LETTER OF OFFER

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.

This Letter of Offer is sent to you as shareholder(s) of **S & Y Mills Limited**. If you require any clarification about the action to be taken, you may please consult your stockbroker or investment consultant or the Manager to the Offer or Registrar to the Offer. In case you have recently sold your equity shares in S & Y Mills Limited**,** please hand over this Letter of Offer and the accompanying Form of Acceptance cum Acknowledgement, Form of withdrawal cum Acknowledgement and Transfer Deed(s) to the Member of Stock Exchange through whom the said sale was effected.

OPEN OFFER BY

Elgo Impex Private Limited,

150, Malleswaram Arcade, 1st Floor, 7th Cross, Margosa Road,
Malleswaram, Bangalore – 560 003,
Tel. No. +91-80-23469675/76, Fax No. +91-080-23232308, Email: info@elgo.biz,

To acquire 8,46,840 Equity shares of Rs.10/- each, representing 20% of the voting / equity share capital at a price of Rs.7.00 (Rupees Seven only) per fully paid up equity share, payable in cash

Of

S & Y MILLS LIMITED

(hereinafter referred to as "Target Company/TC)

Registered Office: # 50/47, Thirumalai Pillai Road, T'nagar,
Chennai – 600 017, Telefax: +91-44-42606061, Email: symills@vsnl.com

Pursuant to Regulations 10 & 12 of Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 1997 and subsequent amendments thereof.

ATTENTION:

1 The offer is not a conditional offer.

2 Acquisition of shares from Non-Resident shareholders is subject to the approval of the Reserve Bank of India (RBI). The Acquirer will make an application to the RBI for acquisition of shares from Non-Residents.

3 As on the date of Public Announcement, to the best of the Acquirer's knowledge, no other statutory approvals are required to be obtained for the purpose of this Offer.

4 Shareholders who have accepted the Offer by tendering the requisite documents, in terms of this Letter of Offer, shall have the option to withdraw acceptance tendered by them upto **14th March, 2006** i.e. 3 (three) working days prior to the date of closure of the offer i.e. **18th March, 2006**.

5 If there is any upward revision in the Offer Price by the Acquirer upto seven working days prior to the date of closure i.e. upto **8th March, 2006** the same would be informed by way of a Public Announcement in the same newspapers where the original Public Announcement had appeared. Such revised Offer Price would be payable to all the shareholders who tender their shares any time during the offer.

6 "If there is a competitive bid.

6.1 The Public Offers under all the subsisting bids shall close on the same date.

6.2 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".

7 A copy of Public Announcement, Letter of Offer and Form of Acceptance cum Acknowledgement are also available on SEBI's **web-site: www.sebi.gov.in**

All future correspondence, if any, should be addressed to the Manager/Registrar to the offer at the following address

MANAGER TO THE OFFER	REGISTRAR TO THE OFFER
Chartered Capital And Investment Ltd. 711, Mahakant, Opp. V S Hospital, Ellisbridge, Ahmedabad – 380006 Tel: +91-79-2657 7571/2657 5337 Fax: +91-79-2657 5731 Email: info@charteredcapital.net Website: **www.charteredcapital.net** Contact person: Mr. Manoj Kumar Ramrakhyani	**Cameo Corporate Services Ltd.** "Subramanian Building", No.1, Club House Road, Chennai – 600 002 Ph No:+91-44-28460390 (5 lines), 28461948 Fax:+91-44-28460129 Email: siva@cameoindia.com Website: www.cameoindia.com Contact person: Mr. A. Siva
ISSUE OPENS ON : February 27, 2006	**ISSUE CLOSES ON : March 18, 2006**

FOR PROCEDURE OF ACCEPTANCE OF THIS OPEN OFFER PLEASE REFER SECTION 9 "PROCEDURE FOR ACCEPTANCE AND SETTLEMENT OF THE OFFER".

FORM OF ACCEPTANCE-CUM-ACKNOWLEDGEMENT AND FORM OF WITHDRAWAL ARE ENCLOSED WITH THE LETTER OF OFFER.

SCHEDULE OF THE MAJOR ACTIVITIES OF THE OFFER

Sr. No	Activity	Date and Day
1.	Date of Public Announcement	04.01.2006, Wednesday*
2.	Specified Date	09.01.2006, Monday
3.	Last Date for a Competitive Bid(s)	25.01.2006, Wednesday
4.	Date by which Letter of Offer will be dispatched to the Shareholders	16.02.2006, Thursday
5.	**Offer Opening Date**	**27.02.2006, Monday**
6.	Last Date for the Revision of the Offer Price / Number of Equity Shares.	08.03.2006, Wednesday
7.	Last date for withdrawal by shareholders	14.03.2006, Tuesday
8.	**Offer Closing Date**	**18.03.2006, Saturday**
9.	Date by which the acceptance / rejection would be intimated and the corresponding payment for the acquired equity shares and / or the unaccepted equity shares / share certificates will be dispatched.	01.04.2006, Saturday

***** Public announcement appeared in the Business Standard (English) and Pratahkal (Hindi) on 4th January, 2006 and in Thinabhoomi (Tamil) on 5th January, 2006.

RISK FACTORS:

(i) In the event that either (a) the regulatory approvals are not received in a timely manner, (b) there is any litigation to stay the offer, or (c) SEBI instructs the Acquirer not to proceed with the offer, then the offer process may be delayed beyond the schedule of activities indicated in this Letter of Offer. Consequently, the payment of consideration to the public shareholders of TC, whose shares have been accepted in the Offer as well as the return of shares not accepted by the Acquirer, may be delayed.

(ii) The Share Purchase Agreement provides that in case of non-compliance of any provisions of the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 1997 ("the Regulations"), SPA shall not be acted upon either by the sellers or the Acquirer.

(iii) The Acquirer is not experienced in the business of textile, ready made garments or other allied activities. So diversification is the main purpose of the acquirer and after the acquisition the acquirer intends to improve the operational performance of the company. However, depending on the requirements and expediency of the business situation and subject to the provisions of the Companies Act, 1956, Articles of Association of TC and all applicable laws, rules and regulations, the Board of Directors of TC will take appropriate business decisions from time to time in order to improve the performance of the Target Company.

(iiia) The Acquirer company is recently incorporated Company and has not yet commenced its activites. However, it proposes to operate in the mining, mining rights, mineral oils and metallurgical operations.

(iv) The Acquirer intends to make an offer for 20% of the voting capital amounting to 8,46,840 equity shares of SYML (TC) under the SEBI (SAST) Regulations, 1997. Further, the shares tendered in the offer will lie to the credit of a designated escrow account, till the completion of the offer formalities. Accordingly, the Acquirer makes no assurance with respect to any decision by the shareholders on whether or not to participate in the offer.

(v) In the event of over-subscription to the offer, the acceptance will be on a proportionate basis.

(vi) The Acquirer makes no assurance of market price of shares of the Target Company during or after the offer.

(vii) The acquirer makes no assurance with respect to financial performance of Target Company.

The risk factors set forth above pertain to the offer and not in relation to the present or future business or operations of TC or any 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 TC are advised to consult their stockbroker or investment consultant, if any, for further risks with respect to their participation in the Offer.

TABLE OF CONTENTS

1. DEFINITIONS:

1.	Acquirer	Elgo Impex Private Limited
2.	Agreement or SPA or Acquisition Agreement	Share Purchase Agreement ["SPA"] on 30th December, 2005 to acquire an aggregate of 10,74,300 (Ten Lacs Seventy Four Thousand Three Hundred Only) Equity Shares of face value Rs.10/- each fully paid-up representing 25.37% of the total equity/ voting share capital of Target Company **,** from three existing shareholders of the TC, of whom two are part of the promoter group (namely Mr. S. Kishankumar Jain, and Mrs. K. Chandrakala) (hereinafter collectively referred to as "Sellers") at a price of Rs.6.95 (Rupees Six and Paise Ninety Five Only) per fully paid up equity share
3	BSE	The Bombay Stock Exchange Limited, Mumbai
4	CbSE	The Coimbatore Stock Exchange
5	FEMA	Foreign Exchange Management Act, 1999
6	Form of Acceptance	Form of Acceptance cum Acknowledgement
7	Form of Withdrawal	Form of Withdrawal cum Acknowledgement
8	LOO, or Letter of Offer	Offer Document

9	Manager to the Offer or, Merchant Banker or CCIL	Chartered Capital and Investment Limited
10	Negotiated Price	Rs 6.95 (Rupees Six & Paisa Ninety Five Only) per share of face value of Rs.10/- each.
11	MSE	The Madras Stock Exchange
12	Offer or The Offer	Offer for acquisition of 8,46,840 equity shares of TC of face value of Rs.10/- each at a price of Rs. 7/- (Rupees Seven Only) per fully paid up equity share payable in cash.
13	Offer Price	Rs.7/- (Rupees Seven Only) per fully paid up equity share of Rs.10/- each payable in cash
14	Persons eligible to participate in the Offer	Equity shareholders of S & Y Mills Limited, (other than Parties to the agreement i.e. Acquirer and Sellers) whose names appear on The Register Of The Members of **S & Y Mills Limited on 09/01/2006** (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.
15	Public Announcement/ **"PA"**	Announcement of the Open Offer by the Acquirer, which appeared in the newspapers "Business Standard" (English) and "Pratahkal" (Hindi) on **04/01/2006** and in "Thinabhoomi" (Tamil) on **05/01/2006**
16	Registrar or Registrar to the offer or Cameo	Cameo Corporate Services Ltd, Chennai
17	RBI	Reserve Bank of India
18	SEBI	Securities and Exchange Board of India
19	SEBI (SAST) Regulations, 1997	Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 1997 and subsequent amendments thereto
20	SEBI Act	Securities and Exchange Board of India Act, 1992
21	Sellers	1) S. Kishankumar Jain, 2) K. Chandrakala & 3) M/s SSF Ltd
22	Specified Date	09/01/2006
23	Target Company /TC/SYML	S & Y Mills Limited

2. 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 THE SEBI. THE DRAFT LETTER OF OFFER HAS BEEN SUBMITTED TO SEBI FOR A LIMITED PURPOSE OF OVERSEEING WHETHER THE DISCLOSURES CONTAINED THEREIN ARE GENERALLY ADEQUATE AND ARE IN CONFORMITY WITH THE REGULATIONS. THIS REQUIREMENT IS TO FACILITATE THE SHAREHOLDERS OF S & Y MILLS LIMITED TO TAKE AN INFORMED DECISION WITH REGARD TO THE OFFER. THE SEBI DOES NOT TAKE ANY RESPONSIBILITY EITHER FOR FINANCIAL SOUNDNESS OF THE ACQUIRER OR THE COMPANY WHOSE SHARES 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 ACQUIRER 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 ACQUIRER(S) DULY DISCHARGE ITS RESPONSIBILITY ADEQUATELY. IN THIS BEHALF AND TOWARDS THIS PURPOSE, THE MERCHANT BANKER, CHARTERED CAPITAL AND INVESTMENT LIMITED HAS SUBMITTED A DUE DILIGENCE CERTIFICATE DATED 16TH JANUARY, 2006 TO SEBI IN ACCORDANCE WITH THE SEBI (SUBSTANTIAL ACQUISITION OF SHARES AND TAKEOVERS) REGULATIONS, 1997 AND SUBSEQUENT AMENDMENTS THEREOF. THE FILING OF THE LETTER OF OFFER DOES NOT, HOWEVER, ABSOLVE THE ACQUIRER FROM THE REQUIREMENT OF OBTAINING SUCH STATUTORY CLEARANCES AS MAY BE REQUIRED FOR THE PURPOSE OF THE OFFER.

3. DETAILS OF THE OFFER

3.1 Background of the Offer

3.1.1 The offer to the shareholders of TC is being made in accordance with and under Regulations 10 and 12 of the SEBI (SAST) Regulations, 1997 i.e. for substantial acquisition of shares and change in management and control of TC.

3.1.2 M/s Elgo Impex Private Limited, a company incorporated under Companies act, 1956 on 7th August, 2003 with Registrar of Companies, Karnataka vide Registration No.08-032374, and having its registered office at 150, Malleswaram Arcade, 1st Floor, 7th Cross, Margosa Road, Malleswaram, Bangalore – 560 003, Tel. No.+91-80-23469675/76, Fax No. +91-080-23232308, Email: info@elgo.biz, is the Acquirer in the present offer (hereinafter referred to as **"The Acquirer"**). No other entity/person is acting/ deemed to be acting in concert with the Acquirer for the purpose of this offer.

3.1.3 The Acquirer has entered into a Share Purchase Agreement **["SPA"]** on 30th December, 2005 to acquire an aggregate of 10,74,300 (Ten Lacs Seventy Four Thousand Three Hundred Only) Equity Shares of face value Rs.10/- each fully paid-up representing 25.37% of the total equity/ voting share capital of **S & Y MILLS LIMITED ,** having its Registered office at 50/47, Thirumalai Pillai Road, T'nagar, Chennai 600 017 (hereinafter referred to as "**Target Company" or "TC" or "SYML"**), from three existing shareholders of the TC, of whom two are part of the promoter group (namely Mr. S. Kishankumar Jain, and Mrs. K. Chandrakala) (hereinafter collectively referred to as **"Sellers"**) at a price of Rs.6.95 (Rupees Six and Paise Ninety Five Only) per fully paid up equity share ("**Negotiated Price**") for the total consideration of Rs.74,68,680/- (Rupees Seventy Four lacs Sixty Eight thousand Six Hundred Eighty only) payable in cash and that resulted in triggering of SEBI (SAST) Regulations, 1997. The details of proposed acquisition of shares from various sellers are as follows:

NAMES & ADDRESSES OF THE SELLERS OF 25,12,790 SHARES

Sr. No.	Sellers	Father's / Husband's Name	Address	No Of Shares		Total	% Of Holding
				Demat	Physical		
1	Mrs. K Chandrakala*	S Kishan Kumar Jain	No 19, Habibulla Road, T'nagar, Chennai - 600 017	4,44,600	Nil	4,44,600	10.50%
2	Mr. S Kishankumar Jain*	S Suganmal Jain	No 19, Habibulla Road, T'nagar, Chennai - 600 017	4,44,200	Nil	4,44,200	10.49%
3	M/s SSF LIMITED	N.A.	Montieth Court, # 64, Montieth Road, Egmore, Chennai - 600 006	Nil	1,85,500	1,85,500	4.38%
	TOTAL			**8,88,800**	**1,85,500**	**10,74,300**	**25.37%**

***Out of the above Sellers, these two are part of the present promoter group.**

3.1.4 On completion of the said acquisition, a change in control of TC will be effected.

3.1.5 Acquirer M/s Elgo Impex Private Limited is not holding any equity shares of the Target Company as on date of SPA and PA.

3.1.6 The acquirer has not acquired any Equity Shares of the TC during the past 12 months preceding the date of Public Announcement except as provided in 3.1.3 above.

3.1.7 The summary of major Terms & Conditions of the Memorandum of Understanding are as follows: (Kindly note that this is not an exact reproduction of the clauses of the SPA)

a. Buyer(s) will pay consideration for purchase of shares to the sellers as agreed.

b. The buyer(s) agrees that all expenses that may be required to be incurred, will be borne by the buyer(s)

c. Sale and purchase of the shares is subject to the compliance of SEBI (SAST) Regulations, 1997.

d. The parties to the agreement agree that in the event of non-compliance of any of the provisions of SEBI (SAST) Regulations, 1997, this agreement shall not be acted upon by any of the parties.

3.1.8. In case of any violation/ non-compliance of SEBI (SAST) Regulations, 1997, the aforesaid SPA dated 30/12/2005 will not be acted upon by the sellers or the Acquirer in terms of Regulation 22(16) of SEBI (SAST) Regulations, 1997.

3.1.9. Neither the Acquirer, Sellers nor the Target Company have been prohibited by SEBI from dealing in securities, in terms of direction under Section 11B of the SEBI Act or under any of the Regulations made under the SEBI Act.

3.1.10. The Acquirer may make changes in the management and Board of Directors of the Target Company. The Acquirer may also change the name of the Target Company after completion of the Offer. Mr. G Vijaykumar, promoter director of the acquirer is on the Board of the Target Company from 27th December, 2005.

3.1.11. The Acquirer, Sellers and the promoters of the company have complied with the compliances under Chapter II of SEBI (SAST) Regulations, 1997.

3.2 The Offer

3.2.1 In terms of Regulation 15 and pursuant to Regulation 10 and 12 of the SEBI (SAST) Regulations, 1997 the Acquirer has made a Public Announcement in the following newspapers on the dates mentioned below.. The Public Announcement is also available on the SEBI website at www.sebi.gov.in

Newspapers	Language	Edition	Date of PA
Business Standard	English	All	4th January, 2006
Pratahkal	Hindi	All	4th January, 2006
Thinabhoomi	Tamil	Chennai	5th January, 2006

3.2.2 The Acquirer makes this Open Offer under the SEBI (SAST) Regulations, 1997, to acquire up to 8,46,840 equity shares of Rs.10/- each of TC representing 20% of the total paid up equity share capital of TC, from existing shareholders (other than the parties to the agreement), on the terms and subject to the conditions set out in this Letter of Offer, at a price of Rs. 7/- (Rupees Seven Only) per share, payable in cash. These equity shares are to be acquired by the Acquirer, free from all liens, charges and encumbrances and together with all rights attached thereto, including the right to all dividends, bonus and rights offer declared hereafter.

3.2.3 There are no partly paid-up equity shares in TC.

3.2.4 It's not a competitive bid.

3.2.5 The Offer is not subject to any minimum level of acceptances from the shareholders i.e. it is not a conditional offer.

3.2.6 The Acquirer has not acquired any shares of the TC during the past 12 months prior to the date of this Public Announcement and up to the date of letter of offer.

3.2.7 The Offer size has been calculated with reference to the expected voting share capital of TC as on fifteen days post the date of closure of the Offer.

3.3 Object of the Offer

3.3.1 The offer to the Public Shareholders of TC is for the purpose of acquiring 8,46,840 Equity Shares representing 20% of total share/voting capital. After the proposed offer assuming there is full response to this offer, and the sellers' obligations under the SPA being fulfilled, the Acquirer will control **19, 21,140 equity shares constitute 45.37%** of total issued and paid up capital of the Target Company & the acquirer will achieve substantial acquisition of shares & voting rights accompanied with effective management control over the target company.

3.3.2 The Offer to the shareholders of Target Company is being made pursuant to the signing of the Share Purchase Agreement to acquire 10,74,300 equity shares of the company constituting 25.37% of the total paid up equity share capital of TC and is being made in accordance with Regulation 10 & 12 of the SEBI (SAST) Regulations.

3.3.3 The acquirer and the TC are not in similar line of business. The Acquirer is not experienced in the business of textile, ready made garments or other allied activities. So diversification is the main purpose of the acquirer and after the acquisition the acquirer intends to improve the operational performance of the company. However, depending on the requirements and expediency of the business situation and subject to the provisions of the Companies Act, 1956, Articles of Association of TC and all applicable laws, rules and regulations, the Board of Directors of TC will take appropriate business decisions from time to time in order to improve the performance of the Target Company.

3.3.4 The Acquirer do not have any plans to dispose of or otherwise encumber any substantial assets of TC in the next 2 (two) years, except in the ordinary course of business of TC and except to the extent required for the purpose of restructuring and/or rationalization of assets, investments, liabilities or otherwise of TC.

3.3.5 Other than in the ordinary course of business, the Acquirer undertake that they will not sell, dispose of, or otherwise encumber any substantial asset of TC except with the prior approval of shareholders of the TC.

4 BACKGROUND OF THE ACQUIRER

4.1.1 The Open Offer is being made by M/s Elgo Impex Private Limited (EIPL), a company incorporated under Companies act, 1956, with Registrar of Companies, Karnataka on 7th August, 2003 vide registration No.08-032374 and having its registered office at 150, Malleswaram Arcade, 1st Floor, 7th Cross, Margosa Road, Malleswaram, Bangalore – 560 003, Tel. No.+91-80-23469675/76, Fax No. +91-080-23232308, Email: info@elgo.biz.

4.1.2 M/s Elgo Impex Private Limited is the sole Acquirer in the present offer. There is no person(s) acting in concert with them.

4.1.3 The Acquirer company is recently incorporated Company and has not yet commenced its activities. However, it proposes to operate in the mining, mining rights, mineral oils and metallurgical operations.

4.1.4 The promoters of EIPL are Mr. G. Vijay Kumar, and Mr. A.R. Gopal Rao and they do not belong to any group.

4.1.5 The applicable provisions of Chapter II of SEBI (SAST) Regulations, 1997 have been complied by the Acquirer.

4.1.6 Shareholding pattern of EIPL as on 30th December, 2005 is as under:

Sr. No.	**Shareholder Category**		**No & % of Shares held**
1	Promoters		
	Mr. G. Vijaykumar	140000	
	Mr. A.R. Gopal Rao	5000	145000 (100 %)
2	FII/Mutual Funds/FIs/Banks		Nil
3	Public		Nil
	Total		145000 (100 %)

4.1.7 The Board of Directors of Elgo as on (latest date)

Sr. No.	**Name**	**Designation**	**Address**	**Date of appointment**	**Qualification**	**Experience**
1	Mr. G. Vijaykumar	Managing Director	150, Malleswaram Arcade, Margose Road, Malleswaram, Bangalore	August 7, 2003	B.Tech (Chem Engg.)	30 years
2	Mrs. Rajni Vijaykumar	Director	150, Malleswaram Arcade, Margose Road, Malleswaram, Bangalore	November 28, 2005	M.Sc (Maths)	14 years

None of the above directors is on the Board of TC, except Mr. G.Vijaykumar.

4.1.8 The Acquirer is an unlisted Company.

4.1.9 The paid up capital of the acquirer as on date of PA is Rs.14,50,000/- divided into 1,45,000 fully paid up equity share of Rs.10/- each.

4.1.10 Financial details of the acquirer Company (audited for the year ended 31st March, 2004 & 31st March, 2005 and certified upto 31st December, 2005)

Profit & Loss Statement	**For the year ended 31st March,**			**For the period 1st April, 2005 to 31st December 2005**
	2003	**2004**	**2005**	
Income from operations	N.A.	Nil	Nil	Nil
Other Income	N.A.	Nil	Nil	Nil
Total Income	N.A.	Nil	Nil	Nil
Total Expenditure	N.A.	14194	21767	3055
Profit/ (Loss) before Depreciation, interest & tax	N.A.	(14194)	(21767)	(3055)
Depreciations	N.A.	Nil	Nil	Nil
Interest	N.A.	Nil	Nil	Nil
Profit before tax	N.A.	(14194)	(21767)	(3055)
Provision for tax	N.A.	Nil	Nil	Nil
Profit after tax	N.A.	(14194)	(21767)	(3055)

Balance Sheet Statement	**For the year ended 31st March,**			**For the period 1st April, 2005 to 31st December 2005**
	2003	**2004**	**2005**	
Source of funds				
Paid up share Capital	N.A.	100000	100000	1450000
Reserves & Surplus	N.A.	(14194)	(35961)	12110984
Net worth	N.A.	85806	64039	13560984
Secured Loans	N.A.	Nil	Nil	Nil
Unsecured Loans	N.A.	Nil	Nil	Nil
Total	N.A.	85806	64039	13560984
Use of Funds				
Net Fixed Assets	N.A.	Nil	Nil	Nil
Investments	N.A.	Nil	Nil	Nil
Net Current Assets	N.A.	61258	45628	13542573
Total Miscellaneous exp. Not written off	N.A.	24548	18411	18411
Total	**N.A.**	**85806**	**64039**	**13560984**

Other Financial data	**For the year ended 31st March,**			**For the period 1st April, 2005 to 31st December 2005**
	2003	**2004**	**2005**	
Dividend	N.A.	Nil	Nil	Nil
Earning Per share	N.A.	Negative	Negative	Negative
Return on net worth	N.A.	Negative	Negative	Negative
Book Value Per share	N.A.	Rs.8.58	Rs.6.40	Rs.93.52

4.1.11 Details of major contingent liabilities – The Acquirer does not have any contingent liability.

4.1.12 As the acquirer has not yet commenced its activities, reasons for fall/rise in total income and PAT in the relevant years have not been given.

4.1.13 The significant accounting policies of the acquirer company, as per the audited financial statements of the company for the year ended 31st March, 2005, are as follows:

Basis of preparation of financial statements

The accompanying financial statements are prepared in accordance with Indian Generally Accepted Accounting Principles (GAAP) under the historical cost convention and accrual basis. GAAP comprises mandatory accounting standards issued by the Institute of chartered Accountants of India (ICAI) and the provisions of the Companies Act, 1956. These accounting policies have been consistently applied.

The preparation of the financial statement is in conformity with GAAP requires management (Management) to make estimates and assumptions that affect the reported balance sheet and liabilities and disclosures relating to contingent assets and liabilities as at the date of the financial statement and reported amounts of income and expenses during the period.

Method of Accounting

The financial statements have been prepared on accrual basis.

Fixed Assets & Depreciation

The company did not have fixed assets as the close of year under audit.

Investment and Investment Income

The company did not make any investment during the year under audit. The company also did not have any carried forward investment.

Retirement Benefit

Provident Fund, Gratuity Fund, superannuating and Leave Encasement Benefits: The above provisions do not apply to the company during the year under audit. The same will be considered in subsequent years.

Inventory

The company did not have any inventory.

Revenue Recognition

The company did not have any revenue during the year under audit. This will be covered in subsequent years.

Expenses

All expenses are considered on accrual basis.

Foreign Currency Transactions

The company did not have any foreign currency transactions during the year under audit.

Borrowing Cost

The company did not make any borrowing during the year under audit.

4.1.14 There has been no merger/ demerger, spin off involving the acquirer company during last 3 years.

4.1.15 The acquirer has not promoted any new company.

4.1.16 A.John Moris & Co, Chartered Accountants having their office at 3/6-6, 3rd Floor, Sheik Ali Complex, Opp Kaveri Nursing Home, Koramangala 2nd Block, Bangalore 560 068, Ph. No. +91-80-25631525, 25631465 , (Membership no: 21183) has vide certificate dated 30th December, 2005 certified that the Net Worth of M/s. Elgo Impex Private Limited is Rs. 135.43 Lacs.

4.1.17 Assuming full acceptance, the total requirement of funds for the Offer would be Rs.59,27,880/- (Rs. Fifty Nine lacs Twenty Seven Thousand Eight Hundred & Eighty Only). The Acquirer has already made firm arrangements for the financial resources required to implement the Offer. As per Regulation 28, Acquirer has opened an Escrow Account with Corporation Bank, Ellisbridge, Ashram Road, Ahmedabad, and have deposited Rs.30,00,000 /- (Rs. Thirty lacs Only), being more than 50 % of the amount required for the Open Offer.

4.1.18 The Acquirer at present have no intention to sell, dispose off or otherwise encumber any significant assets of TC in the succeeding two years, except in the ordinary course of business of TC. TC's future policy for disposal of its assets, if any, will be decided by its Board of Directors, subject to the applicable provisions of the law and subject to the approval of the shareholders at a General Body Meeting of TC.

4.1.19 As confirmed by the Acquirer, there is no litigation pending against them.

4.1.20 M/s.Elgo Impex Private Limited is not holding any equity shares of the Target Company as on date of SPA and PA.

4.1.21 Future plans of the Acquirer

Acquirer is planning to diversify their business portfolio by venturing into the business of textiles, readymade garments and other allied activities and after the acquisition the acquirer intends to improve the operational performance of the company.

5. DISCLOSURE IN TERMS OF REGULATION 21

Assuming full acceptance, the offer would not reduce the public shareholding below the minimum limit specified in the listing agreement with the Stock Exchange for the purpose of listing on continuous basis.

6. BACKGROUND OF THE TARGET COMPANY - S & Y MILLS LIMITED (TC / SYML)

6.1. The Target Company i.e. **S & Y MILLS LIMITED,** was incorporated on 28th October , 1994 with the Registrar of Companies, Tamilnadu, as a Public Limited Company (Company Registration No. 181-5460) and got Commencement of Business Certificate on 9th November, 1994 from the Registrar of Companies, Tamilnadu. It got Fresh Certificate of Incorporation consequent to change of name from "**S AND Y MILLS LIMITED**" to "**S & Y MILLS LIMITED**" on 16th June, 1995 (New Company Registration No. 18-31545). The Company has its Registered Office at 50/47, Thirumalai Pillai Road, T'Nagar, Chennai – 600 017, Tamilnadu, TeleFax. +91-44–42606061, Email: symills@vsnl.com.

6.2. TC has been engaged in the business of Textiles manufacturing, making suiting and shirting's. It gradually expanded to make Readymade Garments also under the brand name of "Special Editions". The Company was doing well till the year 2001, when it began to incur losses on account of various factors. Due to accumulated losses the Company sold its manufacturing unit to clear off the term loans. Presently the Company is focused on only Readymade Garments under the same brand name by outsourcing. The Company is having manufacturing facilities at # 2, Chakrapani Road, Guindy, Chennai -600 032.

6.3. As on the date of this PA, TC has an authorized share capital of Rs. 6,00,00,000/- (Rupees Six Crores only) , comprising of 60,00,000 equity shares of Rs 10/- (Rupees Ten Only) each and issued, subscribed & paid up capital of Rs. 423.42 lacs, comprising of 42,34,200 equity shares of Rs 10/- each.

6.4. There are no partly paid up shares in the Target Company.

6.5. Current Share capital structure of the Target Company is as under:

Paid up Equity Shares of TC	No. of Equity Shares/ Voting rights	% of Shares / voting rights
Fully paid-up equity shares	42,34,200	100%
Partly paid-up equity shares	Nil	Nil
Total paid-up equity shares	42,34,200	100%
Total voting rights in the Target Company	42,34,200	100%

The Current capital structure of the target company has been build up since inception as under:

Date of Allotment	No of Shares Issued	% of Shares Issued	Cumulative Paid Up Capital	Mode of Allotment	Identity of Allottees	Status of Compliance
29.10.1994	1,000	0.02 %	10,000	Subscribers to M/A	Promoters	All compliances done
11.02.1995	8,40,500	19.85 %	84,15,000	Private Placement	Promoters	
05.04.1995	9,42,400	22.26 %	1,78,39,000	Private Placement	Promoters	
06.04.1995	1,41,500	3.34 %	1,92,54,000	Private Placement	Promoters	
13.09.1995	23,08,800	54.53 %	4,23,42,000	Public Issue	Public	
TOTAL	**42,34,200**	**100.00 %**				

6.6. There are no outstanding convertible instruments like warrants, FCDs/ PCDs etc in TC.

6.7. The shares of Target Company are presently listed with The Stock Exchange, Mumbai (BSE), The Stock Exchange, Chennai (MSE) and The Stock Exchange, Coimbatore (CbSE).

6.8. The equity shares of TC are frequently traded on BSE (source:bseindia.com) and infrequently traded on MSE & CbSE.

6.9. The shares of the TC has not been suspended by any Stock Exchange and the entire subscribed capital is listed.

6.10. Based on the data available with the official website of The Stock Exchange, Mumbai (www.bseindia.com), the closing price of the equity share of Target Company is Rs.6.65 on date of the Share Purchase Agreement and the volume was 8125 shares.

6.11. The Target Company, sellers, promoters and other major shareholders and the Target Company have timely complied with the reporting requirements under applicable provisions of the Chapter II of SEBI (SAST) Regulation 1997.

6.12. The Target Company has complied with requirements of the Listing Agreement and no punitive action has been taken/ initiated by the Stock Exchange where its equity shares are listed.

6.13. The composition of the Board of Directors of TC as on the date of PA is as follows:

Sl	Name and Address	Father's Name	Date of Appointment	Designation	Qualification	Experience	Other Directorship
1	Mr. Kishan Kumar Jain	Mr. Suganmal Jain	26.12.1994	Managing Director	B.Com	25 Years experience in textiles manufacturing & trading	Nil
2	Mr. Gaurav Jain	Mr. Kishan Kumar Jain	28.09.2002	Director	B.E – Textile Technology	3 Years experience in textiles manufacturing & trading	Nil
3	Mr. V. Raj	Mr. S. Visvanthan	27.12.2005	Director	FCA, FCS	22 years experience in Finance, accounts & Corporate Finance	Nil
4	Mr. G. Vijay Kumar *	Mr. E.Gopalan	27.12.2005	Director	B.Tech (Chem)	30 Years in Various Disciplines	Elgo Impex PVT. LTD.
5	Mr. S.K.Chakraborty	Late Dr.J C Chakraborty	27.12.2005	Director	B.Sc (Physics), B E - Mech, B E - Mett	45 Years in Institutional Finance	Nil
6	Mr.R N Pandey	Late Mr. Pt.Chhathu Pandey	27.12.2005	Director	B.Sc Mech Engg, Dip in Metallurgy	47 Years in Steel Industry	Nil

*** Mr. G. Vijaykumar is the director representing the acquirer and they will not participate in any matter(s) concerning or relating to the offer including any preparatory steps leading to the offer and to ensure that compliance u/c 22(9) of SEBI (SAST) Regulations, 1997.**

6.14. There has been no merger / de-merger, spin-off during the past three years in TC. The Name of TC was changed from "**S AND Y MILLS LIMITED**" to "**S & Y MILLS LIMITED**" w.e.f. 16th June, 1995 and Fresh Certificate of Incorporation consequent on change of name was issued by Registrar of Companies, Tamilnadu on 16th June, 1995 (New Registration No. is 18-31545).

6.15. Brief Audited Financial Information of TC are as under: (Audited for the year ended 31st March, 2003, 31st March, 2004 & 31st March, 2005 and Unaudited financials as on 30th September, 2005 certified by Auditor of the TC)

(Rs. in lacs)

Profit & Loss Statement	**For the year ended 31st March,**			**For the period 1st April, 2005 to 30th September, 2005**
	2003	**2004**	**2005**	
Income from operations	955.93	373.09	213.04	73.07
Other Income	117.23	93.79	48.86	11.72
Total Income	**1073.16**	**466.88**	**261.90**	**84.79**
Total Expenditure	1140.07	463.53	365.40	111.45
Profit/ (Loss) before Depreciation, interest & tax	(66.91)	3.35	(103.50)	(26.64)
Depreciation	64.26	58.89	16.59	4.00
Interest	67.38	45.99	20.85	0.00
Profit before tax	(198.55)	(101.53)	(140.94)	(30.64)
Provision for tax	0.00	0.00	0.00	0
Profit after tax	**(198.55)**	**(101.53)**	**(140.94)**	**(30.64)**

(Rs. in lacs)

Balance Sheet Statement	**For the year ended 31st March,**			**For the period 1st April, 2005 to 30th September, 2005**
	2003	**2004**	**2005**	
Source of funds				
Paid up share Capital	423.42	423.42	423.42	423.42
Reserves & Surplus	(68.15)	(135.35)	(238.35)	(268.99)
Net worth	**355.27**	**288.07**	**185.07**	**154.43**
Secured Loans	309.74	210.56	0.00	0.00
Unsecured Loans	0.00	0.00	20.00	0.00
Total	**665.01**	**498.63**	**205.07**	**154.43**
Use of Funds				
Net Fixed Assets	489.32	290.62	46.59	44.51
Investments	0.08	0.08	0.08	.08
Net Current Assets	172.42	206.34	158.40	109.84
Total Miscellaneous exp. Not written off	3.19	1.59	0.00	00
Total	**665.01**	**498.63**	**205.07**	**154.43**

Other Financial data	**For the year ended 31st March,**			**For the period 1st April, 2005 to 30th September, 2005**
	2003	**2004**	**2005**	
Dividend	Nil	Nil	Nil	Nil
Earning Per share	- 4.69	- 2.40	- 3.33	-0.72
Return on net worth	- 56 %	- 35 %	- 76 %	-20 %
Book Value Per share	Rs.8.31	Rs.6.53	Rs.3.24	Rs.3.64

(Sources: Audited Balance Sheets of the Target Company)

During the year 2004-05 company has earned Total Income of Rs. 261.90 lacs and PAT/ (Loss) (140.94) lacs as compared to Total Income of Rs. 466.88 lacs and PAT/ (Loss) (102.53) lacs for the year 2003-04 due to adverse market conditions. During the period the Company had sold its land and building including its various plant and machineries located at Plot No.2, Area III, NMDA Industrial complex, Maraimalai Nagar - 603209 in Kanchipuram District and discontinued its production of fabrics as it had sold its entire plant and machinery and paid of its terms loans to banks. The Company had decided to minimise its operations considerably and operate as an economical unit dealing in readymade garments only.

6.16. Pre- and Post-Offer shareholding pattern of the Target Company is as per the following table:

Sr No	**Shareholder category**	**Shareholding prior to the Agreement/ Acquisition and offer (A)**		**Shares agreed to be acquired which triggered off the Regulations (B)**		**Shares to be acquired in the open offer (assuming full acceptance) (C)**		**Shareholding after the acquisition and Offer i.e. A+B+C**	
		No.	%	No.	%	No.	%	No.	%
1.	Promoter Group								
	a. Parties to Agreement	888800	20.99	(888800)	(20.99)	0	0	0	0
	b. Promoters other than (a) above	448100	10.58	0	0	(120251)	(2.84)	*327849	*7.74
	Total (a+b)	**1336900**	**31.57**	**(888800)**	**(20.99)**	**(120251)**	**(2.84)**	**327849**	**7.74**
2.	Acquirer								
	M/s. Elgo Impex Private Limited	0	0	10,74,300	25.37	8,46,840	20.00	19,21,140	45.37
	Total	**0**	**0**	**10,74,300**	**25.37**	**8,46,840**	**20.00**	**19,21,140**	**45.37**
3.	Parties to Agreement (Sellers) other than 1(a) and 2 (M/s. SSF Ltd.)	185500	4.38	(185500)	(4.38)	0	0	0	0
4.	**Public (other than 1 to 3)**					(726589)	(17.16)	1985211	46.89
	i. FIs/MFs/FIIs/Banks	30100	0.71	0	0				
	ii. others	2681700	63.34	**0**	**0**				
	Total	**4234200**	**100.00**	**-**	**-**	**-**	**-**	**4234200**	**100.00**

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

* It is assumed that response from the Promoter Group and Public shall be on prorata basis.

6.17. As on date of PA the total number of shareholders in TC in public category is 2129**.**

6.18. As per the Certificate given by the TC, it has complied with the conditions of Corporate Governance as envisaged under Clause 49 of the listing agreement. Statutory Auditor of the company have certified compliance of conditions of corporate governance and this certificate is attached with annual report of the target company for the year ended 31st March, 2005. However as the Annual Report of the TC for the year ended 31st March, 2005, the Company could not constitute Audit Committee due to unavoidable circumstances beyond the control of the management.

6.19. As per the Certificate given by TC, there is no litigation / legal matter pending against the TC.

6.20. Details of the Compliance Officer is as under:

Name of the Compliance Officer: Mr. S. Kishankumar Jain

Contact Address: 50/47, Thirumalai Pillai Road, T'Nagar, Chennai – 600 017, Tamil Nadu, TeleFax No.+91-44 – 4260 6061, Email-symill@vsnl.com.

6.21. The Targent Company is not a sick company under Sick Industrial Companies Special (Provisions) Act, 1985.

6.22. The Equity Share of the TC was shifted under 'T' group by the Bombay Stock Exchange Ltd., (BSE) with effect from 29th July, 2005 vide their circular no. 20050725-28, dated 25th July, 2005. In the said circular, the stock exchange has mentioned that:

"Trading Members should note that the transfer of scripts for trading and settlement on a trade-to-trade basis is purely on account of market surveillance measure and it should not be construed as an adverse action against the company. Futher, this is a temporary measure and will be periodically reviewed depending on the market conditions."

The company has not taken any step to regularize the same since the said revision will be done only by the Stock Exchange as per the circular.

7. OFFER PRICE AND FINANCIAL ARRANGEMENTS

7.1. Justification of Offer Price

7.1.1. The Equity Shares of the TC are listed on The Bombay Stock Exchange Ltd, (BSE), Madras Stock Exchange (MSE) and Coimbatore Stock Exchange (CbSE).

7.1.2. The annualised trading turnover during the preceding six Calendar months prior to the month in which the PA is made in each of the Stock Exchanges is detailed below:

Sr. No.	Name of the Stock Exchange	Total no. of equity share traded during 6 calendar months prior to month of PA	Total no. of equity share listed	Annuallised Trading turnover (in terms of % to total listed shares)
1.	BSE	14,57,510	42,34,200	68.84
2.	MSE	Nil	42,34,200	Nil
3.	CbSE	Nil	42,34,200	Nil

Sources: bseindia.com, and official letter dated 06/01/2006 from MSE, and official letter dated 17/01/2006 from CbSE.

7.1.3. The Equity Share of the TC are listed on BSE under "T" Group. The shares are frequently traded as per the data availabe with the BSE within the meaning of explanation (I) to Regulation 20(5) of SEBI(SAST) Regulation, 1997 as mentioned in 6.1.2 above and infrequently traded at MSE & CbSE.

7.1.4. Following are the average of the weekly high and low of the closing price & volume data for 26 weeks ended 3rd January, 2006 i.e. 26 weeks preceding the date of PA at BSE

Average of weekly high & low of the closing price of 26 weeks

Week	week ended	Weekly High (Rs.)	Weekly Low (Rs.)	Average (Rs.)	Volume (No of Shares)
1	12/7/2005	4.98	4.30	4.64	27450
2	19/07/2005	5.20	4.31	4.76	55529
3	26/07/2005	5.40	5.00	5.20	77063
4	2/8/2005	5.07	4.70	4.89	13679
5	9/8/2005	6.53	4.96	5.75	92868
6	16/08/2005	8.38	6.36	7.37	177931
7	23/08/2005	9.79	8.39	9.09	215240
8	30/08/2005	10.30	9.29	9.80	373184
9	6/9/2005	9.68	8.85	9.27	105407
10	13/09/2005	8.71	8.02	8.37	65242
11	20/09/2005	8.64	7.50	8.07	60576
12	27/09/2005	7.18	5.99	6.59	43926
13	4/10/2005	5.70	4.95	5.33	20650
14	11/10/2005	5.23	4.55	4.89	9200
15	18/10/2005	5.00	4.75	4.88	8575
16	25/10/2005	4.76	4.10	4.43	10993
17	1/11/2005	3.90	3.54	3.72	10900
18	8/11/2005	3.58	3.41	3.50	1100
19	15/11/2005	3.96	3.60	3.78	1142
20	22/11/2005	4.56	4.15	4.36	12606
21	29/11/2005	4.78	4.39	4.59	2550
22	6/12/2005	4.25	3.84	4.05	3651
23	13/12/2005	4.10	3.99	4.05	12857
24	20/12/2005	4.25	4.04	4.15	22230
25	27/12/2005	5.10	4.35	4.73	20637
26	3/1/2006	6.48	5.35	5.92	24756
			Total	146.10	1469942
			Average	**5.62**	

7.1.5. Following are the average of the daily high and low of the price & volume data for 2 weeks ended 3rd January, 2006 i.e. 2 weeks preceding the date of PA at BSE

Average of daily intra day high & low of 2 weeks

Sr. No.	Date	Daily High (Rs.)	Daily Low (Rs.)	Average) (Rs.)	Volume (No. of Shares)
1	21/12/2005	4.35	4.2	4.28	983
2	22/12/2005	4.56	4.56	4.56	3410
3	23/12/2005	4.78	4.78	4.78	7700
4	26/12/2005	5.01	4.55	4.78	5643
5	27/12/2005	5.26	4.81	5.04	2901
6	28/12/2005	5.35	5.10	5.23	2002
7	29/12/2005	5.61	5.61	5.61	337
8	30/12/2005	5.89	5.61	5.75	2910
9	2/1/2006	6.18	6.00	6.09	6482
10	3/1/2006	6.48	6.48	6.48	13025
			Total	52.59	45393
			Average	**5.26**	

7.1.6. The Offer Price of Rs. 7/- (Rupees Seven Only) per fully paid up equity share having face value of Rs. 10/- each, is justified in terms of Regulation 20 (4) and 20(5) of SEBI (SAST) Regulations, 1997 based on the following:

a.	Negotiated Price under the Share Purchase Agreement	Rs.6.95 (Rupees Six and Paise Ninety Five Only) per Equity Share
b.	Highest Price paid by the Acquirer or PACs for acquisition including Public or Rights or Preferential Issue in 26 weeks	Not applicable
c.	Highest average Price calculated as per Regulaiton 20(4)(c) during the 26 weeks preceding the date of PA or the 2 weeks preceding the date of PA *	Rs.5.62 per Equity Share
	Highest Price as per Regulation 20 (4)	**Rs.6.95**
	Other financial parameters of TC for calculating price as per Regulation 20(5) (as on 31/03/2005)	
i.	Return of Networth (%)	- 75 % (Negative)
ii.	Book Value (Rs.)	Rs.3.24
iii.	Earning per share(Rs.)	- Rs.3.33 (Negative)
iv.	Price earning multiple	———
Highest Price as per Regulation 20 (5)		**Rs.3.24**

* Weekly/daily prices have been derived considering the week ended 3rd January, 2006 which is week preceding the date of PA i.e. 4th January, 2006 [Public announcement appeared in the Business Standard (English) and Pratahkal (Hindi) on 4th January, 2006 and in Thinabhoomi (Tamil) on 5th January, 2006.

7.1.7. There is no non-compete agreement entered into between the Acquirer and the sellers and accordingly, no non-compete fee is being paid which should have any bearing on the offer price. Thus, the offer price is also justified under regulation 20 (11) of SEBI (SAST) Regulations, 1997.

7.1.8. If the Acquirer acquires equity shares after the date of Public Announcement upto 7 working days prior to the closure of the Offer at a price higher than the Offer Price, then the highest price paid for such acquisition shall be payable for all the valid acceptances received under the Offer.

7.2. Financial Arrangements

7.2.1. Assuming full acceptance, the total requirement of funds for the offer would be Rs.59,27,880/- (Rupees Fifty Nine Lacs Twenty Seven Thousand Eight Hundred & Eighty only). The Acquirer has adequate resources to meet the financial requirements of the Offer. The Acquirer has made firm arrangement for the resources required to complete the offer in accordance with SEBI (SAST) Regulations 1997. The acquisition will be financed through internal / personal resources and no borrowings from banks / FIIs etc., is being made.

7.2.2. A.John Moris & Co, Chartered Accountants having their office at 3/6-6, 3rd Floor, Sheik Ali Complex, Opp Kaveri Nursing Home, Koramangala 2nd Block, Bangalore 560 068, Ph. No. +91-80-25631525, 25631465, (Membership no: 21183) has vide certificate dated 30th December, 2005 certified that the Net Worth of M/s. Elgo Impex Private Limited is Rs. 135.43 Lacs.

7.2.3. The Acquirer has already made firm arrangements for the financial resources required to implement the Offer. **<u>As per Regulation 28, Acquirer has opened an Escrow Account with Corporation Bank, Ellisbridge, Ashram Road, Ahmedabad, , and has deposited Rs.30,00,000 /- (Rs. Thirty lacs Only), being more than 50 % of the amount required for the Open Offer</u>**

7.2.4. The Acquirer has duly empowered M/s Chartered Capital and Investment Limited, Manager to the Offer, to realise the value of the Escrow Account in terms of the SEBI (SAST) Regulations, 1997.

7.2.5. The Manager to the Offer, M/s Chartered Capital and Investment Limited, hereby confirms that firm arrangements for funds and money for payment through verifiable means are in place to fulfil the Offer obligations.

8. TERMS AND CONDITIONS OF THE OFFER

8.1. Persons eligible to participate in the Offer

8.1.1. Offer is made to all the remaining shareholders (except the Acquirer and parties to agreement) whose names appeared in the register of shareholders on **9th January, 2006** being the **specified date**, and also to those persons (except the Acquirer and parties to agreements) who own the shares any time prior to the Closure of the Offer, but are not the registered shareholder(s).

8.1.2. None of existing shares of Target Company are under Lock in.

8.2. Statutory Approvals

8.2.1. Approval for transfer of shares of a company registered in India by a Non Resident to a person resident in India is required. The Acquirer shall apply for approval from RBI for transfer of shares in their name in due course after successful completion of this Offer.

8.2.2. As on the date of Public Announcement, to the best of the knowledge of the Acquirer, no approval from any bank or financial institutions is required for the purpose of this Offer.

8.2.3. As on the date of Public Announcement, to the best of the Acquirer' knowledge, no other statutory approvals are required to be obtained for the purpose of this Offer.

8.2.4. In case of delay in receipt of any statutory approval, Regulation 22(12) of SEBI (SAST) Regulations, 1997, will be adhered to, i.e. SEBI has power to grant extension of time to Acquirer for payment of consideration to shareholders subject to Acquirer agreeing to pay interest as directed by SEBI. Further in case the delay occurs on account of wilful default by the Acquirer in obtaining the approvals, Regulation 22 (13) of SEBI (SAST) Regulations, 1997, will also become applicable.

8.3. Others

8.3.1. Accidental omission to despatch this Letter of Offer to any person to whom this Offer is made or the non-receipt or delayed receipt of this Letter of Offer by any such person will not invalidate this Offer in any way.

8.3.2. This Letter of Offer has been mailed to all the shareholders of TC (other than parties to the Agreement i.e. Acquirer and Sellers), whose names appeared on the Register of Members of TC as on **9th January, 2006** being the **Specified Date**.

8.3.3. Consideration for equity shares accepted would be paid by crossed account payee cheques / demand drafts / pay orders and sent by registered post to the address of the first shareholder(s) / unregistered owner(s) at their sole risk.

8.3.4. Unaccepted Share Certificates, Transfer Forms and other documents, if any, will be returned by registered post at the shareholder(s)/ unregistered owner(s) sole risk.

8.3.5. If the aggregate of the valid response to the offer exceeds 8,46,840 equity shares, then the Acquirer shall accept the offers received from the shareholders on a proportional basis, in consultation with the Manager to the Offer in accordance with Regulations 21(6) of the SEBI (SAST) Regulations, 1997.

8.3.6. Shares of the target company are in both physical form and in Demat form.

9. PROCEDURE FOR ACCEPTANCE AND SETTLEMENT OF THE OFFER

9.1. Shareholders who wish to tender their equity shares will be required to send their Form of Acceptance cum Acknowledgement, Original Share Certificate(s) and duly signed Share Transfer Form(s) to the Registrar To The Offer by hand delivery or registered post, as the case may be, at the address mentioned in Para 9.18 in accordance with the instructions specified in the Letter of Offer and in the Form of Acceptance cum Acknowledgement.

9.2. Shareholders of TC to whom this Offer is being made, are free to offer his / her / their equity shares of TC for sale to the Acquirer, in whole or part, while tendering his / her / their equity shares in this Offer.

9.3. The Registrar to the offer, M/s **Cameo Corporate Services Ltd**, has opened a special depository account with **Indian Overseas Bank (Depository**: **National Securities Depository Limited)**

9.4. Beneficial owners and Shareholders holding shares in the physical form, who wish to avail of this Offer will have to forward the following documents to the office of the Registrar To The Offer by hand delivery or by registered post, as the case may be, so as to reach them on or before 5.30 pm up to the date of closure of the offer i.e. **18th March, 2006:**

- Form of Acceptance- cum acknowledgement, duly completed in all respects and signed by all the joint shareholders in the same order and as per the specimen signature(s) registered with TC.
- Relevant Original Share Certificate(s).
- Valid Share Transfer Deed(s), duly signed (in case the equity shares are held in joint names, by all the shareholders and in the same order as appearing in the Register of Members of TC or on the Share Certificate issued by TC) as per the specimen signature(s) lodged with TC and witnessed by an independent witness (if possible, by a Notary Public, Bank Manager or a Member of a recognised stock exchange with membership number). In the event that a shareholder needs additional Share Transfer Deed(s), the same can be obtained from the Registrar to the Offer as mentioned hereafter. [Please do not fill in any other details in the Share Transfer Deed]
- Where the Transfer Deed(s) are executed by Constituted Attorney, attach a copy of the Power of Attorney duly certified as a True Copy by a Notary Public / Gazetted Officer.

9.5. Beneficial owners and Shareholders **holding shares in the dematerialised form**, who wish to avail of this Offer will have to forward the following documents to the office of the Registrar To The Offer by hand delivery or by registered post, as the case may be, so as to reach them on or before 5.30 PM up to the date of closure of the offer i.e**18th March, 2006:**

- Form of Acceptance- cum acknowledgement, duly completed in all respects and signed by all the joint shareholders in the same order and as per the specimen signature(s) registered with TC.
- 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 **"M/s Cameo Corporate Services Ltd. – Escrow Account –SYML Offer" ("Depository Escrow Account")** filled in as per the instructions given below:

DP Name	**:**	**Indian Overseas Bank,**
DP ID	**:**	**IN 302437**
Client ID	**:**	**20103494**
Depository	**:**	**National Securities Depository Limited- ("NSDL")**

- Beneficial owners, who hold equity shares of TC in dematerialised form, are required to execute an "off market" trade by tendering the Delivery Instruction for debiting their beneficiary account with their concerned depository participant and crediting the above mentioned account. The credit in the depository Escrow Account should be received on or before the offer Closure Date i.e. **18th March, 2006** else the application would be rejected.
- The Delivery instructions to be given to the depository participant should be in "for off market trade" mode only. For each Delivery Instruction, the beneficial owner should submit a separate Form of Acceptance cum Acknowledgement. Shareholders having their beneficiary account in Central Depository Services India Ltd (CDSL) have to use inter**-depository** delivery instruction slip for the purpose of crediting their shares in favour of the special depository account with NSDL.

9.6. A copy of the No Objection Certificate / Tax Clearance Certificate, if obtained from the Indian tax authorities by the shareholders (applicable to NRIs/OCBs/FIIs).

9.7. In case the equity shares are held by a Company / Body Corporate, then a certified True Copy of a valid Board Resolution giving authority and certified true copy of the Memorandum and Articles of Association of such Company / Body Corporate should also be enclosed.

9.8. In case of Non-resident equity shareholders, Foreigners, Foreign Companies and Foreign Institutional Investors, photocopies of the approval(s) by the Reserve Bank of India for acquiring and holding equity shares in TC.

9.9. In case the equity shares stand in the name of a sole shareholder, who is deceased, the Notarised copy of the legal representation obtained from a Competent Court.

9.10. All the documents mentioned above should be sent only to the "**Registrar to the Offer"** and not to be sent to the Acquirer or to TC or to the Manager to the Offer.

9.11. **Special note for shareholders who have sent their shares for Dematerialisation**: Shareholders who have sent their physical shares for dematerialisation need to ensure that the process of getting shares dematerialised is completed well in time so that the credit in the Escrow depository Account can be received on or before 5:30 pm upto the offer closing date i.e., **18th March, 2006** else the application would be rejected.

9.12. In case of non-receipt of Letter of Offer, the eligible shareholders may send his / her / their applications to the Registrar to the Offer on the address mentioned hereinabove, **on a plain paper stating the name, address, number of equity shares held, folio number(s), certificate number(s), distinctive number(s), and number of shares** tendered along with the relevant documents as mentioned hereinabove, so as to reach them on or before 5.30 pm up to the date of closure of the offer i.e. **18th March, 2006.**

9.13. Persons who own equity shares of TC any time prior to the date of Offer Closure, but are not registered holders, can tender their equity shares for purchase by the Acquirer, by communicating his / her / their desire to tender, in writing to the Registrar to the Offer and obtain from them a copy of the Letter of Offer, the Application Form and Transfer Deed(s) and lodge the same along with the relevant Share Certificate(s) and other documents, as mentioned hereinabove together with the Original Contract Note issued by a registered Stock Broker of a recognised Stock Exchange, only at the address of Registrar To The Offer as mentioned herein below.

9.14. An unregistered shareholder can also send his / her / their application to the Registrar To The Offer on the address mentioned herein below, **on a plain paper stating the name, address, number of shares held, folio number(s), certificate number(s), distinctive number(s) and number of equity shares** tendered along with the relevant documents as mentioned hereinabove, so as to reach them on or before 5.30 pm up to the date of closure of the offer i.e. **18th March, 2006.**

9.15. No indemnity is required from the unregistered shareholders.

9.16. In case the Share Certificate(s) and the instrument(s) of transfer are lodged for transfer with TC, then the **Form of Acceptance** should be accompanied by (i) the Share Transfer Deed(s) and (ii) the acknowledgement of lodgement or receipt issued by TC by individual. Whereas the Transfer Deed(s) are executed by Constituted Attorney, also attach a copy of the Power of Attorney duly certified as a True Copy by a Notary Public / Gazetted Officer along with the acknowledgement of lodgement or receipt issued by TC. In case the equity shares are lodged by a Company / Body Corporate, then a certified True Copy of a valid Board Resolution giving authority and certified true copy of the Memorandum and Articles of Association of such Company / Body Corporate should also be enclosed along with the Form of Acceptance and the acknowledgement of lodgement or receipt issued by TC.

9.17. In case of shareholders who have not received the LOO and holding shares in the dematerialised form may send their consent to the Registrar to the Offer on plain paper, stating the name, addresses, number of shares held, Depository name, Depository I.D., Client name, Client I.D., number of shares offered along with a photocopy of the original delivery instructions in “Off-market” mode or counterfoil of the delivery instruction in “Off-market” mode, duly acknowledged by the Depository Participant as specified in para 9.5 above, so as to reach the Registrar to the Offer on or before 5:30 pm upto the date of Closure of the Offer i.e. **18th March, 2006**. Such shareholders can also obtain the LOO from the Registrar to the Offer by giving an application in writing.

9.18. The following collection centre would be accepting the documents as specified above.

Address of “Registrar to the Offer”:

Address of Registrar to the Offer	Business Hours	Mode of Delivery
Cameo Corporate Services Ltd “Subramanian Building”, No.1, Club House Road, Chennai – 600 002 Ph No:+91-44-28460390 (5 lines), 28461948 Fax:+91-44-28460129 Email: siva@cameoindia.com Website: www.cameoindia.com Contact person: Mr. A. Siva	10.30 am to 5.30 pm	Registered post/ Courier/ Hand Delivery

Holidays: Sundays and Bank Holidays

9.19. The Registrar to the Offer will hold in trust the shares / share certificates, if any, and the transfer form(s) on behalf of the shareholders of TC who have accepted the Offer, until the cheques / drafts for the consideration and / or the unaccepted shares / share certificates are despatched / returned.

9.20. In terms of Regulation 22(5A) of the SEBI (SAST) Regulations 1997, shareholders desirous of withdrawing their acceptances tendered in the Offer can do so up to three working days prior to the date of Closure of the Offer. The withdrawal option can be exercised by submitting the Form of Withdrawal as enclosed in the Letter of Offer. The shareholders are advised to ensure that the Form of Withdrawal should reach the Registrar To The Offer at the collection centre mentioned in the Letter of Offer or above as per the mode of delivery indicated therein on or before 5.30 pm up to the last date of withdrawal i.e**. 14th March, 2006.**

9.21. The withdrawal option can be exercised by submitting the Form of Withdrawal enclosing with it Copy of the Form of Acceptance-cum-Acknowledgement / Plain paper application submitted and the Acknowledgement slip. In case of non receipt of Form of Withdrawal, the withdrawal option can be exercised by making an application on plain paper along with the following details:

9.21.1. In case of physical shares: name, address, distinctive numbers, folio number, share certificate number, number of shares tendered, date of tendering the shares.

9.21.2. In case of dematerialized shares: name, address, number of shares tendered, DP name, DP ID, date of tendering the shares, beneficiary account number and a photocopy of the delivery instructions in "off market" mode or counterfoil of the of the delivery instruction in "off market" mode, duly acknowledged by the DP, in favour of the "M/s Cameo Corporate Services Ltd. – Escrow Account –SYML Offer" ("Depository Escrow Account").

9.21.3. The withdrawal of Shares will be available only for the Share certificates / Shares that have been received by the Registrar to the Offer or credited to the Special Depository Escrow Account.

9.22. The intimation of returned shares to the Shareholders will be sent at the address as per the records of TC as the case may be.

9.23. Acquirer will acquire all the 8,46,840 equity shares tendered in the Offer with valid applications.

9.24. Method of Settlement

9.24.1. Where the number of shares offered for sale by the shareholders are more than the shares agreed to be acquired by Acquirer, Acquirer will accept the offers received from the share holders on a proportionate basis, in consultation with the Manager to the Offer taking care to ensure that the basis of acceptance is decided in a fair and equitable manner and does not result in non-marketable lots, 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 TC is 1 {one} shares.

9.24.2. The Form of Acceptance, relevant Original Share Certificate(s), valid Share Transfer Deed(s) and other documents tendered by the shareholders of TC under this Offer, shall be accepted from such shareholders in terms of the Letter of Offer, but will become fully valid and binding contract between such shareholder(s) and the Acquirer only upon the fulfilment of all the conditions mentioned herein the Letter of Offer and Form of Acceptance.

9.24.3. On fulfilment of all the conditions herein mentioned, the Letter of Offer and Form of Acceptance, the Acquirer will pay the Offer Price by a crossed and "Account Payee Only" cheque(s) or demand draft(s) or pay order(s) drawn in favour of the sole shareholder or first named shareholder in case of joint holding. The payment consideration will be sent by Registered Post to the sole / first named shareholder of TC whose equity shares are accepted by the Acquirer at his address registered with TC/DP. **It is desirable that shareholders holding shares in physical mode provide bank details of the first/ sole shareholder in the Form of Acceptance cum Acknowledgement, so that the same can be incorporated in the cheque/demand draft. In case of shareholders holding shares in electronic mode, bank particulars recorded with the Depository Participant (DP) and forming part of beneficial download will be incorporated in the cheque/ demand draft. In case of any change in bank particulars recorded with the DP, new bank particulars duly attested by the DP should be furnished.**

9.24.4. Unaccepted share certificates, transfer forms and other documents, if any, will be returned by registered post at the shareholders' / unregistered owners' sole risk to the sole / first shareholder.

9.24.5. The equity shares of TC held in dematerialised form, which are not accepted in view of not being a valid tender of equity shares or which are withdrawn by the shareholders, will be released to the beneficial owner's depository account with the respective depository participant, from where the credit was initially received in favour of the Depository Escrow Account, at the sole risk of the beneficial owner. An intimation to that effect will be sent to the beneficial owner by Ordinary Post.

9.24.6. The Acquirer shall endeavour to complete all procedures relating to the Offer within 15 Days from the date of Closure of the Offer (i.e. **upto 1st April, 2006)** including payment of consideration to the shareholders of TC whose equity shares are accepted for purchase by the Acquirer.

9.24.7. While tendering the Shares under the Offer, the NRIs/OCBs/FIIs will be required to submit the No Objection Certificate/ Tax Clearance Certificate, indicating the amount of tax to be deducted by the Acquirer before remitting the consideration, from the Income Tax Authorities under Income Tax Act, 1961. In case the aforesaid No Objection Certificate/Tax Clearance Certificate is not submitted, the Acquirer will arrange to deduct tax at the maximum marginal rate as may be applicable to the category of the shareholder, on the entire consideration amount payable to such shareholder. The Acquirer will send the proof of having deducted and paid the tax along with the payment consideration.

9.24.8. In case of non-receipt of any of statutory approvals, if any required, SEBI may grant extension of time for the purpose of making payments to the shareholders who have successfully tendered their equity shares pursuant to this Offer and in such an event, the Acquirer will pay interest for the delayed payment beyond 15 days of the closure of the Offer, at such rate as may be prescribed by SEBI.

9.24.9. In accordance with Reg. 22(13) of the SEBI (SAST) Reg. 1997, Where the Acquirer fail to obtain the requisite statutory approvals in time on account of wilful default or neglect or inaction or non-action on their part, the amount lying in the escrow account shall be liable to be forfeited and dealt with in the manner provided in clause (e) of sub-regulation (12) of Regulation 28, apart from the Acquirer being liable for penalty as provided in the Regulations.

9.25. General

9.25.1. The Form of Acceptance and instructions contained therein are integral part of this Letter of Offer.

9.25.2. Neither the Acquirer nor the Manager to the Offer nor the Registrar to the Offer nor the Target Company will be responsible for any loss in transit or delay in receipt of the completed Form of Acceptance, Share certificate(s), and Share transfer deed(s).

9.25.3. The Offer Price is denominated and payable in Indian Rupees only.

9.25.4. All the communication in connection with the Form of Acceptance should be addressed to the "Registrar to the Offer" as mentioned above, with full name of the sole / first applicant, folio number, number of equity shares tendered, date of lodgement of the Form of Acceptance and other relevant particulars.

9.25.5. If there is any upward revision in the Offer Price by the Acquirer upto seven working days prior to the date of closure of the Open Offer i.e., upto **8th March, 2006,** the same would be informed by way of Public Announcement in the same newspapers where original Public Announcement had appeared. Such revised Offer Price would be payable to all the shareholders who tender their shares in the Offer.

9.25.6. "If there is a competitive bid.

9.25.6.1. The Public Offers under all the subsisting bids shall close on the same date.

9.25.6.2. 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"

9.25.7. In terms of Regulation 22 (5A), shareholders shall have the option to withdraw acceptance tendered earlier, by submitting the Form of Withdrawal enclosed with the LOO, so as to reach Registrar To The Offer on or before 5.30 pm up to three working days prior to the date of Closure of the Offer, i.e. upto 14th March, 2006 as mentioned in para 9.21.

9.25.8. Alternatively, a copy of Public Announcement, Letter of Offer, Form of Acceptance cum Acknowledgement and Form of Withdrawal cum Acknowledgement can be obtained from SEBI's **web-site: www.sebi.gov.in**

9.25.9. The Manager to the Offer M/s Chartered Capital And Investment Limited does not hold any shares in TC as on date of Public Announcement.

9.25.10. In case of non-receipt of the form of withdrawal, the withdrawal option can be exercised by making an application on plain paper along with the following details:

9.25.10.1. Name, address, distinctive numbers, folio Nos., number of shares tendered / withdrawn.

10. DOCUMENTS FOR INSPECTION

The following documents are regarded as material documents and are available for inspection at the office of the Manager to the Offer at 711, Mahakant, Opp. V S Hospital, Ellisbridge, Ahmedabad - 380 006, Contact person: Mr. Manoj Kumar Ramrakhyani, from 10.30 a.m. to 5.30 pm on any working day, except Saturdays, Sundays and Holidays until the closure of the Offer.

10.1. Copy of the Share Purchase Agreement dated 30th December, 2005 between the Acquirer and Sellers.

10.2. Undertaking from the Acquirer, stating full responsibility for all information contained in the Public Announcement and the Letter of Offer.

10.3. Certificate of Incorporation and Memorandum and Articles of Association of the Acquirer i.e. Elgo Impex Private Limited

10.4. Certificates from A.John Moris & Co Chartered Accountants having their office at 3/6-6, 3rd Floor, Sheik Ali Complex, Koramangala 2nd Block, Bangalore 560 068, (Member ship no: 21183) dated 30th December 2005 certifying the Networth of Acquirer i.e. Elgo Impex Private Limited and certifying adequacy of financial resources of acquirer to fulfil the open offer obligations.

10.5. Certificate from A.John Moris & Co Chartered Accountants having their office at 3/6-6, 3rd Floor, Sheik Ali Complex, Koramangala 2nd Block, Bangalore 560 068, (Member ship no: 21183) dated 21st December 2005, regarding Valuation of the equity shares of the Target Company.

10.6. Audited Annual Reports of TC for years ended on March 31, 2003, 2004 and 2005.

10.7. Certificate of Incorporation and Memorandum and Articles of Association of the TC i.e. S & Y Mills Limited

10.8. Copy of the Audited Accounts of the Elgo Impex Pvt. Ltd., the Acquirer as on March 31st, 2004 and 2005 and Certified Accounts as on 30th November, 2005.

10.9. Letter from Corporation Bank confirming the amount kept in Escrow Account and lien marked in favour of Manger to the offer.

10.10. A letter from Depository Participant – Indian Overseas Bank, confirming opening of a Special Depository Account titled" **"M/s Cameo Corporate Services Ltd. – Escrow Account –SYML Offer" ("Depository Escrow Account")" being client Id: 20103494 for the purpose of this offer opened by Cameo Corporate Services ltd.**

10.11. Published copy of the Public Announcement.

10.12. Observation letter dated 8th February, 2006 of SEBI.

10.13. Letter from MSE dated 06/01/2006 and letter from CbSE dated 17/01/2006 on price volume data.

11. DECLARATION BY THE ACQUIRER

11.1. The Acquirer, Elgo Impex Private Limited and its Directors accept full responsibility for the information contained in this Letter of Offer and also for the obligations of the Acquirer laid down in the SEBI (SAST) Regulations, 1997.

11.2. The Acquirer, Elgo Impex Private Limited and its Directors are responsible for ensuring compliance with the SEBI (SAST) Regulations, 1997.

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

For Elgo Impex Private Limited

DIRECTOR

Mr. G.Vijay Kumar

(Acquirer)

Place: Bangalore

Date: 16/01/2006

12. ENCLOSURES:

1. Form of Acceptance cum Acknowledgement
2. Form of Withdrawal cum Acknowledgement
3. Blank Share Transfer Deed(s).

FORM OF ACCEPTANCE CUM ACKNOWLEDGEMENT

(All terms and expressions used herein shall have the same meaning as ascribed thereto in the Letter of Offer)

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION (Please send this Form of Acceptance with enclosures to the Registrar to the Offer)		
OFFER OPENS ON	**:**	**27.02.2006, Monday**
OFFER CLOSES ON	**:**	**18.03.2006, Saturday**

Please read the Instructions overleaf before filling-in this Form of Acceptance

FOR OFFICE USE ONLY	
Acceptance Number	
Number of equity shares offered	
Number of equity shares accepted	
Purchase consideration (Rs.)	
Cheque/Demand Draft/Pay Order No.	

From : ______________________________

____

____

____

Tel. No.: Fax No.:

E-mail:

To,
(M/s. Elgo Impex Private Limited)
C/o Cameo Corporate Services Ltd
"Subramanian Building",
No.1, Club House Road,
Chennai – 600 002

Dear Sirs,

Sub: Open Offer to acquire 8,46,840 equity shares of S & Y Mills Limited of Rs. 10/- each at an offer price of Rs. 7**/-** per fully paid equity share representing 20% of the total subscribed, issued & Paid-up capital by **Elgo impex Private Limited** (hereinafter referred to as the "Acquirer")

1. I / We, refer to the Letter of Offer dated 16/01/2006 for acquiring the equity shares held by me / us in **S & Y Mills Limited**

2. I / We, the undersigned have read the Letter of Offer and understood its contents including the terms and conditions as mentioned therein. I / We, unconditionally offer to sell to the Acquirer the following equity shares in **S & Y Mills Limited** (hereinafter referred to as "TC"), held by me / us, at price of **Rs 7.00** (**Rupees Seven only**) per fully paid up equity share.

3. I/We and enclose the original share certificate(s) and duly signed valid Transfer Deed(s) in respect of my / our equity shares as detailed below (please enclose additional sheet(s), if required).

SHARES HELD IN PHYSICAL MODE

Ledger Folio No ____________________ **Number of share certificates attached** ___________________________

Representing _______________________ **equity shares**

Number of equity shares held in TC		**Number of equity shares offered**	
In figures	**In words**	**In figures**	**In words**

Sr. No.	**Share Certificate No.**	**Distinctive Nos.**		**No. of equity shares**
		From	**To**	
1				
2				
3				
Total no. of Equity Shares				

SHARES HELD IN DEMATERIALISED MODE

DP NAME	**DP ID**	**CLIENT ID**	**NO OF SHARES OFFERED**	**NAME OF BENEFICIARY**

4. I/We have done an off market transaction for crediting the Equity Shares to the Special Depository Account in NSDL styled **"M/s Cameo Corporate Services Ltd. – Escrow Account –SYML Offer" ("Depository Escrow Account")** details are as under

DP Name	**:**	**Indian Overseas Bank,**
DP ID	**:**	**IN 302437**
Client ID	**:**	**20103494**
Depository	**:**	**National Securities Depository Limited- ("NSDL")**

5. I / We confirm that the equity shares of TC which are being tendered herewith by me / us under the Offer are free from liens, charges and encumbrances of any kind whatsoever.

6. I / We authorize the Acquirer to accept the equity shares so offered or such lesser number of equity shares that the Acquirer may decide to accept in consultation with the Manager To The Offer and in terms of the said Letter of Offer and I / we further authorise the Acquirer to apply and obtain on our behalf split of share certificate(s) as may be deemed necessary by them for the said purpose. I further authorize the Acquirer to return to me / us, equity share certificate(s) in respect of which the Offer is not found / not accepted, specifying the reason thereof.

7. My / Our execution of this Form of Acceptance shall constitute my / our warranty that the equity shares comprised in this application are owned by me / us and are transferred by me / us free from all liens, charges, claims of third parties and encumbrances. If any claim is made by any third party in respect of the said equity shares, I / we will hold the Acquirer, harmless and indemnified against any loss they or either of them may suffer in the event of the Acquirer acquiring these equity shares. I / We agree that the Acquirer may pay the Offer Price only after due verification of the document(s) and signature(s) and on obtaining the necessary approvals as mentioned in the said Letter of Offer.

8. I / We also note and understand that the shares/ Original Share Certificate(s) and Transfer Deed(s) will be held by the Registrar To The Offer in trust for me / us till the date the Acquirer makes payment of consideration or the date by which Shares/ Original Share Certificate(s), Transfer Deed(s) and other documents are despatched to the shareholders, as the case may be.

9. I / We also note and understand that shares would lie in Special Depository Account until the time the acquirer makes payment of purchase consideration as mentioned in Letter of Offer.

10. I/We undertake to execute such further document(s) and give such further assurance(s) as may be required or expedient to give effect to my / our agreeing to sell the said equity shares.

11. I / We irrevocably authorise the Acquirer to send by Registered Post at my / our risk, the Cheque(s) / Demand Draft(s) / Pay Order(s) in settlement of consideration payable and excess share certificate(s), if any, to the Sole / First holder at the address given hereunder and if full address is not given below the same will be forwarded at the address registered with TC:

Name and complete address of the Sole/ First holder (in case of member(s), address as registered with S & Y Mills Limited):

____

____

Place: ______________ **Date:** _________________ **Tel. No(s). :** ___________________ **Fax No.:** ___________________

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

Bank Account No.: ——————————*Type of Account:* ——————*(Savings/Current /Other (please specify))*

Name of the Bank: ____

Name of the Branch and Address: ——————————————————————————-

The Permanent Account No. (PAN / GIR No.) Allotted under the Income Tax Act, 1961 is as under:

	1st Shareholder	2nd Shareholder	3rd Shareholder
PAN / GIR No.			

Yours faithfully,

Signed and Delivered:

	FULL NAME (S) OF THE HOLDERS	**SIGNATURE (S)**
First/Sole Shareholder		
Joint Holder 1		
Joint Holder 2		

Note: *In case of joint holdings all the holders must sign. In case of body corporate, stamp of the company should be affixed and necessary Board Resolution should be attached.*

INSTRUCTIONS

1 Please read the enclosed Letter of Offer carefully before filling-up this Form of Acceptance.

2 The Form of Acceptance should be filled-up in English only.

3 Signature(s) other than in English, Hindi, and thumb impressions must be attested by a Notary Public under his Official Seal.

4 Mode of tendering the Equity Shares Pursuant to the Offer:

I. The acceptance of the Offer made by the Acquirer is entirely at the discretion of the equity shareholder of TC.

II. Shareholders of TC to whom this Offer is being made, are free to offer his / her / their shareholding in TC for sale to the Acquirer, in whole or part, while tendering his / her / their equity shares in the Offer.

5. Business Hours : Mondays to Saturday from 10.30 am to 5.30 pm.

Holidays : Sundays and Bank Holidays

ACKNOWLEDGEMENT SLIP

Ref: Open Offer to acquire **8,46,840** equity shares of **S & Y Mills Limited** of Rs. 10/- each at an Offer Price of **Rs. 7/-** per fully paid up equity share payable in cash, representing 20% of the total paid-up capital by **Elgo Impex Private Limited**

Received from Mr./Ms./Mrs. ………..…………………………………………………..Ledger Folio No/ ……… ………. Number of certificates enclosed ……… under the Letter of Offer dated 16/01/2006, Form of Acceptance, Transfer Deeds(s) and Original Share Certificate(s) as detailed hereunder:

Sr. No.	**Share Certificate No.**	**Distinctive Nos.**		**No. of equity shares**
		From	**To**	
1				
2				
3				
Total no. of Equity Shares				

Stamp

Authorised Signatory

Date

Note: All future correspondence, if any, should be addressed to **Registrar to the Offer:**

Cameo Corporate Services Ltd
"Subramanian Building",
No.1, Club House Road, Chennai – 600 002
Ph No: +91-44-28460390 (5 lines), 28461948 • Fax: +91-44-28460129
Email: siva@cameoindia.com • Website: www.cameoindia.com
Contact person: Mr. A. Siva

FORM OF WITHDRAWAL CUM ACKNOWLEDGEMENT

(All terms and expressions used herein shall have the same meaning as ascribed thereto in the Letter of Offer)

OFFER OPENS ON	**:**	**27.02.2006, Monday**
LAST DATE OF WITHDRAWAL	**:**	**14.03.2006, Tuesday**
OFFER CLOSES ON	**:**	**18.03.2006, Saturday**

Please read the Instruction in Letter of Offer and overleaf before filling-in this Form of Withdrawal

FOR OFFICE USE ONLY	
Withdrawal Number	
Number of equity shares offered	
Number of equity shares withdrawn	

From:

____

____

____

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

(Elgo Impex Private Limited)
Cameo Corporate Services Ltd
"Subramanian Building",
No.1, Club House Road,
Chennai – 600 002

Sub: Open Offer to acquire **8,46,840** equity shares of **S & Y Mills Limited** of Rs. 10/- each at an offer price of Rs. **7/-** per fully paid up equity share representing 20% of the total subscribed, issued & Paid-up capital by **Elgo Impex Private Limited** (hereinafter referred to as the "Acquirer")

Dear Sir,

I/We refer to the Letter of Offer dated 16/01/2006 for acquiring the equity shares held by me/us in **S & Y Mills Limited.**

I/We, the undersigned, have read the Letter of Offer and understood its contents including the terms and conditions as mentioned therein.

I/We wish to withdraw my/our acceptance tendered in response to the said offer. We had sent our 'Form of Acceptance' to you on __________ along with original share certificate(s) and duly signed transfer deed(s) in respect of my/our shares as detailed below:

(Please enclose the Xerox copy of Acknowledgement received for 'Form of Acceptance')

SHARES HELD IN PHYSICAL FORM

Sr. No.	Share Certificate No.	Distinctive Nos.		No. of equity shares
		From	To	
1				
2				
3				
	Total no. of Equity Shares			

I/We note and understand the terms of withdrawal of acceptance and request you to return the original share certificate(s) and valid share transfer deed will be held in trust for me/us by you and **authorize you not to remit** the consideration as mentioned in the Letter of Offer.

SHARES HELD IN DEMATERLISED FORM

DP NAME	DP ID	CLIENT ID	NO OF SHARES OFFERED	NAME OF BENEFICIARY

I/We have done an off market transaction for crediting the equity Shares to the special depository account in NSDL styled **""M/s Cameo Corporate Services Ltd. – Escrow Account –SYML Offer" ("Depository Escrow Account")** details are as under

DP Name : Indian Overseas Bank,
DP ID : IN 302437
Client ID : 20103494
Depository : National Securities Depository Limited- ("NSDL")

I/We note that the Shares will be credited back only to that Depository Account, from which the Shares have been tendered and necessary standing instructions have been issued in this regard.

I/We confirm that the particulars given above are true and correct.

In case of dematerialised Shares, I/We confirm that the signatures of the beneficiary holders have been verified by the DP as per the records maintained at their end and the same have also been duly attested by them under their seal.

Yours faithfully,

Signed and Delivered:

	FULL NAME OF THE HOLDER(S)	SIGNATURE (S)
First/Sole Shareholder		
Joint Holder 1		
Joint Holder 2		

Place:

Date:

Note: *In case of joint holdings all the holders must sign. In case of body corporate, stamp of the company should be affixed and necessary Board Resolution should be attached.*

--TEAR FROM HERE---

Acknowledgement slip for equity shares of S & Y Mills Limited in terms of Letter of Offer dated

Folio No.\DP ID Client ID: Serial No.

Cameo Corporate Services Ltd **(Acknowledgement Slip)**

"Subramanian Building", No.1, Club House Road, Chennai – 600 002
Ph No:+91-44-28460390 (5 lines), 28461948
Fax:+91-44-28460129
Email: siva@cameoindia.com, Website: www.cameoindia.com
Contact person: Mr. A. Siva

Received from Mr./Ms. ____

Address ____

Form of withdrawal in respect of ____________________________________ Number of Share Certificates representing ____ number of shares.

Signature of Official and Date of Receipt	Stamp of Registrar to the Offer

Note: All future correspondence, if any, should be addressed to **Registrar to the Offer**

Cameo Corporate Services Ltd
"Subramanian Building", No.1, Club House Road, Chennai – 600 002
Ph No: +91-44-28460390 (5 lines), 28461948, Fax: +91-44-28460129
Email: siva@cameoindia.com, Website: www.cameoindia.com
Contact person: Mr. A. Siva

INSTRUCTIONS

1. The shareholders are advised to ensure that the Form of Withdrawal should reach the Registrar to the Offer at any of the collection centres mentioned in the Letter of Offer or above as per the mode of delivery indicated therein on or before 5.30 pm upto the last date of withdrawal i.e. **14th March, 2006**, Wednesday.
2. Shareholders should enclose the following: -

a. For Equity Shares held in demat form:

Beneficial owners should enclose

i. Duly signed and completed Form of Withdrawal.
ii. Copy of the Form of Acceptance cum Acknowledgement/ Plain paper application submitted and the Acknowledgement slip.
iii. Photocopy of the delivery instruction in "Off-market" mode or counterfoil of the delivery instruction in "Off-market" mode, duly acknowledged by the DP.

b. For Equity Shares held in physical form:

Registered Shareholders should enclose:

i. Duly signed and completed Form of Withdrawal.
ii. Copy of the Form of Acceptance cum Acknowledgement/ Plain paper application submitted and the Acknowledgement slip.
iii. In case of partial withdrawal, Valid Share Transfer form(s) duly signed as transferors by all registered shareholders (in case of joint holdings) in the same order and as per specimen signatures registered with Target Company and duly witnessed at the appropriate place.

Unregistered owners should enclose:

- Duly signed and completed Form of Withdrawal.
- Copy of the Form of Acceptance cum Acknowledgement/Plain paper application submitted and the Acknowledgement slip

3. The withdrawal of Shares will be available only for the Share certificates / Shares that have been received by the Registrar to the Offer/ Special Depository Escrow Account.
4. The intimation of returned Shares to the Shareholders will be at the address as per the records of the Target Company/ Depository as the case may be.
5. The Form of Withdrawal alongwith enclosure should be sent only to the Registrar to the Offer.
6. In case of partial withdrawal of Shares tendered in physical form, if the original share certificates are required to be split, the same will be returned on receipt of share certificates from Target Company. The facility of partial withdrawal is available only on to registered shareholders.
7. Shareholders holding Shares in dematerialized form are requested to issue the necessary standing instruction for receipt of the credit in their DP account.

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Book Post

To, ____

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If undelivered, please return to:

Cameo Corporate Services Ltd

(Registrar to takeover offer of S&Y Mills Ltd)

"Subramanian Building", No.1, Club House Road, Chennai – 600 002
Ph No: +91-44-28460390 (5 lines), 28461948 • Fax: +91-44-28460129
Email: siva@cameoindia.com • Website: www.cameoindia.com
Contact person: Mr. A. Siva