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 Starchik Specialities Limited. If you require any clarifications about the action to be taken, you may consult your stockbroker or investment consultant or CIL SECURITIES LIMITED "Managers and Registrar to the Issue". In case you have recently sold your shares in the Company, 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."

CASH OFFER AT Rs. 1.25 /- (RUPEES ONE AND PAISE TWENTY FIVE ONLY) PER FULLY PAID-UP EQUITY SHARE OF Rs. 10/- (RUPEES TEN ONLY)

[Pursuant to Regulation 10 & 12 of the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 1997 and subsequent amendments thereto]

TO ACQUIRE

Up to 10,78,440 fully Paid-up Equity Shares of face value Rs. 10/- each representing 20% of voting and paid up equity share capital at the expiration of 15 days from the date of closure of the public offer at a price of Rs 1.25/- per share

of

Starchik Specialities Limited

(Registered Off: "Poultary Bhavan", 6-1-85/5, Saifabad, Opp. Telephone Bhavan, Hyderabad – 500 004, Ph No. 91-040-23298898, Fax No. 91-040-23234325, E-mail: singhpoultry@sancharnet.in)

BY

Mr Sanjay Sanghi, S/o Sri Hanumanth Rai Sanghi, Resident of NARBADA NIVAS, H.No 8-2-686/DR/6 & 7, Road No. 12, Banjara Hills, Hyderabad -500 034, Tel (040) 55628411, Fax:(040) 2322 3124, E-mail: info@sanghijewellers.com

and

Mr Ritesh Sanghi, S/o Sri Hanumanth Rai Sanghi, Resident of NARBADA NIVAS, H.No 8-2-686/DR/6 & 7, Road No. 12, Banjara Hills, Hyderabad -500 034, Tel (040) 55628411, Fax:(040) 2322 3124, E-mail: info@sanghijewellers.com

1. The offer is subject to the approval of RBI under the Foreign Exchange Management Act, 1999 for acquiring shares tendered by NRIs/FIIs/OCBs. No other approval is required to be obtained from Banks/Financial Institutions for the offer
2. Besides this, as on this date to the best of the knowledge of the Acquirers, no other statutory approvals are required to acquire the Shares tendered pursuant to this Open Offer. However, the Open Offer would be subject to all statutory and such other approvals that may be applicable at a later date.
3. The Acquirers shall complete all procedures relating to the Offer within a period of 15 days from the closure of the Offer, in terms of Regulation 22(12) of the Regulations. In the case of delay in receipt of statutory approvals, SEBI has the power to grant extension of time for the purpose of making payment subject to the Acquirers agreeing to pay interest for the delayed period to the shareholders as directed by SEBI. Further if the delay occurs on account of willful default by the Acquirers in obtaining the requisite approvals, Regulation 22(13) of the Regulations will also become applicable.
4. In case the required RBI approvals for shares tendered by NRIs/FIIs/OCBs are not submitted/obtained, the Acquirers reserves the right to reject such Shares tendered. The Acquirers shall withdraw this offer if the statutory/other approval(s) which shall become applicable at a later date, as specified in point no.2 above, is refused as provided in regulation 27 of the SEBI (SAST) Regulations 1997
5. Shareholders who have accepted the offer by tendering the requisite documents, in terms of the Public announcement / Letter of offer, can withdraw the same upto three working days prior to the date of the closure of the offer i.e Wednesday, 6th September 2006.
6. Upward revision or withdrawal, if any, of the offer would be informed by way of Public Announcement in the same newspapers where the original Public Announcement has appeared. The last date for such revision will be Friday, 1st September 2006 (regulation 26). The same price would be payable by the Acquirers(s) for all the shares tendered anytime during the offer.
7. **If there is 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 (i.e Friday, 1st September 2006) , 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
8. **This is not a competitive bid.**
9. The Offer is not subject to any minimum level of acceptance and is not a conditional offer.
10. A copy of public announcement and Letter Of Offer (including form of acceptance cum acknowledgment) is also available on SEBI's web-site (www.sebi.gov.in) from the Offer Opening Date, i.e., Thursday, 24th August 2006

MANAGERS & REGISTRARS TO THE OFFER

CIL Securities Limited
#214, Raghava Ratna Towers, Chirag Ali Lane, Abids, Hyderabad- 500 001
Phone No: 040 23202465/ 3155 , Fax: 040 23203028
Email: advisors@cilsecurities.com
Contact Person: B.M. Maheshwari, President

OFFER OPENS ON: THURSDAY, 24TH AUGUST 2006	**OFFER CLOSES ON: TUESDAY, 12TH SEPTEMBER 2006**

SCHEDULE OF ACTIVITIES

Activity	**Original Schedule**	**Revised Schedule**
	Day and Date	Day and Date
Public Announcement Date	Friday, 7th July 2006	Friday, 7th July 2006
Specified Date *	Friday, 4th August 2006	Friday, 4th August 2006
Last date for a Competitive Bid	Thursday, 27th July 2006	Thursday, 27th July 2006
Date by which Letter of Offer to be dispatched to Shareholders	Monday, 14th August 2006	Saturday, 19th August 2006
Date of opening of the Open Offer	Thursday, 24th August 2006	Thursday, 24th August 2006
Last date for revising the Offer Price / number of shares	Friday, 1st September 2006	Friday, 1st September 2006
Last date for withdrawing acceptance from the Open Offer	Wednesday, 6th September 2006	Wednesday, 6th September 2006
Last date of closing of the Open Offer	Tuesday, 12th September 2006	Tuesday, 12th September 2006
Last date of communicating rejection / acceptance and payment of consideration for accepted tenders	Wednesday, 27th September 2006	Wednesday, 27th September 2006

* Specified Date is only for the Purpose of determining the names of shareholders as on such date to whom the letter of offer would be sent.

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Risk Factors relating to transaction, relating to the offer and involved in associating with the Acquirers:

1. The Acquirers are not having any previous experience in the activities in which the Target Company primarily operates.
2. The Acquirers are contemplating to enter into Jewellery Business. The Acquirers are already into the Jewellery business through Sanghi Jewellers Private Limited (Company promoted by them) thereby there would be conflict of interest.
3. If the aggregate of the valid responses to the offer exceeds offer size, then the acquirers shall accept the valid application on a proportionate basis in accordance with Regulation 21(6) of the Regulations. In such an event all equity shares tendered by the applicant may not be accepted.
4. In the event that either (a) a regulatory approval is not received in a timely manner, (b) there is any litigation leading to stay on the Offer, or (c) SEBI instructs 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 public shareholders of SSL whose Shares have been accepted in the Offer as well as the return of Shares not accepted by the Acquirers may be delayed. In case of the delay, due to non-receipt of the statutory approvals, as per Regulation 22(12) of the Regulations, SEBI, may, if satisfied that the non-receipt of approval was not due to the willful default or negligence or failure to diligently pursue on the part of the Acquirer, grant an extension for the purpose of completion of the Offer subject to the Acquirer paying interest to the shareholders, as may be specified by the SEBI. Further, shareholders should note that after the last date of withdrawal i.e., Wednesday, 6th September 2006, the shareholders who have lodged the shares would not be able to withdraw them even if the acceptance of the 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. The Offer is subject to the receipt of statutory and regulatory approvals by the Acquirer under the Offer. The Acquirer may not be able to proceed with the Offer in the event the approvals are not received in terms of the Regulation 27 of the Regulations. Delay, if any, in the receipt of these approvals may delay completion of the offer.
5. The Acquirers propose to acquire ownership and control of SSL by the direct acquisition of 46.40% of the fully paid up equity share & voting capital of SSL from the Promoter Group of the Target Company pursuant to the Share Purchase Agreement. The Acquirer makes no assurance with respect to the financial performance of the Target Company.

The risk factor set forth above pertains to the acquisition and the Offer and not in relation to the present or future business operations of the Target Company or other related matters, and are neither exhaustive nor intended to constitute a complete analysis of the risks involved in participation or otherwise by a shareholder in the Offer. Shareholders of the Target Company are advised to consult their stockbroker or investment consultant, if any, for further risk with respect to their respective participation in the Offer.

Definitions

Acquirers	Mr. Sanjay Sanghi and Mr. Ritesh Sanghi
Board/Board of Directors/ Directors	Board of Directors of Starchik Specialities Limited
BSE	Bombay Stock Exchange Limited
DSE	The Delhi Stock Exchange Association Limited
HSE	The Hyderabad Stock Exchange Limited
MSE	Madras Stock Exchange Limited
Managers & Registrars to the Offer/CIL	CIL Securities Limited
Offer	Open cash offer to acquire 10,78,440 fully paid equity shares of Rs. 10/- each at a price of Rs.1.25/- representing 20% of the total paid-up equity capital as at the expiration of 15 days from the date of closure of the public offer
Public Announcement/PA	Public Announcement for the Open Offer released on behalf of the Acquirers on Friday, 7th July 2006
Regulations or Takeover Regulations or SEBI (SAST) Regulations	Securities and Exchange Board of India (Substantial Acquisition of Shares and takeovers) Regulation 1997 and subsequent amendments thereof
SEBI	Securities and Exchange Board of India
Share Purchase Agreement	Agreement dated Tuesday, 04th July 2006 entered into between Acquirers and the Promoters of SSL (as defined therein)
Shares	Fully paid-up equity shares of Rs. 10/- each of SSL
Target Company/SSL	Starchik Specialities Limited

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 OVERSEEEING WHETHER THE DISCLOSURES CONTAINED THEREIN ARE GENERALLY ADEQUATE AND ARE IN CONFORMITY WITH THE REGULATIONS. THIS REQUIREMENT IS TO FACILITATE THE SHAREHOLDERS OF STARCHIK SPECIALITIES LIMITED TO TAKE AN INFORMED DECISION WITH REGARD TO THE OFFER. THE 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 ACQUIRERS IS 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 DISCHARGES ITS RESPONSIBILITY ADEQUATELY. IN THIS BEHALF, AND TOWARDS THIS PURPOSE, THE MERCHANT BANKER, CIL SECURITIES LIMITED, HYDERABAD HAS SUBMITTED A DUE DILIGENCE CERTIFICATE DATED 19/07/2006 TO SEBI IN ACCORDANCE WITH THE SEBI (SUBSTANTIAL ACQUISITION OF SHARES AND TAKEOVER) REGULATIONS 1997 AND SUBSEQUENT AMENDEMENT (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 OF THE OFFER."

2. DETAILS OF THE OFFER

2.1 Background of the offer

2.1.1 Mr. Sanjay Sanghi, S/o Sri Hanumanth Rai Sanghi, Resident of NARBADA NIVAS, H.No 8-2-686/DR/6 & 7, Road No. 12, Banjara Hills, Hyderabad -500 034, Tel: (040) 55628411, Fax:(040) 2322 3124, E-mail: info@sanghijewellers.com and Mr Ritesh Sanghi, S/o Sri Hanumanth Rai Sanghi, Resident of NARBADA NIVAS, H.No 8-2-686/DR/6 & 7, Road No. 12, Banjara Hills, Hyderabad -500 034, Tel: (040) 55628411, Fax:(040) 2322 3124, E-mail: info@sanghijewellers.com is making an open offer to the shareholders of M/s Starchik Specialities Limited, pursuant to Regulation 10 and 12 of SEBI (SAST) Regulations for the purpose of substantial acquisition of Shares with change in control/management of the Target Company. There are no Persons Acting in Concert ("PAC") with the Acquirers for the purpose of this offer.

2.1.2 The Acquirers has entered into a Share Purchase Agreement dated 04th July 2006 with Promoter Group of Starchik Specialities Limited whose details are given in the table below to acquire from them 25,01,860 fully paid-up Equity Shares of Rs.10/- each representing 46.40% of the paid up capital of Starchik Specialities Limited ("the acquisition") for cash at a price of Rs.0.70/- (Paise Seventy only) per share ('the negotiated price').

S.NO	Name of the Members of Promoter Group	Address of the Members of Promoter Group	Telephone No	Fax No.	No of Shares	Amount @Rs 0.70 per share
1.	Harbans Singh	5-9-22/97/A, Adarsh Nagar, Hyderabad	040-23233139	---	7,45,010	5,21,507
2.	Singh Poultry Private Limited	6-1-85/5, Saifabad, Hyderabad	040-23298898	040-23234325	12,24,030	8,56,821
3.	Sarabjyot Singh	Plot No. 129, Shantiniketan Colony, Mahendra Hills, Marredpally, Secunderabad	040-27731449	---	26,010	18,207
4.	H.S Farms Private Limited	6-1-85/5, Saifabad, Hyderabad	040-23298898	040-23234325	1,22,100	85,470
5.	Harpreet Chhabra & Amarjyot Singh	Plot No. 129, Shantiniketan Colony, Mahendra Hills, Marredpally, Secunderabad & 5-9-22/97/A, Adarsh Nagar, Hyderabad	040-27731449 040-23233139	---	2,500	1,750
6.	Harpreet Chhabra & Sarabjyot Singh	Plot No. 129, Shantiniketan Colony, Mahendra Hills, Marredpally, Secunderabad	040-27731449	---	2,500	1,750
7.	Simarjot Singh (Rep by Guardian Amarjyot Singh) & Amarjyot Singh	5-9-22/97/A, Adarsh Nagar, Hyderabad	040-23233139	---	10,100	7,070
8.	Simran Chhabra	5-9-22/97/A, Adarsh Nagar, Hyderabad	040-23233139	---	4,900	3,430
9.	Amarjyot Singh	5-9-22/97/A, Adarsh Nagar, Hyderabad	040-23233139	---	11,310	7,917
10.	Amarjyot Singh & Simran Chhabra	5-9-22/97/A, Adarsh Nagar, Hyderabad	040-23233139	---	11,900	8,330
11.	Harpreet Chhabra & Simran Chaabra	Plot No. 129, Shantiniketan Colony, Mahendra Hills, Marredpally, Secunderabad & 5-9-22/97/A, Adarsh Nagar, Hyderabad	040-27731449 040-23233139	---	5,000	3,500
12.	Kanta Nagpal	5-9-22/97/A, Adarsh Nagar, Hyderabad	040-23233139	---	3,00,500	2,10,350

13.	Brahmjyot Singh (Rep by Guardian Simran Chhabra) & Simran Chhabra	5-9-22/97/A, Adarsh Nagar, Hyderabad	040-23233139	---	10,000	7,000
14.	Sonam Singh (Rep by Guardian Taruna)	5-9-22/97/A, Adarsh Nagar, Hyderabad	040-23233139		10,000	7,000
15.	Disha Singh (Rep by Guardian Taruna)	5-9-22/97/A, Adarsh Nagar, Hyderabad	040-23233139	---	10,000	7,000
16.	Taruna	5-9-22/97/A, Adarsh Nagar, Hyderabad	040-23233139		6,000	4,200
			Total		**25,01,860**	**17,51,302**

The Target Company does not have any partly paid up equity shares.

2.1.3 Salient features of the Share Purchase Agreement:

1. The acquirers have agreed to comply with their obligations arising out of this agreement for which the purpose they are making a public offer in terms of the Securities Exchange Board of India (Substantial Acquisition of Shares &Takeovers), Regulations, 1997 and subsequent amendments thereof (hereinafter referred to as the Regulations)
2. In case of non –compliance of any of the provisions of the Securities Exchange Board of India Takeover Regulations, this agreement shall not be acted upon by either Party.
3. Upon completion of the formalities under the Regulations all the Directors representing the promoters on the Board of the Target Company shall resign and relinquish their office unless otherwise permitted by the Parties and the Acquirers shall induct its Directors on the Board of Directors of the Target Company.
4. Due to negligence or default of the Acquirers the Sellers shall; without prejudice to any other legal remedy, seek return of all shares that were delivered to the Acquirers.

2.1.4 The Acquirers and Sellers or Target Company have not been prohibited by SEBI from dealing in securities, in terms of direction issued under Section 11-B of the SEBI Act.

2.1.5 In terms of the Share Purchase Agreement the representatives of the Acquirers will be inducted in the Board and the present directors of the Target Company will step down from the Board after the conclusion of the offer formalities.

2.2 The Offer

2.2.1 The Public Announcement dated Friday, 7th July 2006 was made in the following newspapers, in accordance with Regulation 15 of the SEBI (SAST) Regulations:

Languages	Publication	Editions
English	Business Standard	All Editions
Hindi	Hindi Milap	All Editions
Telugu	Andhra Bhoomi	All Editions

(The Public Announcement is also available on the SEBI Website at http://www.sebi.gov.in/*)*

2.2.2 Since the total shares to be acquired under the Share-Purchase Agreement constitute 46.40% of the total voting capital of the Target Company which is more than 15% as prescribed under Regulation 10 of the Takeover Regulations and also resulting in change in control of the Target Company as prescribed under Regulation 12 of the Takeover Regulations, it requires open offer to be given by the Acquirers pursuant to Regulations 10 & 12 of the Takeover Regulations, to the shareholders of the Target Company. The Acquirers is now making this open offer to acquire 10,78,440 fully paid equity shares of Rs. 10/- each, representing 20% of likely voting paid up equity share capital as at the expiration of 15 days after the closure of the public offer, of the Target Company at a price of Rs.1.25/- (Rupees One and Paise Twenty Five only) per fully paid up equity share payable in cash, ("Offer"). The Target Company does not have any partly paid up equity shares

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

2.2.4 The Acquirers does not hold any shares in the Target Company as on the date of Letter of Offer. The Acquirers have not acquired any shares after the date of the Public Announcement till the date of the Letter of Offer.

2.2.5 **This is not a competitive bid.**

2.3 Object of the acquisition/ offer

2.3.1 This Open Offer to the Shareholders of the Target Company is being made, pursuant to Regulation 10 and 12 of SEBI (SAST) Regulations for the purpose of substantial acquisition of Shares with change in control/management of the Target Company.

2.3.2 Objects: The Object for acquisition of shares is to acquire the controlling stake in the Target Company.

2.3.3 Future Plans: The acquirers in addition to carrying the existing business of the Target Company propose to amend the Objects Clause of the Company to enable them to carry on the business of gems and manufacturing, dealing of jewelry and other related businesses. The acquirers are in the business of Gems and Jewelry manufacturing for more than 14 Years and proposes to utilize their experience to ensure sustained growth and improve the performance of the Target Company. The acquirers are yet to finalize on how they would implement the future plans.

3 BACKGROUND OF THE ACQUIRERS (INCLUDING PACs, IF ANY)

3.1 **Mr Sanjay Sanghi resident of** NARBADA NIVAS, H.No 8-2-686/DR/6 & 7, Road No. 12, Banjara Hills, Hyderabad -500 034 is a commerce graduate and Gemologist and is having an experience of 14 years in the business of Gems and Jewelers manufacturing and Trading. He has promoted and is also the Managing Director of Sanghi Jewellers Private Limited. The Networth of **Mr Sanjay Sanghi** as on 31-03-2006 is Rs 57,00,178 (Rupees Fifty Seven Lakh One Hundred and Seventy Eight only) as certified by K.B.M.M Krishna, Partner of M/s. Krishna & Suresh , Chartered Accountants, 3-6-542/2, Himayath Nagar, Hyderabad-500 029 (Membership No.200/23142)

3.2 **Mr Ritesh Sanghi resident of** NARBADA NIVAS, H.No 8-2-686/DR/6 & 7, Road No. 12, Banjara Hills, Hyderabad -500 034 is a commerce graduate and is having an experience of 11 years in the business of Gems and Jewellers manufacturing and Trading. He has promoted Sanghi Jewellers Private Limited. He is Director of Sanghi Jewellers Private Limited and Starchik Specialities

Limited. The Networth of **Mr Ritesh Sanghi** as on 31-03-2006 is Rs 74,49,027 (Rupees Seventy Four Lakh Fourty Nine Thousand and Twenty Seven only) as certified by K.B.M.M Krishna, Partner of M/s. Krishna & Suresh, Chartered Accountants, 3-6-542/2, Himayath Nagar, Hyderabad-500 029 (Membership No.200/23142)

3.3 The Acquirers Mr Sanjay Sanghi and Mr Ritesh Sanghi are brothers

3.4 Brief information on the Acquirers is given hereunder:

Name & Residential Address	**Relationship , if any, with other Acquirer**	**Net Worth , as Certified by Chartered Accountant**	**Companies in which is a Director.**
Mr Sanjay Sanghi **S/o Sri Hanumanth Rai Sanghi** residing at NARBADA NIVAS, H.No 8-2-686/DR/6 & 7, Road No. 12 , Banjara Hills , Hyderabad -500 034	Brother	Rs. 57,00,178 /- as on 31-03-2006 . Certificate dated 19-06-2006	Sanghi Jewellers Private Limited (Managing Director)
Mr Ritesh Sanghi **S/o Sri Hanumanth Rai Sanghi** residing at NARBADA NIVAS, H.No 8-2-686/DR/6 & 7, Road No. 12 , Banjara Hills , Hyderabad -500 034	Brother	Rs. 74,49,027 /- as on 31-03-2006 . Certificate dated 19-06-2006	Sanghi Jewellers Private Limited (Director) *Starchik Specialities Limited (Director)

*Mr. Ritesh Sanghi was appointed as additional director on the Board of the Target Company on 29-06-2006.

3.5 Since the acquirers are not having any shares in SSL, the disclosures under Chapter II of Regulations are not applicable.

3.6 None of the acquirers hold any position on the Boards of any listed companies except Mr. Ritesh Sanghi who is Director on the Board of M/s Starchik Specialities Limited.

3.7 None of the Acquirers hold any controlling stake in any of the listed companies.

3.8 There is no formal agreement entered into between the acquirers with regard to the offer/ acquisition of shares.

3.9 Mr Sanjay Sanghi and Mr Ritesh Sanghi have promoted M/s Sanghi Jewellers Private Limited. M/s Sanghi Jewellers Private Limited was incorporated on 19/04/1991 and the Company has commenced its operation in the year 1991. M/s Sanghi Jewellers Private Limited is engaged in the business of Jewellery Manufacturing and wholesale Trading of Gems and Jewellery.

3.10 The financial details as taken from the Audited Balance Sheets, of M/s Sanghi Jewellers Private Limited are as under :

(Rs In Lacs)

Particulars	**31.03.2006**	**31.03.2005**	**31.03.2004**
Equity capital	175.00	175.00	100.00
Reserves (excluding revaluation reserves)	93.04	44.43	19.37
Total Income	5410.51	3071.27	1630.21
Profit After Tax (PAT)	48.61	25.06	6.04
Earnings Per Shares (EPS)	2.78	1.43	0.60
Net Asset Value	15.32	12.54	11.97

Except Sanghi Jewellers Private Limited, there are no other Companies/Firms promoted by the Acquirers. Sanghi Jewellers Private Limited is not a sick industrial company

Disclosure required under Regulation 16(ix)

3.11 The acquirer undertake not to sell, dispose of or otherwise encumber any substantial asset of the target company except with the prior approval of the shareholders

3.12 As on the date of Public Announcement, the acquirers do not have any intention to dispose off or otherwise encumbrance of any assets of Target Company in succeeding two years except in ordinary course of business of the target company.

4. Option to the Acquirers in terms of Regulation 21(3):

On Completion of the offer formalities the public shareholding of the Target Company is not likely to fall below the limit specified for the purpose of listing on continuous basis in terms of the Listing Agreement with the stock exchange, therefore the option available under Regulation 21 (3) of the Takeover Regulation is not applicable.

5. Background of the Target Company:

5.1 Starchik Specialities Limited was incorporated on 05/05/1992 under the name and style of "Singh Foods Limited". The Main promoters of the Company are Singh Poultry Private Limited, Mr. Harbans Singh, Mr. Amarjyot Singh and Associates. The Name of the Target Company was changed to Starchik Specialities Limited on 16/03/93. The Company commenced its commercial operations in the year 1992. The Registered office of the Target Company is at 'Poultry Bhavan", 6-1-85/5, Saifabad, Opp. Telephone Bhavan, Hyderabadd – 500 004, Ph No. 91-040-23298898, Fax No. 91-040-23234325, E-mail: singhpoultry@sancharnet.in

5.2 Starchik Specialities Limited is in the business of manufacture of dressed/frozen chicken and animal feed. The Company went for a public issue in the year 1994. After Public issue it installed the plant at Kesoram village, chevella mandal, R.R. Dist., A.P. The company for almost six years tried to create awareness among the consumers of the hygienic and quality superiority of the frozen product over the conventional product while still maintaining the freshness of the product. However, the concept of the frozen product has not been accepted by the consumers whose preference is for the conventional fresh product and the company has in spite of all its efforts not been able to change the same. Due to the lack of demand, the company found it difficult to sustain in the market and the management decided to close the operations of the plant from the year 2001-02, in order to curtail the costs and the losses. From 2001-02 the company carried on only trading activity so as to cover the overheads. However, it was found that it is not feasible to continue with trading activity also, because margins are very low and can barely cover the operational costs. Hence the company has no operations since 1st April, 2005

5.3 The Total Paid-up Equity Share Capital of the Target Company as on the date of this Public Announcement is Rs 5,39,22,000 divided into 53,92,200 fully Paid-up Equity Shares of Rs 10 each. There are neither partly paid-up shares nor outstanding convertible instruments as on the date of this Public Announcement.

5.4 Share capital structure of the target company

Paid up Equity Shares of Target company	No.of Shares/ voting rights	% of shares/voting rights
Fully paid up equity shares	53,92,200	100
Partly paid up equity shares	NA	NA
Total paid up equity shares	53,92,200	100
Total voting rights in Target company	53,92,200	100

Note: The Company has no partly paid-up Equity Shares and no calls in arrears.

5.5 Current Capital Structure of the Company has been built up since inception as per the details given below:

Date of allotment	Shares issued		Cumulative paid up capital		Mode of allotment	Identity of allottees	Status of compliance
	Number	%	Shares	Capital			
12-05-1992	70	0.00	70	700	Subscription to MoA	Promoters	Complied
07-06-1992	75800	1.41	75870	758700	Further Issue	Promoters	Complied
02-09-1992	44000	0.82	119870	1198700	Further Issue	Promoters	Complied
02-12-1992	63300	1.17	183170	1831700	Further Issue	Promoters	Complied
23-03-1993	131000	2.43	314170	3141700	Further Issue	Promoters	Complied
18-12-1993	350000	6.49	664170	6641700	Further Issue	Promoters	Complied
19-08-1994	4792230	88.87	5456400	54564000	Public Issue	Public	Complied
1995-1996*	(64200)	(1.19)	(64200)	(642000)	Forfeiture	Public	Complied
Total	**5392200**	**100**					

* Forfeiture of Shares

Total Shares forfeited on 29-06-1995	74000
Less Annulment on 30-08-1995	4400
Less Annulment on 29-03-1996	5400
Total Shares forfeited	64200

5.6 The equity shares of Target Company are listed on The Bombay Stock Exchange Limited (BSE), Hyderabadd Stock Exchange Limited (HSE), The Madras Stock Exchange Limited (MSE) and the Delhi Stock Exchange Limited (DSE) and are infrequently traded. The Details of Listing fee payable by the Target company are as under:

- Bombay Stock Exchange Limited – Paid upto March 2007
- Hyderabad Stock Exchange Limited – Due Rs.46,600/-
- Madras Stock Exchange Limited – Due Rs.1,19,000/-
- Delhi Stock Exchange Association Limited – Due Rs.1,17,000/-

The Madras Stock Exchange Limited vide its letter dated: 10/07/2006 has intimated the Managers to the Offer about the listing fee due of Rs. 1,19,000/- from the Target Company

The Delhi Stock Exchange Limited vide its letter dated: 24/07/2006 has intimated the Target Company about the listing fee due of Rs. 1,17,000/-.

5.7 SSL vide its letter dated 07-07-2006 and 12-08-2006 has certified that:

5.7.1 The Securities of the Target Company were suspended from trading at Bombay Stock Exchange Limited on 22nd January 2002 for Non Compliances of various Listing Compliances. The Company has continuously followed up with BSE for revocation of suspension. The Delhi Stock Exchange Limited vide its letter dated: 24/07/2006 has intimated the Target Company that the shares of the Target Company were suspended w.e.f. 04/03/2002. Apart from this the Company's securities were not suspended any time in the past in any of the Stock Exchanges

5.7.2 The Company vide its letter Dated 19/05/1995 applied for delisting on DSE and MSE and has not been complying with listing agreement requirements pertaining to both the Stock Exchanges.

5.7.3 The Company has received legal notices under section 434 of the Companies Act, 1956 from DSE, MSE and HSE vide their Letters Dated:27/03/1998, 20/05/1998 and 30/12/2002 respectively

5.7.4 In relation to Compliance of listing agreement requirements with BSE and HSE, the company has either not complied or made delayed compliance with various provisions of the listing agreement.

5.7.5 The Company has not taken any further steps for completion of delisting formalities both on MSE and DSE. It has also not taken any further steps for lifting of sus pension either by BSE or DSE.

5.8 There are no outstanding convertible instruments (warrants / FCDs / PCDs). There are no partly paid shares in the Target Company.

5.9 The Sellers and Promoters have complied with the provisions of Chapter II of the SEBI (SAST) Regulations, 1997 within the time specified under the regulations.

5.10 The Target Company has complied with provisions of Chapter II of the SEBI (SAST) Regulations, 1997 within the time specified under the regulations, except disclosure under Regulation 8(3) for the year ended 31-03-2000, which was disclosed on 16-08-2004 with a delay of 4 years and 4 months and disclosures under regulation 7 (3), pertaining to disclosures at various periods, were made on 18/07/2006 with delay. SEBI may take appropriate action for non compliance of SEBI (SAST) Regulations, 1997. The Target Company has however received from SEBI letter no. CFD/DCR/RC/TO/26660/04 dated November 29th 2004 with Subject " Violation of Takeover Regulations- Settlement by Consent Order." SEBI vide its above letter informed the company that it has not complied with Regulation 6(2), 6(4) and Regulation 8(3) for the years 1998 to 2002 and it informed the company that it has not availed the Regularization Scheme, 2002, hence the company is liable to penalty and prosecution under the SEBI Act. SEBI has given a proposal to levy a penalty of Rs 1,75,000/- with consent order by the adjudicating officer if the company gives it consent to such order and such consent should be given with in 30 days of the receipt of the letter. However the company in reply vide its letter dated 18th January 2005 informed that the company has been duly complying with the regulations 6(2) , 6(3) and 8(3) and requested SEBI to consider the reply and cancel the allegations against the company and exonerate it from the violations. As per the information provided by the Company no further action is taken either by SEBI or Company

5.11 No merger/ de-merger, spin off has taken place during the last 3 years. Starchik Specialities Limited was incorporated on 05/05/1992 under the name and style of "Singh Foods Limited". The Name of the Target Company was changed to Starchik Specialities Limited on 16/03/93. The Company commenced its commercial operations in the year 1992.

5.12 Composition of Board of Directors and details thereof:

Names	**Designation**	**Date of Appointment**	**Qualification**	**Residential Address**	**Experience**
Mr. Harbans Singh	Managing Director	05-05-1992	B.A	5-9-22/97/A, Adarsh Nagar, Hyderabad	He has over 3 decades of experience in Management, Production, Marketing, etc., in the Poultry Industry
Mr. Amarjyot Singh	Director	05-05-1992	B.Com (Hons.)	5-9-22/97/A, Adarsh Nagar, Hyderabad	He has varied experience in the Administration and Finance field since 20 years
*Mr. Ritesh Sanghi	Director	29-06-2006	B.Com	Narbada Nivas, H.No: 8-2-686/DR/6&7, Road No.12, Banjara Hills, Hyderabad – 500034	He is a commerce graduate and is having an experience of 11 years in the business of Gems and Jewellers manufacturing and Trading. He has promoted Sanghi Jewellers Private Limited

*** Mr. Ritesh Sanghi, one of the acquirers was appointed on the Board of the Target Company with effect from 29-06-2006.**

5.13 Brief Audited financial details of the Target Company is as follows:

(Amount Rs. In lacs)

Profit & Loss Statement	**2003-04**	**2004-05**	**2005-06**
Income from operations	1396.07	1752.09	0.00
Other Income	17.50	15.77	5.26
Total Income	**1413.57**	**1767.86**	**5.26**
Total Expenditure.	1398.50	1807.91	154.61
Profit Before Depreciation Interest and Tax	15.07	(40.05)	(149.35)
Depreciation	22.37	19.20	0.00
Interest	0.12	0.01	1.97
Profit (Loss) Before Tax	(7.42)	(59.26)	(151.32)
Provision for Tax	0.00	0.00	3.94
Profit (Loss) After Tax	(7.42)	(59.26)	(155.26)
Balance Sheet Statement			
Sources of funds			
Paid up share capital	539.22	539.22	539.22
Reserves and Surplus (excluding revaluation reserves)	4.30	9.04	2.68
Profit and Loss (Debit Balance)	(261.61)	(320.87)	(476.13)
Net worth	281.91	227.39	65.77
Secured loans	91.13	36.35	0.00
Unsecured loans	0.00	0.00	0.00
Deffered tax liability	0.00	0.00	0.00
Total	**373.04**	**263.74**	**65.77**
Uses of funds			
Net Fixed Assets	364.53	265.21	64.75
Investments	0.00	0.00	0.00
Net Current Assets	3.75	(1.47)	1.02
Total Miscellaneous Expenditure not written off	4.76	0.00	0.00
Total	**373.04**	**263.74**	**65.77**
Other Financial Data			
Dividend (%)	0.00	0.00	0.00
Earning Per Share(Rs.)	-ve	-ve	-ve
Return on Net worth (%)	-ve	-ve	-ve
Book Value Per Share(Rs.)	5.23	4.22	1.22

5.14 **Reasons for fall in Income/Profit After Tax:** Target Company is in the business of manufacture of dressed/frozen chicken and animal feed. The company for almost six years tried to create awareness among the consumers of the hygienic and quality superiority of the frozen product over the conventional product while still maintaining the freshness of the product. However, the concept of the frozen product has not been accepted by the consumers whose preference is for the conventional fresh product and the company has in spite of all its efforts not been able to change the same. Due to the lack of demand, the company found it difficult to sustain in the market and the management decided to close the operations of the plant from the year 2001-02, in order to curtail the costs and the losses. From 2001-02 the company carried on only trading activity so as to cover the overheads. However, it was found that it is not feasible to continue with trading activity also, because margins are very low and can barely cover the operational costs. The company has no operations since 1st April, 2005.

Reason for Decrease in Net Fixed Asset: The Fixed assets of the Target Company standing at Book Value of Rs.**373. 04** lakhs as at 31.03.2004 were reduced due to sale of assets carried out as per the Special Resolution passed under Section 293(1)(a) of the Companies Act, 1956 by way of Postal ballot on 9th December, 2004,. due to the reason that there were no business operations of manufacturing/ processing since the year 2001and for the purpose of settlement of dues to the Bankers. Therefore, as on 31.03.2006, the Net Fixed Assets of the Target Company stands reduced to Rs.**65.77** lakhs.

5.15 Pre and Post- Offer share holding pattern of the target company as per the following table

As on the date of letter of offer

Shareholders' 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. i.e.	
	(A)		(B)		(C)		(A)+(B)+(C)=(D)	
	No.	%	No.	%	No.	%	No.	%
1. Promoter Group.								
a. Parties to agreement, if any	25,01,860	46.40	NIL	NIL	NIL	NIL	NIL	NIL
b. Promoters other than (a) above	36,740	0.68	NIL	NIL	NIL	NIL	36,740	0.68
Total 1(a+b)	25,38,600	47.08	NIL	NIL	NIL	NIL	36,740	0.68
(2) Acquirers a. Sanjay Sanghi	NIL	NIL	12,50,930	23.20	5,39,220	10.00	17,90,150	33.20
b. Ritesh Sanghi	NIL	NIL	12,50,930	23.20	5,39,220	10.00	17,90,150	33.20
Total	NIL	NIL	25,01,860	46.40	10,78,440	20.00	35,80,300	66.40
(3) Parties to agreement other than(1) (a) & (b)	NIL	NIL	NIL	NL	NIL	NIL	NIL	NIL
(4) Public								
a. FIs/MFs/FIIs/ Banks,SFIs (indicate names)	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
b. Others	28,53,600	52.92	NIL	NIL	NIL	NIL	17,75,160	32.92
Total (4)(a+b)	28,53,600	52.92	NIL	NIL	NIL	NIL	17,75,160	32.92
GRAND TOTAL (1+2+3+4)	**53,92,200**	**100**					**53,92,200**	**100.00**

Note 1: The promoters other than the parties to the share purchase agreement shall be termed as public and their holding would be clubbed with public holding after completion of the offer.

Note 2: As on the specified date i.e., 04th August 2006 there are 6826 No., of shareholders in public category

5.16 **Corporate Governance:** M/s Venugopal & chenoy, Charetered Accountants, the Statutory Auditors of the Company vide their report on Corporate Governance dated 30/06/2005 which forms part of the annual report for the year 2004-05, confirmed that (a) They have examined the compliance of conditions of Corporate Governance by the Company for the year ended March 31st 2005 as stipulated in clause no. 49 of the Listing Agreement. (b) The company has complied with the conditions of corporate governance as stipulated in the listing agreement, and (c) Such compliance is neither an assurance as to future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company. The Company is submitting the quarterly compliance reports as required under clause 49 of the listing agreement regularly and as per the report for the quarter ended 31st March 2006, the Company has not complied with provision relating to Composition of the Board of Directors and Audit Committee.

5.17 Pending Litigation matters: The Target Company vide its letter has informed that there are no pending litigation matters except the following:

a. There are arrears of taxes for the assessment years 1998-99 and 1999-2000 after the appellate orders from the Income Tax Appellate Tribunal. But the company preferred appeals u/s 260A of the Income Tax Act to the High Court. The appeals are not disposed off till date. Though the appeals are pending in High Courts, the company has paid the taxes along with interest u/s 220(2)- Rs 3,93,687.

b. A legal notice vide letter no ASK/713/98 dt 20th May 1998 received from A.S Kailasam & Associates, Advocates, Chennai under instructions of Madras Stock Exchange Limited giving 21 days time to pay the listing fee arrears of Rs 24,500/- for the years 1995-96, 1996-97 and 1997-98. The company replied vide letter Dt 11th June 1998 to the said advocates and Madras Stock Exchange requesting to waive the listing fees due as the company was facing sever liquidity problems and there were no transaction/trading in company shares since 1995. Since then there was no further legal action by the said advocates or Madras Stock Exchange except sending the bills for listing fee by Madras Stock Exchange.

c. A Legal notice vide letter dt 27th March 1998 received from U.K Chaudhary & Associates, Advocates & Attorneys, New Delhi under instructions of Delhi Stock Exchange Association Limited giving 21 days time to pay the listing fee arrears of Rs 27,000/- upto 15-3-1998. The Company replied on 17th April 1998 to the Delhi Stock Exchange and on 31st July 1999 to the said Advocates requesting to waive the listing fee due as the company was facing sever liquidity problems and there were no transaction/trading in company shares since 1995. Since then there was no further legal action by the said advocates and Delhi Stock Exchange except sending the bills for listing fee by Delhi Stock Exchange.

d. Also the company made a application vide letter dt 18th April 1998 to the Joint Director (Stock Exchanges), Department of Economic Affairs, Stock Exchange Division, New Delhi, seeking approval for delisting of shares from Delhi & Madras Stock Exchanges and obtained the approvals of members in their Sixth Annual General Meeting held on 30th September, 1998 for delisting of shares from Madras & Delhi Stock Exchanges.

e. The Target Company has received a legal notice vide letter dt 30/12/2002 from P V S S S Rama Rao, Advocates, Hyderabad under instructions of Hyderabad Stock Exchange Limited giving 4 weeks time to pay the listing fee arrears of Rs 23,000/- up to 2002-03. The company on 23rd October 2002 and 23rd June 2003 has paid Rs 5,000 each (total Rs 10,000) as part payment of the listing fee dues. Since then there was no legal action by the Hyderabad Stock Exchange except sending the bills for listing fee by Hyderabad Stock Exchange

5.18 The Compliance Officer: Mr. Anjaneyulu, "Poultary Bhavan", 6-1-85/5, Saifabad, Opp. Telephone Bhavan, Hyderabad – 500 004, Ph No. 91-040-23298898, Fax No. 91-040-23234325, E-mail: singhpoultry@sancharnet.in.

6. OFFER PRICE AND FINANCIAL ARRANGEMENTS

6.1 **Justification of Offer price**

6.1.1 The annualized trading turnover during the preceding 6 calendar months prior to July 2006 in which the Public Announcement is made in terms of number & % of total listed shares, in each stock exchange stated at point no. 5.6 above, is as under:

Name of stock exchange(s)	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)	Dates of Listing Approvals
The Bombay Stock Exchange Limited (BSE)	NIL	5392200	0.00	31-08-1994
The Hyderabad Stock Exchange Limited (HSE)	NIL	5392200	0.00	01-09-1994
The Madras Stock Exchange Limited (MSE)	NIL	5392200	0.00	19-09-1994
The Delhi Stock Exchange Limited (DSE)	NIL	5392200	0.00	03-09-1994

Hence in terms of Regulation 20 (5) the shares of the Target Company are infrequently traded.

6.1.2 Since the equity shares of the company are infrequently traded in terms of explanation (i) to Regulations 20(5) of the SEBI (SAST) Regulations, 1997. The offer price of Rs.1.25/- per share has been determined as per Regulation 20(5) taking into account the following factors:

a. The Negotiated price in terms of the SPA entered into on 04th July 2006 is Rs.0.70/- per fully paid equity share.
b. The Acquirers have not acquired any shares of **Starchik Specialities Limited**, including by way of allotment in public or rights issue or by way of preferential allotment by Target Company during the 26 week Period prior to the date of this public Announcement.
c. **Net Asset Value** : The Latest audited Balance Sheet available for SSL as at valuation date is for the financial year ended March 31st 2006. The net asset value of the company per share is Rs. 1.22 /- (Rupees One and paise Twenty two only).
d. **Justification for the Offer Price in terms of the Regulation 20 (5) of the SEBI (SAST) Regulations** :

Particulars	**Rs**
(a) The negotiated price under the Agreement referred to in Regulation 14(1) of the SEBI (SAST) Regulations.	0.70
(b) Price paid by the Acquirer for acquisition, if any, during the twenty six week period prior to the date public announcement	NA
(c) Return on Net Worth	-ve
(d) Book value per share	1.22
(e) Earning Per Share	-ve
(f) Price earning ratio on offer price	NA
(g) Industry Average P/E Multiple (Source: Dalal Street Vol. XXI No. 14 dated June 26 – July 09, 2006)	8
The average of the weekly high and low of the closing prices of the Shares of the Target Company as quoted on The Bombay Stock Exchange Limited, Hyderabad Stock Exchange Limited, The Madras Stock Exchange Limited and the Delhi Stock Exchange Limited are not available, since the Shares of the Target Company are most infrequently traded.	No trading has taken place for the said period

6.1.3 **The Offer price of Rs 1.25 /- which is higher than the above is justified.**

6.1.4 The offer price shall not be less than the highest price paid by the Acquirers for any acquisition of shares of target-company from the date of PA upto 7 working days prior to the closure of the offer.

6.1.5 **Non Compete Agreement**
The Acquirers and Sellers have not entered into any non-compete agreement

6.1.6 **Financial Arrangements:**

6.1.6.1 The total fund requirement for the Open Offer is Rs. 13,48,050 (Rupees Thirteen Lakhs forty eight thousand and fifty only) assuming that the entire Open Offer is accepted.

6.1.6.2 The Acquirer have assets, resources and means to meet their obligations under the Open Offer in full. For this purpose, the Acquirer intends to utilize the resources available with them.

6.1.6.3 Mr. K B M M Krishna Partner of M/s. Krishna & Suresh, Chartered Accountants, 3-6-542/2, Himayath Nagar, Hyderabad-500 029, Ph No. (040) 2763 8964/5554 1944, Fax No. (040) 2764 1904 (Membership No.200/23142), vide Certificates dated 19/06/2006, have certified that Mr. Sanjay Sanghi and Mr. Ritesh Sanghi (acquirers) have adequate liquid resources to implement the Offer, including the expenses thereof.

6.1.6.4 The Acquirer have opened an Escrow Account with HDFC Bank, Lakadi-ka-pool Branch, Hyderabad, and deposited cash of Rs. 3,50,000 /- (Rupees Three Lakh and Fifty Thousand only) being more 25% of the total consideration payable to shareholders for 10,78,440 fully paid equity shares @ Rs.1.25 /- per share and have marked a lien in favour of the Managers & Registrars to the offer.

6.1.6.5 The acquirer have empowered the Managers & Registrars to the Offer to realize the value of the Escrow Account by encashing or otherwise in terms of the SEBI (SAST) Regulations, 1997.

6.1.6.6 Based on the above, the Managers & Registrars to the Offer have satisfied themselves about the Acquirer's ability to implement the Open Offer in accordance with the SEBI (SAST) Regulations.

7. TERMS AND CONDITIONS OF THE OFFER

7.1 The Letter of Offer, together with the Form of Acceptance cum Acknowledgment will be mailed to the Shareholders of the Target Company (except the Acquirers, Persons Acting in Concert and the sellers who are party to the share purchase agreement) whose names appear in the Register of Members of the Target Company and to the beneficial owners of the Shares of the Target Company whose names appear as beneficiaries on the records of the respective Depositories at the close of business on Friday, 4th August 2006. ("Specified Date").

7.2 The Managers & Registrars to the offer have opened a Special Depository Account with CDSL in the name and style of **"Cil Sec Ltd Escrow A/c - SSL Open Offer "** (the " Depository Escrow Account"). The DP ID is **13500** and Client ID is **1201350000049191** Shareholders having their beneficiary account in NSDL have to use the inter-depository delivery instructions slip for the purpose of crediting their Shares in favour of the Special Depository Account with CDSL.

7.3 This Offer will open on Thursday, 24th August 2006 and will close on Tuesday, 12th September 2006. The Equity Shares offered under this Offer should be free from all liens, charges, equitable interests, encumbrances and are to be offered together with, if any, of all rights of dividends, bonuses or rights from now on and hereafter.

7.4 Specified date is only for the purpose of determining the names of the Shareholders as on such date, to whom the Letter of Offer would be sent and all owners (registered or unregistered) of Shares of SSL anytime before the closure of the Offer, are eligible to participate in the Offer.

7.5 Shares that are subject to any charge, lien or encumbrance are liable to be rejected.

7.6 The Acquirers will not be responsible in any manner for any loss of Equity Shares Certificate(s) and Offer Acceptance Document(s) during transit and the Equity Shareholders of the Target Company are advised to adequately safeguard their interest in this regard.

7.7 While tendering the Shares under the Open Offer, NRIs / OCBs / FIIs if any will be required to submit the previous RBI Approvals (specific or general) that they would have obtained for acquiring the Shares of the Target Company. In case the previous RBI approvals are not submitted, the Acquirers reserves the right to reject such Shares tendered.

7.8 While tendering Shares under the Open Offer, NRIs / OCBs / FIIs if any will be required to submit a Tax Clearance Certificate from the Income Tax Authorities, indicating the amount of tax to be deducted by the Acquirers under the Income Tax Act, 1961, before remitting the consideration. In case the aforesaid Tax Clearance Certificate is not submitted, the Acquirers will arrange to deduct tax at the rate as may be applicable to the Category of the Shareholder under the Income Tax Act, 1961, on the entire consideration amount payable to such Shareholder.

7.9 Besides this, as on this date to the best of the knowledge of the Acquirers, no other statutory approvals are required to acquire the Shares tendered pursuant to this Open Offer. However, the Open Offer would be subject to all statutory and such other approvals that may be applicable at a later date.

8. PROCEDURE FOR ACCEPTANCE AND SETTLEMENT:

8.1 Beneficial owners (holders of Shares in dematerialised form), who wish to tender their shares will be required to send their Form of Acceptance cum Acknowledgement along with photocopy of the delivery instructions in "Off Market" mode or counterfoil of the delivery instructions in "Off Market" mode, duly acknowledged by the Depository Participant ("DP") in favour of **"CIL Sec Ltd Escrow A/c - SSL Open Offer " (the "Depository Escrow Account")** to CIL Securities Ltd # 214, Raghava Ratna Towers, Chirag Ali Lane, Abids, Hyderabad- 500 001 either by hand delivery on week days during the normal business hours or by Registered Post/Courier on or before the close of the Open Offer, i.e., not later than Tuesday, 12th September 2006, in accordance with the instructions to be specified in the Letter of Offer and in the Form of Acceptance cum Acknowledgement. The credit for the delivered Shares should be received in the Special Depository Account on or before close of the Open Offer, i.e., not later than Tuesday, 12th September 2006.

8.2 Shareholders (holding physical share certificates) who wish to tender their Shares will be required to send the Form of Acceptance cum Acknowledgment, original Share Certificate(s) and transfer deed(s) duly signed to the collection center mentioned below, on or before the Close of the Offer, i.e., not later than Tuesday, 12th September 2006 in accordance with the instructions to be specified in the Letter of Offer and in the form of Acceptance cum Acknowledgement.

Name and Address of the persons (Managers & Registrars to the Offer) to whom the Shares should be sent including name of the contact person, telephone no., fax no. etc.	**Working days and Timings**	**Mode of delivery**
CIL SECURITIES LIMITED #214, Raghava Ratna Towers, Chirag Ali Lane, Abids, Hyderabad – 500 001. Tel. Nos. (040) 2320 2465/3155. Fax No. (040) 2320 3028. Contact Person : Shri B.M. Maheshwari E Mail: advisors@cilsecurities.com	Monday to Saturday (Except on Holidays) 11:00 A.M to 5:00 PM	By Post/ Courier/ Hand Delivery

8.3 All owners (registered or unregistered) of Shares of the Target Company (except the Acquirers, Persons acting in concert and the sellers who are party to the share-purchase agreement) are eligible to participate in the Open Offer any time before the closure of the Open Offer. Unregistered owners can send their application in writing to the Managers & Registrars to the Offer, on a plain paper stating the Name, Address, Number of Shares held, Number of Shares offered, Distinctive Numbers, Folio Number, together with the original Share Certificate(s), valid Transfer Deed(s) and the original contract notes issued by the Broker through whom they acquired their Shares. No indemnity is required from the unregistered owners.

8.4 All shareholders (registered/unregistered, holding shares in physical/demat form) who wish to tender the shares should send all the required documents only to the Managers & Registrars to the Offer and the documents should not be sent to the acquirers/ Target Company.

8.5 In case of non-receipt of the Letter of Offer, the eligible persons may send their consent to the Managers & Registrars to the Offer, on a plain paper stating the Name, Address, Number of Shares held, Number of Shares offered, Distinctive Numbers, along with documents as mentioned above so as to reach the Mangers to the Offer on or before the close of the Open Offer. i.e., not later than Tuesday, 12th September 2006 or in case of beneficial owners, they may send the application in writing to the Managers to the Offer, on a plain paper stating the Name, Address, Number of Shares held, Number of Shares offered, DP Name, DP ID, Beneficiary Account Number, and a photo copy of the delivery instruction in "Off Market" mode or counterfoil of the delivery instruction in "Off Market" mode, duly acknowledged by the DP, in favour of the Special Depository Account, so as to reach the Managers & Registrars to the Offer, on or before the close of the Offer, i.e., not later than Tuesday, 12th September 2006.

8.6 In terms of Regulation 22(5A) of the SEBI (SAST) Regulations, Equity Shareholders desirous of withdrawing the acceptance tendered by them in the Open Offer, may do so up to 3 (three) working days prior to the date of closure of the Open Offer. The withdrawal option can be exercised by submitting the documents as per the instructions given below, so as to reach the Managers & Registrars to the Offer at the Collection Centre mentioned above, as per the mode of delivery mentioned therein, on or before Wednesday, 6th September 2006.

8.6.1 The withdrawal option can be exercised by submitting the Form of Withdrawal, enclosed with the Letter of Offer.

8.6.2 In case of non-receipt of Form of Withdrawal, the withdrawal option can be exercised by making a plain paper application along with the following details:

8.6.2.1 In case of physical shares: Name, Address, Distinctive Numbers, Folio Number, Number of Shares tendered, and

8.6.2.2 In the case of Dematerilised Shares: Name, Address, Number of Shares Offered, DP Name, DP ID, Beneficiary Account Number and a photo copy of the delivery instruction in "Off Market" mode or counterfoil of the delivery instruction in "Off Market" mode, duly acknowledged by the DP, in favour of the Special Depository Account.

8.7 The Managers & Registrars to the Offer will hold in trust the Shares / Share Certificates, Shares lying in credit of the Special Depository Account, 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 acceptable Shares / Share Certificates are dispatched / returned.

8.8 If the aggregate of the valid responses to the Open Offer exceeds the Open Offer size of 10,78,440 fully paid-up Equity Shares of the Target Company (representing 20% of the paid-up Equity Share Capital of the Target Company), then the Acquirers shall accept the valid applications received on a proportionate basis in accordance with Regulation 21(6) of the SEBI (SAST) Regulations. The market lot for the dematerialized shares will be 1 (one) share and for the physical share the market lot will be 100 (hundred) shares.

8.9 The Acquirers shall complete all procedures relating to the Offer within a period of 15 days from the closure of the Offer, in terms of Regulation 22(12) of the Regulations. In the case of delay in receipt of statutory approvals, SEBI has the power to grant extension of time for the purpose of making payment subject to the Acquirers agreeing to pay interest for the delayed period to the shareholders as directed by SEBI. Further if the delay occurs on account of willful default by the Acquirers in obtaining the requisite approvals, Regulation 22(13) of the Regulations will also become applicable.

8.10 Unaccepted Share Certificates, transfer forms and other documents, if any, will be returned by Registered Post at Shareholders' / unregistered owners' sole risk to the sole / first Shareholder. Unaccepted Shares held in demat form will be credited back to the beneficial owners' depository account with the respective depository participant, as per the details furnished by the beneficial owner in the Form of Acceptance cum Acknowledgement.

8.11 Shareholders who have sent their Shares for dematerialisation need to ensure that the process of getting their Shares dematerialised is completed well in time so that the credit in the Special Depository Account is received on or before the date of the closure of the Open Offer, i.e., not later than Tuesday, 12th September 2006, else their application would be rejected.

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

9 DOCUMENTS FOR INSPECTION

Copies/Certified copies of the following documents will be available for inspection at the Office of CIL Securities Ltd (Managers & Registrars to the Offer) at # 214, Raghava Ratna Towers, Chirag Ali Lane, Abids, Hyderabad- 500 001 during normal business hours on any working day i.e Monday to Saturday between 11.00 AM to 5.00 PM during the offer period , i.e. from Thursday, 24th August 2006 to Tuesday, 12th September 2006.

9.1 Copy of agreement dated Tuesday, 04th July 2006 entered between Promoters of SSL and Acquirers

9.2 Copy of MOU dated Tuesday, 04th July 2006, between the Acquirers and Manager to the Offer.

9.3 Copy of MOU dated Tuesday, 04th July 2006, between the Acquirers and Registrars to the Offer.

9.4 Copy of the Agreement dated Tuesday, 04th July 2006 for opening of Special Depository Account

9.5 Audited Annual Accounts of SSL for the last three years, 2004, 2005 & 2006.

9.6 Copy of Certificate dated 19/06/2006, issued by Mr. K B M M Krishna Partner of M/s. Krishna & Suresh, Chartered Accountants, 3-6-542/2, Himayath Nagar, Hyderabad-500 029, Ph No. (040) 2763 8964/5554 1944, Fax No. (040) 2764 1904 (Membership No.200/23142), certifying the Net Worth of Mr. Ritesh Sanghi.

9.7 Copy of Certificate dated 19/06/2006, issued by Mr. K B M M Krishna Partner of M/s. Krishna & Suresh, Chartered Accountants, 3-6-542/2, Himayath Nagar, Hyderabad-500 029, Ph No. (040) 2763 8964/5554 1944, Fax No. (040) 2764 1904 (Membership No.200/23142), certifying the Net Worth of Mr. Sanjay Sanghi

9.8 Copy of Certificate dated 19/06/2006, issued by Mr. K B M M Krishna Partner of M/s. Krishna & Suresh, Chartered Accountants, 3-6-542/2, Himayath Nagar, Hyderabad-500 029, Ph No. (040) 2763 8964/5554 1944, Fax No. (040) 2764 1904 (Membership No.200/23142), certifying that Mr. Ritesh Sanghi (one of the acquirers) have adequate liquid resources to implement the Offer, including the expenses thereof.

9.9 Copy of Certificate dated 19/06/2006, issued by Mr. K B M M Krishna Partner of M/s. Krishna & Suresh, Chartered Accountants, 3-6-542/2, Himayath Nagar, Hyderabad-500 029, Ph No. (040) 2763 8964/5554 1944, Fax No. (040) 2764 1904 (Membership No.200/23142), certifying that Mr. Sanjay Sanghi (one of the acquirers) have adequate liquid resources to implement the Offer, including the expenses thereof.

9.10 Copy of letter dated 11/07/2006 from HDFC Bank, Lakadi-ka-pool Branch, Hyderabad, confirming the opening of Escrow Account and certifying that lien has been noted in favor of CIL Securities Limited, Manager to the Offer.

9.11 Copy of Letter addressed by Mr. Ritesh Sanghi and Mr. Sanjay Sanghi, giving unqualified authority to Manager to the Offer to dispose off funds held in Escrow Account and copy of letter addressed to HDFC Bank, Lakadi-ka-pool Branch, Hyderabad, in this regard.
9.12 Copies of the Public Announcements made in newspapers on Friday, 7th July 2006.
9.13 Due Diligence letter dated 19/07/2006 submitted to SEBI by CIL Securities Ltd., Manager to the Offer
9.14 Undertaking by the Acquirers and the Target Company to the effect that the forfeited shares would not be reissued during the offer period.
9.15 SEBI Observation letter No. CFD/DCR/NM/TO/74157/06 dated 10th August 2006.

10 DECLARATION BY THE ACQUIRERS:

10.1 The Acquirers accepts full responsibility for the information contained in this Letter of Offer.

10.2 All information contained in this document is as on the date of the Public Announcement, unless stated otherwise.

10.3 The Acquirers shall be jointly and severally responsible for ensuring compliance of the Regulations.
Signed by the Acquirers

Sd/-	Sd/-
Mr. Ritesh Sanghi	**Mr. Sanjay Sanghi**

Place: Hyderabad
Date: 17/08/2006

Encl.:
1. Form of Acceptance cum Acknowledgement.
2. Form of Withdrawal