PUBLIC ANNOUNCEMENT

For the attention of the Shareholders of

SHAKTIMAN MERCANTILE COMPANY LIMITED

(Registered Office – B-23, Kapur Mahal, 65, Marine Drive, Mumbai – 400 020) Telefax : 022-22815478

(Corporate Office : Indian Mercantile Chambers, III Floor, 14, R.Kamani Marg,

Bellard Estate, Mumbai – 400 001.)

Tel. No.: 022-56314222 Fax No: 022-226 26 262

This public announcement is being issued by the Manager to the Offer, Aryaman Financial Services Limited, on behalf of Mr. Rajesh Kakani and Mrs. Rachana Kakani (hereinafter referred to as **'Acquirers')** pursuant to Regulation 10 and 12 of Chapter III and in compliance with the Securities & Exchange Board of India Substantial Acquisition of Shares and Takeovers (SAST) Regulations 1997 and subsequent amendments thereto (hereinafter referred to as the "Regulations").

1.Background of the Offer

1. This Open Offer is being made pursuant to the Regulation 10 and 12 of Chapter III and in compliance with the Securities & Exchange Board of India, (Substantial Acquisition of Shares and Takeovers) Regulation, 1997 and subsequent amendments thereof for substantial acquisition of shares and control over the target company.

   This open offer is being made by **Mr. Rajesh Kakani and Mrs. Rachana Kakani** both residing at Flat No.302, 'Anant', Plot No. 88, Sector – 29, Vashi , Navi Mumbai – 400 702. Tel.No.:- 022-22876181 Fax No. :-022-22876185 to the equity shareholders of **Shaktiman Mercantile Company Limited** having registered office at B- 23, Kapur Mahal, 65, Marine Drive, Mumbai – 400 020 and Corporate Office at Indian Mercantile Chambers, III Floor, 14, R.Kamani Marg, Bellar Estate, Mumbai – 400 001.Tel. No.: 022-56314222 Fax No: 022-22626262 **(hereinafter referred to as SMCL/ Target Company).**

2. The Acquirers have entered into a Share Purchase Agreement (SPA) dated December 27, 2005 with part of the promoter group of SMCL as detailed herein below :

NAME OF THE ACQUIRERS	NAME & ADDRESS OF THE VENDORS	NO. OF SHARES	% OF THE SHARE CAPITAL

Mr. Rajesh Kakani Mrs. Rachana Kakani	Mr. Bharat Somani Mr. Vikram Somani Mr. Krishnakumar Somani Ms. Rakhi Somani	48000 41000 21000 20000	19.28% 16.47% 8.43% 8.03%
	Total	**130000**	**52.21%**

3. The Agreement (Acquisition Agreement/ Agreement) dated December 27, 2005 is for purchase of 130000 equity shares fully paid up for cash at a price of Rs. 10/- per share. The total consideration for the shares acquired under the agreement amounts to Rs. 13,00,000/- (Rupees Thirteen Lacs Only) is payable in cash. The payment of consideration shall be effected by the Acquirers to the vendors within 15 days from the completion of the open offer.

4. The agreement dated December 27, 2005 contains a clause that it is subject to the provisions of SEBI (SAST) Regulation and in case of non-compliance with any of the provisions of the Regulations, the agreement for such sale shall not be acted upon by the Sellers or the Acquirers.

2. The offer

1. The Acquirers are now making an open offer to the equity shareholders of SMCL to acquire a further 49800 equity shares representing 20% of the equity share capital at a price of Rs. 10/- per equity share for fully paid up shares of Rs. 10/- each (the "offer price") payable in cash.

2. The Offer is not conditional to any minimum level of acceptance. The Acquirers will acquire all the equity shares of SMCL that are tendered in valid form in accordance with the terms and conditions set out herein and in the Letter of Offer to be sent to the shareholders, subject to a maximum of 20% of the share and voting capital of the company.

3. As on the date of the agreement, the Acquirers do not hold any shares in the Target Company.

4. As on date, the Manager to the Offer – M/s. Aryaman Financial Services Ltd does not hold any shares in the target company.

5. The Shares of the Company are listed on 'Bombay Stock Exchange Limited'. The Shares of the Company are infrequently traded. Only 50 shares were traded at a price of Rs. 3.15 during the preceding 6 calendar months prior to the month in which this public announcement is made(i.e. June 2005 to November 2005). The last traded price was on 27th September 2005 at Rs. 3.15 per share. The offer price of Rs. 10/- per share has been arrived at as per the Regulation 20 (5) of the SEBI Takeover Regulations taking into account the following

(a) The negotiated price under the agreement which in this case is Rs. 10/- per share for fully paid shares (Regulation 20(5)(a))

(b) The Acquirers have not acquired any Equity shares of the target company during the 26 weeks prior to the date of the Public Announcement including by way of allotment in a public or rights or preferential issue. (Regulation 20(5)(b))

(c) Other Parameters as on 30.03.05 such as Book Value of Rs. 4.45 per share, EPS is (0**.75)** And Return on Net Worth being Nil % since the company has made loss for the year ended 31.03.05 (Regulation 20(5)(c)).

3. Information about the Acquirers: -

1. The Acquirers Mr. Rajesh Kakani and Mrs. Rachana Kakani are related to each other as Husband and Wife.
2. The net worth of both the Acquirers have been certified vide certificates by Mr. Sandeep Maheshwari, Chartered Accountant (membership no. 103293), having their office at 11, 3rd Floor, Yashwant Chambers, 18, Burjorji Bharucha Marg, Fort, Mumbai - 400 023, Tel.No. 022 – 22670855 Fax No. 22677692.
3. No agreement has been entered between the Acquirers for acquisition of shares under the open offer.
4. The Acquirers have not been prohibited by SEBI from dealing in securities, in terms of direction issued u/s 11B of SEBI Act or under any of the Regulation made under the SEBI Act.

A. Mr Rajesh Kakani:-

Mr. Rajesh Kakani, aged about 35 years is residing at Flat No.302, “Anant” Plot No.88, Sector – 29, Vashi, Navi Mumbai – 400 702.Tel. No.: 022-22876181 Fax No.:- 022-22876185. He is a M.B.A. (Finance) and is having an experience of around 13 years in finance. Currently he is leading AAMAL Group dealing in finance market with exposure in debt market, capital market and other allied investments. He is Promoter of the following Companies.

i. Comfort Stock Broking Pvt. Ltd.
ii. Futura Infrastructure Pvt. Ltd.
iii. Aamal Securities Ltd.

The Net worth of Mr. Rajesh Kakani as on 30th September 2005 is Rs. 18.15 (Rs. Eighteen Lacs Fifteen Thousand) has been certified as by by Mr. Sandeep Maheshwari, Chartered Accountant (membership no. 103293), having their office at 11, 3rd Floor, Yashwant Chambers, 18, Burjorji Bharucha Marg, Fort, Mumbai - 400 023, Tel.No. 022 – 22670855 Fax No. 22677692.

B. **Mrs. Rachana Kakani:-**

Mrs. Rachana Kakani, aged about 30 years is residing at Flat No.302, "Anant" Plot No.88, Sector – 29, Vashi, Navi Mumbai – 400 702.Tel. No.: 022-22876181 Fax No.:- 022-22876185. She is a M.B.A. (Finance). Currently she is managing the affairs of AAMAL Group dealing in finance market with exposure in debt market, capital market and other allied investments. She is dealing Promoter of the following Companies.

i. Comfort Stock Broking Pvt. Ltd.
ii. Futura Infrastructure Pvt. Ltd.
iii. Aamal Securities Ltd.

The Net worth of Mr. Rachana Kakani as on 30th September 2005 is Rs. 40.53 (Rs. Forty Lacs Fifty Three Thousand only) has been certified as by by Mr. Sandeep Maheshwari, Chartered Accountant (membership no. 103293), having their office at 11, 3rd Floor, Yashwant Chambers, 18, Burjorji Bharucha Marg, Fort, Mumbai - 400 023, Tel.No. 022 – 22670855 Fax No. 22677692.

4. Information of the Target Company

a. Shaktiman Mercantile Co. Limited (SMCL) was incorporated on 26th March, 1983 in the State of Maharashtra with the object of carrying business of a Mercantile Company and as merchants importers, exporters, buyers, sellers, retailers and dealers and agents in all kinds of commodities, materials, articles and goods including cotton and other fiber fabrics, all kind of ail seeds, minerals, chemicals, ornaments and jewellary, bullion and coin, precious and semi – precious stones, objects of art and products of every description, either raw or manufactured or in the natural or processed, machinery, machinery parts and spares, tools, implements. Along with this, one of the incidental objects was also to acquire shares, stocks, debentures, debenture- stocks, bonds, obligations or securities by original subscription, tender, purchase, exchange or otherwise conditionally or otherwise, and to guarantee the subscription thereof and to exercise and enforce all rights and powers conferred by or incident to ownership thereof. Such objects also includes to promote, organize, manage, acquire, purchase, hold, sell or dispose off shares or securities of Unit Trusts, whether fixed or of a variable character. Other chief objects, inter alia others, includes carrying on the business of an investment company and to buy, underwrite, invest in, acquire in any manner, hold, sell, dispose off shares, stocks, debentures, debenture- stock, bonds, obligations and securities issued or guaranteed by any company constituted by any company covered to deal in shares and securities in primary or secondary markets and in engage in activities in the sphere of finance. Since then the company is engaged in the business of trading in secondary market viz. shares, securities, investment in shares, securities, mutual funds and in finance.

b. The company came out with its first public issue of 1,50,000 shares of Rs. 10/- each for cash in the year 1983 and the shares of the company are listed on the Bombay Stock Exchange Limited.

c. As regards compliance with Chapter II of the SEBI (SAST) Regulations by the Target Company, the company had received disclosures with the provisions of Regulation 6(1), 6(3), 8(1) and 8(2) in time. However the Company had failed to comply with Regulation 6(2), 6(4) and 8(3) within prescribed time. The Company had filed the necessary disclosures under Regulation 6(2), 6(4) and 8(3) on 29.09.2004 and for Disclosure of 8(3) for the year 2005 on 20.09.2005. The company had received a letter from SEBI no. CFD/DCR/RC/TO/13060/04 dated September 10, 2004, in which SEBI has asked the company to pay an amount of Rs. 175,000/- with the consent of the parties within 30 days of receipt of the letter. However, the Company had not replied for the same.

As informed by the Target company the shares were not suspended from trading at BSE at any point of time and no punitive actions were taken against the company.

d. The Authorised Share Capital of the company as on 30th September, 2005 is Rs. 25.00 lacs divided into 2,50,000 equity shares of Rs.10/- each. The issued and subscribed capital of the company is Rs. 24.90 lacs divided into 2,49,000 equity shares of Rs. 10/- each. There are no partly paid up shares in the company.

5. Reason for the Offer and Future Plans about Target Company.

a. This offer has been made pursuant to Regulation 10 and 12 of other provisions of Chapter III and in compliance with the SEBI (SAST) Regulations. The offer to the shareholders is for the purpose of acquiring 20% of the equity shares of the target company. After the proposed offer and implementation of the agreement for purchase of shares, the acquirers will achieve substantial acquisition of shares and voting rights to the extent of 72.21% accompanied with effective management control over the target company.

b. The Acquirers do not have any intention to dispose of or otherwise encumber any assets of the target company in the next two years from the date of closure of the offer, except in the ordinary course of business with the prior approval of the shareholders.

c. The acquirers intend to review operations of the company by inducting the necessary funds and also diversify the business into other areas in which the Acquirer has experience.

6. Option in terms of Regulations 21(3)

Assuming full acceptance of offer, the post offer voting capital with the public in target company would not be less than 25% of the voting capital of the company and hence the term of Regulations 21(3) is not applicable.

7. Statutory Approvals and Conditions of the Offer.

a. To the knowledge of the Acquirers no statutory approvals are required to acquire the shares that may be tendered pursuant to the Offer**.** If any other statutory approvals become applicable at a later date, the offer would be subject to such statutory approvals. In case the statutory approvals are not obtained, the Acquirers will not proceed with the offer.

b. In case of delay in receipt of any statutory approval, if any, SEBI has the power to grant extension of time to Acquirers for payment of consideration to the shareholders subject to Acquirers agreeing to pay interest as directed by SEBI under Regulation 22(12). If the delay occurs due to the willful default of the Acquirers in obtaining the requisite approvals, Regulation 22(13) will become applicable.

c. No approval from any bank or financial institution is required for the purpose of this offer, to the best of the knowledge of the Acquirers.

8. Financial Arrangements

a. The Acquirers have adequate resources to meet the financial requirements of the offer in terms of Regulation 16(xiv). The sources of funds shall be through internal resources of the Acquirers. No borrowing from Bank/ Financial Institution is being made for the purpose. All the funds will be domestic and no foreign funds will be utilized.

b. The maximum purchase consideration payable by the Acquirers in the case of full acceptance of the offer is Rs 4.98. lacs (Rs. Four Lacs and Ninety Eight Thousand Only). The Acquirers have deposited an amount of Rs. 1.25 Lacs. (Rs. One lac and Twenty Five Thousand only) towards escrow amount with HDFC Bank Ltd, Fort Branch i.e. 25% of the total consideration payable. The Manager to the offer has been duly authorized by the Acquirers to realize the value of escrow account in terms of the SEBI (SAST) Regulations.

c. The acquirers have made arrangement toward firm financial resource to fulfill the obligation under the open offer. The source of funds shall be through internal resources of the acquirers. No borrowing from Bank/ financial institution is being made for the purpose. All the funds are domestic and no foreign fund will be utilized.

d. Mr. Sandeep Maheshwari Chartered Accountants (Membership No. 103293), having their office at 11, 3rd Floor, Yashwant Chambers, 18, Burjorji Bharucha Marg, Fort, Mumbai – 400 001, have confirmed that sufficient resources are available with the Acquirers to fulfill their obligations under the offer.

e. Based on the above, the Manager to the Offer is satisfied about the ability of the Acquirers to implement the offer in accordance with the Regulations.

f. The Manager to the offer confirms that firm arrangements for funds and money for payment through verifiable means are in place to fulfill offer obligations.

9. Other Terms of the Offer

a. The Letter of Offer together with the Form of Acceptance cum Acknowledgement will be mailed to the fully paid up equity shareholders of SMCL (except the Acquirers, and parties to the Shares Purchase Agreement) whose names appear on the Register of Members of SMCL at the close of the business on January 19, 2006. (the Specified Date).

b. Shareholders who wish to tender the fully paid up 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 at the address given below either by hand delivery during normal business hours Monday to Friday 9:30 a.m. to 5.30 p.m. Saturday 9:30 a.m. to 1.30 p.m (excluding Bank Holidays) or by Registered Post on or before the close of the offer i.e. March 11, 2006in accordance with the instructions specified in the Letter of Offer and the Form of Acceptance cum Acknowledgement. The address of the Registrar to the Offer is as under:

Adroit Corporate Services Pvt Ltd
19/20, Jafferbhoy Industrial Estate
Makwana Road ,Marol Naka
Andheri (East) Mumbai-400059
Tel no: (022)28594060/28596060
Fax:28503748
Email: adroits@vsnl.net
Contact Person: Mrs Veena Shetty / Ms Veena Kokate

c. All owners of fully paid up shares, registered or unregistered (except the Acquirers and parties to the share purchase agreement), who own the shares at any time prior to the closure 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, Number of Shares held, Number of Shares Offered, Distinctive Numbers, Folio No., together with the Original Share Certificate(s), valid transfer deed(s) and a copy of the contract note issued by the broker through whom they acquired their shares. No indemnity is required from the unregistered owners.

d. In case of non-receipt of the Letter of Offer, eligible persons may send their acceptance to the Registrar to the Offer on plain paper stating the Name, Address, No. of shares held, Distinctive Nos., Folio No., No. of shares offered, along with documents as mentioned above, so as to reach at the above addresses on or before the close of the Offer, i.e. March 11, 2006

e. In case of non- receipt of Letter of offer, the eligible persons may obtain a copy of the same from the Registrar to the offer by providing suitable documentary evidence to that effect. Such shareholders may also download the Form of Acceptance cum Acknowledgement from the website of SEBI i.e. www.sebi.gov.in which will be made available from the opening of the offer.

f. The Registrar to the Offer will hold in trust the shares, Form of Acceptance cum Acknowledgement, if any, and the transfer form(s) on behalf of the shareholders of the Target Company, who have accepted the offer, until the cheques/ drafts for the consideration and/ or the unaccepted shares/ share certificates are dispatched/ returned.

g. 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. Shareholders whose shares are held in dematerialized form to the extent not accepted will be intimated by post for the non-acceptance.

h. Shares, if any, that are subject matter of litigation wherein the shareholder(s) may be precluded from transferring the shares during the pendency of the said litigation are liable to be rejected in case directions/ orders regarding these shares are not received together with the shares tendered under the offer. The Letter of Offer in some of these cases, wherever possible, would be forwarded to the concerned statutory authorities for further action at their end.

i. The market lot for shares is 100 shares.

j. In case the shares tendered in the open offer are more than the shares agreed to be acquired by the Acquirer, the acquirer shall accept all valid applications received from the shareholders on a proportional basis, in consultation with the Merchant Banker, taking care to ensure that the basis of acceptance is decided in a fair and equitable manner and does not result in non –marketable lots.

k. Acquirers are confident of completing all the formalities pertaining to the Acquisition of the said shares, within 15 days from the date of closure of this offer including payment of consideration to the shareholders who have accepted the offer and for the purpose open a special account as provided under regulation 29. Provided that where the Acquirers are unable to make payment to the shareholders who have accepted the offer before the said period of 15 days due to non-receipt of requisite statutory approvals, the Board may, if satisfied that non-receipt of requisite statutory approvals was not due to any willful default or neglect of the Acquirer or failure of the Acquirer to diligently pursue the applications for such approvals, grant extension of time for the purpose, subject to the acquirer agreeing to pay interest to the shareholders for delay beyond 15 days, as may be specified by the Board from time to time.

l. In accordance with Regulation 22(5)(A) of the Takeover Regulations, shareholders who have tendered the requisite documents in terms of Public Announcement and Letter of Offer shall have option to withdraw acceptances tendered up to 3 working days prior to the Offer Closing Date. The withdrawal option can be exercised by submitting the Form of withdrawal (separately enclosed with the Letter of Offer) and the copy of the acknowledgement received from the Manager to the offer while tendering the acceptance together with the following details:

Name, address, distinctive numbers, folio nos., number of Shares tendered / withdrawn.

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m. Schedule of Activities pertaining to the Offer is given below:

ACTIVITY	DATE	DAY
Specified Date (for the purpose of determining the names of shareholders to whom the Letter of Offer would be sent)	January 14, 2006	Saturday
Last date for a Competitive Bid	January 19, 2006	Thursday
Date by which Letter of Offer to be posted to the shareholders.	February 7, 2006	Tuesday
Date of Opening of the Offer	February 20, 2006	Monday
Last date for revising the offer price/ Number of shares	March 2, 2006	Thursday
Last date for withdrawal of acceptance by the shareholders	March 7, 2006	Tuesday
Date of Closure of the Offer.	March 11, 2006	Saturday
Date of communicating the rejection /acceptance and payment of consideration for the acquired shares.	March 25, 2006	Saturday

10. 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 upto three working days prior to the date of the closure of the offer i.e. by March 7, 2006 by filling the withdrawal form attached herewith. The withdrawal form is also available on the SEBI website (www. Sebi.gov.in).

b. The Acquirers Sellers and the Target Company have not been prohibited by SEBI from dealing in securities in terms of directions issued u/s. 11B of SEBI Act.

c. If there is any upward revision in the offer price before the last date of revision (i.e March 2, 2006.) or withdrawal of the Offer, the same would be informed by way of Public Announcement in the same Newspapers wherein the original Public Announcement appeared. Such revised offer price would be payable to all the shareholders who have tendered their shares any time during the offer and have been accepted under the offer.

d. If there is 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 shareholders to wait till the commencement of that period to know the final offer price of each bid and tender acceptance accordingly.

e. Pursuant to Regulation 13 of the Regulations, the Acquirers have appointed Aryaman Financial Services Limited as Manager to the Offer and Adroit Corporate Services Private Limited as the Registrar to the Offer.

f. The Acquirers, Mr.Rakesh Kakani and Mrs. Rachana Kakani accept full responsibility for the information contained in this Announcement and also for the obligations of the Acquirers as laid down in the Regulations.

g. For further details please refer to the Letter of Offer and the Form of Acceptance cum Acknowledgement. This Public Announcement is also available on SEBI's website at www.sebi.gov.in. Eligible persons to the Offer may also download a copy of the Letter of Offer and Form of Acceptance cum Acknowledgement, which will be available on SEBI's website at www.sebi.gov.in from the offer opening date i.e. February 20, 2006 and apply in the same.

Issued by:

MANAGER TO THE OFFER **Aryaman Financial Services Limited,**	adroit

208, Maker Chambers – V, 2nd Floor, Nariman Point, Mumbai-400021. Tel: (022) 22845716/22826464 Fax: 22826464 Email: rajsawant_2001@yahoo.com Contact Person:- Mr.Rajendra Sawant	**REGISTRAR TO THE OFFER** **Adroit Corporate Services Pvt Ltd** 19/20, Jafferbhoy Industrial Estate Makwana Road, Marol Naka Andheri (East), Mumbai-400059 Tel no: (022) 2859 40 60 / 2859 60 60 Fax:28503748 Email: adroits@vsnl.net Contact Person: Mrs Veena Shetty / Ms Veena Kokate

On Behalf of Acquirers :

Mr.Rajesh Kakani,	Flat No.302, Anant, Plot No.88,Sector–29,Vashi,Navi Mumbai – 400 702.
Mrs.Rachana Kakani,.	= Same as above=

Place**:** Mumbai Date: