock Exchanges
Manager/ Manager to the Offer	Axis Bank Limited, Central Office, Maker Tower 'F', 11th Floor, Cuffe Parade, Mumbai 400 005
Maximum Consideration	Rs.16,82,00,000.00 (Rupees Sixteen Crores Eighty Two Lacs only), being the total financial resources required under the Offer, assuming full acceptances
MICR	Magnetic Ink Character Recognition.
NECS	National Electronic Clearing Service
NEFT	National Electronic Fund Transfer
NRI(s)	Non Resident Indian(s)
Non-Resident Shareholder(s)	Persons resident outside India, Non-Resident Indians, including Overseas Corporate Bodies, if any who may be persons not covered by specific provisions of the Foreign Exchange Management (Transfer or Issue of Security by a Person Resident Outside India) Regulations, 2000 holding equity shares of the Target Company.
NSDL	National Securities Depository Limited
NSE	The National Stock Exchange of India Limited
OCB(s)	Overseas Corporate Bodies
OCDs	3,21,80,000 Optionally Convertible Debentures issued by the Target Company
Other Agreements	The two Agreements dated October 27, 2010 between the Sellers and Acquirer
Offer or Open Offer	Cash open offer by the Acquirer pursuant to Regulations 10 and 12 of the SEBI (SAST) Regulations to acquire 58,00,000 Shares at the Offer Price
Offer Period	From November 01, 2010 to March 04, 2011
Offer Price	Rs.29.00 (Rupees Twenty Nine only) per Share

Offer Size	58,00,000 Shares representing 20.00% of the Share Capital as on March 04, 2011, which is the date which is fifteen (15) days from the date of closure of the Offer
PAT	Profit after tax
Purchase Agreement	Purchase Agreement dated October 27, 2010 entered between the Acquirer and the Sellers
Persons eligible to participate in the Offer	All Shareholders whose names appear in the register of members on the Specified Date and also persons who own Shares any time prior to the closure of the Offer, whether or not they are registered Shareholders (except the Acquirer and the Sellers)
Public Announcement or PA	Public Announcement of the Offer made by the Manager to the Offer on behalf of the Acquirer published on November 01, 2010
RBI	The Reserve Bank of India
Rs.	Indian Rupee
RTGS	Real Time Gross Settlement
Registrar/ Registrar to the Offer	Link Intime India Private Limited, an entity registered with SEBI under SEBI (Registrar to Issue and Share Transfer Agents) Regulations, 1993, as amended.
SEBI	The Securities and Exchange Board of India
SEBI Act	The Securities and Exchange Board of India Act, 1992
SEBI (SAST) Regulations or Regulations	The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 1997, and subsequent amendments thereto
Sellers	Eight Capital Master Fund Limited, Spinnaker Global Emerging Market Fund Limited, Spinnaker Global Opportunity Fund Limited and Spinnaker Global Strategic Fund Limited
Share(s)	Fully paid-up equity share(s) of the Target Company, having a face value of Rs. 10.00 each
Share Capital	Issued and paid up equity share capital and voting rights of the Target Company of Rs. 29,00,00,000.00 divided into 2,90,00,000 fully paid-up Shares
Shareholder(s)	All owners (registered or unregistered) of Shares
Specified Date	November 26, 2010
Special Depository Account	LIIPL-STIIL Offer Escrow Account
Stock Exchanges	NSE and BSE where the Shares are listed
Target Company	STI India Limited
Tax Clearance Certificate	Certificate from the Income Tax authorities to be submitted by NRIs/ OCBs/ foreign Shareholders, indicating the amount of tax to be deducted by the Acquirer under the Income Tax Act, 1961
Transfer Deed	Transfer Deed annexed to this Letter of Offer
Working Days	Working days of SEBI

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 SEBI (SAST) REGULATIONS. THIS REQUIREMENT IS TO FACILITATE THE SHAREHOLDERS OF STI INDIA LIMITED TO TAKE AN INFORMED DECISION WITH REGARD TO THE OFFER. THE SEBI DOES NOT TAKE ANY RESPONSIBILITY EITHER FOR FINANCIAL SOUNDNESS OF THE ACQUIRER OR THE TARGET 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 IS 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 DULY DISCHARGES ITS RESPONSIBILITY ADEQUATELY. IN THIS BEHALF, AND TOWARDS THIS PURPOSE, AXIS BANK LIMITED, THE MANAGER TO THE OFFER, HAS SUBMITTED A DUE DILIGENCE CERTIFICATE DATED NOVEMBER 11, 2010 TO SEBI IN ACCORDANCE WITH THE SEBI (SAST) REGULATIONS AND SUBSEQUENT AMENDMENTS THEREOF. THE FILING OF THE DRAFT LETTER OF OFFER DOES NOT, HOWEVER, ABSOLVE THE ACQUIRER 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 under Regulations 10 and 12 of the SEBI (SAST) Regulations for the purpose of a substantial acquisition of Shares and voting rights in the Target Company with an intention to acquire control pursuant to the following:

a) On October 27, 2010 the Acquirer acquired 86,47,336 Shares of Rs. 10.00 each of the Target Company representing 29.82% of the Share Capital of the Target Company through four block deals on the floor of the NSE at a price of Rs. 29.00 (Rupees Twenty Nine only) per Share, for a total consideration of Rs. 25,07,72,744.00 (Rupees Twenty Five Crores Seven Lakhs Seventy Two Thousand Seven Hundred and Forty Four Only) (hereinafter "**Block Deal Shares**").

b) The Block Deal Shares of the Target Company were acquired by the Acquirer from the following Sellers

(i) Eight Capital Master Fund Limited **("Eight Capital")** having its registered office at C/o M&C Corporate Services Limited P.O. Box 309CEI, Ugland House South Church Street, George Town Grand Cayman, Cayman Islands, Tel: +91 22 40580400, Fax: +91 22 40580414;

(ii) Spinnaker Global Emerging Market Fund Limited **("Spinnaker Global Emerging")**, having its registered Office at C/o. Maples Finance BVI Limited, Sea Meadow House, P. O. Box 173, Road Town, Tortola, British Virgin Islands, Tel: +65 6303 9900 Fax: +65 6303 9919;

(iii) Spinnaker Global Opportunity Fund Limited **("Spinnaker Global Opportunity")** having its registered office at C/o. Maples Finance BVI Limited, Sea Meadow House, P. O. Box 173, Road Town, Tortola, British Virgin Islands, Tel: +65 6303 9900 Fax: +65 6303 9919; and

(iv) Spinnaker Global Strategic Fund Limited **("Spinnaker Global Strategic")** having its registered office at C/o. Maples Finance BVI Limited, Sea Meadow House, P. O. Box 173, Road Town, Tortola, British Virgin Islands, Tel: +65 6303 9900 Fax: +65 6303 9919.

c) The Acquirer has acquired the Block Deal Shares as set out below:

Name of the Acquirer	Name of the Seller	Number of Shares	% to Share Capital
	Eight Capital	14,50,914	5.00
	Spinnaker Global Emerging	28,78,230	9.92

	Spinnaker Global Opportunity	20,69,204	7.14
	Spinnaker Global Strategic	22,48,988	7.76
Total		**86,47,336**	**29.82**

d) Since the Block Deal Shares constitute more than 15.00% of the total voting rights in the Target Company, being the threshold stipulated under Regulation 10 of the SEBI (SAST) Regulations, this Offer is being made in compliance with Regulation 10 of the SEBI (SAST) Regulations. Further, as the Acquirer also has intention to control the Target Company, accordingly, this Offer is also being made under Regulation 12 of the SEBI (SAST) Regulations.

3.1.2 After the block trades as above, the Sellers and the Acquirer have entered into a Purchase Agreement dated October 27, 2010 ("**Purchase Agreement**") wherein the Sellers (also the OCD holders) have agreed to sell and the Acquirer has agreed to purchase 3,21,80,000 OCDs of the Target Company for an aggregate transaction consideration of Rs. 44,92,27,256.00 (Rupees Forty Four Crores Ninety Two Lakhs Twenty Seven Thousand Two Hundred and Fifty Six Only). The Sellers and the Acquirer have also entered into two agreements dated October 27, 2010 ("**Other Agreements**") wherein the Sellers have agreed to assign to the Acquirer the benefits of all the underlying security in respect of the OCDs along with 1,18,14,114 Shares of Rs. 10.00 each of the Target Company representing 40.74% of the Share Capital of the Target Company held by the IDBI Trusteeship Services Limited ("**ITSL**") as security trustee on behalf of the Sellers.

3.1.3 These 1,18,14,114 Shares of the Target Company were pledged by the existing promoters (including promoter group) and another Shareholder of the Target Company with ITSL as collateral for securing payment of amounts due in respect of the OCDs. The Target Company defaulted on repayment of principal and interest on the OCDs and accordingly ITSL pursuant to instructions of the Sellers had invoked the pledge and since then have held the said 1,18,14,114 Shares on behalf of and for the benefit of the Sellers. The option to convert the OCDs into Shares of the Target Company lapsed in the financial years 2007-2008 and 2008-2009 and the OCDs are now in the nature of secured redeemable debentures.

3.1.4 Pursuant to the execution of the Purchase Agreement and the Other Agreements as above, the Acquirer has acquired the ownership of 3,21,80,000 OCDs and the benefit of underlying security along with 1,18,14,114 Shares of the Target Company representing 40.74% of the Share Capital of the Target Company. These 1,18,14,114 Shares of the Target Company have been transferred by ITSL to the Acquirer on October 28, 2010. There was no requirement for the Board of Directors of the Target company to transfer any of the shares in the name of the Acquirer

3.1.5 The Acquirer holds 2,04,61,450 Shares of the Target Company representing 70.56% of the Share Capital of the Target Company, of which 86,47,336 Shares were acquired through block deals while the balance 1,18,14,114 Shares were transferred by ITSL.

3.1.6 With acquisition of 2,04,61,450 Shares of the Target Company representing 70.56% of the Share Capital, the Acquirer has become a principal shareholder and intends to become the promoter of the Target Company.

The Acquirer during the Offer Period, in accordance with the provisions of the Companies Act, 1956 and the SEBI (SAST) Regulations has on November 24, 2010 deposited in the escrow account, Rs. 16,82,00,000 (Rupees Sixteen Crores Eighty Two Lacs only) being 100.00% of the maximum consideration payable for the Offer. Subsequently, the Board of Directors of the Target Company at its meeting held on November 25, 2010 appointed three nominees of the Acquirer namely Mr. Aman Agrawal, Mr. Prashant Agrawal and Mr. A. R. Mundra, on its Board.

3.1.7 The Acquirer and the Target Company have not been prohibited by SEBI from dealing in securities, in terms of direction issued under section 11B of SEBI Act or under any other Regulations made under the SEBI Act. Based on publicly available information, the Sellers and the Target Company do not appear to have been prohibited by SEBI from dealing in securities, in terms of directions issued under section 11B of SEBI Act or under any other Regulations made under the SEBI Act.

3.1.8 In terms of Regulation 2(1)(e)(2) of the SEBI (SAST) Regulations, certain person(s) may be deemed to be acting in concert with the Acquirer. However, for the purposes of this Offer, no person is acting in concert with the Acquirer.

3.2 Details of the Proposed Offer

3.2.1 The Public Announcement announcing the Offer was made in accordance with Regulation 15(1) of the SEBI (SAST) Regulations and the Corrigendum to Public Announcement in the following newspapers on November 01, 2010 and January 21, 2011 respectively:

Newspaper	**Language**	**Editions**
Economic Times	English	All
Navbharat Times	Hindi	Mumbai and New Delhi
Maharashtra Times	Marathi	Mumbai
Dainik Bhaskar	Hindi	Indore

A copy of the Public Announcement and the Corrigendum to Public Announcement is also available on SEBI's website (http://www.sebi.gov.in).

3.2.2 This Offer is being made to acquire 58,00,000 Shares at a price of Rs.29.00 (Rupees Twenty Nine only) per Share payable in cash. As required under Regulation 21(5) of the SEBI (SAST) Regulations, the Offer Size represents 20.00% of the Share Capital as on Friday March 04, 2011, which date is fifteen (15) days after the date of closure of the Offer.

3.2.3 Any decision for withdrawal of the Offer would be communicated by way of a public announcement in the same newspapers in which the Public Announcement had appeared.

3.2.4 The Acquirer is permitted to revise this Offer upward up to 7(seven) working days prior to the date of closure of the Offer. In the event of such revision, a public announcement will be made in the same newspapers where the Public Announcement appeared and the additional amount based on the revised Offer Size would be deposited in the Escrow Account and the revised Offer Price would be paid for all the Share validly tendered under the Offer.

3.2.5 As on the date of the Public Announcement, there are no outstanding instruments convertible into Shares or partly paid-up Shares of the Target Company.

3.2.6 This is not a competitive bid.

3.2.7 In terms of Regulation 25(1) of the SEBI (SAST) Regulations, no competitive bid can be made after 21 days from the date of Public Announcement made by the Acquirer.

3.2.8 This Offer is being made to all Persons eligible to participate in the Offer.

3.2.9 The Acquirer may purchase additional Shares of the Target Company from the open market or through negotiations or otherwise after the date of the Public Announcement in accordance with Regulation 20(7) of the SEBI (SAST) Regulations and the details of such acquisition will be disclosed by the Acquirer within 24 hours of such acquisition to the stock exchanges where the Shares of the Target Company are listed and to the Manager to the Offer in terms of Regulation 22(17) of the Regulations. However, No Shares have been acquired by the Acquirer between the date of the Public Announcement and the date of this Letter of Offer.

3.2.10 The Offer is not a conditional offer and is not subject to a minimum level of acceptance by the Shareholders. Accordingly, the Acquirer will accept all Shares tendered by the Shareholders pursuant to the Offer at the Offer Price subject to the Offer Size not being exceeded. In case the number of Shares received in the Offer exceeds the Offer Size, the acceptance will be made on a proportionate basis and will be contingent on the level of subscription in accordance with Regulation 21 (6) of the SEBI (SAST) Regulations.

3.2.11 The Offer is not pursuant to an indirect acquisition of Shares of or control over the Target Company.

3.3 Object of the Offer

3.3.1 This Offer is being made for the purpose of substantial acquisition of Shares and voting rights accompanied with change in control in order to facilitate restructuring the business of the Target Company. The Target Company is a synergic fit for the Acquirer as the Acquirer is present in the manufacturing and selling of fabrics and garments. On the other hand the Target Company is predominantly into manufacturing of cotton yarn. The Acquirer would continue to support the existing business of the Target Company. The Acquirer would become the promoter of the Target Company and intends to grow the existing business of the Target Company and strengthen its position in the industry. The control over the Target Company will allow the Acquirer to establish itself as a fully integrated player in the textile sector.

3.3.2 The Target Company has been experiencing financial difficulties over the past few years due to high cost of old borrowings, absence of working capital support and adverse economic conditions prevailing in the past. Due to foregoing reasons, the Target Company was unable to service its debt repayment obligations. Consequently, the Target Company has been driven to restructure its outstanding debt. The Acquirer believes that the Target Company has a potential for strong growth in the future and has acquired substantial stake in the Target Company to facilitate the restructuring process currently being undertaken by it.

4. BACKGROUND OF THE ACQUIRER

4.1 The Acquirer is a company incorporated under the Companies Act, 1956. It is registered with the Registrar of Companies, Maharashtra under company identification number L17120MH1992PLC066880. It was originally incorporated as a private limited company by name of Mudra Fabrics Private Limited on May 21, 1992. The name of the Acquirer was changed to Mudra Fabrics Limited w.e.f. October 13, 1992 when it was converted into a public limited company. The name was further changed to Bombay Rayon Fashions Limited w.e.f. September 30, 2004.The registered and corporate Office of the Acquirer is located at D-1st Floor, Oberoi Garden Estates, Chandivali Farms Road, Chandivali, Andheri (East), Mumbai 400 072, India, Tel: +91 22 40821800, Fax: +91 22 28476992.

4.2 The Acquirer started off as a 100 percent fabrics company, and has since then moved up the value chain into high-margin garment business. Today the Acquirer manufactures and exports a wide range of fabrics and garments. The Acquirer is amongst India’s largest, vertically integrated textile group, engaged in the manufacture of fabrics and garments and export of high-end garments business predominantly designer shirts & tops for men, women and kids. The Acquirer enjoys a strong presence across the entire value chain of yarn dyeing, weaving, fabric processing, design and garment manufacturing. The Acquirer owns 32 manufacturing facilities across several locations including Bangalore, Chennai, Thiruvananthpuram, Navi Mumbai, Silvassa, Sonale, Ichalkaranji, Islampur, Tarapur, Latur, and Osmanabad. These units are fully supported by facilities for product development, design studios and efficient sampling infrastructure, which allows the Acquirer to provide quality services to the customers of the Acquirer in India and abroad. The Acquirer products are finished fabric and readymade garments.

4.3 The promoters of the Acquirer are Mr. Janardan Agrawal, Mr. Aman Agrawal and Mr. Prashant Agrawal. The promoters hold 30.70% of the issued and paid up equity share capital and voting rights of the Acquirer.

4.4 Brief History and major events of the Acquirer:

Year	**Events**
1986	Bombay Rayon Private Limited (BRPL), the first company of BRFL group was incorporated for undertaking the business of manufacture of woven fabric
1990	Started a manufacturing facility for manufacturing woven fabric at Navi Mumbai
1992	BRFL incorporated for undertaking the business of manufacture of woven fabric
1998	▪ Started manufacturing facilities for woven fabric at Sonale in Thane district by BRFL ▪ Started export of Fabric by forming B R Exports for undertaking this business
2003	▪ Group turnover reaches Rs. 100 crores ▪ Start of group's Silvassa unit for manufacture of woven fabric under Reynold Shirting Private Limited ▪ Garment manufacturing for exports started in the Group. Garden City Clothing was formed for undertaking this business
2004	▪ Decided to set up an integrated facility of yarn dyeing, weaving, process house and garment manufacturing at the apparel park in Doddaballapur near Bangalore ▪ Awarded contract to Gherzi Eastern Limited for technical appraisal of the Expansion Project ▪ Land allotment by Karnataka Industrial Apparel Development Board at the apparel park being developed in Doddaballapur near Bangalore
2005	▪ Consolidation of business of companies and firms of the promoters ▪ Group turnover crosses Rs. 140 crores ▪ Incorporated a Wholly Owned Subsidiary BRFL Europe B.V. at Netherlands ▪ EXIM Bank acquires equity in BRFL. This was the first time that EXIM Bank has acquired an equity stake in an Indian company on a preferential basis. ▪ Successfully completed its maiden IPO of approx Rs. 94 crores
2006	▪ Turnover crosses Rs. 200 crores
2007	▪ Successfully commenced commercial production of yarn dyeing, weaving, processing and garment manufacturing at the apparel park in Doddaballapura near Bangalore ▪ Completed the Qualified Institution Placement of approx. Rs.294 crores ▪ Acquired majority stake in DPJ Clothing, a UK based Company ▪ Acquired the garment business of Leela Scottish Lace (Private) Limited for a consideration of Rs. 155 crores ▪ Acquired the garment-manufacturing unit 'LNJ Apparel' of RSWM Limited, an LNJ Bhilwara Group company for a consideration of Rs. 25.50 crores ▪ Signed Memorandum of Understanding with Government of Maharashtra (GoM) for new expansions plans ▪ Turnover crosses Rs. 450 crores
2008	▪ Acquired the garment unit of 'Maryan Apparel Private Limited', located in Trivandrum, Kerala ▪ Acquired the European brand 'GURU' and the retail business of Jam Session Holding S.r.l (Jam) through subsidiary. ▪ Turnover crosses Rs. 900 crores ▪ Amalgamation of wholly owned subsidiary Leela Scottish Lace Private Limited into it.

Year	Events
2009	▪ Gross revenues cross Rs. 1000 crores. ▪ Received share application money of Rs. 333 crores from AAA United B.V a company incorporated under the Laws of Netherlands.
2010	▪ Successfully completed its GDR of USD 97.09 million ▪ Commenced commercial production of manufacturing facilities of yarn dyeing, weaving, processing and garmenting at various units in Maharashtra

4.5 As on dated of the Public Announcement, the authorized share capital of the Acquirer is Rs. 150,00,00,000.00 (Rupees One Hundred Fifty Crores Only) divided into 15,00,00,000 equity shares of Rs.10.00 each and the issued subscribed and paid up equity share capital of the Acquirer is Rs.127,90,00,000.00 consisting of 12,79,00,000 fully paid equity shares of Rs.10.00 each. There are no partly paid-up equity shares of Acquirer. As on the date of the Public Announcement, there are 3,50,00,000 outstanding global depository receipts representing equivalent number of equity shares of Rs. 10.00 each fully paid-up. There are further 1,42,00,000 outstanding warrants representing equivalent number of equity shares of Rs. 10.00 each fully paid-up issued to the promoter group companies which are pending for conversion. As on the date of the Public Announcement the closing price per equity share of the Acquirer on NSE and BSE was Rs. 219.10 and Rs. 218.70 respectively.

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

Sl. no	Shareholder's category	No. of shares held	Percentage of shares held
1.	Promoters and Promoter Group	3,92,59,260	30.70%
2.	FII/ Mutual-Funds/ FIs/Banks	2,04,88,852	16.02%
3.	Public (other than FII/ Mutual-Funds/ FIs/Banks)	3,31,51,888	25.92%
4.	Shares held by custodian and against which Depository Receipts have been issued	3,50,00,000	27.37%
	Total Paid Up Capital	**12,79,00,000**	**100.00%**

4.7 The equity shares of the Acquirer are listed on the BSE and the NSE, while the global depository receipts of the Acquirer are listed on the Singapore Exchange Securities Limited ("**SGX-ST**")

4.8 The Acquirer is complying with the listing requirements of BSE, NSE and SGX-ST and there are no arrears of listing fee.

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

Name & Designation	Address	Directors Identification Number (DIN)	Date of Appointment	Qualifications and Experience
Mr. Janardan Agrawal Chairman	315-A, Mittal Park, Ruia Park, J.M Road, Juhu, Mumbai 400 049	00019497	August 24, 1992	B.Com Founder of the BRFL Group and has over 33 years of experience in textile industry more particularly in weaving segment of the industry. He is accredited with establishment of the Bombay Rayon brand of fabrics in the local retail market.
Mr. Aman Agrawal	315-A, Mittal Park, Ruia Park, J.M	00019534	January 31, 2003	Pursued studies in Management from Alexander College, Perth, Australia

Vice Chairman	Road, Juhu, Mumbai 400 049			Has over 15 years of experience in the textile industry. He provides strategic direction in selection of technology and machineries in setting up new manufacturing facilities, improvement of production processes and new ventures.
Mr. Naseer Ahmed Jt. Vice Chairman	391, 2nd Main, 2nd Cross, 2nd Phase, 80 Feet Road, R.M.V Extension, Bangalore 560 094	00027095	July 25, 2005	B.Com Businessman and a sitting member of the legislative council of State of Karnataka and was a minister of state for small-scale industries in State of Karnataka during October 1990 to November 1992
Mr. Prashant Agrawal Managing Director	315-A, Mittal Park, Ruia Park, J.M Road, Juhu, Mumbai 400 049	00019464	September 01, 1997	MS in Chemical Engineering and Petroleum Refining, USA Has over 13 years of experience in the textile industry. He is accredited with development and growth of the Group's export business
Mr. Uday Mogre Executive Director – Corporate	4th Floor, Govindrao Patwardhan Marg, Opposite Portuguese Church, Dadar, Mumbai 400 028	00299151	May 16, 2005	B-Tech (Chemical Engineering) from Laxminarayan Institute of Technology, Nagpur & PGDM - IIM- Ahmedabad Has over 38 years of experience in project financing, marketing and SAP
Mr. A.R. Mundra Executive Director-Finance	63-A, Shivam, 96, Jayprakash Road, Andheri (West), Mumbai 400 058	00019234	May 16, 2005	B.Com, LL.B (Gold Medalist), ACA (All India Ranker), ACS (All India Ranker), Member of the International Institute of Business Management, London and Alumni of Asian Institute of Management, Manila Has over 30 years of experience in finance, commercial and managerial related matters. His core strength lies in fund procurement, internal controls, mergers & acquisitions, organizational systems and strategic planning
Dr. Pravin P. Shah Director	502, Dolly Chambers, Strand Cinema Road, Colaba,	00112544	July 25, 2005	B.Com (ranked 1st in order of merit), P.G. - I.C.W.A.I., F.C.A. (all India 4th ranker in final examination held in May 1969), Ph.D. in Cost Accounting

	Mumbai 400 005			Has over 37 years of professional experience in the areas of financial consultancy, corporate structuring/restructuring, management consultancy, taxation, valuation, property matters, accounting, auditing, company law and FEMA matters
Dr. B.S. Bhesania Director	Nazir Building, 13 A.K Marg, Cumballa Hill, Mumbai 400 036	00026222	July 25, 2005	B.Sc., LL.M and Ph.D. Law from University of Mumbai. Attorney-at-law, High Court, Bombay since 1962 and a Solicitor, Supreme Court of England and Supreme Court of Hongkong since 1981 and 1982 respectively. He specializes in areas of shipping laws, corporate laws, property laws, etc. He is a Partner of M/s. Mulla & Mulla & Cragie Blunt & Caroe.
Mr. S.B. Agarwal Director	31, Sainara, 17, Cuffe Parade, Mumbai 400 005	00524452	July 25, 2005	M.Com, LL.B, ACA Has over 44 years of professional experience in textile industry. He was Business Head for global textile companies in Aditya Birla Group having textile units at various locations in India and abroad. He was President and Chief Executive Officer of Rajasthan Spinning Mills (Bhilwara Group). He has also worked with J. C. Mills, Gwalior a Birla Group Company
Mr. K. Muthukumaran Director (Nominee of EXIM Bank)	704, Wallance Apts 1, Sleater Road, Grant Road (West), Mumbai-400007	00432642	October 30, 2009	M.Sc. in statistics, Post Graduate Diploma in Management. Presently heads the Corporate Banking Group at EXIM Bank. He has over a decade of international banking experience.
Mr. A. Arumugham Director	121, Udani Layout, Cambridge Road, Ulsoor, Bangalore, 560008,	00350163	March 31, 2009	B.Com, ACA He is a senior partner in M/s Aru & Dev, a firm of Chartered Accountants. He has an overall experience of more than four decades in the industry

Mr. Suresh Vishwasrao Director	B9, Dreams, SBI Staff Hsg. Soc. Limited, Babhiram, Mandir Road, Off Vasantrao Road, Borivali (West), Mumbai, 400092	00837235	March 31, 2009	MA, C.A.I.I.B, Diploma holder in risk management from New York University Has an overall four decades of experience in the banking industry

As on the date of the Public Announcement, none of the directors of the Acquirer were on the Board of Directors of the Target Company. On November 25, 2010 the Acquirer has nominated Mr. Aman Agrawal, Mr. Prashant Agrawal and Mr. A. R. Mundra, as directors on the Board of the Target Company.

In terms of regulation 22(9) of SEBI (SAST) Regulations, Mr. Aman Agrawal, Mr. Prashant Agrawal and Mr. A. R. Mundra have reclused themselves and will not participate in any matter concerning or relating to the Offer.

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

4.11 As on date of the Public Announcement the Acquirer holds 2,04,61,450 Shares in the Target Company representing 70.56% of the Share Capital of the Target Company.

4.12 Brief particulars of the consolidated audited financials (as required under Point No. 4.1.11 and 4.1.12 of Annexure I to the 'Standard Letter of Offer for an Open Offer') of the Acquirer for the period ended and as at March 31, 2008, March 31, 2009 and March 31, 2010 and the standalone unaudited limited reviewed financials of the Acquirer for the period ended and as at June 30, 2010 as certified by the statutory auditors of the Acquirer, M/s V K Beswal & Associates, Chartered Accountants, Mumbai (Firm Regn No.: 101083W) vide their certificate dated November 10, 2010 are as below:

(Amount in Rs. Crores)

Profit & Loss Statement	**Three months period ended June 30, 2010**	**Financial Year ended**		
		March 31, 2010	**March 31, 2009**	**March 31, 2008**
Net Sales	502.69	1,801.45	1,514.51	1,089.05
Other Income	2.20	19.62	6.50	19.86
Total Income	**504.90**	**1,821.07**	**1,521.01**	**1,108.91**
Total Expenditure	374.75	1,429.43	1,202.66	857.45
Profit Before Depreciation Interest and Tax	**130.15**	391.63	318.35	251.46
Depreciation	29.01	82.26	51.25	35.17
Interest & Financing Charges	30.97	95.03	68.63	37.58
Profit Before Tax	**70.18**	**214.35**	**198.47**	**178.71**
Provision for Tax	18.01	52.76	61.79	55.96
Profit After Tax	**52.17**	**161.59**	**136.67**	**122.75**

(Amount in Rs. Crores)

Balance Sheet Statement	**As at**			
	June 30, 2010	**March 31, 2010**	**March 31, 2009**	**March 31, 2008**
Sources of funds				
Paid up share capital	111.90	111.90	69.10	63.00

Balance Sheet Statement	As at			
	June 30, 2010	March 31, 2010	March 31, 2009	March 31, 2008
Reserves and Surplus (excluding revaluation reserves)	1,849.59	1,764.99	780.58	541.03
Advance Money Received for convertible Warrants	20.27	20.27	-	12.63
Share Application Money	-	-	333.00	-
Networth	1,981.76	1897.16	1182.68	616.66
Secured loans	2,146.83	2,147.31	1,663.87	863.21
Unsecured loans	376.98	342.96	137.91	57.56
Deferred Tax Liability (Net)	93.48	71.38	59.96	24.63
Foreign Exchange Fluctuation Reserve	-	-	6.39	-
Total	**4,599.05**	**4,458.81**	**3,050.81**	**1,562.05**
Uses of funds				
Goodwill	-	**8.42**	**8.42**	**8.42**
Net fixed assets	1,907.42	2,149.03	1,065.62	566.81
Capital Work in Progress	735.39	554.26	715.28	267.81
Investments	204.42	**390.91**	**283.71**	**4.45**
Net current assets	1,751.82	**1,330.45**	**976.06**	**709.81**
Miscellaneous Expenditure	-	-	1.72	0.01
Foreign Exchange Fluctuation Reserve	-	25.74	-	4.75
Total	**4,599.05**	**4,458.81**	**3,050.81**	**1,562.06**

Other Financial Data	As on			
	June 30, 2010	March 31, 2010	March 31, 2009	March 31, 2008
Basic Earning Per Share (Rs.)	4.66	17.37	19.78	19.48
Diluted Earnings Per Share (Rs.)	4.49	17.07	15.92	17.76
Return on Net worth (%)	NA	8.52%	11.56%	19.91%
Book Value Per Share (Rs.)	177.10	169.54	171.15	97.88

Notes:

a. There are no adjustments / rectification in respect of incorrect accounting policies or failures to make provisions or other adjustments which resulted in audit qualifications.
b. There are no material amounts relating to adjustments for last three years which need to be adjusted in arriving at the profits of the years to which they relate
c. There has been no change in accounting policy during the last three years.
d. There are no extra-ordinary items that need to be disclosed separately in the accounts.
e. There are no deductions required from the fixed assets, reserves and the net worth with respect to balance outstanding on revaluation reserve account.

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

2010 compared with 2009:

The Acquirer earned total income of Rs. 1,821.07 crores in FY 2009/10 as against total income of Rs. 1,521.01 crores in FY 2008/09 showing a growth of approximately 20.00%. PAT of the Acquirer in FY 2009/10 was Rs. 161.59 crores as against Rs. 136.67 crores in FY 2008/09 showing an increase of approximately 18.00%. This growth was on account of the following:

- economies of scale;

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

2009 compared with 2008:

The Acquirer earned total income of Rs. 1,521.01 crores in FY 2008/09 as against total income of Rs. 1,108.91 crores in FY 2007/08 showing a growth of around 37.00%. PAT of the Acquirer in FY 2008/09 was Rs. 136.67 crores as against Rs. 122.75 crores in FY 2007/08 showing an increase of around 11.00%. This growth was on account of the following:

- economies of scale; and
- fresh capacities added during the year.

2008 compared with 2007:

The Acquirer earned total income of Rs. 1,108.91 crores in FY 2007/08 as against total income of Rs. 496.75 crores in FY 2006/07 showing a growth of approximately 123.00%. PAT of the Acquirer in FY 2007/08 was Rs. 122.75 crores as against Rs. 53.97 crores in FY 2006/07 showing an increase of approximately 127.00%. This growth was on account of the following:

- economies of scale which resulted into improved efficiency and productivity;
- increased production capacities on account of acquisitions made; and
- full utilization of capacities added in 2007.

4.14 The significant accounting policies of Acquirer are as follows:

(A) PRINCIPLES OF CONSOLIDATION

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

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

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

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

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

(B) BASIS OF PREPARATION OF FINANCIAL STATEMENTS

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

(C) SIGNIFICANT ACCOUNTING POLICIES

a) Revenue Recognition

i. Domestic sales are accounted for on despatch of goods to customers.
Gross Sales are net of sales returns

ii. Export sales are accounted for on the basis of dates of Bill of Lading.
Gross Sales are inclusive of incentives / benefits and net of sales returns.

b) Fixed Assets

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

c) Depreciation

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

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

d) Impairment of Assets

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

e) Expenditure during construction period

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

f) Investments

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

g) Inventories

Inventories are valued at lower of cost or net realizable value. Cost is determined on moving weighted average basis, Cost of Work in Process and Manufactured Goods includes material, labour & other appropriate overheads wherever applicable.

h) Foreign Currency Transactions

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

i) Employee Retirement Benefit:

Gratuity and leave encashment

The Acquirer's gratuity scheme with insurer is a defined benefit plan. The Acquirer's net obligation in respect of the gratuity benefit scheme is calculated by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value, and the fair value of any plan assets is deducted. The present value of the obligation under such defined benefit plan is determined based on actuarial valuation by an independent actuary using the Projected Unit Credit Method, which recognizes each period of service as giving rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation. The obligation is measured at the present value of the estimated future cash flows. The discount rates used for determining the present value of the obligation under defined benefit plan are based on the results in a benefit to the Acquirer; The recognised asset is limited to the net total of any unrecognised market yields on Government securities as at the Balance Sheet date. When the calculation actuarial losses and past service costs and the present value of any future refunds from the plan or reductions in future contributions to the plan. Actuarial gains and losses are recognized immediately in the Profit and Loss account.

Provision for leave encashment cost has been made based on actuarial valuation by an independent actuary at balance sheet date.

Provident fund

All employees of the Acquirer receive benefits from a provident fund, which is a defined contribution retirement plan in which the Acquirer and its employees contribute at a determined rate. Monthly contributions payable to the provident fund are charged to the profit and loss account as incurred.

j) Taxation

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

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

4.15 The Acquirer is not a sick company.

4.16 The Acquirer is in compliance of the provisions of Chapter II of the SEBI (SAST) Regulations.

4.17 The Acquirer has promoted the following subsidiary companies:

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

Date of incorporation	February 23, 2007		
Nature of business	Holding Company		
Particulars	**Financial Year**		
	2009-10	**2008-09**	**2007-08**
	Amount (Rs. in crs)		

Capital	35.14	35.14	0.10
Reserves (excluding revaluation reserves)	(0.66)	(0.04)	-
Debit balance of profit & loss a/c	-	-	-
Miscellaneous expenses (to the extent not written off)	-	-	-
Total income	-	-	-
Profit after tax	(0.63)	(0.04)	-
No. of shares (in lacs)	351.43	351.43	1.00
Earnings per share (in Rs.)	(0.18)	(0.01)	-
Net asset value per share	9.82	10.00	-
Mention if the company is a sick industrial company	No		

(ii) BRFL Europe B.V.

Date of incorporation	September 5, 2005		
Nature of business	Textile		
Particulars	**Financial Year**		
	2009-10	**2008-09**	**2007-08**
	Amount (Rs. in crs)		
Capital	1.52	1.71	0.11
Reserves (excluding revaluation reserves)	5.34	1.68	(0.65)
Debit balance of profit & loss a/c	-	-	-
Miscellaneous expenses (to the extent not written off)	-	-	-
Total income	0.88	0.47	3.22
Profit after tax	3.74	2.38	0.33
No. of shares (in lacs)	2.48	2.48	0.18
Earnings per share (in Rs.)	150.81	95.97	83.33
Net asset value per share	276.61	136.40	300.00
Mention if the company is a sick industrial company	No		

(iii) BRFL Italia S.r.l

Date of incorporation	May 5, 2008		
Nature of business	Textile		
Particulars	**Financial Year**		
	2009-10	**2008-09**	**2007-08**
	Amount (Rs. in crs)		
Capital	30.72	34.52	N.A.
Reserves (excluding revaluation reserves)	8.69	18.60	
Debit balance of profit & loss a/c	-	-	
Miscellaneous expenses (to the extent not written off)	-	-	

Total income	149.51	124.95	
Profit after tax	(13.03)	(15.85)	
No. of shares (in lacs)	50.10	50.10	
Earnings per share (in Rs.)	(26.00)	(31.64)	
Net asset value per share	78.66	106.03	
Mention if the company is a sick industrial company	No		

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

4.19 Details of the Compliance Officer of the Acquirer is as follows-
Ms. Prachi Deshpande
Address- D-1st Floor, Oberoi Garden Estates,
Chandivali Farms Road,
Chandivali, Andheri (East),
Mumbai 400 072, India,
Tel: +91 22 40821800,
Fax: +91 22 28476992
Email- prachi@bombayrayon.com

4.20 There are no material pending litigations by or against the Acquirer

5. Disclosure in terms of Regulation 16(ix) of the SEBI (SAST) Regulations

Acquirer do not currently have any plans to dispose of or otherwise encumber any assets of the Target Company in the two years from the date of the closure of this Offer except in the ordinary course of business or to the extent permitted by applicable laws. It will be the responsibility of the board of directors of the Target Company to make appropriate decision in this matter in accordance with the requirements of the business. Such approvals and decisions will be governed by the provisions of the relevant regulations or any other applicable laws or legislation at the relevant time. Further during this period, Acquirer undertakes not to sell, dispose of or otherwise encumber any substantial assets of the Target Company, except with the prior approval of the Shareholders of the Target Company.

6. DISCLOSURE IN TERMS OF REGULATION 21(2) OF THE SEBI (SAST) REGULATIONS

Pursuant to the listing norms applicable to the Target Company, the Target Company is required to maintain a minimum public shareholding of 25.00% of the Share Capital for continuous listing. Pursuant to this Offer and assuming full acceptance, the public shareholding of the Target Company will fall below the minimum public shareholding required under clause 40(A)(i) of the Listing Agreement. Post Offer if the public shareholding of the Target Company falls below the limit for continuous listing as specified under the Listing Agreement, the Acquirer undertakes to bring the public holding of the Target Company to the level required for continuous listing in accordance with the amended clause 40A(ii) of the Listing Agreement within a period of 12 months or such other extended time as may be allowed by the Stock Exchanges.

7. BACKGROUND OF THE TARGET COMPANY

7.1 The Target Company is a public limited company incorporated on August 07, 1984 under the Companies Act, 1956 by the name of STI Biplus Tubing (India) Limited under company identification number - L27105MP1984PLC002521. The name of the Target Company was changed to STI India Limited with effect from September 20, 1994. The registered office of the Target Company is situated at Rau-Pithampur Link Road, Tehsil: Mhow, District: Indore 4014400, Madhya Pradesh, India. Tel No: +91 0731 4014400 Fax No: +91 0731 4020011.

7.2 The Target Company entered the capital market in 1986 with a public issue of 29,99,300 Shares of Rs. 10/- each for cash at par aggregating Rs. 2.99 crores. The issue was oversubscribed and the Target Company allotted 31,99,300 Shares of Rs. 10.00 for cash at par including retained oversubscription. The Shares of the Target Company are currently listed on the BSE since February 23, 1987 and the NSE since December 6, 1995. The Shares of the Target Company were also listed on Ludhiana Stock Exchange, Ahmedabad Stock Exchange, Madhya Pradesh Stock Exchange and Delhi Stock Exchange, which were subsequently delisted by the Target Company.

7.3 The Target Company is currently engaged in the business of manufacturing of cotton yarn and knitted fabrics. Its main products are 100.00% cotton yarn (both super combed and super carded) and cotton knitted fabrics.

7.4 The manufacturing unit of the Target Company is situated at Rau-Pithampur Link Road, Tehsil: Mhow, District: Indore 453 332, Madhya Pradesh, India. Tel No: +91 0731 4014400 Fax No: +91 0731 4020011, having installed manufacturing capacities of 68,016 spindles and 16 circular knitting machines.

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

7.6 The Target Company has been referred to the BIFR and has been declared as a sick company in terms of section 3(1)(o) of the Sick Industrial Companies (Special Provisions) Act, 1985 and the proceedings before the BIFR are presently ongoing. As a final scheme of rehabilitation of the Target Company has not been framed and/or final order or direction in the matter has not made by the BIFR, approval of BIFR is not required for the acquisition of Shares of the Target Company in the Offer and/or change in control of the Target Company and accordingly no approval from the BIFR has been sought by the Acquirer in this regard.

The Sellers have reported to BIFR the sale and transfer of 86,47,336 Shares representing 29.82% of the Share Capital of the Target Company and 3,21,80,000 OCDs of the Target Company with the benefits of all the underlying security in respect of the OCDs along with 1,18,14,114 Shares of the Target Company representing 40.74% of the Share Capital of the Target Company.

BIFR, in it's order dated November 1, 2010 has noted the transaction and directed that notice to be issued to the Acquirer to attend the next hearing in the matter.

7.7 As on the date of the Public Announcement, the authorized share capital of the Target Company was Rs.45,00,00,000.00 (Rupees Forty Five Crores Only) comprising of 4,00,00,000 equity shares of Rs.10.00 each and 5,00,000 preference shares of Rs. 100.00 each. The issued and paid up share capital of the Target Company consists of 2,90,00,000 Shares of Rs. 10.00 each aggregating to Rs. 29,00,00,000.00 (Rupees Twenty Nine Crores Only).

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

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

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

7.10 There are no outstanding instruments in the nature of warrants/ fully convertible debentures / partly convertible debentures which are convertible into Shares of the Target Company at any later date. The Target Company had issued OCDs in the financial year 2006-2007 to the Sellers. The option to convert the said OCDs into Shares of the Target Company has lapsed in the financial years 2007-2008 and 2008-2009, accordingly the OCDs are now in the nature of secured redeemable debentures.

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

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

No.	Date of Allotment	Number	Percent	Cumulative	Mode of Allotment	Identity of Allottees	Status of Compliances
1	August 7, 1984	700	100.00	700	Subscribed through Memorandum of Association	Promoters	Complied
2	December 10, 1986	31,99,300	99.98	32,00,000	Through Prospectus by Public Issue	Promoters, NRIs, UTI and Foreign Technical Collaborator	Complied
3	May 16, 1994	8,00,000	20.00	40,00,000	Right Issue 1:4	Offered to Existing Shareholders	Complied
4	December 10, 1997	1,21,62,160	75.25	1,61,62,160	Preferential Allotment	Commonwealth Development Corporation, Overseas Private Investors and promoters	Complied
5	March 23, 1998	13,37,840	7.64	1,75,00,000	Preferential Allotment	The Promoter Group	Complied
6	September 30, 2005	75,00,000	30.00	2,50,00,000	Preferential Allotment	Stressed Assets Stabilization Fund (SASF) a Financial Institution	Complied
7	February 2, 2007	40,00,000	13.79	2,90,00,000	Preferential Allotment	State Bank of India	Complied

7.13 The Target Company has no subsidiaries.

7.14 As on the date of the PA, the promoters (including the promoter group) held 15,68,400 Shares representing 5.41% of Share Capital of the Target Company. The break-up of which is as under

Sr. No.	Name of Shareholders	Total Shares Held	Shares Pledged or otherwise Encumbered

		Number	As a % of Grand Total (A(+(B)+(C)	Number	As a percentage of	As a % of Grand Total (A)+(B)+(C) of Sub-Clause (I)(a)
(I)	(II)	(III)	(IV)	(V)	(VI)=(V)/(III)*100	(VII)
(A) Individuals						
1	Dr. R. B. Baheti	2,100	0.01	-	-	-
2	K. N. Garg	2,000	0.01	-	-	-
3	Pushpa Garg	4,400	0.02	-	-	-
4	Darpan Baheti	2,300	0.01	-	-	-
5	R. B. Baheti – HUF	2,000	0.01	-	-	-
6	Namrata Baheti	1,200	0.004	-	-	-
7	Raman Baheti	1,000	0.003	-	-	-
8	Shashi Baheti	100	0.0003	-	-	-
	TOTAL (A)	**15,100**	**0.05**	**-**	-	-
(B) Bodies Corporate						
1	East West Finance Pvt. Ltd.	3,100	0.01	-	-	-
2	Hyson Investment and Finance Pvt. Ltd.	1,550,000	5.34	1,550,000	100.00	5.34
3	STI Fabricraft Pvt. Ltd.	100	0.0003	-	-	-
4	Goodeal Investment & Finance Pvt. Ltd.	100	0.0003	-	-	-
4	**TOTAL (B)**	**1,553,300**	**5.36**	**1,550,000**	-	-
	TOTAL (A+B)	**1,568,400**	**5.41**	**1,550,000**	-	**5.34**

7.15 Details of change in the shareholding of the promoters (including the promoter group) of the Target Company since 1997 upto the date of the Letter of Offer are as follows:

Date of Transaction	Particulars	Total outstanding Shares as on the date of transaction	Shares Acquired/ Purchased /Transferred by the promoters	Cumulative Shareholding of the promoters	% to total outstanding Shares as on the date of transaction	Status of Compliance

December 10, 1997	Allotment	1,61,62,160	75,67,566	99,31,680	61.45	Complied
March 23, 1998	Allotment	1,75,00,000	13,37,840	1,12,69,520	64.40	Complied
Apr'02 - June'02	Inter se Transfer	1,75,00,000	72,86,371	1,12,69,520	64.40	Complied
July 8, 2003	Inter se Transfer	1,75,00,000	10,925	1,12,69,520	64.40	Complied
June'05 - Sept'05	Inter se Transfer	1,75,00,000	4,400	1,12,69,520	64.40	Complied
June'06 - Sept'06	Inter se Transfer	2,50,00,000	100	1,12,69,520	45.08	Complied
February 23, 2007	Sale	2,90,00,000	29,05,406	83,64,114	28.84	Complied
February 23, 2007	Purchase	2,90,00,000	25,000	83,89,114	28.93	Complied
February 23, 2007	Inter se Transfer	2,90,00,000	2,68,197	83,89,114	28.93	Complied
March 19, 2007	Purchase	2,90,00,000	10,00,000	93,89,114	32.38	Complied
September 29, 2007	Purchase	2,90,00,000	14,00,000	1,07,89,114	37.20	Complied
February 16, 2008	Transfer on invocation of pledge by Sellers	2,90,00,000	92,14,214	15,75,000	5.43	Complied
Apr'08 - June'08	Sale	2,90,00,000	1,500	15,73,500	5.43	Complied
November 14, 2008 - November 21, 2008	Sale in previous open offer	2,90,00,000	5,100	15,68,400	5.41	Complied

7.16 As per the information provided by the Target Company except for a delay of 197 days in the year 2000, by the Target Company, in complying with Regulation 8(3) of the SEBI SAST Regulations the Target Company is in compliance with Chapter II of the SEBI (SAST) Regulations. SEBI may initiate appropriate action against the Target Company at a later stage for this delay in compliance. Further the allotment of Shares of the Target Company on December 10, 1997 to Commonwealth Development Corporation and the promoter group was under SEBI's examination.

7.17 As per the information provided by the Target Company the promoters (including the promoter group) of the Target Company, Sellers and other major shareholders of the Target Company have complied with the provisions of Chapter II of the SEBI (SAST) Regulations.

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

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

7.20 As on the date of the Letter of Offer, the details of the Board of Directors of the Target Company are as under:

Name	Designation	Directors Identification Number (DIN)	Date of Appointment	Qualification	Brief Experience
Dr. Ramesh Baboolal Baheti	Non-Executive Chairman*	00008202	August 7, 1984	M. Com, Ph.D (Eco.)	Founder promoter with four decades of experience in the textile sector. Dr. Baheti is also on the board of the several companies. He is also associated with prestigious educational institutions viz. Indian Institute of Management, Indore, Indian Institute of Management, Lucknow.
Mr. Aman Agrawal	Vice Chairman	00019534	November 25, 2010	Pursued studies in Management from Alexander College, Perth, Australia	Has over 15 years of experience in the textile industry. He provides strategic direction in selection of technology and machineries in setting up new manufacturing facilities, improvement of production processes and new ventures.
Mr. Prashant Agarwal	Managing Director	00019464	November 25, 2010	MS in Chemical Engineering and Petroleum Refining, USA	Has over 13 years of experience in the textile industry. He is accredited with development and growth of the Group's export business
Mr. Kailash Narayanlal Garg	Director	00008402	August 7, 1984	M. Com, LL.B	Founder promoter with over three decades of experience in running business of Precision Steel Tubes, Cotton Yarn and Textile, Copper Coated Automotive Components & Granite etc.
Dr. Shashank Narendra Desai	Director	00143638	June 30, 2008	B. Com, LL.B, F.C.A., Ph. D.	Wide experience of over three decades in Finance, Accounting and Law. Dr. Desai is senior partner of renowned CA firm M/s Desai Saksena & Associates and also on the board of the several renowned companies.
Mr. T. N. Anand Reddy	Director	00220734	June 30, 2008	B. Tech (Chemical Engineering) from I.I.T. Chennai., Diploma Eng.	Wide experience of over two decades in textile sector and was holding various positions in Corporate Sector, in trade associations like South India Mills Association, TEXPROCIL, and Confederation of Textile Industry. Mr. Anand Reddy being an experienced Textile Technocrat is on the Board of several renowned textile companies.

Mr. S. Sreedhar Reddy	Director	01440442	June 30, 2008	B. Tech. Electronics & Communication	Wide experience in Supervision Production and Marketing of RPVC Pipes for more than one decade and also has good experience in Marketing of Cements for about 6 years. Mr. S Reddy is on the Board of Several renowned Cement and RPVC companies.
Mr. A. V. Narasimha Reddy	Director	02252057	June 30, 2008	B. Tech. in Electronics & Communication	Worked / Associated in various capacities with organisations like Infosys Technologies Ltd, Texas Instruments, Nandi Group etc.
Mr. A. R. Mundra	Director	00019234	November 25, 2010	B.Com, LL.B (Gold Medalist), ACA (All India Ranker), ACS (All India Ranker), Member of the International Institute of Business Management, London and Alumni of Asian Institute of Management, Manila	Has over 30 years of experience in finance, commercial and managerial related matters. His core strength lies in fund procurement, internal controls, mergers & acquisitions, organizational systems and strategic planning
Mr. Upkar Singh Kohli	Special Director – BIFR		May 26, 2010	B. E. Mechanical / Diploma – Industrial Finance / C.A.I.I.B.	Wide experience of over three decades in banking sector and was also on the board of Dena Bank from June' 2005 to August' 2007.

*- With effect from November 1, 2010

7.21 Brief particulars of the audited financials of the Target Company for the period ended and as at March 31, 2008, March 31, 2009 and March 31, 2010 and the unaudited limited reviewed financials of the Target Company for the period ended June 30, 2010 are as below:

(Amount in Rs. Crores)

Profit Loss Statement	Unaudited for the first quarter ended June 30, 2010	Audited for the financial year ended March 31, 2010	Audited for the financial year ended March 31, 2009	Audited for the financial year ended March 31, 2008
Income from Operations	49.84	176.36	175.57	160.08
Other Income	0.32	3.56	3.08	0.68
Total Income	50.16	179.92	178.65	160.76
Total Expenditure	45.04	171.85	203.43	169.25
Profit before Depreciation, Interest & Tax	5.12	8.07	(24.78)	(8.49)
Depreciation	2.89	11.51	11.48	11.48
Interest	1.02	3.35	3.23	7.98
Profit Before Tax	1.21	(6.79)	(39.49)	(27.95)
Provision for Tax	-	-	0.11	0.11
Profit after Tax	1.21	(6.79)	(39.60)	(28.06)

(Amount in Rs. Crores)

Balance Sheet Statement	As at March 31, 2010	As at March 31, 2009	As at March 31, 2008
Source of funds:			
Paid up share capital	29.00	29.00	29.30
Reserve & Surplus (Excluding revaluation reserve)	0.40	0.40	0.10
Profit and Loss Account	(77.00)	(70.21)	(30.60
Net Worth	(47.60)	(40.81)	(1.20)
Secured Loans	147.36	150.76	146.20
Unsecured Loans	-	-	-
Deferred Credits	-	0.03	0.05
Total	**99.76**	**109.98**	**145.05**
Uses of funds:			
Net Fixed assets	100.96	110.94	122.01
Investments	12.00	12.00	12.00
Net Current assets	(13.20)	(12.96)	11.04
Total Miscellaneous expenditures not written off	-	-	-
Total	**99.76**	**109.98**	**145.05**

Other Financial Data	As at March 31, 2010	As at March 31, 2009	As at March 31, 2008
Dividend (%)	-	-	-
Earning per share (Rs.)	(2.34)	(13.66)	(9.68)
Return on Net worth (%)	-	-	-
Book Value per Share (Rs.)	(16.41)	(14.07)	(0.41)

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

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

2010 compared with 2009:

The Target Company earned total income of Rs. 179.92 crores in FY 2009/10 as against total income of Rs. 178.65 crores in FY 2008/09 showing a marginal growth. The Target Company has incurred a loss of Rs. 6.79 crores as against a loss of Rs. 39.60 crores in FY 2008/09. This reduction in loss was on account of the following:

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

2009 compared with 2008:

The Target Company earned total income of Rs. 178.65 crores in FY 2008/09 as against total income of Rs. 160.76 crores in FY 2007/08 showing a growth of around 11.00%. The Target Company has incurred a loss of Rs. 39.60 crores in FY 2008/09 as against a loss of Rs. 28.06 crores in FY 2007/08. This increase in loss was due to:

- Higher raw material cost; and
- Non-availability of working capital.

2008 compared with 2007:

The Target Company earned total income of Rs. 160.76 crores in FY 2007/08 as against total income of Rs. 158.10 crores in FY 2006/07 showing a marginal growth. The Target Company has incurred a loss of Rs. 28.06 crores in FY 2006/07 as against a profit of Rs. 101.68 crores in FY 2006/07. The profit for the FY 2006/07 was on account of reduced interest cost due to onetime settlement of dues with secured lenders. This loss for the FY 2007/08 was due to:

- Higher raw material cost;
- Poor market condition of spinning industry; and
- Adverse impact of Indian rupee appreciation vis-à-vis US dollar.

(A) SIGNIFICANT ACCOUNTING POLICIES

a) General:

The accounts of the Company are prepared on an accrual basis, under the historical cost convention and in accordance with the requirements of the Companies Act, 1956 and applicable mandatory Accounting Standards issued by the Institute of Chartered Accountants of India unless otherwise stated.

b) Fixed Assets:

Fixed Assets are stated at their original cost including freight, duties, taxes and other incidental expenses relating to acquisition and installation and are net of credit under the excise CENVAT scheme where applicable. Exchange difference in respect of liabilities incurred to acquire fixed assets is adjusted to the carrying amount of fixed assets.

Expenditure incurred towards increase in plant efficiency/quality is capitalized in the year such expenditure is incurred.

c) Intangible Assets:

Intangible assets are recognized if and only if:-

i it is probable that the future economic benefits that are attributable to the assets will flow to the Company, and

ii the cost / fair value of the assets can be measured reliably.

d) Depreciation on Fixed Assets:

Depreciation on Fixed Assets is provided on straight line method except for motor vehicles in which case depreciation is provided on written down value method as per rates and in the manner prescribed under Schedule XIV to the Companies Act, 1956. Depreciation on additions to assets due to exchange fluctuation is provided on the remaining life of assets.

e) Investments:

Investments are stated at cost less provision for diminution in value other than temporary, if any.

f) Inventories:

Inventories are valued as under:-

Raw Materials	At Cost
Work-in-Process	At lower of cost or net realisable value.
Finished Goods	At lower of cost or net realisable value.
Maintenance supplies, Loose Tools and Stores and Spare Parts	At Average Cost.

Waste/Scrap	At estimated net realisable value.

g) Revenue Recognition

i. Revenue is recognized to the extent it is possible that the economic benefits will flow to the company and the revenue can be measured reliably. In case of Sale of goods revenue is recognized when significant risks and rewards of ownership of the goods have passed to the buyer. Sales are net of return and inclusive of excise duty and exclusive of sales tax, wherever applicable.

ii. Generally all expenses and revenue are accounted for on accrual basis except interest on delayed payments to suppliers, which is accounted for on cash basis.

h) Gratuity / Retirement benefits:

Gratuity provision is based upon premium under LIC Group Gratuity Scheme. Accrued liability for leave encashment is provided on the assumption that such benefits are payable to all eligible employee up till the end of the financial year.

i) Excise and Customs Duties:

Excise and customs duties on finished goods, raw materials, spares etc., are accounted for on clearance of goods from factory premises / bonded warehouses, as the case may be.

j) Foreign Currency:

i. Foreign currency transactions relating to revenue items are recorded at the exchange rate prevailing at the time of transaction except export sales which is recognized according to exchange rates notified by CBEC and resultant exchange fluctuation is charged to Profit & Loss Account.
ii. Outstanding liabilities relating to fixed assets repayable in foreign currency and outstanding at the close of the year are expressed at the exchange rate prevailing on the date of Balance Sheet and exchange difference is adjusted to the carrying cost of fixed assets.

k) Subsidies/Grants:

Subsidies and grants are accounted for on receipt basis.

l) Physical Verification:

i. Fixed Assets are physically verified in such a manner that all assets are verified at least once in three years.
ii. Raw Material, stores, spares-parts, consumables, tools, packing and other materials physically verified during the year on sample basis and extensively at the end of the year.

m) Borrowing Cost:

Interest cost relating to

i. funds borrowed for acquisition of fixed assets are capitalized till the date of its intended use and thereafter charged to Profit & Loss Account.
ii. funds borrowed for other purposes are charged to Profit and Loss Account.

n) Taxation:

Tax liability of the Company is estimated considering the provisions of the Income Tax Act, 1961. Deferred Tax is recognized subject to the consideration of prudence, on timing differences, being the difference between taxable incomes and accounting income that originate in one period and are capable of reversal in one or more subsequent periods.

o) Impairment of Assets:

An asset is treated as impaired when the carrying cost of assets exceeds its recoverable value. The impairment loss is charged to the profit & loss account in the year in which an asset is identified as impaired.

p) Provision:

A provision is recognized when the company has a present obligation as a result of past events and it is probable that an outflow of resources will be required to settle such obligation, in respect of which a reliable estimate can be made.

7.23 Pre and Post Shareholding pattern of the Target Company on the date of the Public Announcement was as under:

Shareholders' Category	Shareholding & voting rights prior to the agreement / acquisition and Offer		Shares/voting rights agreed to be acquired via Block deal which triggered off the Regulations		Shares/voting rights acquired alongwith OCDs		Shares / voting rights to be acquired in open offer (assuming full acceptances)		Shareholding / voting rights after the acquisition, agreement and offer i.e.	
	(A)		(B)		(C)		(D)		(A)+(B)+(C)+(D)=(E)	
	No.	%	No.	%	No.	%	No.	%	No.	%
(1) Promoter Group										
a) Parties to agreement, if any	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
b) Promoters other than (a) above	15,68,400	5.41%	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Total 1(a+b)	**15,68,400**	**5.41%**	**Nil**	**Nil**	**Nil**	**Nil**	**Nil**	**Nil**	**Nil**	**Nil**
(2) Acquirers										
a) Acquirer (Bombay Rayon Fashions Limited										
i) Acquired through block deal	-	-	86,47,336	29.82%	-	-	-	-	86,47,336	29.82%
ii) Acquired alongwith OCDs	-	-	-	-	1,18,14,114	40.74%	-	-	1,18,14,114	40.74%
iii) Acquired through Open Offer	-	-	-	-	-	-	58,00,000	20.00%	58,00,000	20.00%
Total 2(a) [1]	**Nil**	**Nil**	**86,47,336**	**29.82%**	**1,18,14,114**	**40.74%**	**58,00,000**	**20.00%**	**2,62,61,450**	**90.56%**
(3) Parties to agreement other than (1)(a) & (2)	**2,04,61,450**	**70.56%**	**(86,47,336)**	**(29.82%)**	**(1,18,14,114)**	**(40.74%)**	**Nil**	**Nil**	**Nil**	**Nil**
(4) Public (other than parties to agreement and Acquirer)									This will depend on the response within each category of (4)	
a) Institutions (Mutual Funds / UTI, FIs/Banks/FIIs/ FVCI etc	40,00,300	13.79%	-	-	-	-				
(b)Bodies Corporate	2,82,998	0.98%	-	-	-	-				
(c) Individuals (Indian Public/ NRIs/ Foreign Individuals etc. [2]	26,86,852	9.26%	-	-	-	-				
Total (4)(a+b+c)	**69,70,150**	**24.03%**	-	-	-	-	**(58,00,000)**	**(20.00%)**	**27,38,550**	**9.44%**
Grand Total (1+2+3+4)	**2,90,00,000**	**100.00%**	-	-	-	-	**-**	**-**	**2,90,00,000**	**100.00%**

Notes:

[1] Post Offer holding of the Acquirer and the present promoters (including promoter group) will be shown under the promoter group category and public category respectively.

[2] Details of shareholding

Individual Public	23,30,558	8.04%
NRIs	1,50,590	0.52%
Clearing Member	2,05,704	0.70%

The Target company had 6,357 Shareholders as at December 31, 2010.

7.24 Shareholding of Promoters: Promoters (including promoter group), as on date of the Public Announcement held 15,68,400 fully paid up Shares representing 5.41% of the Share Capital of the Target Company.

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

7.26 Compliance Officer: The Target Company has appointed Mr. Raj Kumar Bhawsar, Company Secretary, Rau-Pithampur Link Road, Tehsil: Mhow, District: Indore 453 332, Madhya Pradesh, Tel No: +91 0731 4014400 Fax No: +91 0731 4020011 as the Compliance Officer.

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

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

LAND CASE FILED AGAINST THE TARGET COMPANY

S. No	Particulars of the case	Amount Involved (Rs.)	Present status of the case
1	Demand Note issued by MPAKVN - Indore	5,22,06,431.00	MPAKVN- Indore issued demand notice no 03/AKVN/ Infra/2010/1060 dated September 01, 2010 for Rs. 7,40,52,800.00, out of which the demand Payable by the Target Company is Rs. 5,22,06,431.00 only.
2	Land allotted by MPAKVN but possession not given (6.153 Acre land of Mr. Badri & family)	621,742.00	M.P. High Court, Indore has ordered in 1995for Status Quo to be maintained. The matter will be heard on merits in due course.

CIVIL CASES FILED AGAINST THE TARGET COMPANY

S. No	Particulars of Case	Jurisdictional Authority	Amount Involved (Rs.)	Present status of the case
1	Case No. 162 of 2003 M/s. Global Trust Bank, Ahmedabad v/s GUJCOT and STI India Limited	DRT, Ahmedabad	26,12,78,787.00	Reply filed by Target Company on December 23, 2003. Next date of hearing March 16, 2011
2	Case No. 214 of 2003 M/s. Gujarat State Co-operative Cotton Federation Limited, Ahmedabad v/s. STI India Limited and Anr.	Registrar's Nominee, Board of Nominees, Ahmedabad	88,58,77,110.00	Reply filed by the Target Company on February 04, 2003. Stay granted on June 29, 2004 in favour of the Target Company. Next date of hearing is February 9, 2011. Case has been kept for orders in reserve.

3	Case No. 997 of 2003 M/s. Gujarat State Co-operative Bank Limited, Ahmedabad v/s GUJCOT and STI India Limited	Registrar's Nominee & Board of Nominees of Ahmedabad	40,60,88,415.00	Reply filed by the Target Company on July 08, 2003. Stay granted on June 29, 2004 in favour of Target Company. Next date of hearing is February 17, 2011.
4	Filed by Maharashtra State Cotton Grower Mktg. Federation	Directorate of Marketing, Maharashtra, Pune	73,81,516.00	Preliminary objections have been submitted by the Target Company. Adjudicating order is awaited.
5	MCC No. 566 / 2007 (Case No. 02 of 2003) M/s. Oriental Bank of Commerce (OBC), Ahmedabad v/s. STI India Limited	M. P. High Court, Indore	49,65,67,846.00	Application filed by OBC (Petitioner) before Hon'ble High Court of M.P., Indore for restoration of Company Petition No 2/ 2003 which was dismissed by Hon'ble High Court vide order dated 18/06/07 for not appearing of petitioner. The same has been restored in Sept. 2009.

SALES TAX MATTERS

1	**Textile Division**		
S. No	**Particular of Cases**	**Amount involved (Rs.)**	**Present Status of the Case**
1	Demand raised by Assistant Commissioner of Tax under Assessment order for the year 2004-05 for non submission of Form C & F. Appeal filed to D.C. (Appeal)	1,98,187.00	Assessment order received on 20/11/ 08. Appeal filed on January 02, 2009 before Tribunal, Bhopal. Appeal admitted on February 02, 2009. Date of hearing is awaited.
2	**Biplus Division**		
1	Demand raised by Assistant Commissioner vide order dated April, 29, 1999 and confirmed by Addl. Commissioner for the year **1995-96** for interest levied for non-payment of tax.	118,41,104.00	No action taken by sales tax department since Writ Petition filed by Target Company. (Pending in High Court since 2006)
2	Demand raised by Assistant Commissioner of Sales Tax in assessment for the year 1997-98 vide order dated May 28, 2001 for tax levied on fixed assets sold to STI Sanoh.	19,21,070.00	W.P.No. 1068/2003 filed in 2003 before M. P. High Court against Revision order by Target Company. Case remanded by M. P. High Court vide order dated April 18, 2007. As per order no tax is liable on fixed assets of Rs. 19437151.00 transferred to M/s. STI Sanoh India

			Ltd. Tax liability would be reduced by Rs. 7,77,486.00. No action taken by sales tax department since receipt of M.P.High Court order.

EXCISE MATTERS FILED AGAINST THE TARGET COMPANY

S. No.	Particulars of Case	Pending with	Period of dispute	Amount Involved (Rs.)	Present Status
1	SCN.No. DGCEI/AZU/30-40/2005/7082 dated 29.3.06 in the matter of DTA sale value exceeded from DTA sale permission **(COTTON WASTE)**	Commissioner, C.E. Customs & Central Indore	March-04 to November-05	6,11,86,752.00 (Duty) 6,11,86,752.00 (Penalty)	Reply to Show Cause Notice filed with Commissioner, Customs & Central Excise, Indore on December 12, 2007 and awaiting personal hearing.
2	SCN.No.C.NO.V (52) 15-05/Adj-I/28027 dated 28.11.06 issued by the Commissioner, C.E., Indore, in the matter of DTA sale value exceeded from DTA sale permission. **(COTTON WASTE)**	Commissioner, C.E. Customs & Central Indore	November-05 to Oct-06	1,11,68,960.00 (Duty) 1,11,68,960.00 (Penalty)	
3	SCN.No.C.NO.V (52) 15-05/Adj-I/30436 dated 22.11.07 issued by the Commissioner, C.E., Indore, in the matter of DTA sale value exceeded from DTA sale permission. **(COTTON WASTE)**	Commissioner, C.E. Customs & Central Indore	Nov-06 to Sep-07	1,15,08,089.00 (Duty) 1,15,08,089.00 (Penalty)	Reply to Show Cause Notice filed with Commissioner, Customs & Central Excise, Indore on December 18, 2007 and awaiting personal hearing.
4	SCN.No.C.NO.V (52) 15-04/Adj-I/29562 dated November 04, 2008 issued by the Commissioner, C.E., Indore, in the matter of DTA sale value exceeded from DTA sale permission. **(COTTON WASTE)**	Commissioner, C.E. Customs & Central Indore	Oct-07 to Sep-08	2,25,89,845.00 (Duty) 2,25,89,845.00 (Penalty)	
5	SCN.No. V(27)18-83/C-II/1-A/04/- dated January 19, 2005 in the matter of Additional Customs Duty @ 1.50 /- Litre.	CESTAT, New Delhi	September - 04	22,03,200.00 (Duty) 5,00,000.00 (Penalty)	Target Company has received favorable Order from Commissioner (Appeals) against which the Department has filed an Appeal before CESTAT, New Delhi. Hearing is pending
6	SCN.NO.DGCEI/AZU/36-60/2004/1039 dated September 15, 2004 in the matter of Additional Customs Duty @ 1.50/- Litre	High Court Indore	Mar-04 to Sep-04	60,49,553.00 (Duty) 5,00,000.00 (Penalty)	Target Company has received favorable Order from CESTAT, New Delhi. against which the Department has filed an Appeal in High Court Indore. Personal hearing is pending
7	SCN.No.C.NO.V (52) 15-02/08 ADJII / 31551 dated 27.01.10 issued by the Additional Commissioner C.E.& Service Tax , Indore, Wrongly availed Cenvat Credit of Service Tax on paid	Add. Commissioner, Customs & Central Excise, H.Q. Indore	Oct-5 to Mar-08	11,23,519.00	Target Company has filed Reply to Show Cause Notice on April 13, 2010. Personal hearing is pending.

	foreign commission agent.				

MADHYA PRADESH ELECTRICITY BOARD CASES FILED BY THE TARGET COMPANY

Sr. No	Particulars of Case	Amount Involved	Court	Present status of the case
1	Madhya Pradesh State Electricity Board, Indore regarding 50.00% Power clause to Run DG set for captive consumption (Period January 2002 to November 2003) (Demand)	4,90,31,809	M.P. High Court, Jabalpur	Target Company has filed the Petition before M.P.High Court, Jabalpur against the demand and obtained stay order against Madhya Pradesh State Electricity Board. The next date of hearing is scheduled in 2nd Week of February, 2011.
2	Madhya Pradesh State Electricity Board in the matter of Development Cess on power generation (Period July 27, 2001 to September 30, 2004), Indore (Refund)	2 ,07,98,483	Supreme Court, New Delhi	SLP pending for hearing. Next date of hearing is Scheduled in 2nd Week of February, 2011.

8. OFFER PRICE AND FINANCIAL ARRANGEMENTS

8.1 Justification of Offer Price

8.1.1 The Shares of the Target Company are listed on the BSE and the NSE. The Shares are frequently traded on the BSE and NSE.

8.1.2 The Acquirer made the Public Announcement on November 01, 2010. The annualized trading turnover during the period May 2010 to October 2010, the six calendar months prior to November 2010 (the month in which the Public Announcement was made), is as follows :

Name of the Stock Exchange	Total No. of Shares traded during the 6 calendar months prior to the month in which the PA was made	Total No. of listed Shares	Annualized trading turnover (in terms of % to total listed Shares)
NSE	1,82,20,522	2,90,00,000	62.83%
BSE	20,06,858	2,90,00,000	6.92%

Source: Official Data from BSE and NSE

8.1.3 As the annualized trading turnover (by number of Shares) on BSE and NSE is more than 5.00% of the total number of listed Shares of the Target Company, the Shares of the Target Company are deemed to be frequently traded within the meaning of the Explanation (i) of Regulation 20(5) of the SEBI (SAST) Regulations. The Shares of the Target Company are most frequently traded on the NSE.

8.1.4 The Offer Price of Rs. 29.00 (Rupees Twenty Nine only) per Share is justified in terms of Regulation 20(4) of the SEBI (SAST) Regulations, being the highest amongst the following:

(a)	Negotiated Price	Rs. 29.00 per Share
(b)	the highest price paid by the Acquirer for acquisition of Shares of the Target Company during the 26-week period prior to the date of the PA	N.A.
(c)	the average of the weekly high and low of closing prices of	Rs. 13.02 per

	the Shares of the target company on NSE for the 26 weeks preceding the date of the PA	Share
(d)	The average of the daily high and low prices of the Shares of the Target Company on NSE for the two weeks preceding the date of the PA	Rs. 25.79 per Share

8.1.5 The average of the weekly high and low of the closing prices of the Shares of the Target Company during the 26 weeks prior to the date of the Public Announcement is Rs. 13.02 per share. Please see the following table for detailed computation:

Week No.	Week ending	High (Rs.)	Low (Rs.)	Average (Rs.)	Volume (No. of Shares)
1.	Friday, May 07, 2010	8.00	7.25	7.63	23,136
2.	Friday, May 14, 2010	12.20	7.55	9.88	85,898
3.	Friday, May 21, 2010	13.15	11.00	12.08	60,872
4.	Friday, May 28, 2010	10.40	9.25	9.83	11,560
5.	Friday, June 04, 2010	9.45	8.95	9.20	2,588
6.	Friday, June 11, 2010	10.15	9.30	9.73	4,784
7.	Friday, June 18, 2010	10.20	9.75	9.98	5,446
8.	Friday, June 25, 2010	10.25	9.85	10.05	3,901
9.	Friday, July 02, 2010	10.05	9.40	9.73	3,328
10.	Friday, July 09, 2010	11.10	10.55	10.83	4,786
11.	Friday, July 16, 2010	10.30	9.70	10.00	2,145
12.	Friday, July 23, 2010	9.65	9.30	9.48	5,678
13.	Friday, July 30, 2010	9.60	9.10	9.35	1,584
14.	Friday, August 06, 2010	11.85	9.65	10.75	6,602
15.	Friday, August 13, 2010	12.30	11.70	12.00	10,736
16.	Friday, August 20, 2010	13.70	11.20	12.45	5,727
17.	Friday, August 27, 2010	14.75	12.75	13.75	6,580
18.	Friday, September 03, 2010	14.75	13.35	14.05	7,827
19.	Thursday, September 09, 2010	15.00	14.35	14.68	2,225
20.	Friday, September 17, 2010	14.75	13.00	13.88	4,118
21.	Friday, September 24, 2010	15.25	13.30	14.28	15,371
22.	Friday, October 01, 2010	19.55	16.05	17.80	21,250
23.	Friday, October 08, 2010	18.60	16.35	17.48	18,866
24.	Friday, October 15, 2010	19.85	16.25	18.05	20,248
25.	Friday, October 22, 2010	25.20	20.70	22.95	44,319
26.	Friday, October 29, 2010	30.75	26.50	28.63	8,730,686
	Average			**13.02**	

Source: www.nseindia.com

The average of the daily high and low prices of the Shares of the Target Company during the 2 weeks prior to the date of the Public Announcement is Rs. 25.79 per share. Please see the following table for detailed computation:

Day No.	Day & Date	High (Rs.)	Low (Rs.)	Average (Rs.)	Volume (No. of Shares)
1.	Monday, October 18, 2010	20.70	19.30	20.00	2,250
2.	Tuesday, October 19, 2010	21.75	19.70	20.73	5,323
3.	Wednesday, October 20, 2010	22.85	22.60	22.73	7,300
4.	Thursday, October 21, 2010	24.00	24.00	24.00	10,051
5.	Friday, October 22, 2010	25.20	25.15	25.18	19,395
6.	Monday, October 25, 2010	26.50	26.50	26.50	13,576
7.	Tuesday, October 26, 2010	27.85	27.85	27.85	7,962
8.	Wednesday, October 27, 2010	29.25	29.25	29.25	86,61,221

9.	Thursday, October 28, 2010	30.75	30.75	30.75	10,630
10.	Friday, October 29, 2010	32.30	29.25	30.78	37,297
	Average			**25.79**	

Source: www.nseindia.com

8.1.6 There is no non-compete agreement entered into by the Acquirer with the Target Company or its promoters or the promoter group.

8.1.7 Based on the above and in the opinion of the Managers to the Offer and the Acquirers, the Offer Price is justified as per the Regulations.

8.1.8 As per the SEBI (SAST) Regulations, the Acquirer can revise the Offer Price upwards up to 7 (seven) working days prior to the closure of this Offer and the revision, if any, in the Offer Price would be announced in the same newspapers where the Public Announcement has appeared and the revised price will be paid for all Shares acquired pursuant to this Offer.

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

8.2 **Financial Arrangements**

8.2.1 The maximum offer consideration payable by the Acquirer in case of full acceptance of this Offer would be Rs. 16,82,00,000/- (Rupees Sixteen Crores Eighty Two Lacs Only) **("Total Offer Consideration")** for acquisition of open offer shares at the Offer Price. For the purpose of this Offer, the Acquirer and Manager to the Offer have entered into an Escrow Agreement dated October 29, 2010 with Axis Bank Limited (as an Escrow Agent). The Acquirer have opened cash escrow account with Axis Bank Limited, having its office at Universal Insurance Building, Ground Floor, Sir P. M. Road, Fort, Mumbai- 400 001 and have deposited a sum of 16,82,00,000/- (Rupees Sixteen Crores Eighty Two Lacs Only) in the said cash escrow account being 100.00% of the Total Offer Consideration payable under the Offer assuming full acceptance at the aforesaid Offer Price in accordance with Regulation 28 of the SEBI (SAST) Regulations.

8.2.2 The Acquirer confirms that the funds lying in the above mentioned cash escrow account will be utilized exclusively for the purpose of the Offer. Further, Manager to the Offer has been empowered to operate the cash escrow account in compliance with Regulation 28 of the SEBI (SAST) Regulations.

8.2.3 The Statutory Auditors of the Acquirer, Mr. R.P.Laddha, Partner, (Membership No. 048195) of M/s. V K Beswal & Associates, having its address at 408/410, Rewa Chambers, 31, New Marine Lines, Mumbai 400 020, Tel No: +91 22 2206 5656 and Fax No. : +91 22 2209 5656 have certified vide their letter dated October 30, 2010 that the Acquirer has adequate financial resources to finance the acquisition of Open Offer Shares and that firm arrangement for financial resources required to implement the Offer i.e., funds and money for payment through verifiable means is already in place.

8.2.4 In view of above, the Manager to the Offer is satisfied that firm arrangements for financial resources required to implement the Offer i.e., funds and money for payment through verifiable means are in place to fulfill the obligations of the Acquirer under the Offer and is satisfied that the Acquirer have adequate resources to meet the financial requirements of the Offer and ability to implement the Offer in accordance with the SEBI (SAST) Regulations.

9. TERMS AND CONDITIONS OF THE OFFER

9.1 **Statutory Approvals required for the Offer**

9.1.1 The Offer would require the approval from the RBI under the FEMA for acquiring Shares from Non-Resident Shareholders validly tendered and accepted under the Offer at the Offer Price. Application for the abovementioned approval has been filed with the RBI on November 08, 2010. Following the application the Acquirer have responded to certain queries raised by the RBI. The approval is presently awaited.

9.1.2 There are no other statutory approval(s) required by the Acquirer to implement the Offer, other than those contemplated above. If any other statutory approval(s) become applicable, the Offer would be subject to such statutory approval(s). The Acquirer will have the right not to proceed with the Offer and withdraw the same in terms of Regulation 27 of the SEBI (SAST) Regulations in the event that any of the statutory approval(s) contemplated above are refused.

9.1.3 In case of a delay in receipt of any statutory approval(s), SEBI has the power to grant an extension of time to the Acquirer for payment of consideration to the tendering 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 SEBI (SAST) Regulations. Further, if the delay occurs on account of willful default or neglect or inaction or non-action by the Acquirer in obtaining the requisite statutory approval(s), Regulation 22(13) of the SEBI (SAST) Regulations will also become applicable.

9.1.4 The Acquirer does not require any approvals from financial institutions or banks for the Offer.

9.2 **Others**

9.2.1 All Shares tendered and accepted under the Offer up to 58,00,000 Shares will be acquired by the Acquirer, subject to terms and conditions set out herein. All necessary requirements for the valid transfer of the Shares will be the pre-conditions for valid acceptance.

9.2.2 In the event the Shares are subject to a lock-in, the Manager to the Offer shall ensure that there is no discrimination in the acceptance of locked-in and non locked-in Shares. The locked-in Shares shall be transferred to the Acquirer subject to the continuation of the residual lock-in period in the hands of the Acquirer.

9.2.3 The Letter of Offer relating to the Offer together with the Form of Acceptance cum Acknowledgement, Form of Withdrawal and Transfer Deed (applicable for Shareholders holding Shares in physical form) will be mailed to all the Persons eligible to participate in the Offer whose names appear on the Registrar of Shareholders and to the beneficial owners of Shares in dematerialized form whose names appear on the beneficial records of the respective depositories, in either case, at the close of business on the Specified Date i.e. November 26, 2010.

9.2.4 All Shareholders whose names appear in the register of Shareholders on the Specified Date and also persons who own Shares any time prior to the closure of the Offer, whether or not they are registered Shareholders, are eligible to participate in the Offer anytime before the closure of the Offer.

9.2.5 The acceptance of the Offer is entirely at the discretion of the Shareholders and each Shareholder to whom the Offer is being made, is free to offer his shareholding in the Target Company, in whole or in part while accepting the Offer. The acceptance must be unconditional and should be absolute and unqualified. The Acquirer will not be responsible in any manner for any loss of Share certificate(s) and offer acceptance documents during transit and the Shareholders are advised to adequately safeguard their interest in this regard.

9.2.6 The Shares of the Target Company validly tendered pursuant to the Offer will be acquired by the Acquirer fully paid up, free from all liens, charges and encumbrances and together with the rights attached thereto, including all rights to dividend, bonus and rights offer declared thereof. Shares that are subject to any charge, lien or encumbrance are liable to be rejected. Applications in respect of Shares that are the subject matter of litigation wherein the Shareholders may be prohibited from transferring the Shares during the pendency of the said litigation are liable to be rejected if the directions / orders permitting transfer of these Shares are not received together with the Shares tendered under the Offer. The Letter of Offer in some of these cases, wherever possible, will be forwarded to the concerned statutory authorities for further action by such authorities.

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

9.2.8 The instructions, authorizations and provisions contained in the Form of Acceptance cum Acknowledgement, Form of Withdrawal and Transfer Deed (applicable for Shareholders holding Shares in physical form) constitute an integral part of the terms of the Offer.

9.2.9 Barring unforeseen circumstances and factors beyond their control, the Acquirer intends to complete all formalities pertaining to the purchase of Shares, including despatch payment of consideration to the Shareholders who have accepted the Offer, by March 05, 2011.

9.2.10 The Acquirer is permitted to revise the Offer Price upward any time up to seven (7) Working Days prior to the date of the closure of the Offer. If there is any upward revision in the Offer Price before the last date of revision (i.e. Tuesday February 8, 2011) or withdrawal of the Offer, the same would be informed by way of a public announcement in the same newspapers where the original Public Announcement appeared. Such revised Offer Price would be payable by the Acquirer to all Shareholders who tender their Shares at any time during the Offer and which are accepted under the Offer.

9.2.11 Shareholders who have sent their Shares for dematerialization need to ensure that the process of getting Shares dematerialized is completed well in time so that the credit in the Registrar's Special Depository Account should be received on or before the date of closure of the offer, i.e. Friday March 04, 2011, else the application would be rejected.

9.2.12 Any Shares credited in the Registrar's Special Depository Account prior to the opening of the Offer, i.e., Friday January 28, 2011, would be rejected.

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

9.2.14 Except for the total consideration of Rs. 70,00,00,000.00 (Rs. 25,07,72,744.00 being the consideration for acquiring the Block Deal Shares and Rs. 44,92,27,256.00 being the consideration in terms of the Purchase Agreement) and as mentioned in clause no. 3.1.1(a) and 3.1.2 of this Letter of Offer, the Acquirers have not paid either directly or indirectly any other consideration/compensation to the Sellers.

9.2.15 A schedule of the activities pertaining to the Offer is given below:

Activity	Original Schedule (1) Day and Date	Revised Schedule Day and Date
Date of Public Announcement	Monday, November 01, 2010	Monday, November 01, 2010
Corrigendum to Public Announcement	----------	Friday, January 21, 2011
Specified Date*	Friday, November 26, 2010	Friday, November 26, 2010

Last Date of Competitive Bid	Monday, November 22, 2010	Monday, November 22, 2010
Date by which Letter of Offer to be dispatched to the Shareholders	Saturday, December 11, 2010	Monday, January 24, 2011
Date of opening the Offer	Thursday, December 16, 2010	Friday, January 28, 2011
Last date for revising the Offer Price/Number of Shares	Monday, December 27, 2010	Tuesday, February 08, 2011
Last date for withdrawal of acceptance by Shareholders who have accepted the Offer	Friday, December 31, 2010	Monday, February 14, 2011
Date of closure of the Offer	Wednesday, January 05, 2011	Thursday, February 17, 2011
Last Date by which communicating acceptance /rejection and payment of consideration for accepted Shares / dispatch of Share certificate in case of rejection	Thursday, January 20, 2011	Friday, March 04, 2011

(1) As per the Public Announcement published on November 1, 2010

** Specified Date is the date for determining the names of the Shareholders to whom the Letter of Offer would be sent, being all Shareholders (except the Acquirer and Sellers) whose names appear on the register of members of the Target Company and as regards the beneficial owners of the dematerialized Shares, whose names appear as beneficiaries on the records of the respective depositories, at the close of business on November 26, 2010.*

10. PROCEDURE FOR ACCEPTANCE AND SETTLEMENT OF THE OFFER

10.1 The Acquirer made the Public Announcement on November 01, 2010 for the Offer. This Offer is made to all Persons eligible to participate in the Offer.

10.2 Holders of Shares in physical form who wish to tender their Shares will be required to send the Form of Acceptance cum Acknowledgement, original Share certificate(s), and Transfer Deed(s) duly signed to the Registrar to the Offer – Link Intime India Private Limited, (Unit – STI India Limited - Open Offer) Telephone number: :+91 22 25960320, Fax number: +91 22 25960329, Address: C-13, Pannalal Silk Mills Compound, LBS Marg, Bhandup West, Mumbai – 400 078, India, either by hand delivery on weekdays, or by registered post, on or before the closure of the Offer (i.e. no later than Thursday February 17, 2011), in accordance with the instructions to be specified in the Letter of Offer and in the Form of Acceptance cum Acknowledgement. Holders of Shares in physical form should also send the following documents along with the Form of Acceptance cum Acknowledgment:

- Registered Shareholders should enclose:

  (i) Form of Acceptance cum Acknowledgement duly completed and signed in accordance with the instructions contained therein, by sole/joint Shareholders whose name(s) appear in the Register of Shareholders and as per the specimen signature lodged with the Target Company;

  (ii) Original Share certificate(s);

  (iii) Valid Transfer Deed(s) duly signed as transferor(s) by the sole/joint Shareholders(s) in the same order as per specimen signatures lodged with the Target Company and duly witnessed at the appropriate place. The Transfer Deed should be left blank, except for the signatures as mentioned above. Attestation, where required (thumb impressions, signature differences, etc) should be done by a Magistrate, Notary Public or Special Executive Magistrate or a similar authority holding a public office and authorized to use the seal of his office or a member of a recognized stock exchange under their seal of office and membership number or manager of the transferor's bank.

In case of registered Shareholders, the Offer shall be deemed to be accepted upon receipt of the Share certificates and the duly completed Transfer Deed despite non receipt of the aforesaid documents. Notwithstanding that the signature(s) of the transferor(s) has/have been attested as aforesaid, if the signature(s) of the transferor(s) differs from the specimen signature(s) recorded with the Target Company or are not in the same order, such Shares are liable to be rejected under this Offer even if the Offer has been accepted by a bona fide owner of such Shares.

- Unregistered owners of Shares should enclose:

  (i) Form of Acceptance cum Acknowledgement duly completed and signed in accordance with the instructions contained therein;

  (ii) Original Share certificate(s);

  (iii) Original broker contract note;

  (iv) Valid Share transfer deed(s) as received from the market. The details of buyer should be left blank failing which the same will be considered invalid under the Offer. All other requirements for valid transfer (including matching of signature(s)) will be preconditions for acceptance;

  (v) The acknowledgement received, if any, from the Target Company in case the Shares have been lodged with the Target Company.

10.3 A Special Depository Account has been opened by the Registrar on behalf of the Acquirer with Ventura Securities Limited at the NSDL called, "**LIIPL – STIIL Offer Escrow Account**". The DPID is IN 303116 and Client ID is 10640246. Shareholders who have their beneficiary account with the Central Depositary Services India Limited must use the inter-depository delivery instruction slip for the purpose of crediting their Shares in favour of the Special Depository Account with NSDL.

10.4 Beneficial owners (holders of Shares in dematerialized form) who wish to tender their Shares will be required to send their Form of Acceptance cum Acknowledgement along with a photocopy of the delivery instruction in "Off-market" mode, or counterfoil of the delivery instructions in "Off-market" mode, duly acknowledged by the DP, in favour of the Special Depository Account to the Registrar to the Offer – Link Intime India Private Limited, (Unit – STI India Limited - Open Offer) Telephone number: :+91-22 25960320, Fax number: +91-22 25960329, Address: C-13, Pannalal Silk Mills Compound, LBS Marg, Bhandup West, Mumbai – 400 078, India, either by hand delivery on weekdays or by registered post, on or before the closure of the Offer (i.e. no later than Thursday February 17, 2011), in accordance with the instructions to be specified in the Letter of Offer and in the Form of Acceptance cum Acknowledgement. The credit for the delivered Shares should be received in the Special Depository Account on or before closure of the Offer (i.e. no later than Thursday February 17, 2011). Holders of Shares in dematerialized form should also enclose the following documents:

(i) Form of Acceptance cum Acknowledgement duly completed and signed in accordance with the instructions contained therein, by sole/joint Shareholders whose names appear in the beneficiary account and in the same order therein. The Form of Acceptance cum Acknowledgement has to be tendered by the beneficial holder of Shares only.

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 have been accepted.

(ii) A photocopy or counterfoil of the Delivery Instruction Slip in "off market" mode, duly acknowledged by the beneficial owners depository participant and filled as per the details of the Special Depository Account given in paragraph 10.3 of this Letter of Offer.

(iii) The Shareholders who wish to avail of and accept the Offer should deliver the Form of Acceptance cum Acknowledgement along with all the relevant documents at of the collection centre as mentioned below in accordance with the procedure as set out in the Letter of Offer.

City	Contact Person	Address	Tel. No.	Fax No.	E-mail ID	Mode of Delivery
Mumbai	Mr. Nilesh Chalke	Link Intime India Pvt. Ltd, C-13, Panalal Silk Mills Compound, L B S Marg, Bhandup (W), Mumbai - 400078.	022-25960320	022-25960329	nilesh.chalke@linkintime.co.in	Hand Delivery & Registered Post
Mumbai	Mr. Vivek Limaye	Link Intime India Pvt. Ltd, 203, Davar House, Next to Central Camera, D N Road, Fort Mumbai- 400 001	022-22694127	022-25960329	vivek.limaye@linkintime.co.in	Hand Delivery

The documents can be tendered at the above mentioned centre between 10.00 am to 4.30 pm from Monday to Friday. The abovementioned centre would be closed on Saturdays, Sundays and Public Holidays.

Please note that the Acceptance cum Acknowledgement Form along with all the relevant documents including original Share(s) certificates (in case of Shareholders holding Shares in physical form) should be sent to the Registrar to the Offer only and not to the Acquirer or the Target Company.

10.5 Persons eligible to participate in the Offer who own Shares at any time before the closure of the Offer, are eligible to participate in the Offer anytime and can transfer the Shares even if they are subject to lock-in. Unregistered owners can send their application in writing to the Registrar to the Offer, on a plain paper stating their name, address, number of Shares held, number of Shares offered, distinctive numbers, folio number, together with the original Share certificate(s), valid transfer deeds and the original contract notes issued by the broker through whom they acquired their Shares. No indemnity is required from unregistered owners. Unregistered owners, if they so desire, may also apply in the Form of Acceptance cum Acknowledgement downloadable from SEBI's website (www.sebi.gov.in). If the signature of the transferor(s) differs from the specimen signature(s) recorded with the Target Company or are not in the same order, Shares tendered by such unregistered owners are liable to be rejected under the Offer even if the Offer has been accepted by a bona fide owner of such Shares.

10.6 In case of non-receipt of the Letter of Offer, Persons eligible to participate in Offer may send their application to the Registrar to the Offer, on a plain paper stating their name, address, number of Shares held, distinctive numbers, folio number and number of Shares offered along with documents as mentioned above so as to reach the Registrar to the Offer on or before the closure of the Offer (i.e. no later than Thursday February 17, 2011), or in case of beneficial owners, they may send the application in writing to the Registrar to the Offer, on a plain paper stating their name, address, number of Shares held, number of Shares offered, DP name, DP ID, beneficiary account number, and a photocopy of the delivery instruction in "Off-market" mode or counterfoil of the delivery instruction in "Off-market" mode, duly acknowledged by the DP, in favour of the Special Depository Account, so as to reach the Registrar to the Offer, on or before the closure of the Offer (i.e. no later than Thursday February 17, 2011). Shareholders holding Shares in physical form should also send original Share certificate(s) and valid transfer deeds. Shareholders holding Shares in physical form who have lodged their Shares for transfer with the Target Company must also send the acknowledgement received, if any, from the Target Company towards such lodging of Shares.

10.7 The Shareholders participating in the Offer should also provide all relevant documents, which are necessary to ensure transferability of the Shares in respect of which the application is being sent. Such documents may include, but are not limited to:

- duly attested death certificate and succession certificate/ probate/ letter of administration (in case of single shareholder) if the original shareholder is deceased;

- duly attested Power of Attorney if any person apart from the Shareholder has signed the application form and/or Transfer Deed(s) (applicable for Shareholders holding Shares in physical form);

- no objection certificates from the chargeholder/ lender, if the Shares in respect of which the application is sent, are under any charge, lien or encumbrance;

- in case of companies, the necessary corporate authorization (including board resolutions);

- any other relevant documentation.

10.8 In terms of Regulation 22(5A) of the SEBI (SAST) Regulations, Persons eligible to participate in Offer desirous of withdrawing the Shares tendered by them in the Offer may do so up to three (3) Working Days prior to the date of closure of the Offer (i.e. no later than Monday February 14, 2011). The withdrawal option can be exercised by submitting the documents as per the instructions below, so as to reach the Registrar to the Offer at any of the collection centres mentioned above as per the mode of delivery indicated therein on or before Monday February 14, 2011.

10.9 The withdrawal option can be exercised by submitting the Form of Withdrawal, enclosed with the Letter of Offer. Shareholders should enclose the following:

a. For Shares held in demat form:

(i) Duly signed and completed Form of Withdrawal. The signature(s) should be attested by the DP.

(ii) Acknowledged slip in original/copy of the submitted Form of Acceptance cum Acknowledgement submitted by registered post.

(iii) Photocopy of the delivery instruction in “Off-market” mode or counterfoil of the delivery instruction in “Off-market” mode, duly acknowledged by the DP.

b. For Shares held in physical form:

- Registered Shareholders should enclose:

(i) Duly signed and completed Form of Withdrawal.

(ii) Acknowledged slip in original/copy of the submitted Form of Acceptance cum Acknowledgement submitted by registered post.

(iii) In case of partial withdrawal, valid Share transfer form(s) duly signed as transferors by all registered Shareholders (in case of joint holdings) in the same order and as per specimen signatures registered with the Target Company and duly witnessed at the appropriate place.

- Unregistered owners should enclose:

(i) Duly signed and completed Form of Withdrawal.

(ii) Acknowledged slip in original/copy of the submitted Form of Acceptance cum Acknowledgement submitted by registered post.

10.10 In case of non-receipt of Form of Withdrawal, the withdrawal option can be exercised by making a plain paper application to the Registrar to the Offer along with the following details:

- In case of physical Shares: name, address, distinctive numbers, folio number, and number of Shares tendered; and

- In case of dematerialized Shares: name, address, number of Shares offered, DP name, DP ID, beneficiary account number and a photocopy of the delivery instruction in "Off-market" mode or counterfoil of the delivery instruction in "Off-market" mode, duly acknowledged by the DP, in favour of the Special Depository Account.

10.11 The withdrawal of Shares will be available only for the Shares/Share certificates that have been received by the Registrar to the Offer. The Shares returned to the Shareholders will be at the address as per the records of the Target Company /depository as the case may be. The Form of Withdrawal should be sent only to the Registrars to the Offer. In case of partial withdrawal of Shares tendered in physical form by the registered Shareholder, if the original Share certificates are required to be split, the same will be returned on receipt of Share certificates from the Target Company. 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. Shareholders holding Shares in dematerialized form are requested to issue the necessary standing instruction for receipt of the credit in their DP account.

10.12 The payment to the Shareholders would be done through various modes as follows:

10.12.1 <u>National Electronic Clearing System</u> – Payment would be done through NECS for Shareholders having an account at any of the centers were such facility is available. This mode of payment would be subject to availability of complete bank account details including the MICR code as appearing on a cheque leaf, from the depositories. Shareholders holding Shares in dematerialized form may opt for payment by RTGS / NEFT (please see below) failing which payment to such Shareholders will be made through NECS. In the event that payment to such Shareholders cannot be made by NECS on account of incorrect details or any other reason, payment to such Shareholders will be made by demand drafts / cheques. Shareholders holding Shares in physical form may opt for payment by RTGS / NEFT (please see below) failing which payment to such Shareholders shall be made by cheques / demand drafts as per bank details provided by such Shareholders in the Form of Acceptance cum Acknowledgment.

10.12.2 <u>Direct Credit</u> – Shareholders having bank accounts with the Escrow Agent, as mentioned in the Form of Acceptance cum Acknowledgement, shall be eligible to receive payments through direct credit. Charges, if any, levied by the Escrow Agent for the same would be borne by the Acquirer.

10.12.3 <u>Real Time Gross Settlement</u>– Shareholders having a bank account at any of the abovementioned centres and whose amount exceeds Rs. 2 lacs, have the option to receive the payment through RTGS. Such eligible Shareholders who indicate their preference to receive payment through RTGS are required to provide the IFSC code in the Form of Acceptance cum Acknowledgement. In the event the same is not provided, payment shall be made through NECS in case of Shareholders holding Shares in demat form and through demand drafts / cheques in case of Shareholders holding Shares in physical form. Charges, if any, levied by the Escrow Agent for the same would be borne by the Acquirer. Charges, if any, levied by the Shareholder's bank receiving the credit would be borne by the Shareholder.

10.12.4 <u>National Electronic Fund Transfer</u> – Payment shall be undertaken through NEFT wherever the Shareholder's bank has been assigned the IFSC, which can be linked to a MICR, if any, available to that particular bank branch. IFSC will be obtained from the website of RBI as on a date immediately prior to the date of payment, duly mapped with MICR numbers. Wherever the Shareholders have 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 of that particular bank branch and the payment will be made to the Shareholder through this method. The process flow in respect of payments by way of NEFT is at an evolving stage and hence use of NEFT is subject to operational feasibility, cost and process efficiency. In the event that NEFT is not operationally feasible, the payment would be made through any one of the other modes as discussed above.

10.13 For all Shareholders, including physical Shareholders, to whom payments cannot be made by NECS / RTGS or NEFT, the payments will be dispatched under certificate of posting for value upto Rs. 1,500.00 and through speed post/ registered post for payments above Rs. 1,500.00 and above. Such payments will be made by cheques, pay orders or demand drafts drawn on the Escrow Agent and payable at par at places where acceptance forms are received. Bank charges, if any, for cashing such cheques, pay orders or demand drafts at other centres will be payable by the Shareholders.

10.14 The Registrar to the Offer will hold in trust the Shares / Share certificates, Shares lying to the credit of the Special Depository Account, Form of Acceptance cum Acknowledgement, if any, and the transfer form(s) on behalf of Persons eligible to participate in Offer who have accepted the Offer, until the cheques / drafts for the consideration and / or the unaccepted Shares / Share certificates are dispatched / returned, as applicable.

10.15 If the aggregate of the valid responses to the Offer exceeds the Offer Size, then the Acquirer shall accept the valid applications received on a proportionate basis in accordance with Regulation 21(6) of the SEBI (SAST) Regulations. Since the Shares are compulsorily traded in dematerialized form, minimum acceptance will be one Share.

10.16 Unaccepted Share certificates, transfer forms and other documents, if any, will be returned by Registered Post at the Shareholders' / unregistered owners' sole risk, to the sole / first Shareholder / unregistered owners. Unaccepted Shares held in dematerialized form 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 cum Acknowledgement.

10.17 While tendering the Shares under the Offer, NRIs / OCBs / foreign shareholders will be required to submit the previous RBI approvals (specific or general) that they would have obtained for acquiring the Shares. In case previous RBI approvals are not submitted, the Acquirer reserves the right to reject such Shares.

10.18 While tendering their Shares under the Offer, NRIs, OCBs and other Non-Resident Shareholders will be required to submit a No Objection Certificate **("NOC")** or Tax Clearance Certificate ("**TCC**") or Certificate for Deduction of Tax at Lower Rate from the Income-tax authorities under the Income-tax Act, 1961 indicating the amount of tax to be deducted by the Acquirer before remitting the consideration, failing which the Acquirer will arrange to deduct tax at the maximum marginal rate as may be applicable to the relevant category to which the Shareholder belongs under the Income Tax Act, 1961, on the entire consideration amount payable to such Shareholder.

10.19 As per the provisions of Section 196D (2) of the Income Tax Act, 1961, no deduction of tax at source will be made from any income by way of capital gains arising from the transfer of securities referred to in Section 115AD of the Income Tax Act, 1961 to a FII as defined in Section 115AD of the Income Tax Act, 1961. However the interest payment for delay in payment of consideration, if any, will not be governed by this provision. For interest payments, if any, NRIs, OCBs and other Non-Resident Shareholders will be required to submit a NOC or TCC or Certificate for Deduction of Tax at Lower Rate from the Income-tax authorities under the Income-tax Act, 1961 indicating the amount of tax to be deducted by Acquirer before remitting the consideration, failing which Acquirer will arrange to deduct tax at the maximum marginal rate as may be applicable to the relevant category to which the Shareholder belongs under the Income Tax Act, 1961, on the entire consideration amount payable to such Shareholder.

10.20 In case of resident Shareholders, tax will be deducted on the interest component exceeding Rs. 5,000.00 at the applicable current prevailing rates. If the resident Shareholder requires that no tax is to be deducted or tax is to be deducted at a lower rate than the prescribed rate, such Shareholders will be required to submit a NOC or TCC or Certificate for Deduction of

Tax at Lower Rate from the Income-tax authorities under the Income-tax Act, 1961 indicating the amount of tax to be deducted by Acquirer or a self-declaration in form 15G of Form 15H as may be applicable. Shareholders eligible to receive interest component exceeding Rs. 5,000.00 would be required to submit their Permanent Account Number for income tax purposes. Clauses relating to payment of interest will become applicable only if the Acquirer becomes liable to pay interest for delay in release of purchase consideration.

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

11. DOCUMENTS FOR INSPECTION

The following documents will be available for inspection to the Shareholders of the Target Company at the office of Manager to the Offer, whose address is given on the cover page of this document, between 10:30 am and 3 pm on all Working Days (except Saturdays, Sundays and public holidays) from the date of opening of the Offer until the date of closure of the Offer:

a. Memorandum and Articles of Association of the Acquirer.

b. Copy of the Purchase Agreement and the Other Agreements.

c. Copy of the Memorandum of Understanding between Manager to the Offer and Acquirer.

d. Copy of the Escrow Agreement.

e. Copies of Undertakings from the Acquirer in relation to the proposed Offer.

f. Certificate dated October 30, 2010 by Mr. R.P.Laddha, Partner, (Membership No. 048195), M/s. V K Beswal & Associates, Statutory Auditors having its address at 408/410, Rewa Chambers, 31, New Marine Lines, Mumbai 400 020, regarding the adequacy of financial resources with the Acquirer to fulfill the Offer obligation.

g. Copy of Certificate dated November 10, 2010 of the Statutory Auditor of the Acquirer.

h. Annual Reports of the Target Company for the financial year ended March 31, 2007, March 31, 2008 and March 31, 2009 and unaudited financial statements for the FY March 31, 2010 and limited review for the 3 (three) months ended June 30, 2010.

i. Annual Report of the Acquirer for the financial years March 31, 2008, March 31, 2009 and March 31, 2010 and unaudited financial statements (limited reviewed) as at and for the 3 (three) months period ended June 30, 2010.

j. Copy of a certificate from Axis Bank Limited confirming the amount placed in the Escrow Account, towards the proposed Offer and a lien in favour of Axis Bank Limited.

k. Copy of the Memorandum of Understanding with the Registrar to the Offer.

l. Published copy of the Public Announcement published in the newspapers on November 01, 2010.

m. Published copy of Corrigendum to Public Announcement published in the newspapers on January 21, 2011.

n. Copy of letter received from SEBI, Ref. Nos. CFD/DCR/TO/SA/OW/1868/11 dated January 17, 2011, in terms of proviso to Regulation 18(2) of the SEBI (SAST) Regulations.

o. Copy of the RBI application dated November 08, 2010.

12. DECLARATION BY THE ACQUIRER

12.1 The Acquirer is unable to verify the factual accuracy of information pertaining to the Sellers. As such in terms of Regulation 22 (6) of the SEBI (SAST) Regulations, the directors of the Acquirer and the Target Company do not accept any responsibility for statements pertaining to the Sellers and the Target Company. Subject to the above, the Acquirer, and their respective directors accept responsibility for the information contained in this Public Announcement and also for the obligations of the Acquirer laid down in the SEBI (SAST) Regulations.

12.2 The Acquirer shall be responsible for ensuring fulfillment of their obligations under with the SEBI (SAST) Regulations.

12.3 All information contained in this document is as on the date of the Public Announcement, unless stated otherwise.

For and on behalf of Bombay Rayon Fashions Limited

Sd/-

Prashant Agrawal
Managing Director

Place: Mumbai
Date: January 21, 2011

Encl:

1. Form of Acceptance
2. Form of Withdrawal
3. Transfer deed for shareholders holding shares in physical form

FORM OF ACCEPTANCE-CUM-ACKNOWLEDGEMENT
STI INDIA LIMITED - OPEN OFFER
THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

(Please send this form with enclosures to Link Intime India Private Limited at the collection centre mentioned in the Letter of Offer)

OFFER OPENS ON	**: Friday, January 28, 2011**
LAST DATE OF WITHDRAWAL	**: Monday, February 14, 2011**
OFFER CLOSES ON	**: Thursday, February 17, 2011**

From

Name : ____________________

Address : ____________________

____

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

To,
The Acquirer - Bombay Rayon Fashions Limited
C/o Link Intime India Private Limited
C-13, Pannalal Silk Mills Compound,
LBS Marg, Bhandup West,
Mumbai - 400 078, India,

Dear Sir,

Sub: Open Offer to acquire 58,00,000 equity shares of Rs.10/- each representing 20% of the Share Capital of STI India Limited (Target Company) by Bombay Rayon Fashions Limited ("Acquirer") in terms of SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 1997 and amendments thereto ("Regulations")

I/We refer to the Letter of Offer dated January 21, 2011 for acquiring the equity shares held by me/us in the Target Company. I/We, the undersigned have read the Letter of Offer and understood their contents including the terms and conditions as mentioned therein

SHARES IN DEMATERIALIZED FORM

I/We, holding Shares in the dematerialised 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 shares as detailed below :

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

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:

Ledger Folio No(s). :

Sr. No.	Certificate No.	Distinctive No(s)		No. of Shares
		From	To	
1				
2				
3				
4				
5				
6				
7				
(In case the space provided in inadequate, please attach a separate sheet with details)			**Total No. of Shares**	

I/We have done an off-market transaction for crediting the shares to the depository account with Ventura Securities Limited as the DP in NSDL styled **"LIIPL - STIIL Offer Escrow Account"** whose particulars are:

DP Name: Ventura Securities Limited	DP ID: IN 303116	Client ID: 10640246

Shareholders having their beneficiary account with CDSL will have to use inter-depository slip for the purpose of crediting their shares in favour of the Special Depository Account with NSDL.

TEAR ALONG THIS LINE

ACKNOWLEDGEMENT SLIP
STI India Limited - Open Offer
(To be filled in by the shareholder) (Subject to verification)

Sr. No. ____________

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

Address ____________

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

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

☐ Physical Shares: No. of shares________; No. of Certificates enclosed ________

☐ Demat Shares: Copy of delivery instruction for ________ number of shares enclosed

Signature of Official ____________ Date of Receipt ____________

Stamp of Collection Centre

Enclosures (Please tick as appropriate, if applicable)

- ☐ **Duly attested Power of Attorney, if any person apart from the shareholder, has signed the acceptance form or transfer deed(s).**
- ☐ **Corporate authorization in case of Companies along with Board Resolution and Specimen Signatures of Authorised Signatories**
- ☐ **No Objection Certificate & Tax Clearance Certificate under Income-tax Act, 1961, for NRIs/OCBs/Foreign Shareholders as applicable**
- ☐ **Duly attested Death Certificate/ Succession Certificate (in case of single shareholder) in case the original shareholder has expired.**
- ☐ **Others (please specify):**

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

I/We note and understand that the original share certificate(s) and valid share transfer deed will be held in trust for me/us by the Registrar to the Offer until the time the Acquirer pays 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.

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

I/We note and understand that the Shares would lie in the Special Depository Account until the time the Acquirer makes payment of purchase consideration as mentioned in the Letter of Offer.

I/We authorise 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) in respect of which the offer is not found valid/ not accepted. The Permanent Account No. (PAN) allotted under the Income Tax Act, 1961 is as under.

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

Bank Details

So as to avoid fraudulent encashment in transit, shareholder(s) holding shares in physical form should provide details of bank account of the first/sole shareholder and the consideration cheque or demand draft will be drawn accordingly. For the shares that are tendered in electronic form, the bank account details obtained from the beneficiary position download to be provided by the depositories will be considered and the consideration payment will be issued with the said bank particulars. Please indicate the preferred mode of receiving the payment consideration. (Please tick)

1) Electronic Mode: _________, 2) Physical Mode: ________

Sr. No.	Particulars Required	Details
I.	Name of the Bank	
II.	Complete Address of the Bank	
III.	Account Type (CA/SB/NRE/NRO/Others - Please Mention)	
IV.	Account No.	
V.	9 Digit MICR Code	
VI.	IFSC Code (for RTGS/NEFT transfers)	

For NRIs / OCBs / Foreign Shareholders

I / We, confirm that the tax deduction on account of equity shares of STI India Limited held by me / us is to be deducted on (select whichever is applicable):

- ☐ Long-term capital Gains
- ☐ Short-term capital Gains
- ☐ Trade Account

I / We, have enclosed the following documents

- No objection certificate / Tax clearance certificate from the Income Tax Authorities
- RBI approvals for acquiring shares of STI India Limited hereby tendered in the Offer
- Copy of Permanent Account Number / PAN Card

In order to avail the benefit of lower rate of tax deduction under the DTAA, if any, kindly enclose a certificate stating that you are a tax resident of your country of incorporation in terms of the DTAA entered into between India and your country of residence

TEAR ALONG THIS LINE

All future correspondence, if any, should 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

(Unit: STI India Limited - Open Offer)

C-13, Pannalal Silk Mills Compound, LBS Marg, Bhandup West, Mumbai - 400 078

Tel: :+91-22- 25960320,

Fax: +91-22-25960329

For FII Shareholders:

I / We, confirm that the equity shares of STI India Limited are held by me / us on (select whichever is applicable):

☐ Investment / Capital Account

☐ Trade Account

In case the shares are held on trade account, kindly enclose a certificate stating that you are a tax resident of your country of residence / incorporation and that you do not have a permanent establishment in India in terms of the Double Taxation Avoidance Agreement (DTAA) entered into between India and your country of residence.

Where the tax is to be deducted on account of long-term capital gains, the Shareholders should submit a certificate from a Chartered Accountant (along with proof such as demat account statement) certifying that the shares have been held for more than one year. In order to claim the benefit of computation of tax liability on the net capital gains (i.e. after reducing the cost of acquisition of shares), the shareholder should obtain a tax clearance certificate from the assessing officer certifying the net income chargeable to capital gains tax. Alternatively, the Shareholders can submit a certificate from a Chartered Accountant certifying the cost of acquisition / net income that will be chargeable to capital gains. In the absence of the above tax would be deducted on the entire consideration paid to the shareholders.

Yours faithfully,

Signed and Delivered

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

Note: In case of joint holdings, all holders must sign. In case of body corporate, the Company seal should be affixed

Place:

Date:

SHAREHOLDERS ARE REQUESTED TO NOTE THAT THE ACCEPTANCE FORMS / SHARES THAT ARE RECEIVED BY THE REGISTRARS AFTER THE CLOSE OF THE OFFER i.e. BY 4.30 P.M. ON THURSDAY, FEBRUARY 17, 2011 SHALL NOT BE ACCEPTED UNDER ANY CIRCUMSTANCES AND HENCE ARE LIABLE TO BE REJECTED.

INSTRUCTIONS

1. In the case of demateralised shares, the shareholders are advised to ensure that their shares are credited in favour of the Special Depository Account, before the closure of the Offer i.e. Thursday, February 17, 2011. The Form of Acceptance-cum-Acknowledgement of such demat shares not credited in favour of the Special Depository Account, before the closure of the Offer will be rejected.
2. Shareholders should enclose the following:

a. **For Equity shares held in demat form:**

Beneficial owners should enclose-

- Form of Acceptance-cum-Acknowledgement duly completed and signed in accordance with the instructions contained therein, as per the records of the Depository Participant (‘DP’).
- Photocopy of the delivery instruction in “Off-market” mode or counterfoil of the delivery instruction in “Off-market” mode, duly acknowledged by the DP as per the instruction in the Letter of Offer.
- In case of non-receipt of the aforesaid documents, but receipt of the Shares in the Special Depository Escrow Account, the Acquirer may deem the Offer to have been accepted by the shareholder.
- For each delivery instruction, the beneficial owner should submit separate Form of Acceptance.

b. **For Equity shares held in physical form:**

Registered shareholders should enclose-

- Form of Acceptance-cum-Acknowledgement duly completed and signed in accordance with the instructions contained therein, by all shareholders whose names appear on the share certificates.
- Original Share Certificate(s)
- Valid Share Transfer form(s) duly signed as transferors by all registered shareholders (in case of joint holdings) in the same order and as per specimen signatures registered with STI India Limited and duly witnessed at the appropriate place. A blank Share Transfer form is enclosed along with the Letter of Offer.
- **<u>Please do not fill in any other details in the transfer deed except name, signature and witness</u>**. Verification and Attestation, where required, (thumb impressions, signature difference, etc.) should be done by a magistrate, notary public or special executive magistrate or a similar authority holding a Public Office and authorized to use the seal of his office.

  The details of buyer should be left blank failing which the same will be invalid under the Offer. The details of the Acquirer as buyer will be filled by the Acquirer upon verification of the Form of Acceptance and the same being found valid. All other requirements for valid transfer will be preconditions for valid acceptance.

  If the Registrar to the Offer does not receive the documents listed above but receives the original share certificates and valid transfer deed from a registered Shareholder, then the Offer will be deemed to have been accepted by such Shareholders

Unregistered owners should enclose-

- Form of Acceptance-cum-Acknowledgement duly completed and signed in accordance with the instructions contained therein.
- Original Share Certificate(s)
- Original broker contract note
- Valid Share Transfer form(s) as received from the market leaving details of buyer blank. If the same is filled in then the Share(s) are liable to be rejected.

3. The share certificate(s), share transfer form(s) and the Form of Acceptance should be sent only to Link Intime India Private Limited, the Registrar to the Offer **and not to Axis Bank Limited, the Manager to the Offer, the Acquirer or Target Company.**
4. Shareholders having their beneficiary account in CDSL have to use "INTER DEPOSITORY DELIVERY INSTRUCTION SLIP" for the purpose of crediting their shares in favour of the special depository account with NSDL.
5. While tendering the shares under the Offer, NRIs/ OCBs/ foreign shareholders will be required to submit the previous RBI Approvals (specific or general) that they would have obtained for acquiring the shares of the Target Company and a No Objection Certificate/ Tax Clearance Certificate from the Income-Tax authorities under the Income-tax Act, 1961, indicating the rate at which the tax is to be deducted by the Acquirer before remitting the consideration. In case the previous RBI approvals are not submitted, the Acquirer reserve the right to reject such Shares tendered. In case the aforesaid No Objection Certificate/ Tax Clearance Certificate is not submitted, the Acquirer will deduct tax at the currently prevailing rate as advised by their tax advisors on the entire consideration amount payable to such NRI / OCB /Non-domestic companies / Other persons who are not resident in India. In order to claim the benefit of computation of tax liability on the net capital gains (i.e. after reducing the cost of acquisition of shares), the shareholder should obtain a tax clearance certificate from the assessing officer certifying the net income chargeable to capital gains tax. Alternatively, the Shareholders can submit a certificate from a Chartered Accountant certifying the cost of acquisition / net income that will be chargeable to capital gains. In the absence of the above tax would be deducted on the entire consideration paid to the shareholders.
6. The Form of Acceptance-cum-Acknowledgement and other related documents should be submitted at any of the Collection Centers of Link Intime India Private Limited as mentioned elsewhere in the Letter of Offer.
7. The Form of Acceptance-cum-Acknowledgement along with enclosure should be sent only to the Registrar to the Offer so as to reach the Registrar of the Offer at any of the collection centres on all days (excluding Saturdays, Sundays and Public holidays) during the business hours i.e. (Mondays to Fridays between 10.00 a.m. to 4.30 p.m. All queries pertaining to this Offer may be directed to the Registrar to the Offer.

FORM OF WITHDRAWAL
STI INDIA LIMITED - OPEN OFFER

(Please send this form with enclosures to Link Intime India Private Limited at any of the collection centres as mentioned in the Letter of Offer)

OFFER OPENS ON	**: Friday, January 28, 2011**
LAST DATE OF WITHDRAWAL	**: Monday, February 14, 2011**
OFFER CLOSES ON	**: Thursday, February 17, 2011**

From

Name : ______________________________

Address : ______________________________

____

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

To,
The Acquirer - Bombay Rayon Fashions Limited
C/o Link Intime India Private Limited
C-13, Pannalal Silk Mills Compound,
LBS Marg, Bhandup West,
Mumbai - 400 078, India,

Dear Sir,

Sub: Open Offer to acquire 58,00,000 equity shares of Rs.10/- each representing 20% of the Share Capital of STI India Limited (Target Company) by Bombay Rayon Fashions Limited) in terms of SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 1997 and amendments thereto ("Regulations")

I/We refer to the Letter of Offer dated January 21, 2011 for acquiring the Equity Shares held by me/us in Target Company.

I/We, the undersigned have read the Letter of Offer and understood its contents including 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 authorise the Acquirer to return to me/us, the tendered equity 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 at any of the collection centres mentioned in the Letter of Offer or mentioned overleaf as per the mode of delivery indicated therein on or before the last date of withdrawal i.e. Monday, February 14, 2011.

I/We note that 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 dematerialised 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) and shares only on completion of verification of the documents, signatures and beneficiary position as available from the Depositories from time to time.

The particulars of tendered original share certificate(s) and duly signed transfer deed(s) are detailed below:

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

ACKNOWLEDGEMENT SLIP- WITHDRAWAL FORM
STI India Limited- Open Offer

Sr. No. ______________

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

Address ______________________________

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

Stamp of Collection Centre

Signature of Official ______________ Date of Receipt ______________

Ledger Folio No(s). :

Sr. No.	Certificate No.	Distinctive No(s)		No. of Shares
		From	To	
1				
2				
3				
4				
5				
6				
7				
(In case the space provided in inadequate, please attach a separate sheet with details)			**Total No. of Equity Shares**	

I/We hold the following Shares in dematerialised form and had done an off-market transaction for crediting the shares to the Ventura Securities Limited as the DP in NSDL styled **"LIIPL - STIIL Offer Escrow Account"** whose particulars are:

DP Name: Ventura Securities Limited	DP ID: IN 303116	Client ID: 10640246

Please find enclosed a photocopy of the depository delivery instruction(s) duly acknowledged by DP. The particulars of the account from which my/our Shares have been tendered are as detailed below:-

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

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.
In case of dematerialised shares, I/we confirm that the signatures have been verified by the DP as per their records and the same have been duly attested.
I/We confirm that the particulars given above are true and correct.
Yours faithfully,

Signed and Delivered:

Full Name(s) of the Shareholder(s)		PAN Number(s)	Signature
First/Sole Holder			
Joint Holder 1			
Joint Holder 2			
Joint Holder 3			

Note: In case of joint holdings, all shareholders must sign.

Place: ________________________________ Date: ______________________________

INSTRUCTIONS

1. Shareholders desirous of withdrawing their acceptances tendered in the Offer can do so up to three working days i.e. by Monday, February 14, 2011 prior to the close of the Offer, i.e. Thursday, February 17, 2011
2. The withdrawal option can be exercised by submitting the Form of Withdrawal, duly signed and completed, along with the copy of acknowledgement slip issued at the time of submission of the Form of Acceptance-cum-Acknowledgement.
3. In case of partial withdrawal of Shares tendered in physical form, if the original share certificates are required to be split, the same will be returned on receipt of share certificates from the Target Company. The facility of partial withdrawal is available only to registered shareholders.
4. The Form of Withdrawal along with enclosure should be sent only to the Registrar to the Offer so as to reach the Registrar of the Offer at any of the collection centres on all days (excluding Saturdays, Sundays and Public holidays) during the business hours i.e. (Mondays to Fridays between 10.00 a.m. to 4.30 p.m. All queries pertaining to this Offer may be directed to the Registrar to the Offer.

TEAR ALONG THIS LINE

All future correspondence, if any, should 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

(Unit: STI India Limited - Open Offer)

C-13, Pannalal Silk Mills Compound, LBS Marg, Bhandup West, Mumbai - 400 078

Tel: :+91-22- 25960320,

Fax: +91-22-25960329