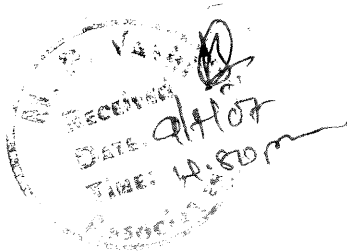


DAVE & GIRISH & CO.

Advocates

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7th July, 2007



M/s. M.P. Vashi & Associates
Jalaram Jyot Building, 2nd Floor,
Janmabhoomi Street,
Fort, Bombay 400 001.

“Without Prejudice”

Dear Sir,

Re: Offer of settlement of outstanding dues to ANZ

As you know we act for Standard Chartered Bank (formerly ANZ Grindlays Bank) in relation to this matter.

We refer to your letter dated 13 March 2007 addressed to Tim L'Estrange. Mr L'Estrange has moved into a new role in ANZ and accordingly we have been instructed to respond on behalf of the Bank.

Firstly, please accept our client's apologies for the delay in responding to you. Our client's representative had hoped to respond by way of a discussion with you or your clients when in India for a hearing in April but that visit has been deferred, so we are now writing. In response to your letter:

1. Our client does not agree with your assertion that the Bank's claim for interest will not qualify for priority under Section 11(2)(b) of the Special Courts Act.
2. However, without prejudice to our client's right to pursue its claim for interest on the principal sum of Rs.5,06,53,49,115, it is not clear how your clients could ensure that a settlement for the principal amount alone would be paid to our client and in what time frame? In particular, in reference to paragraph 11(c) of your letter:
 - a. What locus standi do your clients have to move the Special Court to release the bank balances of notified entities in view of the Income Tax Department's (ITD's) demands and its statutory priority under Section 11(2)(a) of the Special Courts Act?
 - b. The Special Court needs to scale down the ITD's assessments before any refund of amounts released on an interim basis to the ITD occurs.
 - c. How will your clients cause recovery of assets and monies to augment the liquid balance and the asset base of the late HSM?

d. What are the chances of success of an application to the Special Court contesting SBI's decrees and what is the basis of such challenge?

3. In Addition to the above, the following points/options may also be considered:

- a. Whether notified parties can arrange for a third party payment and if so whether an "advance" as part of the principal amount could be paid?
- b. What would be the source of recovery if the notified party does not succeed in contesting/achieving the relief's sought by them?
- c. Is there any security/surety/Bank guarantee that can be furnished by any solvent party towards the payments to be made by the notified party, in case of failure of payment in time as agreed by the notified party?
- d. Is it possible for the notified parties to work out an arrangement with a solvent party (either Bank/Financial Institution), to whom SCB can assign the decree for a valid consideration to be paid under the orders of the Special Court?
- e. The Notified party should make the payment of the costs of the litigation and other charges incurred by the Bank so far, in addition to the Principal amount of the decree.

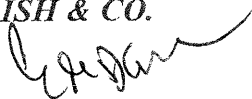
Our client may require discussing the settlement proposal with NHB if at all finalised between your client and our client.

As you can see, there is still much detail to be provided before your clients' offer is capable of acceptance by our client, assuming it were minded to do so.

Mr. Simon Crawford, our client's authorised representative, expects to be in India the week after next and is without prejudice to the Bank's claims made against HSM's estate and others, happy to meet with you and your clients to further discuss the proposal.

We will contact you shortly to try and arrange a meeting.

Yours faithfully,
for **DAVE & GIRISH & CO.**



Advocates for Standard Chartered Bank.