PUBLIC ANNOUNCEMENT TO THE SHAREHOLDERS OF
QUANTUM SOFTECH LIMITED
(Regd. Office: 101, Vaibhav Apartments, 4-2-1069, Ramkote, Hyderabad-500 001)

This Public Announcement (PA) is being issued by Ashika Capital Limited (hereinafter referred to as "Manager to the Offer"), for and on behalf of **Mr. P. Kodanda Rambabu** and **Mrs. Kodali Vijaya Rani** (hereinafter referred to as "the Acquirers") pursuant to Regulation 10 & 12 in compliance with the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 1997 and subsequent amendments thereto (hereinafter referred to as "Regulations").

1. THE OFFER:

a) The Open Offer is being made by Mr. P. Kodanda Rambabu residing at Flat No. 107, Balaji Vihar Apartments, 8-3-167/D/196&197, Kalyan Nagar, Hyderabad-38 and Mrs. Kodali Vijaya Rani residing at VRS & VJ Residential School, Batchupally, Hyderabad-72 to the Equity Shareholders of QUANTUM SOFTECH LIMITED (hereinafter referred to as "Target Company" or "Quantum").

b) On January 24, 2005 the Acquirers has decided to acquire 16,19,429 fully paid-up Equity Shares of Rs.10/- each at a Price of Re. 0.37 per share and 19,50,800 fully paid-up Equity Shares of Rs.10/- each at a Price of Re. 0.12 per share aggregating to 54.02% of the Issued and Voting Capital of the Target Company through Share Purchase Agreements from existing Shareholders (Promoter Group). The proposed acquisition is through the following Agreements:

Name of the Seller	No. of Shares	Negotiated Price (Rs.)	% of Target Company Share & voting capital
Agreement I			
Mr. R. Vijay Kumar	6,55,800	0.37/- (Thirty Seven Paise)	9.92%
Mrs. Namrata Malpani*	2,32,000	0.37/- (Thirty Seven Paise)	3.51%
Mr. Ajay Malpani*	2,96,130	0.37/- (Thirty Seven Paise)	4.48%
Mrs. Pooja Malpani*	1,48,400	0.37/- (Thirty Seven Paise)	2.25%
Mr. J. C. Laddha*	2,87,099	0.37/- (Thirty Seven Paise)	4.34%
Sub Total	16,19,429		24.50%
Agreement II			
Quantum IT Investments Inc., USA+	19,50,800	0.12/- (Twelve Paise)	29.52%
TOTAL	35,70,229		54.02%

*Signed by Constituted Power of Attorney holder Mr. R. Vijay Kumar.
+ Signed by Mr. R. Vijay Kumar-General Power of Attorney holder.

The Agreement I is executed between Mr. R. Vijay Kumar and Mr. P. Kodanda Rambabu, where as Agreement II is executed between Quantum IT Investments Inc. and Mr. P. Kodanda Rambabu & Mrs. Kodali Vijaya Rani.

c) For the purpose of this Offer, there is no Person Acting in Concert as per the provisions of the Regulation 2(1)(e) of the Regulations.

d) The Acquirers are now making this Open Offer (the "Offer") to the Shareholders of Quantum (other than the parties to the Agreement) to acquire from them up to 13,21,860 Fully Paid-up Equity Shares of Rs. 10/- each at a price of Re. 0.50/- per share ("Offer Price") representing 20% of its Subscribed and Voting Capital, payable in cash. Quantum does not have any partly paid-up Equity Shares.

e) The Offer is unconditional and not subject to any minimum level of acceptance.

f) The Equity Shares of Quantum are listed on The Stock Exchanges of Hyderabad and Bangalore. Based on the information available, the shares of Quantum deemed to be infrequently traded on the Stock Exchanges within the meaning of Regulation 20 of the Regulations and therefore, the Offer Price has been determined taking into account the following parameters:

a)	Negotiated Price under the Agreement	:	Re. 0.12 and Re. 0.37 per share	
b)	Highest Price paid by the Acquirers for acquisition, including by way of allotment in a public or rights or preferential issue during the twenty six week period prior to the date of Public Announcement	:	-	-
c)	Other parameters	:	Based on Audited Accounts for the year-ended 31-03-04	Based on figures for the period ended 30-09-04 (un-audited)
	Return on Net worth	:	Negative	Negative
	Book Value	:	Re. 0.15	Re. 0.14
	Earning per Share	:	Nil	Nil
	Price Earning	:	-	-

The Offer Price of Re. 0.50 per Equity Share of Quantum is more than the price at which the Acquirers agreed to acquire 54.02% of the Paid-up Capital of the Quantum. Thus the Offer Price of Re. 0.50 per share is justified.

g) The Acquirers does not hold any Equity Shares of Quantum as on the date of this Public Announcement, except those agreed to be acquired in terms of Agreements disclosed under point 'b' above. The Acquirers has not acquired either directly or through any other person any Shares of Quantum during the 12 months preceding the date of Public Announcement.

h) This is not a competitive bid.

i) Acquirers have not entered into any separate non-compete agreement with the Sellers.

j) The Acquirers has undertaken to comply with the Regulations and complete the Offer formalities irrespective of the compliance or fulfillment or outcome of the Agreement with the Sellers.

k) The Manager to the Offer does not hold any equity shares in the Target Company, as on the date of this PA.

2. INFORMATION ABOUT THE ACQUIRERS:

a) Mr. P. Kodanda Rambabu, S/o. Late P. Satyanarayana, aged about 48 years is a resident of Flat No. 107, Balaji Vihar Apartments, 8-3-167/D/196&197, Kalyan Nagar, Hyderabad-58. Tel. No.: +91-040-23812073. He completed Bachelor of Commerce from Andhra University in the year 1976. He also completed Post Graduate Diploma in Financial Management and Post Graduate Diploma in Management from IGNOU, New Delhi in the year 1998 and 1999 respectively. He has over two decades of experience in the areas of Finance, Accounts, Administration and Investments. Presently, he is occupied with the contracts of construction of independent houses in Hyderabad. His Networth as on 24.01.2005 is Rs. 26.15 Lakhs as certified by Mr. Ravi Rambabu (Membership No. 18541) vide certificate dated January 24, 2005, Partner of Rambabu & Co., Chartered Accountants, having Office at 6-3-1090/1/A, 31, Pancom Chambers, Rajbhavan Road, Hyderabad-500 082, Tel. No. +91-40-23311587.

b) Mrs. Kodali Vijaya Rani, D/o. Late K. Venkata Subbarao, aged about 54 years is a resident of VRS & VJ Residential School, Batchupally, Hyderabad-72, Tel. No. +91-40-23044668. She did her Master of Arts in the year 1973 and Bachelor of Education in the year 1974 from Andhra University and Master of Education in the year 1989 from Annamalai University. She has three decades of experience in the area of Educational Services. Presently, she is working in VRS & VJ Residential School as a Principal. Her Net worth as on as on 24.01.2005 is Rs. 36.49 Lakhs as certified by Mr. Ravi Rambabu (Membership No. 18541) vide certificate dated January 24, 2005, Partner of Rambabu & Co., Chartered Accountants, having Office at 6-3-1090/1/A, 31, Pancom Chambers, Rajbhavan Road, Hyderabad-500 082, Tel. No. +91-40-23311587.

c) Presently, both Acquirers are Directors of the Target Company.

3. INFORMATION ABOUT THE TARGET COMPANY:

a) Quantum was originally incorporated on 3rd September 1998 under the Companies Act, 1956 in the name & style of "Quantum Mindware Limited" and the name was subsequently changed to "Quantum Softech Limited". The new Certificate of Incorporation consequent to change of name was obtained from Registrar of Companies (ROC), Andhra Pradesh on 1st December 1999. The Registered Office of the Company is presently situated at 101, Vaibhav Apartments, 4-2-1069, Ramkote, Hyderabad-500 001.

b) As on the date of this Public Announcement, the Issued and Subscribed Share Capital of the Company is Rs. 6,60,93,000 (Rupees Six Crores Sixty Lakhs and Ninety Three Thousand only) comprising of 66,09,300 fully paid up Equity Shares of Rs. 10/- each. There are no partly Paid-up Equity Shares.

c) Quantum is engaged in the business of Software Development.

d) The Equity Shares of Quantum are listed on The Stock Exchanges of Hyderabad and Bangalore.

e) As per the Audited Accounts for the year ended 31st March 2004, the Total Income was Rs. 1.25 Lakhs and Loss after Tax was Rs. 170.25 Lakhs. The Networth, Book Value per share and Earning Per Share for the year ended 31.03.2004 are Rs. 10.20 Lakhs, Re. 0.15 and Nil respectively.

f) The Object Clause of Memorandum of Association of Quantum has been altered in the last Annual General Meeting held on 30.12.2004 to include interalia construction and its allied activities.

4. REASONS FOR THE ACQUISITION AND THE OFFER:

a) The offer has been made pursuant to Regulation 10 & 12 and other provisions of the Chapter III and in compliance with the Regulations.

b) The Acquirers by virtue of their Managerial/Administrative expertise intend to enter into Real Estate Development and Construction activities in large scale by taking management control of Quantum through acquisition of share of the Target Company.

c) Through this acquisition, the Acquirers intend to expand their business and also derive benefits of a Listed Company.

d) The Acquirers do not have any plans to sell, dispose of or otherwise encumber any significant assets of Quantum in the next two years, except in the ordinary course of business. The Acquirers will not dispose off, sell or otherwise encumber any substantial Assets of Quantum except with prior approval of the Shareholders.

5. STATUTORY APPROVALS/ OTHER APPROVALS REQUIRED FOR THE OFFER:

a) The Offer along with any obligation relating to payment for, and purchase of, the shares tendered is subject to the receipt of necessary approval(s), if any, from the Reserve Bank of India ("RBI") under Foreign Exchange Management Act, 1999 ("FEMA") and subsequent amendments thereto, for acquisition of shares under the Agreement and Offer.

b) As on the date of this PA, to the best of the knowledge of the Acquirers, no other statutory approvals are required to acquire the shares that are tendered pursuant to the Offer.

c) In case of delay in receipt of Statutory Approvals, SEBI has a power to grant extension of time to Acquirers for payment of consideration to the shareholders, who have accepted the Offer, subject to Acquirers agreeing to pay interest for the delayed period as directed by SEBI under Regulation 22(12) of the Regulations. Further, if the delay occurs on account of willful default by Acquirers in obtaining the Approvals, Regulation 22(13) of the Regulations will also become applicable.

6. DE-LISTING OPTION TO THE ACQUIRERS:

Pursuant to this Offer, the public shareholding in Quantum will not fall below the limit specified for the purpose of listing on continuous basis in terms of the Listing Agreement with the Stock Exchanges and hence, the provisions of Regulation 21(3) of the Regulations will not be applicable.

7. FINANCIAL ARRANGEMENTS:

a) The Acquirers have adequate financial resources and have made firm financial arrangements for the implementation of the Offer in full out of its own sources/Networth and no borrowings from any Bank and/or Financial Institutions is envisaged. Mr. Ravi Rambabu (Membership No. 18541), Partner of Rambabu & Co., Chartered Accountants, having Office at 6-3-1090/1/A, 31, Pancom Chambers, Rajbhavan Road, Hyderabad-500 082, Tel. No. +91-40-23311587 has certified vide letter dated January 24, 2005 that sufficient resources are available with the Acquirers for fulfilling the obligations under this "Offer" in full.

b) In accordance with Regulation 28 of the Regulations the Acquirer has opened an Escrow Account in UTI Bank Limited, Jubilee Hills Branch, Hyderabad and made a Cash deposit of Rs. 1,70,000/- (Rupees One Lakh Seventy Thousand Only) in the account being more than 25% of the total consideration payable of Rs. 6,60,930/- in accordance with the "Regulations".

c) The Manager to the Offer i.e. Ashika Capital Limited has been solely authorised by the Acquirer to operate and realise the value of Escrow Account in terms of the Regulations.

d) The Manager to the Offer confirms that the firm arrangement for the funds and money for payment through verifiable means are in place to fulfill the Offer obligations.

8. OTHER TERMS OF THE OFFER:

a) The Letter of Offer along with Form of Acceptance cum Acknowledgement will be mailed to all those shareholders of Quantum (except the Acquirers and other parties to the Agreement) whose name appear on the Register of Members of Quantum and to the beneficial owners of the shares of the Quantum whose names appear on the beneficial records of the respective depositories, at the close of business hours on January 31, 2005 (the "Specified Date").

b) Shareholders who wish to accept the offer and tender their shares will be required to send their duly signed Form of Acceptance cum Acknowledgement, Original Share Certificate (s) and duly signed and executed Transfer Deed (s) to the Registrar to the Offer, either by hand delivery on weekdays between (10.00 a.m. to 1.00 p.m. and 2.00 p.m. to 4.00 p.m.) or by Registered Post so as to reach on or before the Closing of the Offer, i.e. March 30, 2005, in accordance with the instructions specified in the Letter of Offer and in the Form of Acceptance cum Acknowledgement.

c) The Registrar to the Offer has opened a Special Depository Account with Stock Holding Corporation of India Limited (SHCIL), (Registered with NSDL), styled "VCCIL- ESCROW ACCOUNT-QUANTUM SOFTECH-OPEN OFFER". The DP ID is IN 301022 and Client ID is 21031624. 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.

d) Beneficial owners and Shareholders holding shares in the Dematerialised 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 instructions in "Off-Market" mode or counterfoil of the delivery instruction in "Off-Market" mode, duly acknowledged by the Depository Participant ("DP"), in favour of the Special Depository Account, to the Registrar to the Offer either by hand delivery on weekdays between (10.00 a.m. to 1.00 p.m. and 2.00 p.m. to 4.00 p.m.) or by Registered Post, on or before the closing of the Offer, i.e. March 30, 2005, in accordance with the instructions to be specified in the Letter of Offer and in the Form of Acceptance cum Acknowledgement.

e) All owners of the shares, Registered or Unregistered (except the Acquirers and other parties to the SPA) who own the shares any time prior to the closing of the Offer are eligible to participate in the Offer. Unregistered owners can send their application in writing to the Registrar to the Offer, on a plain paper stating the Name & Address of the First Holder, Name(s) & Address (es) of Joint Holder(s) if any, 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 Note issued by the Broker through whom they acquired their shares. No indemnity is required from unregistered owners.

f) In case of non-receipt of the Letter of Offer, the eligible persons may send their consent to the Registrar to the Offer, on a plain paper stating the Name, Address, Number of Shares held, Distinctive Number, Folio Number and Number of Shares offered, along with documents as mentioned in above point "e", so as to reach the Registrar to the Offer on or before the closing of the Offer, i.e. March 30, 2005, in case of beneficial owners, they may send the application in writing to the Registrar to the Offer, on a plain paper stating the name, address, number of shares held, number of shares tendered, 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 closing of the Offer, i.e. March 30, 2005.

g) The Registrar to the Offer will hold in trust the Share Certificates, shares lying in credit of the Special Depository Account, Form of Acceptance cum Acknowledgement, if any, and the Transfer Form/s on behalf of the shareholders of Quantum who have accepted the Offer, till the Cheques/Drafts for the consideration and/or the unaccepted shares/share certificates are despatched/returned.

h) Share Certificates, Transfer Forms and other documents in respect of shares not accepted under the Offer, if any, will be returned by Registered Post at the shareholders 'unregistered owners' sole risk to the sole/first shareholder. Shares held in dematerialised form to the extent not accepted will be credited back to the beneficial owners' depository account with the respective DP as per the details furnished by the beneficial owner in the Form of Acceptance cum Acknowledgement.

i) In case the shares tendered in the Offer by the shareholders of Quantum are more than the shares to be acquired under the Offer, the acquisition of the shares from each shareholder will be as per the provision of Regulation 21(6) of the Regulations on a proportionate basis. The rejected Applications / Documents will be sent by Registered Post.

j) The payment of acquisition of shares will be made by the Acquirers in Cash through a crossed Demand Draft/Pay Order to the equity Share holders of Quantum whose equity share certificates and other documents are found in order accepted, with in 15 Days from the date of closing of the Offer.

k) In terms of Regulation 22(5A) of the Regulations, shareholders shall have the option to withdraw acceptances tendered up to three working days prior to the Offer Closing date by submitting the required documents, so as to reach the Registrar to the Offer. The withdrawal option can be exercised by submitting the Form of Withdrawal enclosed with Letter of Offer. Incase of non-receipt of Form of Withdrawal the withdrawal can be exercised by making it on plain paper along with the details as mentioned in the point 'f' above. The shares withdrawn by the Shareholders, if any, would be returned by Registered Post.

l) A Schedule of some of the major activities in respect of the Offer is given below:

Activities	Date	Day
Specified Date*	January 31, 2005	Monday
Last Date for a Competitive Bid	February 17, 2005	Thursday
Date by which the Letter Of Offer to be Despatched to shareholders	March 8, 2005	Tuesday
Date of Opening of the Offer	March 11, 2005	Friday
Last date for revising the Offer Price/ No. of shares	March 18, 2005	Friday
Last date for Withdrawal of Acceptance by share holders who have accepted the Offer	March 24, 2005	Thursday
Date of Closing of the Offer	March 30, 2005	Wednesday
Date by which communicating rejection/acceptance and despatch of Cheques/Demand Drafts towards payment of consideration to be completed	April 14, 2005	Thursday

* Specified Date is only for the purpose of determining the names of the shareholders as on such date to whom the Letter of Offer would be sent. All owners (registered or unregistered) of the shares of Quantum (except the Acquirers and other parties to the Agreement) are eligible to participate in the Offer anytime before the Closure of the Offer.

9. GENERAL:

a) 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 March 24, 2005 i.e. three working days prior to the date of Closure of the Offer.

b) If there is any upward revision in the Offer Price up to seven working days prior to the date of Closure of the Offer i.e. March 30, 2005 or withdrawal of the Offer, the same would be informed by way of Public Announcement in the same Newspapers where this original Public Announcement appeared and such revised Offer Price would be payable to all the shareholders who have tendered their shares any time during the Offer and accepted under the Offer.

c) If there is a Competitive Bid:

i. The Public offers under all the subsisting bids shall close on the same date.

ii. As the offer price cannot be revised during 7 working days prior to the closing date of the offers/ bids, it would, therefore, be in the interest of the shareholders to wait till the commencement of that period to know the final offer price of each bid and tender their acceptance accordingly.

d) The Acquirers, the Sellers and Quantum have not been prohibited by SEBI from dealing in securities, in terms of direction issued u/s 11B of SEBI Act or under any other Regulations made under the SEBI Act.

e) Pursuant to Regulation 13 of the Takeover Regulations, the Acquirers have appointed Ashika Capital Limited, Hyderabad, as Manager to the Offer.

f) The Acquirers has appointed Venture Capital and Corporate Investments Limited, having office at 6-2-913/914, 3rd Floor, Progressive Towers, Khairatabad, Hyderabad-500004, Tel: +91-40-23322264, Fax: +91-40-23324803. E-mail: vccil_hyd@yahoo.co.in as the Registrar to the Offer. The Contact Person is Mr. E.S. K. Prasad.

g) The Acquirers accept full responsibility severally and jointly for the information contained in this Public Announcement and also for the obligations of Acquirer laid down in SEBI (SAST) Regulations 1997 and subsequent amendments thereof.

h) For further details, please refer to the Letter of Offer and Form of Acceptance cum Acknowledgement.

i) This Public Announcement will be available on the SEBI's website at www.sebi.gov.in. Eligible persons to the Offer may also download a copy of Letter of Offer along with Form of Acceptance cum Acknowledgement and Form of Withdrawal, which will also be available on SEBI's website from the Offer opening date i.e. March 11, 2005 and apply in the same.

Issued by Manager to the offer on behalf of the Acquirers:

Your Trust is Our Strength

ASHIKA CAPITAL LIMITED
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Ameerpet, Hyderabad-500 016.
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Fax: +91-40-55617801
E-Mail: ashika_hyderabad@rediffmail.com
Contact Person: Mr. Rajendra Kanoongo

Place: Hyderabad
Date: January 27, 2005