LETTER OF OFFER

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

This Letter of Offer (LOO) is sent to you as equity shareholder(s) of SQL Star International Limited ("SQL"). If you require any clarifications about the action to be taken, you may consult your stockbroker or investment consultant or Indian Overseas Bank Merchant Banking Division (Manager to the Offer) or Karvy Computer Share Private Limited (Registrar to the Offer). In case you have recently sold your shares in "SQL", please hand over this LOO and the accompanying Form of Acceptance cum acknowledgment and Transfer Deed to the Member of Stock Exchange through whom the said sale was effected.

CASH OFFER AT A PRICE OF RS. 41.00 (RUPEES FORTY ONE ONLY) PER EQUITY SHARE

[Pursuant to the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 1997 and subsequent amendments thereto]

TO ACQUIRE

from existing equity shareholders up to 32, 04,000 equity shares of Rs. 10/- each representing 20% of the voting share capital ~~of~~ of

SQL STAR INTERNATIONAL LIMITED

Registered office: 3rd Floor, Andhra Association Building, 24-25, Institutional Area, Lodhi Road, New Delhi 110 003.Tel: (011) 24601539, 24602904 Fax: (011) 24601597

By

M/S SUPERSTAR EXPORTS PRIVATE LIMITED, having its registered office at J.K.Somani Building, 2nd Floor, British Hotel lane Fort, Mumbai-400 023

Tel: (022) 22675192 Fax(022) 22675191

M/S PADMAVATIASHA PROPERTIES AND PROJECTS PRIVATE LIMITED, having its registered office at 101, N.R.House old High Court Lane, Ashram Road Ahmedabad-380 009 Tel: 079-27543930 Fax: 079-27540610

AND

MR N R GANTI residing at Surabhi Palace, Road No 14, Banjara Hills, Hyderabad 500 014 Tel: 040 23548760

(HEREINAFTER COLLECTIVELY REFERRED TO AS "ACQUIRERS")

1. The Offer is subject to approval, if any required from RBI for acquiring of shares by the acquirers and transfer of shares by the Non Resident Shareholders. As on the date of this Letter of Offer, there are no other approvals, statutory or otherwise, required under the Companies Act 1956, Monopolies, and Restrictive Trade Practice Act, 1969, the Foreign Exchange Management Act, 1999 and / or any other applicable laws and from any bank and/or financial institutions for the said acquisition.

2. The Shareholders shall have the option to withdraw acceptance tendered by them up to three working days prior to the date of closure of the offer i.e. on or before 16th September, 2005

3. In case of any upward revision / withdrawal of the Offer, the Public Announcement for the same would be made in the same

newspapers where the original Public announcement has appeared. The last date for such upward revision, if any, is 7 working days prior to the date of closure i.e., 12th September, 2005. The Acquirers will pay the same price for all the equity shares tendered in the Offer.

4. The Offer is not subject to minimum level of acceptance.

5. There has been no Competitive bid

6. If there is a competitive bid

-The public offers under all the subsisting bids shall close on the same date

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

~~**6.** No Litigations are pending against the Acquirers i.e., M/s Super Star Exports Private Limited, M/s Padmavatiasha Properties and Projects Private Limited and Mr N R Ganti.~~

7. A copy of the Public Announcement & Letter of Offer (including form of acceptance cum acknowledgement and form of withdrawal) is also available at the website of SEBI www.sebi.gov.in.

Manager to the Offer	**Registrar to the Offer**
Indian Overseas Bank Merchant Banking Division 763,Anna Salai Chennai-600 002 Phone No: 044 2851 9637 Fax: 044 2852 2747 Email::iobcppd@vsnl.com Contact Person:K.Sundar Rajan SEBI Regn no: INM 000001386	**Karvy Computershare Private Limited** "Karvy House"46, Avenue 4, Street No. 1 Banjara Hills, Hyderabad - 500 034. Ph.No. 040- 23312454, 23320751 Fax No.23311968. Email:mailmanager@karvy.com Contact Person:Mr M Murali Krishna SEBI Regn no:INR000000221
OFFER OPENS ON 2nd September ,2005	**OFFER CLOSES ON 21st September, 2005**

Activity schedule

ctivity	Original Schedule	Revised Schedule
ublic Announcement Date PA)	12th July, 2005, Tuesday	12th July,2005, Tuesday
pecified Date	11th August, 2005 , Thursday	11th August,2005 , Thursday
ate by which Letter of Offer to e dispatched to Shareholders	26th August, 2005, Friday	26th August,2005, Friday
ffer opening Date	5th September,2005, Monday	2nd September,2005 ,Friday
ffer Closing Date	26th September,2005, Monday	21stSeptember,2005, Wednesday

ast date for revising the Offer rice / number of shares	15th September,2005, Thursday	12th September,2005, Monday
ast date for a Competitive Bid	2nd August,2005, Tuesday	2nd August,2005, Tuesday
ast date of communicating ejection / acceptance and ayment of consideration for ccepted tenders	11th October,2005, Tuesday	6th October,2005, Thursday
ast date for withdrawing cceptance from the Open)ffer	21st September,2005, Wednesday	16th September,2005, Friday

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DEFINITIONS

Acquirers	M/s Superstar Exports Private Limited, M/s Padmavatiasha Properties and Projects Private Limited and Mr. N R Ganti.
Book Value per share	[(Share Capital+ Reserves (Net of revaluation reserves)-(Miscellaneous expenses to the extent not written off-Accumulated losses –Deferred Tax Asset)] / Number of Shares
BSE	The Stock Exchange, Mumbai
DSE	The Delhi Stock Exchange
Date Of Public Announcement	12th July ,2005
DP	Depository Participant
Form of Acceptance	The form of application cum acknowledgement and authority, which is enclosed with this Letter of Offer.
HSE	The Hyderabad Stock Exchange
Letter of Offer / LOO	This Letter of Offer dated 23rd July,2005
Manager to the Offer / Merchant Banker	Indian Overseas Bank, Merchant Banking Division
Offer or Open Offer	Cash Offer being made by the Acquirers to the Shareholders of M/s SQL Star International Limited on the terms contained in this Letter of Offer
Offer Price	Rs41 /-(Rupees Forty One only) per fully paid up equity share of Rs10/- each of M/s SQL Star International Limited
PA	Public Announcement
Persons eligible to participate in the Offer	Equity shareholders of M/s SQL Star International Limited (other than Sellers/ Acquirer) whose names appear on the Register of the Members of M/s SQL Star International Limited at the close of business hours on 11th August, 2005 (the "**Specified Date**") and also to those persons who own the shares at any time prior to the closure of the offer, but are not the registered equity shareholders.

Public Announcement	The Public Announcement relating to the offer as appeared in the newspapers on 12.07.2005
Registrars to the Offer	Karvy Computer Share Private Limited
RCTC	Risk Capital& Technology Finance Corporation
SEBI	Securities Exchange Board of India
Specified Date	11th August,2005
Target Company / SQL	SQL Star International Limited
The Regulations / SEBI (SAST) Regulations	Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations 1997 and subsequent amendments thereof.
VECAUS II	Venture Capital Unit Scheme II

RISK FACTORS

A. Relating to the Proposed Offer

The Offer is subject to approval, if any required from RBI for transfer of shares by the Non Resident Shareholders.

If the aggregate of the valid responses to the offer exceeds offer size, then the Acquirers shall accept the valid applications received on a proportionate basis in accordance with Regulation 21 (6) of the Regulations. In such an event all the equity shares tendered by the applicant may not be accepted.

B. In associating with the Acquirers:

Post this Offer the Acquirers will have significant equity ownership and control over the Target Company pursuant to regulations 10 & 12.The acquirers are engaged in business other than Information and Technology and have no prior experience in IT related business. This may conflict with the interest of the Acquirers with that of other Shareholders

The Acquirer Companies viz., Super Star Exports Private Limited and Padmavatiasha Properties and Projects Private Limited are loss making companies. It is further advised that M/s Super Star Exports Private Limited is yet to commence its operations.

C. Relating to the Transaction

In the event that either (a) regulatory approval is not received in time (b) SEBI instructing the Acquirers 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 shareholders of SQL Star International Limited whose equity shares have been accepted in the Offer as well as the return of the shares not accepted by the Acquirers may be delayed. In case of delay, due to non-receipt of statutory approvals, as per Regulation 22(12) of the SEBI Takeover code, SEBI, may, if satisfied that the non receipt of approvals was not due to any willful default or negligence on the part of the Acquirers, grant an extension for the purpose of completion of the Offer subject to the Acquirers paying interest to the shareholders, as may be specified by SEBI.~~In the event of Non compliance of any of the Provisions of SEBI(SAST) Regulations,1997,the Acquirers and the Manager to the Offer shall act in accordance with SEBI (SAST) Regualtions,1997 and such directions as may be issued by SEBI.~~

Further, shareholders should note that after the last date of withdrawal i.e. 16th September , 2005 shareholders who have lodged their acceptances would not be able to withdraw them even if the acceptance of shares under the Offer and dispatch of consideration gets delayed. The tendered shares and documents would be held by the Registrar to the Offer, till such time as the process of acceptance of tenders and the payment of consideration is completed.

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 EQUITY SHAREHOLDERS OF SQL STAR INTERNATIONAL LIMITED TO TAKE AN INFORMED DECISION WITH REGARD TO THE OFFER. SEBI DOES NOT TAKE ANY RESPONSIBILITY EITHER FOR FINANCIAL SOUNDNESS OF THE ACQUIRERS 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 ACQUIRERS ARE PRIMARILY RESPONSIBLE FOR THE CORRECTNESS, ADEQUACY AND DISCLOSURE OF ALL RELEVANT INFORMATION IN THIS LETTER OF OFFER, THE MERCHANT BANKER IS EXPECTED TO EXERCISE DUE DILIGENCE TO ENSURE THAT ACQUIRERS DULY DISCHARGE THEIR RESPONSIBILITY ADEQUATELY.IN THIS BEHALF AND TOWARDS THIS PURPOSE, THE MERCHANT BANKER, INDIAN OVERSEAS BANK,MERCHANT BANKING DIVISION HAS SUBMITTED A DUE DILIGENCE CERTIFICATE DATED 23rd JULY,2005 TO SEBI IN ACCORDANCE WITH THE SEBI (SUBSTANTIAL ACQUISITION OF SHARES AND TAKEOVERS) REGULATIONS 1997 AND SUBSEQUENT AMENDMENT(S) THEREOF. THE FILING OF THE LETTER OF OFFER DOES NOT, HOWEVER, ABSOLVE THE ACQUIRERS FROM THE REQUIREMENT OF OBTAINING SUCH STATUTORY CLEARANCES AS MAY BE REQUIRED FOR THE PURPOSE.

2. DETAILS OF THE OFFER

2.1 BACKGROUND

2.1.1 The offer is being made in compliance with Regulations 10 & 12 of the Regulations for Substantial Acquisition of shares of SQL and consequent change in control of management of the Company.

2.1.2 On July 7, 2005, the Board of Directors of "SQL" has passed a Resolution subject to the approval by the shareholders of Target Company to:

a) Issue and allot on a preferential basis to ~~Acquirer No 1~~M/s Super Star Exports Private Limited and ~~Acquirer No 2~~M/s Padmavatiasha Properties and Projects Private Limited~~,~~- 25, 00,000 fully paid up equity shares of Rs 10/- each of the Target Company for cash at a price of Rs 40/- per share (including a premium of Rs 30/- per share) aggregating to Rs 10, 00, 00,000.

b) 75, 00,000 warrants ("warrants") entitling the warrant holders to apply for equity shares of Rs 10/- each of the Target Company for cash at a price of Rs 40 /- per share (including a premium of Rs 30/- per share) ("Preferential Issue") to M/s Super Star Exports Private Limited, M/s Padmavatiasha Properties and Projects Private Limited and Mr. N R Ganti~~.,~~

in accordance with the guidelines for Preferential Issue of SEBI (Disclosure and Investor Protection) Guidelines 2000 and the subsequent amendments thereto ("Guidelines").

2.1.3 The Target Company also proposes to issue up to 25, 00,000 warrants entitling the warrant holders to apply for equity shares of Rs 10/- each of the Target Company for cash at a price of Rs 40 /- per share (including a premium of Rs 30/- per share) ("Preferential Issue") to the financial investors not connected to/not acting in concert with Acquirers

2.1.4 Undertaking has been obtained from the Acquirers i.e., M/s Super Star Exports Private Limited, M/s Padmavatiasha Properties and Projects Private Limited and Mr. N R Ganti , that they will not convert the warrants in to Equity shares on or before 6th October 2005 being expiration of fifteen days after the closure of the Open Offer

2.1.5 Undertaking has been obtained from Financial Investors i.e., Mr. Raj Ganti , Mr. Naishadh Paleja and Ms Rajani Jain , that they will not convert the warrants in to Equity shares on or before 6th October,2005 being expiration of fifteen days after the closure of the Open Offer

2.1.6 The subscription and allotment of the Preferential Issue is subject to various conditions/ precedents being fulfilled, including approval of the shareholders of the Target Company. The Shareholder of the Target company in the Extra ordinary General Meeting held on 6th August, 2005 passed the resolution for the offer, issue and allotment of 25,00,000 Equity Shares of Rs 10/- each at a price of Rs 40/- per share (including premium of Rs 30/- per share) on preferential allotment basis and 100,00,000 warrants entitling the warrant holders to apply for Equity shares of Rs 10/- each of the Target Company for cash at a price of Rs 40/- per share (including premium of Rs 30/- per share).

In accordance with the proviso to Regulation 13.4.1 of Chapter 13 – Guidelines for Preferential issues – SEBI (Disclosure and Investor Protection) Guidlelines 2000, the allotment shall be completed with in 15 days from the date of such approval and accordingly in the case of Target Company, the allotment will have to be completed on or before 3rd September, 2005.

The Committee of the Board of Directors for allotment of the Company have allotted shares and warrants in their meeting held on 20th August, 2005 as under:

(a) Equity shares

Sl.No	Name of the Allottee	Number of Shares	Amount Received Rs.
1	M/s Super Star Exports (P) Limited	12,50,000	5,00,00,000

(b) Warrants

Sl.No	Name of the Allottee	Number of Warrants	Warrant Amount Received Rs
1	M/s Super Star Exports (P) Limited	35,00,000	1,40,00,000
2	Mr. N R Ganti	50,00,000	20,00,000
3	Mr Raj Ganti	10,00,000	40,00,000
4	Mr Naishadh Paleja	10,00,000	40,00,000
5	Ms Rajani Jain	5,00,000	20,00,000

It is stated by the Company that balance of Allotment will be made and Preferential Issue will be closed by 3rd September, 2005

2.1.7 ~~The~~ M/s Super Star Exports Private Limited and M/s Padmavatiasha Properties and Projects Private Limited ~~Acquirer No 1 and Acquirer No 2~~ as a result of the above proposed preferential allotment of 25,00,000 shares will acquire 15.61% of the voting rights of the Target Company

2.1.8 ~~2.1.6~~ M/s Super Star Exports Private Limited, M/s Padmavatiasha Properties and Projects Private Limited and Mr. N R Ganti~~The Acquirer No 1, Acquirer No 2 and Acquirer No 3~~, as and when they exercise the option to convert all the warrants in to equity shares, within 18 months as per SEBI DIP Guidelines for Preferential Issues (DIP Guidelines Chapter XIII Para No 13.2.1) from the date of allotment of warrants, will be entitled to get 35.96% of the voting right of the Target Company

~~2.1.8~~2.1.9

The Acquirers and SQL Star International Limited have not been prohibited by SEBI from dealing in securities, in terms of directions issued under Section 11B of the SEBI Act, 1992, as amended (the "SEBI Act") or any other regulation made under the SEBI Act

2.2 The Offer

2.2.1 Pursuant to the aforesaid proposed preferential issue , the provisions of Regulation 10 read with Regulation 12 of SEBI (Substantial Acquisition of Shares and Takeovers), Regulations 1997 and subsequent amendments thereto (hereinafter referred to as 'Regulations') have been attracted. The Acquirer announced an open offer under the Regulations, to acquire by tender up to 32,04,000 fully paid-up equity shares of Rs.10/-each of SQL representing 20% of voting rights as at the expiration of fifteen days after the closure of the Public Offer from the shareholders of SQL (other than "Acquirers") on the terms and subject to the conditions set out below, at a price of Rs.41.00 (Rupees Forty One only per equity share **(the "Offer Price")** payable in cash **(the "Offer")**. This offer is made for substantial acquisition of shares & change in control pursuant to Regulations 10 & 12.

2.2.2. The offer is not subject to any minimum level of acceptance.

2.2.3 The Offer is subject to the terms and conditions set out herein.

2.3 Details of the Proposed Offer

2.3.1 The Public Announcement dated 12th July, 2005, as per Regulation 15(1) of the Regulations, was made in the following newspapers:

Sl.No	Name of the Publications	Editions
1	Business Line (English)	All Editions
2	Janasatta (Hindi)	All Editions

A copy of Public Announcement is also available at SEBI's website (http://www.sebi.gov.in/)

2.3.2 The Acquirers have announced an open offer under Regulation 10 and 12 of the Regulations, to the shareholders of SQL to acquire up to 32, 04,000 fully paid up equity shares of Rs.10/- each representing 20% of the voting rights as at the expiration of Fifteen days after the closure of the Public Offer ~~of the paid-up capital~~ of the Target Company, at a price of Rs.41 /- per equity share (the "Offer Price") payable in cash (the "Offer" or "Open Offer").

2.3.3 The Shares of the Target Company are listed on The Stock Exchange, Mumbai, The Stock Exchange, Hyderabad and The Stock Exchange, Delhi. Based on the information available, the Shares of the Target Company is frequently traded on The Stock Exchange, Mumbai but the shares are infrequently traded in The Stock Exchange, Hyderabad and The Stock Exchange, Delhi. As the shares of the Target Company are infrequently traded on The Delhi Stock Exchange and The Hyderabad Stock Exchange, both the Regulations 20(4) and 20(5) of the SEBI (SAST) Regulations are attracted.

Source: (www.bse-india.com) within the meaning of Explanation (1) to Regulations 20(4) and 20(5) of the SEBI (SAST) Regulations

2.3.4 The Shares to be acquired under this Offer will be acquired free form all liens, charges, and encumbrances and together with all rights attached thereto, including rights to all dividends to be declared after all the formalities relating to this Offer are completed.

2.3.5 The Offer is not subject to any minimum level of acceptance and is not a conditional Offer.

2.3.6 The Offer is not a competitive bid.

2.3.7 The Acquirers have not acquired or sold any equity shares of SQL Star International Limited since the date of the Public Announcement to the date of this Letter of Offer. Any upward revision in the Offer with respect to the Offer Price will be announced in the above-mentioned newspapers and same price would be payable by the Acquirers for all the shares tendered anytime during the Offer.

2.4 OBJECT OF ACQUISITION

2.4.1 Software and Services sector is one of the fastest growing sectors in India. SQL is a quality driven IT solutions company having a Global presence. The company has its core competence in the field of Software services, e- Learning, and e-Governance. The acquirers consider the Target Company to be of Strategic importance in the information Technology sector which is one of the Key Growth Sectors of the Economy.

3 BACKGROUND OF THE ACQUIRERS

a) M/S SUPERSTAR EXPORTS PRIVATE LIMITED

1) SEPL is a Company incorporated on 19th January 2004 under the Companies Act, 1956, having its registered office at J.K.Somani Building, 2nd Floor, British Hotel Lane Fort, and Mumbai-400 023 with the main object of carrying on business of traders, distributors, importers, exporters etc .It is an Unlisted Company,. SEPL is yet to commence its operations.

2) The Issued and paid up equity share capital of SEPL as on 31/03/2005 consists of 10000 Equity shares of Rs 10/- each

3) The Present Directors of SEPL are Mr.C.P.Khandelwal Mrs.Anju Khandelwal and ,Mr.Nikhil Khandelwal

4) The Acquirer company was promoted on 19th January 2004 by Mr. Vijay Dargar and Mr.Sanjay Gupta. The company was later acquired by Mr.C.P.khandelwal who is presently in control of the Company.

5) The Acquirer Company belongs to "Systematix group "comprising M/s Systematix Corporate Services Limited, M/s Systematix Capital Services Private Limited, M/s Southern Shares and Stocks Limited, M/s Southern Commodities & Brokers Private Limited and M/s Shiva Shakthi Real Estate Private Limited

6) Audited financial information of Super Star Exports Private Limited for the

financial year ended 31st March 2003, 2004 and 2005 is as given below:

Profit and Loss Statement

(Rs in Lakhs)

	Year ended March 31,		
Particulars	**2003**	**2004**	**2005**
Income from operations	-	-	-
Other Income	-	-	-
Total Income	-	-	-
Total Expenditure		0.048	0.056
PBDIT	-	(0.048)	(0.056)
Depreciation	-	-	-
Interest	-	-	-
Profit Before Tax	-	(0.048)	(0.056)
Provision for Tax	-	-	-
Profit / (Loss) After Tax	-	(0.048)	(0.056)

(Rs in Lakhs)

Balance Sheet Statement	As on March 31,		
Particulars	2003	2004	2005
Sources of Funds			
Paid up Share Capital	-	1.00	1.00
Reserves and Surplus (excluding Revaluation Reserve)	-	-	-
Misc exp (Profit and Loss A/c)	-	0.13	0.10
Debit balance in Profit & loss account	-	0.05	0.10
Net worth	**-**	**0.82**	**0.80**
Secured Loan	-	-	-
Unsecured Loan	-	-	-
Deferred Tax Liability	-	-	-
Total	**-**	**0.82**	**0.80**
Application of Funds			
Net fixed Assets	-	-	-
Investments	-	-	-
Net Current Assets	-	0.82	0.80
Total	**-**	**0.82**	**0.80**

OTHER FINANCIAL DATA			
Dividend	-	-	-
Earnings Per share (EPS) (Profit after tax/ No of Shares)	-	(0.48)	(0.56)
Return on Net worth (Profit after tax/Net Worth)	-	~~Negative~~ (0.05)	~~Negative~~ (0.07)
Book Value per share (Net worth/No of shares)	-	8.2	8.0

6) The Net worth of M/s SEPL as on 9th July 2005 is Rs 423.00 Lakhs as Certified by M/s Maharaj N.R.Suresh & Co Chartered accountants, No 5 II lane, II Main Road Trustpuram, Chennai-600 024.

The Net worth as on 9th July,2005 has been computed as under

(Rs in Lakhs)

Particulars	Amount
Share Capital	5.25
Reserves and Surplus	420.75
Less	
Miscellaneous Expenses and Profit and Loss Dr balance	3.00
Net worth	423.00

The increase in Paid up Capital and Reserves and Surplus is due to the issue of Allotment of 42500 no of Convertible Preference Shares of Rs 10/- each at a premium of Rs 990/- per share.

7) The Company was incorporated with a main object of carrying on business of traders, distributors, importers, exporters etc.

8) Since the company is yet commence the operations the reasons for fall/rise in total income does not arise , the increase in Loss is due to increase in expenditure.

9) SEPL does not have any Contingent Liabilities as on 31st March 2005.

10) Details of Directors are as under:

Name, Age	Appointment Date as Director	Residential Address	Qualification& Experience	Buisness&Financial activities
C.P.Khandelwal 46 Years	12.03.2004	~~Block C&D 4th Floor,Ega Trade Centre,No 809 Poonamallee High Road,Kilpauk Chennai-600 010~~No 72 ,Arihant Castle, Flat No 2C , Landsons Road, Kilpauk, Chennai 600 010	B.Com , F.C.A 22 Years	Managing Director of Systematix Corporate Services Limited, Category I Merchant Banker. Director in Southern Shares&stocks Limited (Member of NSE&BSE),Director in Southern Commodities Brokers Private Limited (Member of NCDEX-Commodities Market), Director in Systemaix Capital services Private Limited.
Mrs.Anju Khandelwal 39 Years	1.04.2005	~~Block C&D 4th Floor,Ega Trade Centre,No 809 Poonamallee High Road,Kilpauk Chennai-600 010~~No 72 ,Arihant Castle, Flat No 2C , Landsons Road, Kilpauk, Chennai 600 010	M.E. (Electronics) 15 Years	Director of Systematix Corporate Services Limited, Category 1 Merchant Banker. Director in Southern Shares&stocks Limited (Member of NSE&BSE),Director in Southern Commodities Brokers Private Limited (Member of NCDEX-Commodities Market),

11) None of the directors of Super Star Exports Private Limited has acquired any shares of SQL during the preceding 12 months.

12) None of the directors of Super Star Exports Private Limited is on Board of SQL.

13) SEPL has not promoted any Company

b) M/S PADMAVATIASHA PROPERTIES & PROJECTS PRIVATE LIMITED

1) PPPL is a Company incorporated on 27th June

				Director in Systemaix Capital services Private Limited.
Mr.Nikil Khandelwal 21 Years	12.03.2004	~~Block C&D 4th Floor,Ega Trade Centre,No 809 Poonamallee High Road,Kilpauk Chennai-600 010~~No 72 ,Arihant Castle, Flat No 2C , Landsons Road, Kilpauk, Chennai 600 010	B.E (E&C) III Year	N.A

2003 under the Companies Act, 1956, having its registered office at 101, N.R.House old High Court Lane, Ashram Road Ahmedabad-380 009. It is an Unlisted Company. The present operations of PPPL is purchase and sale of Shares and Securities.

2) The Issued and paid up equity share capital of PPPL as on 31/03/2005 consists of 54000 Equity shares of Rs 10/- each.

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3) The Present Directors of PPPL are Mr.G C .Pipara, Mr.Sanjay Dangi and Mrs.Alpana Dangi.

4) PPPL is incorporated with the main object of carrying business of acquiring any kinds of properties such as lands, buildings flats, dwelling houses, shops, offices, industrial estates etc.

5) M/s Padmavatiasha Properties and Projects Private Limited~~The Acquirer no 2~~ company was promoted on 27th June 2003 by G C Pipara and Prakash J shah and it is Presently Controlled by Mr.Sanjay Dangi & Family.

6) Audited financial information of Padmavatiasha Properties& Projects Private Limited for the financial year ended 31st March 2003, 2004 and 2005 is as given below:

Profit and Loss Statement

(Rs in Lakhs)

	Year ended March 31,		
Particulars	**2003**	**2004**	**2005**
Income from operations	-	98.07	44.58
Other Income	-	0.93	0.10
Total Income	-	99.00	44.68
Total Expenditure	-	98.61	41.60
PBDIT	-	0.39	3.08
Depreciation	-	-	-
Interest	-	0.91	-
Profit Before Tax	-	(0.52)	3.08
Provision for Tax		-	-
Profit / (Loss) After Tax	-	(0.52)	3.08

(Rs in Lakhs)

Balance Sheet Statement	**As on March 31,**		
Particulars	**2003**	**2004**	**2005**
Sources of Funds			
Paid up Share Capital	-	5.40	5.40
Reserves and Surplus			

(excluding Revaluation Reserve)	-	17.60	20.16
Misc exp (Profit and Loss A/c)	-	0.52	0.39
Debit balance in Profit & loss account	-	0.51	-
Net worth	**-**	**21.97**	**25.17**
Secured Loan	-	-	
Unsecured Loan	-	20.00	51.70
Deferred Tax Liability	-	-	-
Total	**-**	**41.97**	**76.87**
Application of Funds			
Net fixed Assets	-	-	-
Investments	-	-	25.00
Net Current Assets	-	41.97	51.87
Total	**-**	**41.97**	**76.87**
OTHER FINANCIAL DATA			
Dividend	-	-	-
Earnings Per share (EPS) (Profit after tax/ No of Shares)	-	(0.94)	5.70
Return on Net worth (Profit after tax/Net Worth)	-	~~Negative~~ (0.02)	0.12
Book Value per share (Net worth/No of shares)	-	40.68	46.61

7) The net worth of M/s PPPL as on 9th July 2005 is Rs 585. 56 Lakhs as Certified by M/s Maharaj N.R.Suresh & Co Chartered accountants, No 5 II lane , II Main Road ,Trustpuram Chennai-600 024

The Net worth as on 9th July,2005 has been computed as under

(Rs in Lakhs)

Particulars	**Amount**
Share Capital	13.40
Reserves and Surplus	572.16
Net worth	585.56

The increase in paid up capital and Reserves and Surplus is due to the issue and allotment of 80,000 Redeemable Preference shares of Rs 10/- each at a premium of Rs 690/- per share

8) The total income for the year 2005 is 44.68 Lakhs compared to 99 Lakhs in the year 2004, the reason for fall being reduction in sale of shares and securities. The Profit after Tax is Rs 3.08 Lakhs for the year 2005 as against the Loss of Rs 0.52 Lakhs in the year 2004 was due to better margin on sale of shares.

9) PPPL does not have any Contingent Liability as on 31st March, 2005.

10) Details of Directors are as under:

Name, Age	Appointment	Residential	Qualification&	Buisness&Financial

	Date as Director	Address	Experience	activities
Mr.Sanjay Dangi Age 35 Years	08.04.2005	61,Venus Apartment,Near Hotel President,85,Cuff Parade,Mumbai-400 005	B.Com,FCA,CS 12 Years	Finance and Investment Consultant.
Mrs.Alpana Dangi Age 32 Years	11.03.2005	61,Venus Apartment, Near Hotel President,85,Cuff Parade,Mumbai-400 005	B.Com 7 Years	Director in Hareshwar Properties Private Limited
Mr.G.C.Pipara Age 47 years	24.03.2003	10,Vasant Razab Park,Nr Jodhpur Char Rasta,Satelite Road, Ahemedabad-380015	B.Com,LLB,FCA (22 years)	Senior Partner in Pipara& Co Chartered Accountants.

11) None of the directors of Padmavatiasha Properties and Projects Private Limited has acquired any shares of SQL during the preceding 12 months.

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12) PPPL has not promoted any other Company.

~~9~~13) None of the directors of Padmavatiasha Properties and Projects Private Limited is on Board of SQL.

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c) N R Ganti

Mr N R Ganti, aged 56 years, residing at Surabhi Palace, Road No 14, Banjara Hills, Hyderabad 500 014 .He is a Post Graduate in Business Administration from Institute of Public Enterprise, Osmania University with specialization in Strategy and Corporate Finance. He started his career in the field of Banking with State Bank of India. He has to his credit over thirty years of experience in the field of finance and management. He has and continues to hold positions on the Board and management committees of several Companies. Presently, he is the Executive Chairman of M/s SQL Star International Limited and he is also a Director in M/s Granules India Limited and M/s Pitti Laminations Limited

Net worth as on 9th July 2005 as certified by M/s Kumar & Giri (M No 25480), Badra, Flat No 506 , Saptagiri Towers, Hyderabad 500 016 for Mr N R Ganti is Rs 510 Lakhs. Mr N R Ganti has not promoted any company.

3.1 The Acquirers have not acquired any shares in the Target Company prior to this open offer. Hence the provisions of Chapter II of SEBI (SAST) Regulations, 1997 are not applicable.

3.2 M/s Super Star Exports Private Limited, M/s Padmavatiasha Properties and Projects Private Limited and Mr N R Ganti ~~Acquirer No 1, Acquirer No 2 and Acquirer No 3~~ are not related to each other.

3.3 No Litigations are pending against the Acquirers i.e., M/s Super Star Exports Private Limited, M/s Padmavatiasha Properties and Projects Private Limited and Mr. N R Ganti

3.4 The Acquirers have experience in fields different from that of the Target company .In order to carry on the activities of Target company in an efficient manner the Acquirers have already taken steps to induct professional Directors who have got experience in IT/software industry in to the Board and recruit experienced professional for the Senior Management position who have requisite experience in the field. Further, steps have been initiated to retain the existing core team.

3.5 No agreement has been entered between the acquirers in respect of the shares to be acquired by them in the Open Offer

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3.6 Software and Services sector is one of the fastest growing sectors in India. SQL is a quality driven IT solutions company having a global presence The company has its core competence in the field of software services, e- Learning and e- Governance. The acquirers consider the Target Company to be of Strategic importance in the Information Technology sector which is one of the

Key Growth Sectors of the Economy.

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3.7 The Acquirers, as required by the SEBI (SAST) Regulations state that they do not have any plans to make any major change to the existing lines of business of the Target Company or to dispose or otherwise encumber any assets of the Target Company in the next two years, except in the ordinary course of business of the Target Company and / or its subsidiaries and except to the extent if so deemed necessary, for the purpose of restructuring and / or rationalization of assets, investments, liabilities or otherwise of the Target Company in its interest, subject to the approval of the Shareholders of the Target Company, if so required.

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3.8 It will be for the Board of Directors of the Target Company to take appropriate decisions as per the requirements of the business and in line with opportunities from time to time. It is hereby reiterated that any decision in relation to future plans of the Target Company or for disposal of or otherwise encumbering any assets of the Target Company would be for the Board of Directors of the Target Company to deal with.

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4 BACKGROUND OF THE TARGET COMPANY- SQL STAR INTERNATIONAL LIMITED (SQL)

4.1 SQL Star International Limited is a Public Limited Company having its registered office at 3rd floor, Andhra Association Building , 24-25 Institutional Area , Lodhi Road ,New Delhi 110 003. Tel: 011-24601539 Fax: 011 24601597

4.2 SQL was incorporated as a Private Limited company on 1st July 1987 under the Companies Act, 1956, as 'IT Consulting Services Private Limited'. On 4th May 1990, the name of the Company was changed to 'SQL Star People (India) Private Limited'. On 3rd May 1993, the Company was converted into a public limited Company, and changed the name to 'SQL Star People (India) Limited'. On 18th July 1996, the name of the Company was renamed to 'SQL Star International Limited'.

4.3 As on the date of Public Announcement , the Issued Share capital of the Company is Rs 13,52,00,000/- (Rupees Thirteen Crores Fifty Two Lakhs only) comprising of 1,35,20,000 fully paid up Equity shares of Rs 10/- each and subscribed & paid up Capital Rs 13,52,26,025/- (Rupees Thirteen Crores Fifty Two Lakhs Twenty Six thousand Twenty Five only) including Calls in arrears and Forfeited shares. There are no partly paid up shares nor outstanding Convertible instruments as on the date of this PA.

4.4 SQL has three wholly owned subsidiaries, namely International SQL Star Pte Ltd., Singapore, SQL Star International , Inc., US and SQL Star International Ltd., UK.

4.5 The main objects of the Target Company are

i) To carry on the business of sale, distribution, import ,export , lease or hire, sell on hire purchase or installments system or to construct, develop, enter in to arrangements for setting up the same in whole or part or any other way to deal in Micro Processor based all Mini and Micro Computers, Digital and Analogue Computers and other Computers and Data Processing Systems etc.,

ii) To render organization development services, staff development and training services and assistance in equipment handling and establishing of systems and procedures etc.,

4.6 The Share Capital Structure of the Company as on the date of PA was:

Particulars	No of Equity Shares/voting	% of Shares/voting	Face Value	Nominal Value

	rights	rights		
Authorised Capital	1,80,00,000	100%	10	18,00,00,000
Subscribed and Paid up Capital	1,35,20,000	100%	10	~~13,52,26,035*~~13,52,00,000
Partly paid up Equity Shares	-	-	-	-
Total Paid up Equity shares	1,35,20,000	100%	10	13,52,00,000
Total voting rights in the Target Company	1,35,20,000	100%	10	13,52,00,000

The Issued and paid up capital as on 31/12/2004 was Rs 13,52,26,035/- which includes ~~* This includes~~ Calls in Arrears amounting to Rs 50015/- & Call in Arrears refundable of Rs 1050 /- and forfeited shares amounting to Rs 75000/-.

4.7 All the equity shares of SQL Star International Limited are currently listed on The Stock Exchange, Mumbai ("BSE"), The Stock Exchange, Hyderabad and The Stock Exchange, Delhi.

4.8 The trading of these shares has never been suspended from trading and no punitive action has been initiated against "SQL" by any of the Stock Exchanges.

4.9 The Target Company has complied with the applicable provisions of Chapter II of SEBI (SAST) Regulations, 1997.

Sl.No	Regulation / Sub Regulation	Due Date for Compliance as mentioned in the Regulation	Actual Date of Compliance	Delay, if any (in no of days) Col 4- Col 3	Remarks
1	2	3	4	5	6
1	6(2)	20-05-1997	***		
2	6(4)	20-05-1997	***		
3	8(3)	30-04-1998	***		
4	8(3)	30-04-1998	***		
5	8(3)	30-04-1999	***		
6	8(3)	30-04-1999	***		
7	8(3)	30-04-2000	31-03-2003		#
8	8(3)	30-04-2000	31-03-2003		#
9	8(3)	30-04-2001	31-03-2003		#
10	8(3)	30-04-2002	31-03-2003		#
11	8(3)	30-04-2003	31-03-2003		#
12	8(3)	30-04-2004	26-04-2004		
13	8(3)	30-04-2005	26-04-2005		
14	7(3)	-	NA		

*** The Shares of the Company were listed in the Stock Exchanges only from July, 1999 and hence provisions of Chapter II of SEBI (SAST) Regulations, 1997 is not applicable up to 30.04.1999.

The Target Company has complied with SEBI Regularisation Scheme, 2002 for non compliance with Regulations 6 and 8 of the SEBI (Substantial Acquisition of shares and Takeovers) Regulations, 1997.

4.10 PROMOTERS COMPLIANCE WITH THE APPLICABLE PROVISIONS OF CHAPTER II OF SEBI (SAST) REGULATIONS, 1997.

The Promoters have complied with the applicable provisions of Chapter II of SEBI (SAST) Regulations, 1997.

By Promoters

a) Brij Kumar Tankha

Sl.No	Regulation / Sub Regulation	Due Date for Compliance as mentioned in the Regulation	Actual Date of compliance	Delay, if any (in no of days) Col4 –Col 3	Remarks
1	2	3	4	5	6
1	6(1)	20-4-1997	***		
2	6(3)	20-4-1997	***		
3	8(1)	21-4-1998	***		
4	8(2)	21-4-1998	***		
5	8(1)	21-4-1999	***		
6	8(2)	21-4-1999	***		
7	8(1)	21-4-2000	12-1-2000*		
8	8(2)	21-4-2000	11-4-2000		
9	8(1)	21-4-2001	10-1-2001*		
10	8(2)	21-4-2001	13-4-2001		
11	8(1)	21-4-2002	10-1-2002*		
12	8(2)	21-4-2002	09-4-2002		
13	8(1)	21-4-2003	10-1-2003*		
14	8(2)	21-4-2003	10-4-2003		
15	8(1)	21-4-2004	07-4-2004*		
16	8(2)	21-4-2004	07-4-2004		
17	8(1)	21-4-2005	07-4-2005*		
18	8(2)	21-4-2005	07-4-2005		
19	7(1) &(2)	-	Nil		
20	7(1A)& (2)	-	Nil		

*** The Shares of the Company were listed in the Stock Exchanges only from July, 1999 and hence provisions of Chapter II of SEBI (SAST) Regulations, 1997 is not applicable up to 30.04.1999.

* Regulation 8(1) stipulates that reporting has to be done with in 21 days from the financial year ending March 31st . In this case the Promoter has reported with in 21 days from 31st December (Financial year ending) till 2003.Subsequently it was brought to the Notice of the Promoter that 8(1) and 8(2) regulations have to be complied with in 21 days from 31st March, irrespective of date of closure of Accounts of the Company. Since then the Promoters started filing the compliance under Regulation 8(1) within 21 days from the financial year ending 31st March.

b) Satish Kumar Arora

Sl.No	Regulation / Sub Regulation	Due Date for Compliance as mentioned in the Regulation	Actual Date of compliance	Delay, if any (in no of days) Col4 –Col 3	Remarks
1	2	3	4	5	6
1	6(1)	20-4-1997	***		
2	6(3)	20-4-1997	***		
3	8(1)	21-4-1998	***		
4	8(2)	21-4-1998	***		
5	8(1)	21-4-1999	***		
6	8(2)	21-4-1999	***		
7	8(1)	21-4-2000	14-1-2000*		
8	8(2)	21-4-2000	14-4-2000		
9	8(1)	21-4-2001	15-1-2001*		
10	8(2)	21-4-2001	13-4-2001		
11	8(1)	21-4-2002	11-1-2002*		
12	8(2)	21-4-2002	13-4-2002		
13	8(1)	21-4-2003	13-1-2003*		
14	8(2)	21-4-2003	14-4-2003		
15	8(1)	21-4-2004	12-4-2004*		
16	8(2)	21-4-2004	12-4-2004		
17	8(1)	21-4-2005	15-4-2005*		
18	8(2)	21-4-2005	15-4-2005		
19	7(1) &(2)	-	Nil		
20	7(1A)& (2)	-	Nil		

*** The Shares of the Company were listed in the Stock Exchanges only from July, 1999 and hence provisions of Chapter II of SEBI (SAST) Regulations, 1997 is not applicable up to 30.04.1999.

* * Regulation 8(1) stipulates that reporting has to be done with in 21 days from the financial year ending March 31st . In this case the Promoter has reported with in 21 days from 31st December (Financial year ending) till 2003.Subsequently it was brought to the Notice of the Promoter that 8(1) and 8(2) regulations have to be complied with in 21 days from 31st March, irrespective of date of closure of Accounts of the Company. Since then the Promoters started filing the compliance under Regulation 8(1) within 21 days from the financial year ending 31st March.

4.11 Build up of the Capital Structure of SQL:

Date of Allotment	No of Shares issued	Cumulative paid up Capital (Rs)	Mode of Allotment	Identification of the allotees	Status of Compliance
1.07.1997	200	2000	Subscriber to the Memorandum & Articles of Association	Promoters	Complied
9.11.1989	200	4000	Preferential Allotment	Promoters	Complied
8.12.1990	3000	34000	Preferential Allotment	Promoters	Complied
2.03.1991	25600	290000	Preferential Allotment	Promoters	Complied
1.05.1991	31000	600000	Preferential Allotment	Promoters	Complied
0.03.1993	26500	865000	Preferential Allotment	Non Promoters~~Public~~	Complied
7.04.1993	350856	4373560	Preferential Allotment	Non Promoters~~Public~~	Complied
0.04.1993	83125	5204810	Preferential Allotment	Non Promoters~~Public~~	Complied
9.09.1993	105900	6263810	Preferential Allotment	Promoters	Complied
0.04.1994	241750	8681310	Preferential Allotment	Promoters	Complied
0.07.1994	511250	13793810	Preferential Allotment	Promoters, UTI (VECAUSII),UTI &RCTC	Complied
7.11.1994	575250	19546310	Preferential Allotment	Promoters, UTI (VECAUSII),UTI &RCTC	Complied
9.04.1995	230000	21846310	Preferential Allotment	Promoters, UTI (VECAUSII),UTI &RCTC	Complied
7.07.1995	165660	23502910	Preferential Allotment	Promoters	Complied
0.01.1996	447000	27972910	Preferential Allotment	Promoters	Complied
9.09.1996	175000	29722910	Preferential Allotment	Promoters	Complied
9.05.1997	3000	29752910	Employee Stock Option Scheme	Employee	Complied
8.08.1997	34100	30093910	Employee Stock Option Scheme	Employee	Complied
5.09.1997	1000000	40093910	Rights issue	Promoters & ~~Public~~Non Promoters	Complied
3.01.1998	1110000	51193910	Preferential Allotment	ICICI Software Fund	Complied
2.05.1998	31100	51504910	Employee Stock Option Scheme	Employee	Complied
1.08.1998	1545147	66956380	Bonus	Promoters	Complied
1.09.1998	354362	70500000	Preferential Allotment	Promoters	Complied
4.12.1998	400000	74500000	Preferential Allotment	Employee	Complied
5.07.1999	350000	78000000	Public Issue	Promoter	Complied
5.07.1999	2600000	104000000	Public Issue	Public	Complied
1.10.2000	(1300)	103987000	Forfeited	Public	Complied
1.01.2001	1300	104000000	Reissue of Forfeited Shares	Employee	Complied
5.03.2002	3120000	135200000	Rights Issue	Promoters & Public	Complied

4.12 The Board of Directors of the Target Company as on the date of Public Announcement was as under:

Name & Designation	Date of Birth &Age	Date of Joining	No. of years experience	Qualifica Tion	Address & Tel No	Area of Experience
Mr. N R Ganti Executive Chairman	56 years	27.06.2005	30	Post Graduate in Business Administration from a reputed Institute	G 19, Surabhi Enclave,Road No 14,Banjara Hills, Hyderabad 500 034	Financial & Management Consultant
Mr. Brij Kumar Tankha Managing Director	07.02.1943 62 years	01.01.1991	30	B.E (BITS-Pilani,M.S and Marketing (West coast University),M.S. (Computer Science) (USC,USA)	R-65,Greater Kailash-I,New Delhi – 110 048	IT Industry.
Mr K JayaBharath Reddy(I.A.S) (Retd) Independent Director	12.04.1937 68 Years	27.06.2005	34	M A (Econ), MA (Economic Statistics)	"Prashanti",6-3-1186/6BEgumpet, Hyderabad -500 016	Financial and Industrial Management
Mr Jai Narain Khandelwal, Independent Director	31.01.1965 40 Years	12.05.2005	15	FCA	286- Lata Kunj ,Talwandi,Kota,Rajasthan	Financial Market
Mr Harsh Dalmiya , Independent Director	17.03.1978 27 years	12.05.2005	5	Bachelor of Arts in Communication Studies from Bobson College of Boston,Massachusetts	91,Sunflower, Cuffe Parade,Mumbai – 400 005	Financial Planning ,Advisory and Equity Placement Services
Mr. Dinesh Sharma, Independent Director (Nominee of IFCI Venture Capital Funds Limited)	2.1.1934 71 years	26.8.1997	47	M.A,L.L.B Solicitor	C/o IFCI Venture Capital Funds Limited, III-floor,E-216,East of Kailash,NewDelhi - 110 065	Corporate Legal Matters

4.13 There has been no merger /de-merger, spin-off during the past three years in SQL.

4.14 Audited financial information of SQL for the financial year ended 31st December 2002, 2003 & 2004 and for Three months period ended 31.03.2005(Source: (a) Annual Reports for the year ended on December 31st , 2002, 2003 ,2004 and Certified Financial data for the three months period ended 31.03.2005 by M/s Arora Agarwal & Associates , Chartered Accountants.

Profit and Loss Statement

(Rs in Lakhs)

	Year ended December 31,			**Three months**
				Certified Financial **Data for the Period**

Particulars	2002	2003	2004	ended 31.03.2005
Income from operations	3372	3257	2761	461
Other Income	15	11	125	7
Total Income	3387	3269	2886	468
Total Expenditure	3091	2989	2667	482
PBDIT	296	280	219	(14)
Depreciation	162	161	133	34
Interest	121	98	81	17
Profit Before Tax	13	21	5	(65)
Provision for Tax	2	(1)	8	(25)
Profit / (Loss) After Tax	11	20	(3)	(40)

(Rs in Lakhs)

Balance Sheet Statement	**As on December 31,**			**Three months**
Particulars	**2002**	**2003**	**2004**	**Certified Financial Data as on 31.03.2005**
Sources of Funds				
Paid up Share Capital	1341	1352	1352	1352.
Reserves and Surplus (excluding Revaluation Reserve)	1999	1349	1277	1238
Misc exp (Profit and Loss A/c)	48	25	9	8
Net worth	**3292**	**2676**	**2620**	**2582**
Secured Loan	658	609	595	563
Unsecured Loan	119	69	73	172
Total	**4069**	**3354**	**3288**	**3317**
Application of Funds				
Net fixed Assets	1562	1427	1432	1403
Capital Work in Progress	167	122	92	91
Investments	854	909	1035	1035
Net Current Assets	1486	896	729	788
Total	**4069**	**3354**	**3288**	**3317**

OTHER FINANCIAL DATA				
Dividend	Nil	Nil	Nil	Nil
Earnings Per share (EPS) (Profit after tax / No of Shares)~~Earnings Per share (EPS)~~	0.03	0.17	(0.08)	(0.29)
Return on Net worth (Profit after tax / Net Worth)	0.32	0.77	-- ~~Negative~~ (0.0011)	~~Negative~~ (0.015)
Book Value per share (Net worth / No of shares)	24.35	19.80	19.35	19.10

Reason for rise and fall in Income and Profit after Tax:

FINANCIAL YEAR 2001-02

The Total income of the company decreased to Rs 33.87 crores during the current year from Rs 47.36 crores in the previous year, the Net Profit after tax has also been similarly affected and is Rs 0.03 crores in comparison to the previous year Rs 0.28 crores.The break-up of income between software and education division was 58% and 42% as against 65% and 35% respectively in the previous year. The profit margins have been low due to declining billing rates.

FINANCIAL YEAR 2002-03

The total income of the company was Rs 32.69 crores during the current year as compared to Rs 33.87 crores in the previous year, the Net Profit after tax has marginally improved and was Rs 20.52 lacs in comparison to the previous year's Rs 10.49 Lacs.The break up of income between software and education division was 55% and 45% as against 58% and 42% respectively in the previous year. The profit margins have been low due to declining bill rates.

FINANCIAL YEAR 2003-04

The total income of the company was Rs 2885.84 Lakhs in 2004 compared to Rs 3268.57 Lakhs in 2003.There was a net loss after tax amounting to Rs3.09 Lakhs during the year under review against a profit of Rs 20.52 Lakhs in the Previous year.The company's software division accounted for 53% of the company's income while the education division accounted for 47% in 2004 as against 55% and 45% respectively in the previous year. However, margins were under pressure due to a decline in the Company's overseas business and the managing of e-Governance projects through accruals for over a year during the pilot phase.

4.15 Pre-and Post-Offer shareholding pattern of the Target Company is as follows:

hareholder category	**Shareholding &voting rights prior to the agreement /acquisition and offer.**		**Shares / voting rights agreed to be acquired which triggered off the Regulations.@**		**Shares/voting rights to be acquired in open offer (Assuming full acceptances)**		**Share holding / voting rights after the acquisition and offer@**	
	No of Shares	%	No of Shares	%	No of Shares	%	No of Shares	%
'romoter Group								
ndian Promoters	701615	5.19					701615	4.38
oreign Promoters	967794	7.16					967794	6.04
'otal	**1669409**	**12.35**					**1669409**	**10.42**
cquirers								
uper Star Exports rivate Limited			1250000	7.81				
admavatiasha roperties and Projects rivate Limited			1250000	7.80	3204000	20.00*	5704000	35.61
I R Ganti								
'otal			**2500000**	**15.61**	**3204000**	**20.00***	**5704000**	**35.61**
'ersons Acting in oncert								
'ECAUS- III of UTI	680024	5.03						
'otal	**680024**	**5.03**						
Ion Promoters Holding								
nstitutional Investor								
Iutual Funds and UTI	7300	0.05						
anks, Financial nstitutions, Insurance ompanies	2500	0.02						
IIs	11800	0.09						
'otal	**21600**	**0.16**			**(3204000)**	**20.00***	**8646591**	**53.97**
)thers								

rivate Corporate Bodies	6153250	45.51						
ndian Public	4727896#	34.97						
IRIs / OCBs	97841	0.72						
QL ESOP Trust and ther Trusts	169980	1.26						
'otal	**11148967**	**82.46**			**(3204000)**	**20.00***	**8646591**	**53.97**
;randTotal	**13520000**	**100.00**					**16020000**	**100.00**

Note: The data within bracket indicates sale of equity shares.

Promoters other than Persons acting in Concert have given undertaking that they will not participate in the open offer.

@ Shareholding / Voting rights after the acquisition and offer may undergo a change depending upon shortfall, if any, in the preferential issue allotment.

* Percentage is calculated on the -voting rights as at the expiration of Fifteen days after the closure of the Public Offer. ~~on the existing capital~~

Total number of public shareholders as on 30th June ,2005 is 16649

4.16 The Changes in Shareholding of the Promoters as and when it happened:

Date	Promoter	No of Shares	%	Compliance under the Regulation	Compliance under other Statutory Requirements
28.12.1990	Brij Kumar Tankha	3000	0.022	Not Applicable	Companies Act Complied with
22.03.1991	Jaya Ramaswamy & Ramaswamy P. Aiyar	6500	0.048 - -	Not Applicable	Companies Act Complied with
	Sathish Kumar Arora	11600	0.085		
31.05.1991	Brij Kumar Tankha	7000	0.051 -	Not Applicable	Companies Act Complied with
	Sathish Kumar Arora	12400	0.091		
20.03.1993	Brij Kumar Tankha	5000	0.036 -	Not Applicable	Companies Act Complied with
	Sathish Kumar Arora	20000	0.147		
07.04.1993	Brij Kumar Tankha	31627	0.233 -	Not Applicable	Companies Act Complied with
	Sathish Kumar Arora	18600	0.137 -		
	M M Kishore	31000	0.229 -		
	Sunil Saxena & Rashmi Saxena	23350	0.172 -		

	Sunil Saxena	7800	0.057		
10.04.1993	Brij Kumar Tankha	500	0.003	Not Applicable	Companies Act Complied with
30.04.1994	Sathish Kumar Arora Nirmal Chandra Ray Vinod Agarwal Vivek Agarwal	29000 10000 10000 5000	0.214 - 0.073 - 0.073 - 0.036	Not Applicable	Companies Act Complied with
20.07.1994	UNIT TRUST OF INDIA & IFCI VENTURE CAPITAL FUND	250000	1.849	Not Applicable	Companies Act Complied with
17.11.1994	Sathish Kumar Arora Girish Sharma Sunil Saxena & Rashmi Saxena Sunil Saxena UNIT TRUST OF INDIA & IFCI VENTURE CAPITAL FUND	30600 154200 7005 - 2340 150000	0.226 - 1.140 - 0.051 - - 0.017 - 1.109	Not Applicable	Companies Act Complied with
29.04.1995	Brij Kumar Tankha UNIT TRUST OF INDIA & IFCI VENTURE CAPITAL FUND	30000 100000	0.221 - 0.739	Not Applicable	Companies Act Complied with
17.07.1995	Sathish Kumar Arora Nirmal Chandra Ray Vivek Agarwal	42800 10000 910	0.316 - 0.073 - 0.006	Not Applicable	Companies Act Complied with
30.01.1996	Sathish Kumar Arora Sathish Kumar Arora (in Repatriation Basis)	124 145076	0.009 - 1.073 - -	Not Applicable	Companies Act Complied with

	Janet Elizabeth Mellor	51100	0.377		
	Jas Walia	30000	0.221		
09.09.1996	Brij Kumar Tankha	3000	0.022	Not Applicable	Companies Act Complied with
	UNIT TRUST OF INDIA & IFCI VENTURE CAPITAL FUND	110000	0.813		
25.09.1997	Brij Kumar Tankha	42073	0.311	Not Applicable	Companies Act Complied with
	M M Kishore	10333	0.076		
	Jaya Ramaswamy & Ramaswamy P Aiyar	2500	0.018		
	Sathish Kumar Arora (shares held in repatriation basis)	122400	0.905		
	Janet Elizabeth Mellor	-	-		
		20200	0.149		
	UNIT TRUST OF INDIA & IFCI VENTURE CAPITAL FUND	203300	1.503		
12.05.1998	Deepak Garg	1500	0.011	Not Applicable	Companies Act Complied with
11.08.1998	Brij Kumar Tankha	36660	0.271	Not Applicable	Companies Act Complied with
	Sathish Kumar Arora	42337	0.313		
	M M Kishore	12400	0.091		
	Nirmal Chandra Ray	6000	0.044		
	Jaya Ramaswamy & Ramaswamy P Aiyar	2700	0.019		
	Deepak Garg		-		

		450	0.003		
	Vinod Agarwal	3000	- 0.022		
	Vivek Agarwal	1773	- 0.013		
	Sathish Kumar Arora (Shares held in repatriation basis)	87443	- 0.646		
	Janet Elizabeth Mellor	-	- - -		
	Girish Sharma	21390	0.158		
	Jas Walia	46260	- 0.342		
		9000	- 0.066		
	UNIT TRUST OF INDIA & IFCI VENTURE CAPITAL FUND	243990	- 1.804		
21.09.1998	Brij Kumar Tankha	100000	0.739	Not Applicable	Companies Act Complied with
	Sathish Kumar Arora (Shares held in repatriation basis)	50000	- 0.369		
10.04.1999	Brij Kumar Tankha	30000	0.221	Not Applicable	Companies Act Complied with
	Sathish Kumar Arora	42500	- 0.314		
15.07.1999	T N Arvind Reddy	20000	0.147	Not Applicable	Companies Act Complied with
	Krishan Kant Tulshan	4000	- 0.029		
		1500	- 0.011		
	Deepak Garg	12400	- 0.091		
	Dr. Ramaswamy P Aiyar	-	- -		
	Deependra Kumar Mittal	1000	0.007		
	Shashi Bhushan Agarwal	- 3000	- - 0.022		

			-			
	Suniti Madan	-	-			
		2000	0.014			
	Samir Gupta		-			
		2850	0.021			
	Sushanto Mitra		-			
		2000	0.014			
	Harsh Tankha		-			
		2000	0.014			
	Praveen Kumar Tayal		-			
		2000	0.014			
			-			
	Rattan Kaul	2000	0.014			
			-			
	Dewang Mehta	2000	0.014			
			-			
	Ajay Kumar Anne	1500	0.011			
			-			
	Poonam Sangal	1500	0.011			
			-			
	Ghanshyam J Kulkarni	1500	0.011			
			-			
	R V N Murali Mohan	1400	0.010			
			-			
	Devendra K. Agrawal	1000	0.007			
			-			
	Sharad Aggarwal	1000	0.007			
			-			
	Krishnamurti Raina	1000	0.007			
			-			
	V Sunil Robert	1000	0.007			
			-			
	K P Janardhan Rao	1000	0.007			
			-			
	Ashvin Lima	1000	0.007			
			-			
		1000	0.007			

	Veena Gupta	1000	- 0.007			
	Pradeep Kumar Gupta	1000	- 0.007			
	Parmeswaran Subramani	1000	- 0.007			
	P Prabhakara Rao	1000	- 0.007			
	Yogesh Kumar Rai	1000	- 0.007			
	Kavita Kaul	1000	- 0.007			
	Rameshwarnath Suthoo	1000	- 0.007			
	Rakesh Kumar Gupta	1000	- 0.007			
			-			
	Ascendant Consultancy Services Pvt Ltd	900	- 0.006			
			-			
	Jaya Ramaswamy	- 900	- 0.006			
	Ramaswamy Ramesh	900	- 0.006			
	Indira Ramaswamy	1500	- 0.011			
	Prem Prakash	800	- 0.005			
	N Suresh	700	- 0.005			
	Vinod Sood	500	- 0.003			
	Vijay Mahajan	600	- 0.004			
	M Usha Rani	500	- 0.003			
			-			

	L Subramanyan	500	0.003			
	Satish Kumar Khosla	500	- 0.003			
	Lakshmi B	500	- 0.003			
	Sandeep Arora	500	- 0.003			
	Prashanto K Roy	500	- 0.003			
	T N Prabhu	500	- 0.003			
	Pankaj Nath	500	- 0.003			
	Arun Dang	500	- 0.003			
	R K Soni	500	- 0.003			
	Amitava Dutta Gupta	500	- 0.003			
	D H Phadnis	500	- 0.003			
	Saroop Chand	500	- 0.003			
	Shalini Ranjan	500	- 0.003			
	Ishan Ranjan	500	- 0.003			
	Amlan Ghosh	500	- 0.003			
	Varun Arya	500	- 0.003			
	Rishi Gupta	500	- 0.003			
	R K Khanna	500	- 0.003			
	Sanjay Sinha	500	- 0.003			

	Priya Agarwal	500	- 0.003		
	Syed Ibrahim Ahmad	1000	- 0.007		
	Lina Lobo	800	- 0.005		
	Bijitendra Mohan Basu	2500	- 0.018		
	Seema Malhotra	50000	- 0.369		
	Janet Elizabeth Mellor				
25.03.2002	Suniti Madan	1000	0.007	Not Applicable	Not Applicable
	Vijay Mahajan	150	- 0.001		
	Mukul Jain	900	- 0.006		
	Lina Lobo	1000	- 0.007		
	Krishnamurthi Raina	300	- 0.002		
	Janet Eluizabeth Mellor	102845	- 0.760		
	Jas Walia	- 13385	- - 0.099		
*	Krishan Kant Tulsan	3452	0.025	Not Applicable	Not Applicable
	Deepak Garg	4000	- 0.029		
	Deependra Kumar Mittal	3000	- 0.022		
	Shashi Bushan Agarwal	- 1000	- - 0.007		

			-		
	Bulbul Sood	-	-		
		3000	0.022		
	Dr Rajesh Kumar Jain		-		
		1000	0.007		
			-		
			-		
*	Satish Kumar Arora	(32000)	(0.236)	Not Applicable	Not Applicable
			-		
	Vinod Agarwal	(6000)	(0.044)		
			-		
	Vivek Agarwal	(2000)	(0.014)		
			-		
	Prem Prakash	(700)	(0.005)		
			-		
	Mukul Jain	(400)	(0.002)		
			-		
	Lina Lobo	(1600)	(0.011)		
			-		
	Bijitendra Mohan Basu	(424)	(0.003)		
			-		
		(2200)	(0.016)		
	Seema Malhotra				
On various dates			-		
			-		
	Unit Trust of India & IFCI Venture Capital Fund	(377266)	(2.790)		

* The Target Company is not able to give the details of date of purchase / sale

4.17 As per the certificate issued by M / s B B Gupta Associates, Practising Company Secretary dated 29th March 2005 and published in the Annual Report for the year ended 31 / 12 / 2004,the provisions of Clause 49 of the Listing agreement dealing with corporate governance has been complied with except that the number of independent directors came below the stipulated one third of the total strength of the board following the resignation of one director on July 12, 2004. Subsequently this was rectified by inducting independent Directors. As on date the total Directors are six out of that 3 Directors are independent. Further for the quarter ended 31 / 3 / 2005 and 30 / 06 / 2005 the company has complied with the provisions of the clause 49 of the Listing agreement as per the certificate dated 22nd August,2005 obtained from M / s B B Gupta Associates, Practising Company Secretary.

4.18 Pending Litigation

The following are the disputed and Statutory dues / other dues as on the date of PA

Name of the Statute	Nature of dues	Amount (in lakhs)	Period to which the amount relates	Forum where dispute is pending
Civil Case	Membership Fees	1.83	2002	VIII Senior Civil Judge Fast Track
CPC	Franchise Fees	3.50	2004	City Civil Court , Hyderabad
Civil Case	Purchase of Computer Consumables	0.12	2005	Court of Small Cases
Civil Case	Purchase of Computer Consumables	0.22	2005	Court of Small cases
Civil Case	Refund of Course Fees	0.08	2005	District Consumer Disputes Redressal Forum
Civil Case	Non settlement of Employee dues	0.33	2004	District Consumer Disputes Redressal Forum
Income Tax Act,1961	Income Tax	0.84	1997-98	ITAT,New Delhi
Income Tax Act,1961	Income Tax	4.87	1999-00	ITAT,New Delhi
Income Tax Act,1961	Income Tax	3.55	2000-01	ITAT, New Delhi

As informed by the Target Company there are no other pending litigations against the Company.

4.19 Name and address of the compliance officer are as under:

Mr Arun Phasu

Company Secretary

SQL Star International Limited

3rd Floor, Andhra Association Building

24-25 Institutional Area

Lodhi Road, New Delhi 110 003.

Tel: 011 24601539 Fax: 011 24601597

5 OFFER PRICE

5.1 The equity shares of SQL are currently listed on The Stock Exchange, Mumbai (“BSE”), The Stock Exchange, Hyderabad and The Stock Exchange, Delhi

5.2 The annualized trading turnover of the equity shares of SQL on BSE, HSE and DSE are detailed below:

Name of the Stock exchange	Total no. of equity shares traded during the 6 calendar months prior to the month in which the PA was made	Total no of listed equity shares	Annualised Trading Turnover (as % to total listed equity

			shares
BSE	2,16,68,189	1,35,20,000	320.54
HSE	NIL	NIL	NIL
DSE	NIL	NIL	NIL

Shares of SQL are most frequently traded on BSE. The weekly high and low of the closing prices of the shares, during the 26-week period ended 7th July, 2005 on BSE, are given below:

ek	End Date	High (Rs)	Low (Rs)	Average (Rs)	Volume
	13-Jan-05	14.50	13.29	13.89	263743
	20-Jan-05	12.60	11.81	12.20	221135
	27-Jan-05	10.90	09.85	10.37	59204
	03-Feb-05	10.95	10.25	10.60	95664
	10-Feb-05	12.50	11.60	12.05	238276
	17-Feb-05	12.50	11.50	12.00	97984
	24-Feb-05	12.30	11.80	12.05	217581
	03-Mar-05	14.50	13.00	13.75	494625
	10-Mar-05	13.90	13.00	13.45	240011
)	17-Mar-05	12.75	11.92	12.33	103564
1	24-Mar-05	11.75	11.10	11.42	155219
2	31-Mar-05	11.08	09.50	10.29	137096
3	07-Apr-05	13.75	12.73	13.24	383865
4	14-Apr-05	12.90	12.25	12.57	128472
5	21-Apr-05	12.60	11.75	12.17	154932
6	28-Apr-05	20.87	17.65	19.26	7434462
7	05-May-05	19.00	18.05	18.52	716690
3	12-May-05	30.10	27.50	28.80	2796858
9	19-May-05	36.30	35.50	35.90	1862290
)	26-May-05	42.00	39.80	40.90	1153125
1	02-Jun-05	37.80	35.50	36.65	682374
2	09-Jun-05	42.90	39.75	41.32	1389651
3	16-Jun-05	41.50	38.55	40.02	444090
4	23-Jun-05	36.80	36.40	36.60	244211
5	30-Jun-05	40.50	38.40	39.45	1304331
6	07-Jul-05	42.30	40.50	41.40	1170615
	Average of 26 weeks			21.59	

b. The daily high, low and average prices of the shares of SQL during the last 2 weeks of trading on the BSE, where shares of SQL are most frequently traded, are given below:

Day	Date	High (Rs)	Low(Rs)	Average	Volume
1	24-Jun-05	38.60	37.10	37.85	132113
2	25-Jun-05	*	*		
3	26-Jun-05	*	*		
4	27-Jun-05	40.50	38.40	39.45	973614
5	28-Jun-05	39.75	36.70	38.22	65255
6	29-Jun-05	37.50	36.00	36.75	64029
7	30-Jun-05	38.90	37.25	38.07	69320
8	01-Jul-05	39.00	38.00	38.50	90114
9		*	*		
10		*	*		
11	04-Jul-05	39.50	38.00	38.75	133111
12	05-Jul-05	40.50	37.50	39.00	218206
13	06-Jul-05	40.35	38.75	39.55	236328
14	07-Jul-05	42.30	40.50	41.40	492856
Average of Two weeks				38.76	

*Denotes Saturday and Sunday when no trading took place

The Offer Price of Rs.41/- (Rupees Forty One Only) per fully paid up equity share is justified in terms of Regulations 20(4) and 20(5) and 20(11) of the SEBI (SAST) Regulations as it is higher than the price computed in accordance with the parameters mentioned in Regulation 20(5) and 20(11) as detailed below:

(a) the average of the weekly high and low of closing prices for Shares of the Target Company on BSE for the last 26 weeks – Rs 21.59/-

(b) the average of the daily high and low of prices for Shares of the Target Company on BSE for last two week period – Rs 38.76/-

(c) the highest price paid by the Acquirers or persons acting in concert with him for acquisition, if any, including by way of allotment in a public or rights or preferential issue during the last 26 weeks- NIL

(d) the negotiated price, if any- NIL

(e) the price at which shares of the Target Company are being proposed to be issued to the Acquirers under the Preferential Issue- Rs 40/-

f. Other Parameters based on the audited accounts of SQL as on 31st December , 2004	
Return on Net worth	Negative
Book Value per share	19.38
Earnings Per Share	Negative
Price/Earnings Ratio	Negative

5.3 Acquirers have not acquired any equity shares of SQL from the date of the PA up to the date of the Letter of Offer.

5.4 There is no non compete agreement entered between the Acquirer and the sellers and accordingly no non compete fee is being paid which should have any bearing on the offer price.

6 FINANCIAL ARRANGEMENTS

6.1 The total Funds requirement for the Offer is Rest. 13,13,64,000/- (Thirteen ~~Eleven~~ Crores Thirteen ~~Eight~~ Lakhs Sixty Four Thousand Only) assuming that the entire Offer is accepted.

6.2 The Acquirers have assets and resources and means to meet their obligations under the Open Offer in full. For this purpose, the Acquirers intend to utilize the resources available with them. Mr.N.R.Suresh (Partner) Membership No: 21661 M/S Maharaj N.R. Suresh & Co Chartered Accountants No 5, II Lane, II Main road ,TrustPuram, Chennai-600 024 Phone No:044-24801322,Fax 044-24813734 have Certified vide their letter dated 9th July , 2005 that the Acquirers have adequate resources to fulfill all their obligations arising out of the Open offer.

6.3 In accordance with Regulation 28 of the Regulations, the Acquirers have created an Escrow Demat Account on 11th July,2005 with Indian

Overseas Bank, Depository services, DR Radhakrishnan Salai Mylapore Chennai-600 004 for Rs 452.60 lakhs being more than 25 % of the Consideration payable under the Open Offer by way of Deposit of listed shares with a margin of 25%. The Acquirers have also made a cash deposit of Rs 11,08,640 on 11.07.2005 and Rs 2,05,000 on 22nd August, 2005 aggregating to Rs 13,13,640~~11,08.640~~/- being 1% of the Offer amount with Indian Overseas Bank, Commercial & Institutional Credit Branch, DR.RadhaKrishnan Salai, Mylapore Chennai-600 004 and marked a lien in favour of the Manager to the offer.

6.4 Details of Securities deposited with Escrow Demat Account

a)

S.NO	NAME	QUANTITY	FACE VALUE	PAID UP VALUE	MARKET VALUE ON ~~08.07.2005~~ 11.07.2005	MARGIN @ 25%
1	Vaibhav Gems Limited	1 85 000	10	18, 50, 000	4,52,60,250	1,13,15,062
	VALUE AFTER MARGIN @25%				3,39,45,188	

b) The Security deposited are free of lien/encumbrances.

c) There is no Suspension/freeze of voting rights of shares kept under escrow and carry full voting right.

d) The Securities kept in Escrow is owned by M/s Padmavatiasha Properties & Projects Private Limited ~~– Acquirer No 2~~

e) The acquirers have empowered the Manager to the Offer to realize the value of securities kept in Escrow Account by sale or otherwise in terms of the Regulations.

f) If there is any deficit on realization of value of the securities, the Merchant Banker shall be liable to make good any such deficit.

6.5 The Manager to the Offer has satisfied itself about the Acquirers' ability to implement the Offer in accordance with the Takeover Regulations.

7 Terms and Conditions of the Offer

7.1 Eligibility for accepting the Offer: The offer is being made to the equity shareholders of SQL (other than 'Acquirers') whose names appear on the Register of the Members of SQL at the close of business hours on 11th August, 2005 (the **"Specified Date**") and also to those persons who own the equity shares at any time prior to the closure of the offer, but are not the registered equity shareholders.

7.2 Accidental omission to despatch this LOO or the non-receipt or delayed receipt of this LOO will not invalidate the Offer in anyway.

7.3 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.

7.4 STATUTORY APPROVALS

7.4.1 The Offer is subject to approval, if any required from RBI for transfer of shares by the Non Resident Shareholders.

Besides the above approvals from the RBI, no other statutory approvals are required to acquire the Shares tendered pursuant to this Offer. In the event that any of the statutory approvals that are required are not obtained in terms of Regulation 27 of the SEBI (SAST) Regulations, the Acquirers will not proceed with the Offer.

7.4.2 In case of delay in receipt of any statutory approval(s), SEBI has the power to grant an extension of time to the Acquirer for payment of consideration to the tendering shareholders, subject to the Acquirer agreeing to pay interest for the delayed period as directed by SEBI in terms of Regulation 22(12) of the SEBI (SAST) Regulations. Further, if the delay occurs on account of willful default by the Acquirer in obtaining the requisite approvals, Regulation 22(13) of the SEBI (SAST) Regulations will also become applicable.

8 PROCEDURE FOR ACCEPTANCE AND SETTLEMENT.

8.1 Procedure for accepting the offer by eligible persons

The Acceptor will have to deliver the relevant documents as mentioned at point (a), (b), and (c) below as applicable to the Registrar to the Offer M/s Karvy Computer Share Private Limited (SEBI Regn.No.: INR 000000221) at the address mentioned below:

Monday to Friday 10 am to 3 pm, and on Saturday 10 am to 1 pm

.).	City	Address of collecting office	Contact Person	Telephone Number	Fax Number	Mode of Delivery
	Ahmedabad	201–203 "Shail" Opp. Madhusudhan House, Behind Girish Cold drinks, Off C G.Road, Ahmedabad 380 006	Mr. Edward	(79) 26420 422 / 26400 527 / 26400 528	(79) 26565 551	Hand Delivery
	Chennai	G-1, Swathi Court, 22,Vijay Raghava Road, T. Nagar, Chennai 600 017	Mr. Gunashekhar	(44) 2815 3445 / 2815 1034 / 2815 3658	(44) 2815 3181	Hand Delivery
	Mumbai	7, Andheri Industrial Estate, Off Veera Desai Road, Andheri (W), Mumbai 400 053	Ms. Vishaka Shringarpure	(22) 2673 0799 / 153 / 292	(22) 2673 0152	Hand Delivery
		16/22, Bake House, Maharashtra Chamber of Commerce Lane, Kalaghoda, Fort, Mumbai – 400 023	Ms. Nutan Shirke	(22) 56382666	(22) 56331135	Hand Delivery
	New Delhi	Karvy Computershare Pvt Ltd. 105-108, Arunachal Building, 19 Barakhamba Road, Connaught Place, New Delhi 110 001	Mr. Michael George	(11) 2332 4401 / 2335 3835 / 981	(11) 2332 4621	Hand Delivery
	Hyderabad	46, Avenue 4, Street No 1, Banjara Hills, Hyderabad – 500 034	Ms. Anitha	(40) 23312454 / 23320751 / 752/ 251	(40) 23311968	Hand Delivery / Regd. Post

a. For equity shares held in dematerialized form:

For the purpose of the offer a Special Depository Account has been opened in the name and style of "**KCL Escrow Account SQL Open Offer**" Open Offer with Karvy Computer Share Private Limited as the Depository participant in National Securities Depository Limited (NSDL). Equity Shareholders holding the shares in dematerialized form will have to deliver the following documents:

i. Form of acceptance cum acknowledgement duly completed and signed in accordance with the instructions contained therein.

ii. Photocopy of the delivery instruction slip in "off-market" mode or counterfoil of the delivery instruction slip in "off-market" mode, duly acknowledged by the relevant Depository Participant (DP).

iii. For each delivery instruction the beneficial owner should submit separate Form of Acceptance.

iv. The details of the special depository account opened for this purpose are as under:

Name of Depository	National Securities Depository Limited
DP Name	Karvy Computer Share Private Limited
DP ID	IN 300394
Client ID	15472548

v. Equity shareholders having their beneficiary account in Central Depository Services

Limited (CDSL) will have to use inter depository delivery instructions slip for the purpose of crediting their equity shares in favour of the special depository account.

vi. Shareholders who have sent their physical equity shares for dematerialisation need to ensure that the process of getting equity shares dematerialised is completed well in time so that the credit in the Special Depository Account is received on or before closure of offer.

b) For equity shares held in physical form

Registered equity shareholders should enclose:

i. Form of Acceptance cum acknowledgement duly completed and signed in accordance with the instructions contained therein, by all equity shareholders whose name appears on the share certificates.

ii. Original share certificate(s)

iii. Valid share transfer form(s) duly signed as transferors by all registered equity shareholders (in case of joint holdings), in the same order and as per the specimen signatures registered with and duly witnessed at the appropriate place.

c) Unregistered owners of equity shares should enclose:

i. Form of acceptance cum acknowledgement duly completed and signed in accordance with the instructions contained therein.

ii. Original share certificate(s)

iii. Original broker contract note of a registered broker of a recognized stock exchange.

iv. Valid share transfer form(s) as received from the market. The details of the buyer should be left blank. If the details of the buyer are filled in, the tender will not be valid under the offer. Acquirer's name will be subsequently filled in upon verifying the validity of the share transfer form.

v. No indemnity is needed from unregistered equity shareholders.

vi. Procedure for acceptance of the offer by the equity shareholders who do not receive the Letter of Offer and procedure for settlement

a) In case of non-receipt of the offer document, the unregistered equity shareholders who wish to accept the offer should communicate their acceptance in writing on a plain paper stating the name, address, no. of shares held, distinctive numbers, folio number, no. of shares offered to the Registrar to the Offer together with relevant share certificate(s), the transfer deed(s) and the original contract note issued by share broker of a recognized stock exchange through whom they acquired the equity shares before the close of the Offer, i.e. 21st September, 2005, Wednesday.

b) In the event of non-receipt of the Letter of Offer by beneficial owners, such beneficial owners can make an application to the Registrar to the Offer on plain paper stating their name, address, number of equity shares held, number of equity shares tendered, bank particulars, DP name, DP ID, beneficiary account number duly signed by all the holders and send the same along with a photocopy of the delivery instructions in "Off-market" mode or counterfoil of the delivery instructions in "Off-market" mode in favour of the special depository account, to the Registrar to the Offer on or before the Offer Closing Date. All beneficial holders maintaining an account with CDSL are requested to obtain, complete and submit an additional inter-depository slip together with the instructions to their respective DPs.

c) Such equity shareholders may also download a copy of the form of acceptance cum acknowledgement from SEBI's website at www.sebi.gov.in and use the same.

d) Share Certificates would be held in trust by the Manager to the Offer / Registrar to the offer , as the case may be till the acquirers complete the offer obligations in terms of Regulations

NO DOCUMENT SHOULD BE SENT TO THE ACQUIRER OR TO SQL (THE COMPANY) OR THE MANAGER TO THE OFFER

8.2. OFFER PERIOD

a) Offer period is the period between the date of Public announcement and the date of completion of offer formalities relating to the offer.

b) This Offer will remain open on all working days (excluding Sunday and Public Holidays) between 2nd September , 2005 to 21st September, 2005 (both days inclusive). The equity shareholders of SQL who wish to avail of this offer shall be required to send their acceptance in the manner stated above so as to reach the Registrar to the Offer on or before 21st September, 2005.

c) The form of acceptance along with the Share Certificate(s) and other documents delivered shall become acceptance on the part of the shareholder, but will become a fully valid and binding contract between shareholder and Acquirer only upon the fulfillment of all conditions mentioned herein.

d) On fulfillment of the conditions herein mentioned, the Acquirer will pay the Offer price by crossed Account Payee Pay Orders / Demand Drafts which will be sent by Registered Post to the equity shareholders of SQL, whose acceptance to the offer are accepted by the Acquirer, at the address registered with the Company. The Pay Orders / Demand Drafts will be drawn in the name of first named shareholder in case of joint shareholding. In case of unregistered owners of the shares, payment will be made as per mandate given by such owner. The unregistered owner may give a mandate for drawing the pay order / demand draft in the name of the person whose bank details may be furnished by him in the Form of Acceptance for incorporating in the Pay Order / Demand Draft.

8.3 WITHDRAWAL OPTION

a) The equity shareholders, who are desirous of withdrawing their acceptances tendered in the offer, can do so up to three working days prior to the date of the closure of the offer i.e. on or before 16th September, 2005. The withdrawal option can be exercised by submitting the 'Form of Withdrawal' (separately enclosed with Letter of Offer) to the Registrar to the Offer, Karvy Computer Share Private Limited so as to reach them on or before 21st Septemeber, 2005.

b) In case 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:

- In case of physical shares: Name, address, distinctive numbers, folio nos. number of shares tendered / withdrawn.

- In case of dematerialized shares: Name, address, number of shares tendered / withdrawn, DP name, DP ID, Beneficiary account no. and photo copy of delivery instruction in "off market" mode of counterfoil of the delivery instruction in "off market" mode, duly acknowledged by the DP in favour of the Special Depository Account.

c) The form of Withdrawal can also be downloaded from SEBI's website www.sebi.gov.in or obtained from the Manager / Registrar to the Offer.

9. GENERAL

a) Acquirer can revise the price upwards up to seven working days prior to closure of the offer and revision if any in the offer price would appear in the same newspapers where the Public Announcement has appeared. The same price would be paid to all shareholders who tender their shares in the offer.

b) Shareholders may note that if there is a competitive bid, the public offers under all the subsisting bids shall close on the same date. As the offer price can not 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 their acceptance accordingly.

c) For any queries regarding the Offer the shareholders / applicants may contact the Registrar to the Offer at the address mentioned in this Letter of Offer.

d) If the aggregate of the valid responses to the offer exceeds offer size, then the Acquirer shall accept the valid applications received on a proportionate basis in accordance with Regulation 21 (6) of the Regulations.

e) Where the number of shares offered for sale by the shareholders are more than the shares agreed to be acquired by the Acquirer making the offer, the Acquirer shall, accept offers received from shareholders on proportional basis in consultation with Merchant Bankers taking care to ensure that the basis of acceptance is decided in a fair and equitable manner and does not result in non-marketable lot. Provided that acquisition of shares from a shareholder shall not be less than the minimum marketable lot or the entire holding if it is less than the marketable lot. The marketable lot of the equity shares of the company is one share.

f) Acquirer shall acquire the equity shares from the shareholders of the Company who have validly tendered the equity shares under the Offer (i.e. equity shares and other documents are in order in accordance with the terms of the Offer) and remit the consideration in respect thereof on or before 6th October, 2005 in cash by Account Payee Pay Order / Demand Draft. Any delay will attract interest in terms of Regulation 22(12) of SEBI (SAST) Regulations 1997. The information as to whether the equity shares tendered by them have been accepted (in full or in part) or rejected and consideration payable would be sent by Registered Post.

g) Pursuant to the Regulation 13, the Acquirer has appointed Indian Overseas Bank, Merchant Banking Division as the Manager to the Offer.

h) Indian Overseas Bank, Merchant Banking Division, the Manager to the Offer, does not hold any equity shares of SQL. Further, they have undertaken not to deal in the equity shares of SQL up to a period of fifteen days after closure of the offer.

i) Acquirer accepts full responsibility for the information contained in this Letter of Offer and also for the obligations of Acquirer as laid down in the Regulations.

10. DOCUMENTS FOR INSPECTION

The following documents are regarded as material documents and are available for inspection at the office of Manager to the Offer mentioned on cover page of this document from 11.00 a.m. to 3.00 p.m. on any working day until the Offer closes.

1. Copy of Board Resolution dated 07.07.2005 of the Target Company, M / s SQL Star International Limited

2. Copy of MOU dated 09.07.2005 between Indian Overseas Bank, Merchant Banking Division Manager to the Offer and Acquirers.

3. Copy of letter dated 09.07.2005 from the Acquirer appointing Karvy Computer Share Private ~~MCS~~ Limited as Registrar to the Offer.

4. Copy of confirmation of opening of Escrow depository account by Manager to the offer dt 11.07.2005.

5. Memorandum and Articles of Association of SQL.

6. Memorandum and Articles of Association of Acquirers.

7. Copies of Annual Report of SQL for the financial years 2001-02, 2002-03, 2003-04, and Certified Financial Data for the period ended 31.03.2005.

8. Audited Annual Reports of the Acquirers for the financial Year 2002-03, 2003-04, 2004-05.

9. Notice of the Extra Ordinary General Meeting dated 07.07.2005

10. Copy of Net worth Certificate dated 09.07.2005 received from M / s Maharaj N R Suresh and Co, Chartered Accountants, for the M / s Super Star Exports Private Limited and M / s Padmavatiasha Properties and Projects Private Limited ~~Acquirer No 1 and Acquirer No 2~~ and M / s Kumar & Giri (M No 25480) dated 09.07.2005 for Mr. N R Ganti.

11. Copy of certificate dated 09.07.2005 received from M/S Maharaj N R Suresh and Co, Chartered Accountants, regarding the ability of the Acquirers to complete the formalities under the Regulations.

12. Copy of Public Announcement as published in the newspaper on 12/07/2005.

13. Copy of Fixed Deposit Advice issued by Indian Overseas Bank, Commercial & Institutional Credit Branch, DR.RadhaKrishnan Salai, Mylapore Chennai-600 004 in terms of the Escrow requirements.

14. A letter from Indian Overseas Bank, Commercial & Institutional Credit Branch, DR.RadhaKrishnan Salai, Mylapore Chennai-600 004, dated 11.07.2005 confirming the amount kept in escrow account and a lien in favour of Merchant Banker.

15. Copy of Demat Statement issued by Indian Overseas Bank, Depositary Participants DR.RadhaKrishnan Salai, Mylapore Chennai-600 004 in terms of the Escrow requirements.

16. Details of Securities deposited with Escrow Demat Account

S.NO	NAME	QUANTITY	FACE VALUE	PAID UP VALUE	MARKET VALUE ON ~~08.07.2005~~ 11.07.2005	MARGIN @ 25%
1	Vaibhav Gems Limited	1 85 000	10	18, 50, 000	4,52,60,250	1,13,15,062
	VALUE AFTER MARGIN @25%				3,39,45,188	

17. Copy of confirmation of opening of special depository account by Registrar to the offer dt 11/07/2005.

18. Due Diligence Certificate dated 23rd July, 2005

19. Undertakings by the Acquirers dated 09/07/2005

20. Undertaking by the Acquirers and Financial Investors for non conversion of warrants in to Equity shares on or before 6th October , 2005 being expiration of fifteen days after the closure of the offer.

21. SEBI observation letter no CFD/DCR/AK/TO/47089/2005 dated 16.08.2005

11. DECLARATION BY THE ACQUIRERS

The Acquirers accept full responsibility for the information contained in the Public Announcement and Letter of Offer and will be responsible for ensuring compliance with the obligations of Acquirer as laid down in SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 1997 and subsequent amendments thereto.

Sd / -

Director

M / S SUPER STAR EXPORTS PRIVATE LIMITED

Director

M / S PADMAVATIASHA PROPERTIES AND PROJECTS PRIVATE LIMITED

N R Ganti

Date: 23.07.2005

Place: Chennai

Encl:

1. Form of Acceptance cum Acknowledgement

2. Form of Withdrawal