LETTER OF OFFER

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

This Letter of Offer is sent to you as a shareholder(s) of **Shree Sponge Steel & Forging Ltd**. If you require any clarifications about the action to be taken, you may consult your stock broker or investment consultant or Manager/Registrar to the Offer. In case you have recently sold your Shares in Shree Sponge Steel & Forging Ltd, please hand over this Letter of Offer and the accompanying Form of Acceptance cum Acknowledgement, Form of Withdrawal and Transfer Deed to the Member of Stock Exchange through whom the said sale was effected.

OPEN OFFER

By

MR. VINAYKUMAR PURSHOTTAMDAS PARIKH (Acquirer)

13, Metro Housing Society, Gotri Road, Vadodara -390021;
Tel.: 0265-2370132/2371628

TO THE EXISTING SHAREHOLDERS OF SHREE SPONGE STEEL & FORGING LTD.

Regd. Off.: 6/1, GIDC Estate, POR-391 243. Dist. Vadodara.
Tel. No.: 0265 - 2830132, Fax No.: 0265 - 2830131,
Email: shree_sponge@satyam.net.in

TO ACQUIRE

13,02,100 equity shares of Rs. 10/- each representing 33.82% of the Issued, Subscribed, Paid Up and Voting Equity Share Capital comprising of 38,50,000 fully paid up equity shares at a price of Rs. 20/- per fully paid-up equity share, in cash.

Notes:

1) This Offer is being made pursuant to Regulation 11(1) and 11(2) of the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 1997 and subsequent amendments thereof (the "Regulations").
2) The Offer is subject to receiving the necessary approval(s), if any, from the Reserve Bank of India, under the Foreign Exchange Management Act, 1999 and subsequent amendments thereto and regulations made thereunder, for acquiring shares tendered by non-resident shareholders. In case of acceptances from non-resident shareholders, the Acquirer would after the Offer Closing Date, make the requisite applications to RBI to obtain its approval for transfer of such shares in its name. There are no other statutory approvals required to acquire the equity shares that are tendered pursuant to this Offer. If any statutory approval becomes applicable at a later date, the Offer would be subject to such statutory approvals.
3) **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 three working days prior to the date of closure of the Offer i.e. September 13, 2010 (Monday).**
4) If there is any upward revision in the Offer Price at any time up to seven working days prior to the date of closure of the Offer **i.e. September 13, 2010 (Monday)** or withdrawal of the Offer in terms of the Regulations, the same would be informed by way of a public announcement in the same newspapers where the original Public Announcement had appeared. Any such revised offer price would be payable for all the equity shares tendered any time during the Offer & accepted under the Offer.
5) The Offer is not conditional and not subject to any minimum level of acceptance from the shareholders.
6) There are no Persons Acting in Concert (PACs) in respect of this Offer in terms of Regulation 2(1)(e) of the Regulations.
7) **There is no competitive bid.**
8) The Form of Acceptance cum Acknowledgement together with the Form of Withdrawal is enclosed with this Letter of Offer.
9) **A copy of the Public Announcement and the Letter of Offer (including Form of Acceptance-cum-Acknowledgement and Form of Withdrawal) are also available on SEBI's website:** www.sebi.gov.in

MANAGER TO THE OFFER	REGISTRAR TO THE OFFER
Asit C. Mehta INVESTMENT INTERRMEDIATES LTD. **ASIT C. MEHTA INVESTMENT INTERRMEDIATES LTD** Nucleus House, Saki Vihar Road, Andheri (E), Mumbai – 400 072; Tel: 022- 2858 3333; Fax: 022-2857 7647 SEBI Registration No.: INM000010973 E-mail: ib@acm.co.in Contact Person: Sandeep Jain	**BIGSHARE SERVICES PVT. LTD.** E-2, Ansa Industrial Estate, Saki Vihar Road, Saki Naka, Andheri(E), Mumbai-400072 Tel: 022 28470652 Fax: 022 28475207 Email: openoffer@bigshareonline.com Contact Person: Babu Rapheal SEBI Reg. No.: INR000001385

OFFER OPENS ON: Tuesday, August 24, 2010	**OFFER CLOSES ON: Monday, September 13, 2010**

THE SCHEDULE OF SOME OF THE MAJOR ACTIVITIES RELATING TO THE OFFER IS GIVEN BELOW:

Activities	Date	Day
Public Announcement	July 09, 2010	Friday
Specified Date (for the purpose of determining the name of shareholders to whom the Letter of Offer will be sent)	July 16, 2010	Friday
Last Date for a Competitive Bid, if any	July 30, 2010	Friday
Date by which the Letter of Offer to be dispatched to the Equity Shareholders	August 16, 2010	Monday
Date of opening of the Offer	August 24, 2010	Tuesday
Last date for revising the Offer Price/ Number of Shares	August 31, 2010	Wednesday
Last date for Withdrawal of Acceptance by the Equity Shareholders	September 07, 2010	Tuesday
Date of closing of the Offer	September 13, 2010	Monday
Date by which communicating rejection/acceptance and dispatch of Cheques/Demand Drafts towards payment of consideration to be completed	September 28, 2010	Monday

RISK FACTORS

Risk factors (i) relating to the Offer, (ii) relating to the Acquisition, and (iii) involved in associating with the Acquirer and the likely adverse effect of these risk factors on the Equity Shareholders

(i) The Offer involves an offer to acquire upto 13,02,100 equity shares of Rs. 10/- each, representing 33.82% of Issued, Subscribed, Paid Up and Voting Capital comprising of 38,50,000 fully paid up Equity Shares of Shree Sponge Steel & Forging Ltd. from its Equity Shareholders. In case of over subscription in the Offer, as per the Regulations, acceptance would be determined on proportionate basis and hence there is no certainty that all the Equity Shares tendered by the Equity Shareholders in the Offer will be accepted.

(ii) In the event that either (a) there is any litigation or action by any appropriate regulatory authority resulting in any kind of prohibition or restraint on the Offer, or (b) SEBI instructing the Acquirer not to proceed with the Offer, then the Offer process may be delayed beyond the schedule of activities indicated in this Letter of Offer. Consequently, the payment of consideration to the Equity Shareholders whose Equity Shares are accepted under this Offer as well as the return of Equity Shares not accepted under this Offer by the Acquirer may get delayed. In case of delay due to non-receipt of statutory approval(s), as per Regulation 22(12) of the Regulations, SEBI, may, if satisfied, that non-receipt of approvals was not due to any willful default or negligence on the part of the Acquirer, grant an extension for the purpose of completion of the Offer subject to the Acquirer agreeing to pay interest to the eligible Equity Shareholders.

(iii) Further, the Equity Shareholders should note that after the last date of withdrawal i.e. Tuesday, September 07, 2010, the Equity Shareholders who have lodged their acceptances would not be able to withdraw them even if the acceptance of Equity Shares under the Offer and dispatch of consideration gets delayed. The tendered Equity Shares and documents would be held by the Registrar to the Offer till the time the process of acceptance of tenders, the payment of consideration and other Offer obligations are completed.

(iv) The Equity Shares tendered in physical form will lie with the Registrar to the Offer, till the completion of the Offer formalities. The Acquirer makes no assurance with respect to the market price of the Equity Shares both during the offer period and upon the completion of the Offer, and disclaims any responsibility with respect to any decision by the Equity Shareholders on whether or not to participate in the Offer.

(v) The Acquirer makes no assurance with respect to the future financial performance of the Target Company or with respect to its investment/divestment relating to its proposed shareholding in the Target Company.

The risk factors set forth above, pertain to the Offer and not in relation 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 analysis of the risk involved in participation or otherwise by a shareholder in the Offer. Equity Shareholders of the Target Company are advised to consult their stockbrokers or investment consultants, if any for further risk with respect to their participation in the Offer.

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ABBREVIATIONS / DEFINITIONS

Acquirer	**Mr. Vinaykumar Purshottamdas Parikh**
ASE	Ahmadabad Stock Exchange
Board/Board of Directors/ Directors	Board of Directors of Shree Sponge Steel & Forging Ltd.
CDSL	Central Depository Services (India) Limited
Depositories	NSDL and CDSL
DP	Depository Participant
ECS	Electronic Clearing System
Eligible Persons for the Offer	All owners of equity shares registered or unregistered of Shree Sponge Steel & Forging Ltd. (who own equity shares at any time prior to the Offer Closing Date) except the Acquirer and Promoter Group
EPS	Earning Per Share
Equity Share(s)	Fully paid up equity share(s) of Rs. 10/- each of Shree Sponge Steel & Forging Ltd.
Equity Shareholders	All owners (registered or un registered) of Equity Shares
FEMA	Foreign Exchange Management Act, 1999
Form of Acceptance	Form of Acceptance cum Acknowledgement accompanying this Letter of Offer
Form of Withdrawal	Form of Withdrawal accompanying this Letter of Offer
JSE	Jaipur Stock Exchange
LOO or Letter of Offer	Offer Document
Manager to the Offer	Asit C. Mehta Investment Interrmediates Ltd.
NRI	Non-Resident Indians

NSDL	National Securities Depository Limited
Offer	Cash Offer being made by the Acquirer to acquire upto 13,02,100 equity shares of Rs. 10/- each representing 33.82% of Issued, Subscribed, Paid Up and Voting Capital comprising of 38,50,000 fully paid up equity shares of Shree Sponge Steel & Forging Ltd.
Offer Opening Date	August 24, 2010
Offer Closing Date	September 13, 2010
Offer Price	Rs. 20/- per Equity Share
PA / Public Announcement	Announcement of the Offer made by the Acquirer on July 09, 2010
PACs	Persons Acting in Concert
Promoter Group	Mr. Vinaykumar Purshottamdas Parikh and Mrs. Vandana Vinaykumar Parikh
RBI	Reserve Bank of India
Registrar to the Offer/ Registrar	Bigshare Services Pvt. Ltd.
SEBI	Securities and Exchange Board of India
SEBI (SAST) Regulations or Regulations	Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulation, 1997 and subsequent amendments thereof
Specified Date	Date for the purpose of determining the names of Equity Shareholders, as appearing in the Register of Members of the Target Company to whom the Letter of Offer will be sent, i.e., July 16, 2010 (Friday)
Stock Exchanges	ASE, JSE and VSE
Target Company	Shree Sponge Steel & Forging Ltd.
VSE	Vadodara Stock exchange

1. DISCLAIMER CLAUSE

IT IS TO BE DISTINCTLY UNDERSTOOD THAT FILING OF DRAFT LETTER OF OFFER WITH SEBI SHOULD NOT IN ANY WAY BE DEEMED OR CONSTRUED THAT THE SAME HAS BEEN CLEARED, VETTED OR APPROVED BY SEBI. THE DRAFT LETTER OF OFFER HAS BEEN SUBMITTED TO SEBI FOR A LIMITED PURPOSE OF OVERSEEING WHETHER THE DISCLOSURES CONTAINED THEREIN ARE GENERALLY ADEQUATE AND ARE IN CONFORMITY WITH THE REGULATIONS. THIS REQUIREMENT IS TO FACILITATE THE SHAREHOLDERS OF SHREE SPONGE STEEL & FORGING LTD. TO TAKE AN INFORMED DECISION WITH REGARD TO THE OFFER. SEBI DOES NOT TAKE ANY RESPONSIBILITY EITHER FOR FINANCIAL SOUNDNESS OF THE ACQUIRER OR THE COMPANY WHOSE SHARES/CONTROL IS PROPOSED TO BE ACQUIRED OR FOR THE CORRECTNESS OF THE STATEMENTS MADE OR OPINIONS EXPRESSED IN THE LETTER OF OFFER. IT SHOULD ALSO BE CLEARLY UNDERSTOOD THAT WHILE THE ACQUIRER 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 ACQUIRER DULY DISCHARGES ITS RESPONSIBILITY ADEQUATELY. IN THIS BEHALF, AND TOWARDS THIS PURPOSE, THE MANAGER TO THE OFFER ASIT C. MEHTA INVESTMENT INTERRMEDIATES LIMITED HAS SUBMITTED A DUE DILIGENCE CERTIFICATE DATED JULY 10, 2010 TO SEBI IN ACCORDANCE WITH THE SEBI (SUBSTANTIAL ACQUISITION OF SHARES AND TAKEOVER) REGULATIONS, 1997 AND SUBSEQUENT AMENDMENT(S) THEREOF. THE FILING OF THE LETTER OF OFFER DOES NOT, HOWEVER, ABSOLVE THE ACQUIRER FROM THE REQUIREMENT OF OBTAINING SUCH STATUTORY CLEARANCES AS MAYBE REQUIRED FOR THE PURPOSE OF THE OFFER.

2. DETAILS OF THE OFFER

2.1 Background of the Offer

(a) This Offer is being made by the Acquirer pursuant to Regulation 11(1) and 11(2) of the Regulations with the prime object of providing an exit opportunity to the existing share holders and consolidating the shareholding of the Acquirer in the Target Company. Given that the shares are not traded on the Stock Exchanges since the past 5 years, the Acquirer is not able to acquire the equity shares in his individual capacity through market purchases. Hence he is making the Offer to acquire the equity shares of the Target Company from the existing shareholders. There will be no change in control or management post the Offer. The Acquirer forms part of the Promoter Group. The Acquirer during the period 1st April 2009 to 31st March 2010 has acquired 56,700 equity shares representing 1.47% of the issued, subscribed, paid-up and voting share capital of the Target Company by way of Off market purchases at an average and highest price of Rs. 11.27/- and Rs. 16.00/- per share respectively. Such acquisitions were made pursuant to and in compliance with Regulation 11(1) of the Regulations, which enables additional purchases of upto 5% of the issued, subscribed, paid-up and voting equity share capital though normal market operations without triggering the open offer requirements under the Regulations. Prior to the acquisition mentioned above, the Acquirer was holding 13,57,700 equity shares constituting 35.26% of the issued, subscribed, paid-up and voting equity share capital of the Target Company. Subsequent to the aforementioned acquisitions, the shareholding of the Acquirer has increased to 14,14,400 equity shares constituting 36.73% of the issued, subscribed, paid-up and voting equity share capital of the Target Company.

(b) The Acquirer is hereby making this Offer, in compliance with the Regulation 11(1) and 11(2) of the Regulations to acquire 13,02,100 fully paid-up equity shares of Rs. 10/- each, representing 33.82% of the fully paid-up equity and voting share capital, from the Equity Shareholders of the Target Company, at a price of Rs. 20/- per share payable in cash. The Target Company doesn't have any partly paid up shares as on date of the PA.

(c) The Acquirer and the Target Company have not been prohibited by SEBI from dealing in securities, in terms of direction under Section 11B of the Securities and Exchange Board of India Act, 1992 (**"SEBI Act"**) or under any of the regulations made thereunder. No action has been taken by SEBI against the Acquirer, Target Company, and its Promoters/Directors under the SEBI Act or under any of the regulations made thereunder.

(d) This Offer is voluntary and has not been triggered by any agreement of the Acquirer with any person for the purpose of the acquisition of Equity Shares of the Target Company.

(e) The Equity Shares acquired under the Offer shall be free from lien, charges and encumbrances of any kind whatsoever.

2.2 Details of the Proposed Offer

(a) The Acquirer made a Public Announcement of the Offer, which was published in all editions of Free Press Journal (English), Prathakal (Hindi) and Vadodara Samachar (Gujarati) on July 09, 2010, in compliance with Regulation 15(1) of the Regulations. The Public Announcement is also available on SEBI's website at www.sebi.gov.in.

(b) The Acquirer proposes to acquire 13,02,100 equity shares of Rs. 10/- representing 33.82% of issued, subscribed, paid up and voting equity share capital of the Target Company, from the existing Equity Shareholders at a price of Rs. 20/- per fully paid up equity share, in cash.

(c) The Offer is not subject to any minimum level of acceptances. The Acquirer will acquire all Equity Shares of the Target Company that are tendered in terms of this Offer up to a maximum of 13,02,100 equity shares.

(d) The Manager to the Offer i.e. Asit C. Mehta Investment Interrmediates Limited does not hold any shares in the Target Company as on date. It declares and undertakes that it shall not deal in the shares of the Target Company during the period commencing from the date of their appointment as Manager to the Offer till the expiry of 15 days from the Offer Closing Date.

(e) The Acquirer has not acquired any shares of the Target Company after the date of Public Announcement and up to the date of this Letter of Offer.

(f) There is no competitive bid.

2.3 Object of the Offer

(a) The Offer has been made pursuant to Regulation 11(1) and 11(2) .

(b) The prime object of the Offer is to provide an exit opportunity to the existing shareholders and consolidating the shareholding of the Acquirer in the Target Company. Given that the shares are not traded on the Stock Exchanges since the past 5 years, the Acquirer is not able to acquire the equity shares of the Target Company in his individual capacity through market purchases. Hence he is making the Offer to acquire the Equity Shares of the Target Company from the Equity Shareholders. There will be no change in control or management post the Offer from the existing shareholders.

(c) The Acquirer does not currently intend to dispose of or otherwise encumber any significant assets of the Target Company in the next two years, except such disposals or encumbrances which are in the ordinary course of business of the

Target Company and/or for the purposes of restructuring, rationalizing and/or streamlining various operations, assets, liabilities, investments, businesses or otherwise of the Target Company. Further, the Acquirer undertakes not to sell, dispose off or otherwise encumber any substantial assets of the Target Company except with the prior approval of shareholders of the Target Company, and in accordance with and subject to the applicable laws, permissions and consents, if any.

3. BACKGROUND OF THE ACQUIRER

3.1 Information about the Acquirer:

Mr. Vinaykumar Parikh, son of Mr. Purshottamdas Parikh, aged 54 years, is residing at 13, Metro Housing Society, Gotri Road, Vadodara-390021, Tel. No.0265-2370132/2371628. He is a graduate in Law and has practiced Law with specialisation in Income Tax Laws for 10 years. In the year 1991, he incorporated the Target Company as its promoter. Since then he has been Chairman & Managing Director of the Target Company. The Acquirer does not hold any position on the board of directors of any other listed company. The Acquirer is not a full time Director on any Company other than the Target Company.

The Net Worth of Mr. Vinaykumar Purshottamdas Parikh, as on 23rd April 2010 as certified by Mr. Lalit R Mehta (Membership No. 071408) proprietor of M/s Lalit R Mehta & Associates., Chartered Accountants, having their office at Prasanna House, Associated Society, Opp. Radhakrishna Park, Akota, Vadodara-390020, Gujarat, India, vide his certificate dated 30th April, 2010, is Rs. 17,23,09,217 (Rupees Seventeen Crores Twenty Three Lakhs Nine Thousand Two Hundred and Seventeen Only).

3.2 The Acquirer has complied with relevant provision of Chapter II of the Regulations till date wherever applicable except that there was a delay of 64 (Sixty four) days in compliance with the provisions of Regulation 3(4) of the Regulations for acquisition made on 15.01.2001.

3.3 Disclosures in terms of Regulation 16(ix) of the Regulations:

(a) The prime object of the Offer is to provide an exit opportunity to the existing share holders and consolidating the shareholding of the Acquirer in the Target Company. Since the shares are not traded on the Stock Exchanges since the past 5 years, the Acquirer is not able to acquire the Equity Shares in his individual capacity through market purchases. Hence he is making the Offer to acquire from the existing shareholders of the Target Company. This Offer, assuming full acceptance, will lead to an increase in the stake of the Acquirer in the Target Company from 36.74% to 70.56% of the total issued, subscribed, paid up and voting equity share capital of the Target Company.

(b) The Acquirer does not currently intend to dispose of or otherwise encumber any significant assets of the Target Company in the next two years, except such disposals or encumbrances which are in the ordinary course of business of the Target Company and/or for the purposes of restructuring, rationalizing and/or streamlining various operations, assets, liabilities, investments, businesses or otherwise of the Target Company. Further, the Acquirer undertake not to sell, dispose off or otherwise encumber any substantial assets of the Target Company except with the prior approval of the shareholders of the Target Company, and in accordance with and subject to the applicable laws, permissions and consents, if any.

3.4 There is no person acting in concert with the Acquirer in terms of Regulation 2(1)(e)(1) of the Regulations. Although, Ms. Vandanaben V. Parikh who is the spouse of the Acquirer and belongs to the Promoter Group could be deemed to be acting in concert with the Acquirer due to the generality of the definition under Regulation 2(1)(e)(1), she is not a "person acting in concert" for the purposes of this Offer. The current shareholding of Ms. Vandanaben V. Parikh in the Target Company is 4.44%. All acquisitions in this Offer will be made by the Acquirer only.

4. DISCLOSURE IN TERMS OF REGULATION 21(2) OF THE REGULATIONS

Assuming full acceptance, the Offer would not reduce the public shareholding below the minimum limit specified in the listing agreement with the Stock Exchange for the purpose of listing on a continuous basis. As per the listing agreement, the Target Company is required to maintain at least 25% public shareholding for listing on a continuous basis. Hence, Regulation 21(2) of the Regulations is not applicable.

5. BACKGROUND OF THE TARGET COMPANY

5.1 Brief History and Main Areas of Operations:

(a) Shree Sponge Steel & Forging Ltd. having corporate identity number L27100GJ1991PLC016203 is a public limited company having its registered office at 6/1, GIDC Estate, POR – 391 243. Dist. Vadodara, Tel. No. 2830132, Fax No. 2830131. The Company was incorporated on 3rd September 1991 and obtained the certificate of commencement of business on 26th September 1991 from the Registrar of Companies, Gujarat. The Target Company was promoted by Mr. Vinaykumar Purshottamdas Parikh and his relatives. The Target Company was incorporated with the object of manufacturing cast iron, cast steel, alloy steel castings, jaw crushers and crushing equipment and has a manufacturing unit in Vadodara District. The present Directors of the company are Mr. Vinaykumar Purshottamdas Parikh, Ms. Vandanaben V. Parikh, Mr. Nandkishor M. Pardeshi, Mr. Pradip C. Gandhi, Mr. Hasmukh C. Patel and Mr. Hasmukhlal V. Shah. The Target Company has already established connectivity with NSDL and CDSL. The ISIN of the shares of the Target Company is INE 199FO1011

(b) The equity shares of the Target Company are listed on the Vadodara Stock Exchange, Ahmedabad Stock Exchange and Jaipur Stock Exchange. However, currently these shares are not traded on any of the Stock Exchanges.

(c) As on date of PA, the authorised share capital of the Target Company is Rs. 4,00,00,000 comprising of 40,00,000 equity shares of Rs. 10/- each and the issued, subscribed & paid up share capital of the Target Company is Rs. 3,85,00,000 comprising of 38,50,000 fully paid up equity shares of Rs. 10/- each.

(d) As on date of PA, there are no partly paid-up equity shares of the Target Company. There are no outstanding instruments in the nature of warrants/fully convertible debentures/partly convertible debentures etc. which are convertible into equity shares of the Target Company at a later date. There are no shares subject to lock-in.

(e) The Target Company is presently active in the business of manufacturing of cast iron, cast steel and alloy steel castings, jaw crushers & crushing equipment and has a manufacturing unit in Vadodara District.

(f) The Target Company has complied with the provision of Regulation 6 for the year 1997 and also Regulation 7 and Regulation 8 of Chapter II of the Regulations till date wherever applicable.

5.2 Share Capital Structure of the Target Company:

Paid-up Shares	No. of Shares/Voting Rights	% Shares/Voting Rights
Fully Paid-up Equity Share	38,50,000/38,50,000	100%/100%
Partly Paid-up Equity Share	Nil/Nil	Nil/Nil
Total Paid-up Equity Share	38,50,000/38,50,000	100%/100%

5.3 Current Capital Structure of the Target Company :

Date of Allotment	No. of Shares Issued	% of Shares Issued	Cumulative paid up Capital (Rs)	Mode/ Nature of Allotment	Identification of the allottees (Promoters/ Ex-Promoters /Others)	Status of Compliance
September 5, 1991	70	0.0002	700	Subscriber to Memorandum	Promoter Group and Ex-Promoters	Complied
January 27, 1992	4,530	0.12	46,000	Allotment for Cash	Promoter Group	Complied
January 27, 1992	1,29,100	3.35	13,37,000	Allotment for Cash	Ex-Promoter and Others	Complied
March 9, 1992	5,54,600	14.41	68,83,000	Allotment for Cash	Promoter Group, Ex-Promoter and Others	Complied
March 31, 1992	3,01,700	7.84	99,00,000	Allotment for Cash	Promoter Group, , Ex-Promoter and Others	Complied
October 1, 1992	2,10,000	5.45	1,20,00,000	Allotment for Cash	Promoter Group, Ex-Promoter and Others	Complied
November 30, 1992	1,02,000	2.65	1,30,20,000	Employee Quota	Others	Complied
November 30, 1992	1,80,000	4.68	1,48,20,000	Allotment for Cash	Promoter Group and Ex-Promoters	Complied
November 30, 1992	19,68,000	51.12	3,45,00,000	IPO	Others	Complied
January 15, 2001	4,00,000	10.39	3,85,00,000	Preferential Allotment	Promoter Group and Ex-Promoter	Complied
Total	**38,50,000**	**100.00**				

The Target Company has been complying with the applicable clauses of the listing agreements entered into with the Stock Exchanges. The Target Company has received 4 investor complaints during the FY 2009-10, regarding non-receipt of the annual report for the FY 2008-09. Each of the investor complaints has been addressed as and when received and there is no pending complaint against the Target Company as on date. Shares of the Target Company are currently not traded on VSE, ASE and JSE, since all these stock exchanges are non-operational.

5.4 Present Composition of the Board of Directors of the Target Company:

As on date of PA [July 09, 2010], the Directors on the Board of the Target Company were:

Sr. No	Name	Address	Qualification	Experience	Directors' Identification Number (DIN)	Date of Appointment
1	Vinaykumar Parikh	13, Metro Housing Society, Gotri Road, Vadodara - 390021	B Com, DTP and LLB (Spl.)	Practiced Tax Law for 10 years. Managing Director of the Company since Incorporation	00258864	3rd September 1991
2	Vandana Parikh	13, Metro Housing Society, Gotri Road, Vadodara - 390021	Bachelor of Arts.	Whole Time Director of Company since 01.01.2004	00259447	31st October 1992
3	Pradipbhai Gandhi	9, Kaiser Apartment, 74, Urmi Society, Productivity Road, Vadodara – 390007	B.Com. and Chartered Accountant	Consultant	00259353	26th August 2002
4	Hashmukh bhai Patel	A-6, Sarita Sangam Society, Near Rahesh Tower, Gotri Road, Vadodara – 390021	Diploma in Electrical Engineering	5 years' of experience in Finance & Stock Trading	00344435	25th June 2005
5	Nandkishor Pardeshi	Officers' Colony Compound, Behind Circuit House, R.C. Dutt Road, Vadodara – 390005	B. Sc and LLB	Practicing Advocate	00344385	27th May 1996
6	Hasmukh V Shah	6, Shri Yogeshwar Park, B/h Delux Society, Nizampura, Vadodara – 390002	B. Com and Cost Accountant	31 years in employment and 9 years as a practicing Cost Accountant	02566255	20th Feb 2009

The Acquirer – Mr. Vinaykumar Pushottamdas Parikh is a Director on the Board as stated above.

(a) The Shares of the Target Company were not traded on July 09, 2010 i.e., the date of PA.

(b) There has been no merger/de-merger or spin off involving the Target Company in the past three years.

5.5 Financial Information:

Brief audited financials of the Target Company for the last 3 years are as follows:
Profit & Loss Statement

(Rs. In Lakhs)

For the Year/period ended	31st March 2010 (Audited)	31st March 2009 (Audited)	31 March 2008 (Audited)
Income	1480.53	1824.99	1678.01
Other Income	7.55	7.34	2.19
Increase/(Decrease) in Stock	77.99	37.60	(5.03)
Total Income	**1566.08**	**1869.93**	**1675.17**
Total Expenditure	1403.05	1743.65	1530.95
Profit/(Loss) before Interest, Dep.& Tax	163.03	126.28	144.22
Interest & Financial Charges	13.69	5.72	6.48
Depreciation	37.81	30.33	24.45
Profit/(Loss) before Tax & prior period Adjustment	**111.53**	**90.23**	**113.29**
Provision for Tax	36.75	31.45	40.92
Profit/(Loss) after Tax & prior period Adjustment	**74.94**	**58.79**	**73.37**
Prior Period Adjustment	0.16	0.01	1.00
Bal. Brought Forward from earlier years	284.74	225.95	152.58
Bal. Transferred to Balance Sheet	**359.68**	**284.74**	**225.95**

Balance Sheet Statement

(Rs. In Lakhs)

As on	31st March 2010 (Audited)	31st March 2009 (Audited)	31 March 2008 (Audited)
Sources of Funds:			
Paid up Share Capital	385.00	385.00	385.00
Reserves & Surplus	377.32	302.38	243.59
NET WORTH	**762.32**	**687.38**	**628.59**
Secured Loan	247.54	121.40	20.90
Unsecured Loans	NIL	NIL	NIL
Deferred Tax Liability(Net)	62.26	52.30	38.99
TOTAL	**1072.12**	**861.08**	**688.48**
Application of funds:			
Net Block	627.06	582.01	376.12
Capital Work in Progress	NIL	0.62	33.43
Investments	24.47	24.87	25.27
Net Current Assets	420.59	253.58	253.66
TOTAL	**1072.12**	**861.08**	**688.48**

Other Financial Data

For year ended	31st March 2010 (Audited)	31st March 2009 (Audited)	31 March 2008 (Audited)
Dividend (%)	NIL	Nil	Nil
EPS (Rs.)	1.95	1.53	1.88
Return on Net worth (%)	9.83%	8.55%	11.67%
Book Value per share (Rs.)	19.80	17.85	16.32

Source: Annual Reports

Notes:

(i) EPS = Profit after tax / number of outstanding equity shares at the close of the year/period.

(ii) Return on Net Worth = Profit after Tax /Net Worth

(iii) Book Value per Share = Net Worth / No. of equity shares

(iv) Source : Audited Annual Reports

(v) Reason for fall/rise in Total Income, Expenditure and PAT in the relevant year if applicable: - Year wise reason for the fall/rise in the Total Income, Expenditure & PAT is cited below: -

1. Reason for change in Total Income, Expenditure and PAT for the year ended 31st March 2010 over year ended 31st March 2009:
   Total Income for the year ended 31st March 2010 was Rs. 1566.0 Lacs as compared to Rs. 1869.93 Lacs for the year ended 31st March 2009. The decrease in total income was mainly due to decrease in Sales from Rs. 1824.99 Lacs for the year ended 31st March 2010 to Rs. 1480.53 Lacs for the year ended 31st March 2009. However, there was a marginal increase in Other Income to Rs. 7.55 Lacs for the year ended 31st March 2010 as against Rs. 7.34 Lacs for the year ended 31st March 2009. The total expenditure decreased from Rs. 1743.65 Lacs for the year ended 31st March 2009 to Rs. 1403.05 Lacs for the year ended 31st March 2010. Interest expenses for the year ended 31st March 2010 increased to Rs. 13.68 Lacs as compared to Rs. 5.71 Lacs for the year ended 31st March 2009 due to increase in secured borrowing. Consequently, PAT for the year ended 31st March 2010 stood at Rs. 74.94 Lacs as compared to a PAT of Rs. 58.79 Lacs for the year ended 31st March 2009.

2. Reason for change in Total Income, Expenditure and PAT for the year ended 31st March 2009 over year ended 31st March 2008:
   Total Income for the year ended 31st March 2009 was Rs. 1869.93 Lacs as compared to Rs. 1675.17 Lacs for the year ended 31st March 2008. The increase in total income was mainly due to increase in Sales from Rs. 1678.01Lacs for the year ended 31st March 2009 to Rs. 1824.99 Lacs for the year ended 31st March 2008. However, there was a increase in Other Income to Rs. 7.34 Lacs for the year ended 31st March 2009 as against Rs. 2.19 Lacs for the year ended 31st March 2008. The total expenditure increased from Rs. 1530.94 Lacs for the year ended 31st March 2008 to Rs. 1743.65 Lacs for the year ended 31st March 2009. Interest expenses for the year ended 31st March 2009 decreased to Rs. 5.71 Lacs as compared to Rs. 6.48 Lacs for the year ended 31st March 2008 due to decrease in secured borrowing. Consequently, PAT for the year ended 31st March 2009 decreased to Rs. 58.79 Lacs as compared to a PAT of Rs. 73.37 Lacs for the year ended 31st March 2008.

3. Reason for change in Total Income, Expenditure and PAT for the year ended 31st March 2008 over year ended 31st March 2007:
   Total Income for the year ended 31st March 2008 was Rs. 1675.17 Lacs as compared to Rs. 1533.92 Lacs for the year ended 31st March 2007. The increase in total income was mainly due to increase in Sales from Rs. 1521.37 Lacs for the year ended 31st March 2008 to Rs. 1678.01 Lacs for the year ended 31st March 2007. However, there was a increase in Other Income to Rs. 2.19 Lacs for the year ended 31st March 2008 as against Rs. 1.18 Lacs for the year ended 31st March 2007. The total expenditure increased from Rs. 1368.46 Lacs for the year ended 31st March 2007 to Rs. 1530.94 Lacs for the year ended 31st March 2008. Interest expenses for the year ended 31st March 2008 decreased to Rs. 6.48 Lacs as compared to Rs. 7.40 Lacs for the year ended 31st March 2007 due to decrease in secured borrowing. Consequently, PAT for the year ended 31st March 2008 decreased to Rs. 73.37 Lacs as compared to a PAT of Rs. 90.97 Lacs for the year ended 31st March 2007.

5.6 Pre and Post-Offer Shareholding Pattern of the Target Company:

Shareholders' Category	Shareholding & Voting Rights prior to the Acquisition and Offer		Shares/ Voting Rights to be Acquired in Offer (Assuming full acceptances)		Shareholding / Voting Rights after the Acquisition and Offer	
	(A)		(B)		(A)+(B)=(C)	
	No.	%	No.	%	No.	%
1. Promoter Group (excluding the Acquirer)	171,000	4.44	-	-	171,000	4.44
2. Acquirer a) Mr. Vinaykumar Purshottamdas Parikh	1,414,400	36.74	1,302,100	33.82	2,716,500	70.55
Total (1+2)	1,585,400	41.18	1,302,100	33.82	2,887,500	74.99
3. Public: (Other than Promoters & Acquirer)	2,264,600	58.82	(1,302,100)	(33.82)	962,500	25.01
GRAND TOTAL (1+2+3)	38,50,000	100.00	Nil	Nil	38,50,000	100.00

(a) There are 18,770 equity shareholders under Public category as on 30th June 2010.

(b) The Compliance Officer of the Target Company is Mr. Samir Harkishandas Shah, residing at 59, Ajit Co-op. Housing Society, Near Urmi Char Rasta, Akota, Vadodara 390 020, Tel no.: 0265- 2323621

(c) Details of change in the shareholding of the Promoter Group of the Target Company after the public issue of the Target Company in September 1992 is as under:

Share Holdings			Purchase/ Inter se Transfer / Transmission made during the Year		Sale / Inter se Transfer / Transmission made during the year		Share Holdings			Status of Compliance with SEBI SAST Regulations, other regulations under SEBI Act, 1992 & Statutory Requirements as applicable
As On	No. of Shares	%	No. of Shares	%	No. of Shares	%	As On	No. of Shares	%	
28. Sep. 1992	269440	7.81%	0	0.00%	8000	0.23%	1. Apr. 1993	261440	7.58%	Complied
1. Apr. 1993	261440	7.58%	4610	0.13%	0	0.00%	1. Apr. 1994	266050	7.71%	Complied
1. Apr. 1994	266050	7.71%	50000	1.45%	0	0.00%	1. Apr. 1995	316050	9.16%	Complied
1. Apr. 1995	316050	9.16%	58100	1.68%	0	0.00%	1. Apr. 1996	374150	10.84%	Complied
1. Apr. 1996	374150	10.84%	14000	0.41%	0	0.00%	1. Apr. 1997	388150	11.25%	Complied
1. Apr. 1997	388150	11.25%	0	0.00%	0	0.00%	1. Apr. 1998	388150	11.25%	N.A.
1. Apr. 1998	388150	11.25%	9730	0.28%	0	0.00%	1. Apr. 1999	397880	11.53%	Complied
1. Apr. 1999	397880	11.53%	63900	1.85%	0	0.00%	1. Apr. 2000	461780	13.38%	Complied
1. Apr. 2000	461780	13.38%	465100	12.08%	0	0.00%	1. Apr. 2001	926880	24.07%	Complied
1. Apr. 2001	926880	24.07%	200	0.01%	0	0.00%	1. Apr. 2002	927080	24.08%	Complied
1. Apr. 2002	927080	24.08%	7700	0.20%	0	0.00%	1. Apr. 2003	934780	24.28%	Complied
1. Apr. 2003	934780	24.28%	0	0.00%	0	0.00%	1. Apr. 2004	934780	24.28%	N.A.
1. Apr. 2004	934780	24.28%	76400	1.98%	0	0.00%	1. Apr. 2005	1011180	26.26%	Complied
1. Apr. 2005	1011180	26.26%	188900	4.91%	0	0.00%	1. Apr. 2006	1200080	31.17%	Complied
1. Apr. 2006	1200080	31.17%	181920	4.73%	0	0.00%	1. Apr. 2007	1382000	35.90%	Complied
1. Apr. 2007	1382000	35.90%	96300	2.50%	0	0.00%	1. Apr. 2008	1478300	38.40%	Complied
1. Apr. 2008	1478300	38.40%	50400	1.31%	0	0.00%	1. Apr. 2009	1528700	39.71%	Complied
1. Apr. 2009	1528700	39.71%	56700	1.47%	0	0.00%	1. Apr. 2010	1585400	41.18%	Complied
1. Apr. 2010	1585400	41.18%	0	0.00%	0	0.00%	30. Jun. 2010	1585400	41.18%	N.A.

Note: The above table represents the promoter shareholding as on the 31st March of every financial year. There were intermediate transactions within each financial year. However such intermediate transactions have not triggered the Open Offer requirement under the Regulations.

5.7 Status of Corporate Governance

The Target Company has complied with the conditions of Corporate Governance as envisaged under clause 49 of the listing agreement. Lalit R. Mehta & Associates, Chartered Accountants have certified compliance of conditions of corporate governance as per their certificate attached with annual report of the Target Company.

There is no pending litigation filed by or against the Target Company.

6. OFFER PRICE AND FINANCIAL ARRANGEMENTS

6.1 Justification of Offer Price:

(a) The equity shares of the Target Company are presently listed on the Stock Exchanges and are not admitted as permitted security in any other stock exchange.

(b) The annualized trading turnover during the preceding 6 calendar months prior to the month in which PA is made i.e. January 1, 2009 to June 30, 2009 (both inclusive) at the Stock Exchange(s) is as under: -

Name of Stock Exchange	Total No. of Shares traded during the 6 calendar months prior to the month in which PA was made	Total No. of Listed Shares	Annualized Trading turnover (in terms of % to total listed shares)
ASE	NIL	3,850,000	NIL
VSE	NIL	3,850,000	NIL
JSE	NIL	3,850,000	NIL

Source: ASE, VSE and JSE

Based on the above information, the Target Company are deemed to be infrequently traded within the meaning of Explanation (i) to Regulation 20(5) of the Regulations and hence, the Offer Price has been determined taking into account the following parameters:

a)	Negotiated Price under the Agreement	:	Not applicable
b)	The highest price paid by the Acquirer for acquisition during the 26 week period prior to the date of PA		16.00
	Other Parameters based on the Audited Accounts for the year ended 31.03.2010		
c)	Book Value per Equity Share (Rs.)	:	19.80
d)	Earnings Per Equity Share (Rs.)	:	1.95
e)	Return on Net worth (%)	:	9.83%
f)	Industry Average P/E Multiple*	:	16.90
g)	Offer price P/E Multiple**	:	10.25

* Source: Capital Market Journal Vol. XXV/09, June 28- July 11, 2010, Industry – Steel – Medium / Small)
** Offer price/EPS

(c) In view of the above, the offer price of Rs. 20/- per share is justified in terms of the Regulation 20(11) of the Regulations. The Offer price has been duly certified by a registered Chartered Accountant as being in accordance with Regulation 20(5) of the Regulations.

(d) If the Acquirer acquires Shares after the issuance of the PA and up to seven working days prior to Offer Closing Date at a price higher than the Offer Price, then the highest price paid for such acquisition shall be payable for all acceptances received under this Offer as per Regulation 20(4) of the Regulations. Any revision in the Offer Price shall be notified by advertisement in the same newspapers in which the Public Announcement dated July 09, 2010 appeared.

6.2 Financial Arrangements:

The total fund requirement for the acquisition of 13,02,100 equity shares (assuming full acceptance of the Offer), being 33.82% of the issued, subscribed, paid up and voting equity share capital of the Target Company at Rs. 20/- per share is Rs. 2,60,42,000 (Rupees Two Crore Sixty Lakh Forty Two Thousand Only). The Acquirer has made firm financial arrangements to meet its obligations in full under the Offer and has confirmed the same vide his letter dated 4th June, 2010.

(a) The maximum purchase consideration payable by the Acquirer in the case of full acceptance of the offer is Rs. 2,60,42,000 (Rupees Two Crores Sixty Lakh Forty Two Thousand Only). In accordance with Regulation 28 of the Regulations, the Acquirer has established an escrow account under the name and title of **"SSSFL - OPEN OFFER ESCROW ACCOUNT"** with Bank of Baroda, Alkapuri Branch, Vadodara and has deposited an amount of Rs. 65,10,500 (Rupees Sixty Five Lakhs Ten Thousand Five Hundred Only) being an equivalent to 25% of the total Offer Price payable. The Manager to the offer has been duly authorized by the Acquirer to realize the value of Escrow Account in terms of the Regulations.

(b) In case of a revision in the Offer Price, the Acquirer would raise the amount in the Escrow Account to ensure compliance with Regulation 28 of the Regulations.

(c) M/s. Lalit R. Mehta & Associates**,** Chartered Accountants (membership no. of Mr. Lalit R. Mehta is 071408), having their office Prasanna House, Associated Society, Opp. Radha Krishna Park, Akota, Vadodara-390020, Gujarat, have confirmed vide their certificate dated 4th June, 2010 that sufficient liquid resources are available with the Acquirer to fulfill his obligations under the Offer.

(d) Based on the above, the Manager to the Offer is satisfied about the ability of the Acquirer to implement the Offer in accordance with the Regulations.

7. TERMS AND CONDITIONS OF THE OFFER

(a) The Letter of Offer along with Form of Acceptance will be mailed to all those shareholders of the Target Company (except the Acquirer/Promoter Group) whose name appear on the register of members and to the beneficial owners of the shares of the Target Company whose names appear on the beneficial records of the DP, at the close of business hours on the Specified Date.

(b) All owners of the equity shares of the Target Company, registered or unregistered (except the Acquirer/Promoter Group) 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 numbers, 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.

(c) Accidental omission to dispatch this Letter of Offer or the non-receipt or delayed receipt of this Letter of Offer will not invalidate the Offer in anyway.

(d) Subject to the conditions governing this Offer, as mentioned in the Letter of Offer, the acceptance of this Offer by the shareholder(s) must be absolute and unqualified. Any acceptance to the Offer, which is conditional or incomplete, is liable to be rejected without assigning any reason whatsoever.

(e) There are no locked-in shares in the Target Company.

(f) The Offer is subject to the approval from the RBI, under FEMA, for acquisition of equity shares by the Acquirer from non-resident persons under the Offer.

(g) To the best of knowledge and belief of the Acquirer, as of the date of the PA, other than the above, no statutory approvals are required by them to acquire the Equity Shares tendered pursuant to this Offer. If any other statutory approvals are required or become applicable, the Offer would be subject to the receipt of such other statutory approvals. In terms of Regulation 27 of the Regulations, the Acquirer shall not proceed with the Offer in the event that such statutory approvals that are required are refused.

(h) In case of non receipt of any approval, SEBI may, if satisfied that non receipt of the requisite approvals was not due to any willful default or neglect of the Acquirer or failure of the Acquirer to diligently pursue the application for the approval, grant extension of time for the purpose, subject to the Acquirer agreeing to pay interest to the shareholders as directed by SEBI, in terms of Regulation 22(12) of the Regulations. Further, if delay occurs on account of willful default by the Acquirer in obtaining the requisite approvals, Regulation 22(13) of the Regulations will also become applicable.

(i) No approval is required from any bank or financial institutions for this Offer, to the best of the knowledge of the Acquirer.

(j) Equity 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 i.e. September 07, 2010 i.e. three working days prior to Offer Closing Date.

(k) The instructions and provisions contained in Form of Acceptance constitute an integral part of the terms of this Offer.

(l) The Letter of Offer, Form of Acceptance and Form of Withdrawal will be available on SEBI's website: www.sebi.gov.in, from the Offer Opening Date i.e. August 24, 2010.

(m) The Offer will open on August 24, 2010 and close on September 13, 2010.

8. PROCEDURE FOR ACCEPTANCE AND SETTLEMENT OF OFFER

(a) Equity Shareholders who hold the shares of the Target Company and wish to tender their shares pursuant to the Offer will be required to submit the Form of Acceptance, original share certificate(s) and transfer deed(s) duly signed, photocopy of the delivery instruction in 'Off-Market' mode or counterfoil of the delivery instruction in 'Off-Market' mode, duly acknowledged by DP in favour of the special depository account to the Registrars to the Offer, Bigshare Services Pvt Ltd. at their office mentioned below, so as to reach on or before the Offer Closing Date, in accordance with the instructions specified in the Letter of Offer and the Form of Acceptance.

Sr. No.	Collection Center	Address of Center	Contact Person	Tel. No./ Fax No.	Mode Of Delivery
1.	Mumbai	E-2, Ansa Industrial Estate, Sakivihar Road, Saki Naka, Andheri(E), Mumbai-400072 Tel: 022 28470652 Fax: 022 28475207	Mr. Babu Rapheal	Tel No.: 022-28470652/40430200 Fax No.: 022-28475207	Post and Hand Delivery
2.	Ahmedabad	C/o Vishwam Advisory Private Limited 310, Aditya Plaza, Nr. Karnavati Apartments, Jodhpur, Satellite, Ahmedabad - 380015	Mr. Hitesh Buch	Tel No.: 079-40321260	Post and Hand Delivery
3.	Vadodara	C/o Skystock Financial Services 45, Taskent Society	Mr. Sanjay Suthar	Tel No.: 0265-2775420 Fax No.: 0265-2337291	Post and Hand Delivery

		Near Dave Deep Shopping Complex Nizampur, Baroda – 390002			

The documents can be tendered at any of the above centres between Monday to Friday from 10.30 am to 1.00 pm and 2.00 pm to 4.30 pm and on Saturdays from 10.00 am to 1.00 pm. The Registrars to the Offer will be closed on Sundays and other Public Holidays.

The shareholders who cannot hand-deliver their documents at the address referred to above may send the same by registered post/ speed post, at their own risk, to the Registrar to the Offer at their office at the above mentioned address, so as to reach their office on or before the Offer Closing Date

(b) Shareholders are advised to ensure that the Form of Acceptance and other relevant documents are complete in all respects; otherwise the same is liable to be rejected. In the case of demat shares, the shareholders are advised to ensure that their shares are credited in favour of the special depository account before the Offer Closing Date. The Form of Acceptance of such demat shares not credited in favour of the special depository account before the Offer Closing Date will be rejected.

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

(i) For Shares held in Physical Form:

(A) **Registered Shareholders should enclose:**

(I) Form of Acceptance duly completed and signed in accordance with the instructions contained therein, by all shareholders whose names appear on the Share Certificate(s).

(II) Original Share Certificate(s).

(III) Valid share Transfer Deed / Form(s) duly signed as transferors by all registered shareholders (in case of joint holdings) in the same order and as per specimen signatures registered with Shree Sponge Steel & Forging and duly witnessed at the appropriate place.

(B) **Unregistered Shareholders should enclose:**

(I) Form of Acceptance duly completed and signed in accordance with the instructions contained therein, or application on plain paper.

(II) Original share certificate(s).

(III) Original broker contract note.

(IV) Valid share Transfer Deed / Form(s) as received from the market. The details of buyer should be left blank failing which, the same will be invalid under the Offer. Unregistered shareholders should not sign the transfer deed. The transfer deed should be valid for transfer. No indemnity is required from unregistered shareholders. All other requirements for valid transfer will be preconditioned for acceptance. No indemnity is required from unregistered shareholders.

(ii) **For shares held in Demat form: -**
Beneficial owners should enclose:

(A) **Form of Acceptance** duly completed & signed in accordance with the instructions contained therein, by all the beneficial owners whose names appear in the beneficiary account, as per the records of the respective depositories.

(B) **Photocopy of the delivery instruction in** "Off-market" mode or counterfoil of the delivery instruction in "Off- market " mode, duly acknowledged by DP in favour of the special depository account (please see below) before the close of the business hours on September 13, 2010.

The Registrar to the Offer has opened a special depository account with HDFC Bank Ltd., (Registered with NSDL/CDSL). The details of the special depository account are as follows:-

DP Name:	HDFC Bank ltd.
DP ID Number:	IN301549
Client ID Number:	30657896
Account Name:	BSPL ESCROW A/C – SSSFL Open Offer

(d) For each delivery instruction, the beneficial owner should submit a separate Form of Acceptance. In the case of demat shares, the shareholders are advised to ensure that their shares are credited in favour of special depository account, before the Offer Closing Date. The Form of Acceptance of demat shares not credited in favour of the special depository account before the Offer Closing Date is liable to be rejected.

(e) The share certificate(s), share transfer forms, Form of Acceptance, Form of Withdrawal and other documents, if any should be sent only to the Registrar to the Offer, as mentioned above. They should not be sent to the Manager to the Offer or the Acquirer or the Target Company.

(f) In case of non-receipt of the Letter of Offer, the Eligible Persons may obtain a copy of the same from Registrar to the Offer or Manager to the Offer on providing suitable documentary evidence of holding equity shares of the Target Company. The Public Announcement, Letter of Offer, Form of Acceptance and Form of Withdrawal will be available on SEBI website at www.sebi.gov.in, from the Offer Opening Date. The Eligible Persons can download these documents from the SEBI's website & apply using the same. Alternatively, they may send their consent to participate in the Offer, to the Registrar to the Offer, on a plain paper stating the name & address of the first holder, name(s) & address(s) of joint holders, if any, regd. folio no, share certificate no., distinctive nos., no. of the shares held, no. of the shares offered along with documents as mentioned above so as to reach the Registrar to the Offer on or before the Offer Closing Date. Unregistered owners should not sign the transfer deeds & the transfer deeds should be valid. In case of beneficial owners, they may send their applications in writing to the Registrar to the Offer, on a plain paper stating their name, address, no. of shares held, no. of shares offered, DP name, DP ID no., beneficiary account number, and a photocopy of the delivery instructions in "Off-market" mode or counterfoil of the delivery instructions in "Off- market" mode, duly acknowledged by the DP in favour of special depository account, so as to reach the Registrar to the Offer, on or before the Offer Closing Date.

(g) Applications in respect of Equity Shares that are subject matter of litigation wherein the shareholders of the Target Company may be prohibited from transferring the Equity Shares during the pendency of the said litigation are liable to be rejected if the directions/ orders regarding these Equity Shares are not received together with the Equity 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.

(h) While tendering the equity shares under the Offer, non-resident Indians/foreign shareholders will be required to submit the previous approvals obtained by RBI (specific or general) that they would have been required to submit to acquire the equity shares of the Target Company. In case the previous RBI approvals are not submitted, the Acquirer reserves the right to reject such Equity Shares tendered. While tendering shares under the Offer, non-resident Indians/ foreign shareholders will be required to submit a Tax Clearance Certificate from the Income Tax authorities, indicating the amount of tax to be deducted by the Acquirer under the Income Tax Act, 1961 ('Income Tax Act'), before remitting the consideration. In case the aforesaid Tax Clearance certificate is not submitted, the Acquirer will arrange to deduct tax at the rate as may be applicable to the category of the shareholder under the Income Tax Act, on the entire consideration amount payable to such shareholder.

(i) As per the provisions of Section 196D(2) of the Income Tax Act, no deduction of tax at source shall be made from any income by way of capital gains arising from the transfer of securities referred to in Section 115AD of the Income Tax Act payable to a Foreign Institutional Investor ('FII') as defined in Section 115AD of the Income Tax Act.

(j) The Acquirer shall complete all procedures relating to the Offer including payment of consideration to the shareholders by September 28, 2010. In case of delay due to non-receipt of the statutory approvals within time, SEBI has a power to grant extension of time to the Acquirer for payment of consideration to shareholders subject to the Acquirer agreeing to pay interest to the shareholders for delay in payment of consideration beyond September 28, 2010.

(k) Payment of consideration will be made by crossed account payee cheques /demand drafts/pay orders/ through ECS mode of payment and will be sent by registered post, to those shareholders/unregistered owners & at their sole risk, whose shares/ share certificates & other documents are found in order & accepted by Acquirer in part or in full except in case of joint holders, cheques/demand drafts/ pay orders/ECS Credit, in the name of first holder. It is advised that shareholders provide bank details in the Form of Acceptance, so that same can be incorporated in the cheques/demand drafts/pay orders. In order to get payment through ECS mode shareholders are requested to provide their bank details like account number, name of the bank and its address, IFSC code of bank, etc.

(l) In case the shares tendered in the Offer by the shareholders of the Target Company are more than the shares to be acquired under the Offer, the acquisition of the shares from each shareholder will be as per the provisions of Regulation 21(6) of the Regulations on a proportionate basis. The marketable lot for physical shares is 100 (hundred) and demat shares is 1(one). The rejected applications/ documents will be sent by registered post.

(m) Unaccepted share certificates, transfer forms & other documents, if any, will be returned by registered post at the shareholders/ unregistered owners sole risk to the sole/first shareholder. Shares held in demat form to the extent not accepted will be credited back to the beneficial owners' depository account with the respective DP as per the details furnished by the beneficial owners.

(n) The Registrar to the Offer will hold in trust the share certificates, shares lying in credit of the special depository account, Form of Acceptance, if any, and the transfer form/s on behalf of the shareholders of the Target Company who have accepted the Offer, till the cheques/drafts for the consideration and/or the unaccepted shares/share certificates are dispatched/returned.

(o) In case any person has lodged shares of the Target Company for transfer & such transfer has not yet been effected, the concerned person may apply as per the instructions in paragraph vi above together with the acknowledgement of lodgment of shares for transfer. Such persons should also instruct the Target Company to send the transferr share certificate(s) directly to the Registrar to the Offer. The applicant should ensure that the certificate(s) reached the Registrar to the Offer on or before the Offer closing date.

(p) In case any person has tendered his physical shares in the Target Company for dematerialization & such dematerialization has not yet been effected, the concerned shareholder may apply in the Offer as per instructions mentioned above together with a photocopy of the completed dematerialization request form acknowledged by shareholders DP. Such shareholders should ensure the credit of the shares to the special depository account on or before the Offer closing date

(q) In case the shareholder has already sold his shares, he may kindly forward this Offer document to the transferee or to the broker through whom the shares were sold.

(r) The shareholders, who are desirous of withdrawing their acceptances tendered in the Offer, can do so upto 3 working days prior to the Offer Closing Date, i.e. on or before September 07, 2010 in terms of Regulation 22(5A) of the Regulations.

(s) The withdrawal option can be exercised by submitting the document as per the instruction below, so as to reach the Registrar to the Offer on or before September 07, 2010. The withdrawal option can be exercised by submitting the Form of Withdrawal.

(t) In case of non-receipt of the Form of Withdrawal, the withdrawal option can be exercised by making an application on plain paper along with the following details:
   (i) In case of physical shares: name, address, distinctive numbers, folio nos., number of shares tendered/withdrawn.
   (ii) In case of dematerialised shares: name, address, number of shares tendered/withdrawn, DP name, DP ID, Beneficiary account no. and a photocopy of 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 depository escrow account.

(u) The shares withdrawn by the shareholders, if any would be returned by registered post, in case of physical shares.

9. DOCUMENTS FOR INSPECTION

Copies of the following documents will be available for inspection at the office of the Manager to the Offer, **Asit C. Mehta Investment Interrmediates Ltd.**, Nucleus House, Saki Vihar, Andheri (E), Mumbai - 400072, on any working day between 10.00 A.M. to 2.00 P.M. during the period the Offer is open i.e., from August 24, 2010 (Tuesday) to September 13, 2010 (Monday):

(a) Memorandum of Association & Articles of Association of the Target Company along with Certificate of Incorporation.

(b) Audited results of the Target Company for the financial years ended 31.03.2008, 31.03.2009 and 31.03.2010.

(c) Chartered Accountant's Certificate dated 30th April, 2010 certifying the Net worth of the Acquirer.

(d) Chartered Accountant's Certificate dated 4th June, 2010 certifying the adequacy of financial resources with the Acquirer to fulfill the obligations under the Offer.

(e) Letter from Bank of Baroda dated June 30, 2010 confirming the amount kept in an escrow account and empowering the Manager to the Offer to deal with the escrow account in accordance with the Regulations.

(f) Copy of confirmation regarding opening of special depository account in the name and style of "BSPL Escrow A/c – SSSFL Open Offer".

(g) Published copies of the Public Announcement made on July 09, 2010.

(h) Copy of Letter No CFD/DCR/TO/SKM/16168/2010 dated August 13, 2010 from SEBI in terms of Provisions of Regulation 18(2) of the Regulations.

(i) Other relevant documents such as:

- (i) Copy of the Memorandum of Understanding between the Acquirer and the Manager to the Offer dated January 27, 2010.
- (ii) Copy of consent letter from Registrar dated July 13, 2010 for acting as Registrar to the issue.
- (iii) Copies of undertakings from Target Company and the Acquirer.

10. DECLARATION BY THE ACQUIRER

The Acquirer accepts full responsibility for the information contained in PA, Letter of Offer and also for the obligations of the Acquirer as laid down in the Regulations 1997. The Manager to the Offer hereby states that the person signing this Letter of Offer is the Acquirer signing for himself.

Sd/-

Place: Vadodara
Date: August 13, 2010

Attached: Form of Acceptance cum Acknowledgement and Withdrawal

FORM OF ACCEPTANCE CUM ACKNOWLODGEMENT

Date:

To,
Bigshare Services Pvt. Ltd.
E-2, Ansa Industrial Estate,
Sakivihar Road, Saki Naka,
Andheri(E), Mumbai-400072
Tel: 022 28470652
Fax: 022 28475207
Email: openoffer@bigshareonline.com
Contact Person: Babu Rapheal

OFFER	
Opens on	August 24, 2010
Closes on	September 13, 2010
Last date of Withdrawal	September 07, 2010

Dear Sir,

Subject: Open Offer by Mr. Vinaykumar Purshottamdas Parikh residing at 13, Metro Housing Society, Gotri Road, Vadodara -390021; Tel.: 0265-2370132**, to the Equity Shareholders of SHREE SPONGE STEEL & FORGING LTD. to acquire from them 1,302,100 equity shares of Rs. 10/- each aggregating 33.82% of the Equity and Voting capital of the Target Company at Rs. 20/- per fully paid up equity share.**

I/We refer to the Letter of Offer dated August 13, 2010 for acquiring the equity shares held by us in **SHREE SPONGE STEEL & FORGING LTD.**
I/We, the undersigned have read the Letter of Offer and understood its contents including the terms and conditions as mentioned therein.

SHARES IN PHYSICAL FORM
I/We accept the Offer and enclose the original share certificate(s) and duly signed transfer deed(s) in respect of my/our Shares as detailed below.

Sr. No.	Ledger Folio No.	Certificate No(s).	Distinctive No(s).	No. of shares
Total no. of Equity shares				

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 gives 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.

-- **Tear along this line** ---

Acknowledgement slip

Ledger Folio No. _________________________________DP ID __________________ ______
Client ID________________ _____ ______
Received from ______________________________ ___________an application for sale of __________Equity Share(s) of **SHREE SPONGE STEEL & FORGING LTD.** together with_________share certificate(s) bearing Certificate Numbers ________________________ and _______transfer deed(s)/ photocopy of "Off-market" delivery instruction duly acknowledged by the DP.
Note : All future correspondence, if any, should be addressed to the Registrar to the Offer at the address mentioned above.

Date of receipt **Signature of the official**

SHARES IN DEMATERIALISED FORM

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

DP Name	DP ID	Client ID	No. of Shares	ISIN No.
Total number of Equity shares				

I/We have done an off market transaction for crediting the Shares to the special account opened for the purposes of the Offer, for which necessary instructions have been given to my/our DP.

I/We note and understand that the Shares would reside in the depository account opened for the purpose of this Offer until the time the Acquirer accepts the Shares and makes the payment of purchase consideration as mentioned in the Letter of Offer.

I/We confirm that the equity shares of **SHREE SPONGE STEEL & FORGING LTD.**, which are being tendered herewith by me/us under this Offer, are free from liens, charges and encumbrances of any kind whatsoever.

I/We authorize the Acquirer to accept the shares so offered which they 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, equity share certificate(s) in respect of which the offer is not found valid/not accepted.

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

I/We authorize the Acquirer to accept the Shares so offered or such lesser number of Shares that they may decide to accept in terms of the Letter of Offer and I/We authorize the Acquirer to split / consolidate the share certificates comprising the Shares that are not acquired to be returned to me/us and for the aforesaid purposes the Acquirer are hereby authorized to do all such things and execute such documents as may be found necessary and expedient for the purpose.

Yours faithfully,
Signed and Delivered

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

Note: In case of joint holdings all must sign. Enclose duly attested power of attorney if any person apart from the shareholder has signed acceptance form or transfer deed(s). A corporation must affix its common seal and enclose necessary certified corporate authorizations. Non-resident shareholders with repatriable benefits must enclose appropriate documentation.

Place: Date:

Bank Details

So as to avoid fraudulent encashment in transit, and also to enable payment through ECS the shareholder(s) may, at their option, provide details of bank account of the first/sole shareholder and the consideration cheque or demand draft will be drawn accordingly.

I/we permit the Acquirer or the Manager to the Offer to make the payment of Consideration through Electronic Clearing Service (ECS) of the Reserve Bank of India based on the Bank Account Details provided below and a photo copy of cheque is enclosed.

Savings/Current/(Others; please specify) : ___________________________________ Account Number: _____________________________________

Name of the Bank Branch: ____ IFSC Code of Bank___________________________________

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FORM OF WITHDRAWAL

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

From:
Name:

Address:
Tel. No.
Fax No.
E-mail:

OFFER	
Opens on	August 24, 2010
Closes on	September 13, 2010
Last date of Withdrawal	September 07, 2010

To,
Bigshare Services Pvt. Ltd.
E-2, Ansa Industrial Estate,
Sakivihar Road, Saki Naka,
Andheri(E), Mumbai-400072
Tel: 022 28470652
Fax: 022 28475207

Dear Sir,

Subject: Subject: Open Offer by Mr. Vinaykumar Purshottamdas Parikh residing at 13, Metro Housing Society, Gotri Road, Vadodara -390021; Tel.: 0265-2370132**, to the Equity Shareholders of SHREE SPONGE STEEL & FORGING LTD. to acquire from them 1,302,100 equity shares of Rs. 10/- each aggregating 33.82% of the Equity and Voting capital of the Target Company @ Rs. 20/- per fully paid up equity share.**

We, the undersigned have read the Letter of Offer and understood its contents including the terms and conditions as mentioned therein. We hereby consent unconditionally and irrevocably to withdraw my/our shares from the Offer and I/We further authorize the Acquirer to return to me/us, the tendered equity share certificate(s)/ share(s) at my/our sole risk. 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. We note that this Form of Withdrawal should reach the Registrar to the Offer before the last date of withdrawal i.e. September 07, 2010. 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 dematerialized form in the DP Account due to inaccurate / incomplete particulars / instructions. 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.

SHARE HELD IN PHYSICAL FORM
The particulars of tendered original share certificate(s) and duly signed transfer deed(s) and shares withdrawn are detailed below:

Sr. No.	Ledger Folio No.	Certificate No.	Distinctive No.		No. of Shares	
			From	To	Tendered	Withdrawn
Total number of shares						

SHARES HELD IN DEMAT FORM

We have tendered the shares in the offer which was done in an off market transaction for crediting the shares to the "BSPL Escrow A/c – SSSFL Open Offer" as per the following particulars:

DP ID No.: IN301549
DP Name : HDFC Bank Ltd.
Client ID No.: 30657896

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 and shares withdrawn are as detailed below:

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

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 instruction shave been issued in this regard.
I/We confirm that the particulars given above are true and correct.
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.

Yours faithfully,
Signed and Delivered

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

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. Applicants are requested to clearly mark the envelope with the words "**SHREE SPONGE STEEL & FORGING LTD.** Open Offer" while sending the documents to the registrar to the offer. All future correspondence, if any, should be sent to the registrar to the offer, BIG Shares Services Pvt. Ltd.(unit: **SHREE SPONGE STEEL & FORGING LTD.**), at their aforesaid address.
Place: Date:

---TEAR HERE---

ACKNOWLEDGEMENT RECEIPT

Received Form of Withdrawal from Mr./ Mrs./Ms. ---
Folio No.-------------------------------- DP ID --------------------------- Client ID NO. ------------------------------
Number of shares tendered ------------------------
Number of share withdrawn ---

Stamp of Registrar **Signature of official**

Date of Receipt