PUBLIC ANNOUNCEMENT TO THE EQUITY SHAREHOLDERS OF TEMPTATION FOODS LIMITED

Regd. Office: 4 Unity House, 2nd Floor, 8 Mama Parmanand Marg, Opera House, Mumbai-400 004. Tel: (022) 2368 6030, Fax: (022) 2369 5438, E-mail: temptation@vsnl.com

This Public Announcement is being issued by Keynote Corporate Services Limited (hereinafter referred to as the **"Manager to the Offer"**), on behalf of Venture Business AdvisoRs. Private Limited (**"Acquirer"**) pursuant to Regulation 11(1) of the Securities and Exchange Board of India (Substantial Acquisition of Shares & Takeovers) Regulations, 1997 [SEBI (SAST) Regulations, 1997] & subsequent amendments thereto (hereinafter referred to as the **"Regulations"**).

ACQUISITION OF EQUITY SHARES OF TEMPTATION FOODS LIMITED ("TFL") THROUGH OFFER TO ITS EQUITY SHAREHOLDERS

I. Background of the Offer

a) The promoter group companies of Temptation Foods Limited (hereinafter referred to as **TFL / Target Company**) had brought in funds in TFL to meet its working capital requirements from time to time by way of interest free unsecured loans. As over the years, the Company could not repay the said unsecured loans, these companies requested TFL to issue equity shares to them against the said outstanding amount.

b) The Board of Directors of TFL in its meeting held on 01/03/2003 had considered and approved the said request and decided to issue 21,03,500 equity shares of Rs. 10.00 each at par aggregating to Rs. 210.35 lacs to the existing Promoter group, subject to obtaining the approval of members/ shareholders of TFL. Accordingly, an Extra Ordinary General Meeting (EGM) of the shareholders was held on 25/03/2003 which approved the said issue of equity shares.

c) In terms of the Special resolution passed at the EGM of TFL held on 25/03/2003, the Board of Directors had on 31/03/2003 allotted a total of 21,03,500 equity shares to Venture Business Advisors Private Limited (hereinafter referred to as the **"Acquirer" / VBAPL**) & other companies in the Promoter group of TFL.

d) As on 31/03/2003 the Pre-preferential equity share capital of the promoter group of TFL was 28,83,962 equity shares representing 45.22 % of the paid up equity share capital of TFL. Pursuant to the aforesaid preferential allotment, equity share capital of the promoter group of TFL increased to 49,87,462 equity shares representing 58.80% of the then Post preferential paid-up equity share capital of TFL.

e) Pursuant to the aforesaid preferential allotment, the provisions of Regulation 11(1) of the Regulations were attracted. In terms of the Regulations, the Acquirer was required to make an open offer to the remaining shareholders of TFL within 4 working days of the preferential allotment.

f) The Acquirer now desirous of complying with various provisions of the Regulations is making this Public Announcement under Regulation 11(1). The Acquirer will pay interest @ 10% p.a. for the period of delay in complying with the Regulations.

II. The Offer

a) The aforesaid preferential allotment of equity shares to the Acquirer has attracted provisions of Regulation 11(1) of the SEBI (Substantial Acquisition of Shares and Takeover) Regulations 1997. In view of this the Acquirer hereby announces an offer under the Regulations, to acquire by tender upto 16,96,300 fully paid-up equity shares of Rs. 10.00 each of TFL, representing 20% of the then Post preferential equity share capital of TFL on the terms and conditions set out below, at a price of Rs. 13.50 per share **(the "Offer Price")** for cash from remaining shareholders (other than persons in the promoter group) of the TFL**(the "Offer")**.

b) The Offer Price of Rs. 13.50 per share has been calculated taking into account the offer price of Rs.10.00 per share ("Base Price") and Rs. 3.50 per share being interest thereon @ 10 % p.a. from 04/04/2003 i.e; the date on which the public announcement was required to be made to the date on which the present public announcement is being made.

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

d) The equity shares of TFL are listed on The Bombay Stock Exchange Ltd. (BSE). The equity shares of TFL are infrequently traded on BSE in terms of explanation (i) to Regulation 20(5) of the Regulations. The trading in shares of TFL has been suspended since 05/02/2001 due to non compliance of the provisions of listing agreement. The offer price of Rs. 13.50 per share, has been determined as per Regulation 20(5) of the Regulations applicable for infrequently traded shares taking inter-alia into account the following factors:

Negotiated price under the Agreement	:	Not Applicable
Highest price paid by the Acquirer for acquisitions including by way of allotment in a public or rights issue or preferential issue.	:	Rs. 10/- (The price at which preferential allotment was made)
Other Parameters	:	Based on audited accounts for the year ended 31/03/2006
Return on Networth (%)	:	42.81
Book Value(Rs.) – Face Value of Rs. 10.00	:	4.51
Earning Per Share (EPS)(Rs.)	:	1.59

e) The equity shares issued under preferential allotment on 31/03/2003 were at Rs. 10.00 per equity share. The offer price of Rs. 13.50 per equity share is justified in terms of Regulation 20(5) applicable in respect of infrequently traded shares.

f) As on the date of the public announcement the Acquirer holds 43,23,162 equity shares representing 43.31 % of the issued and paid up capital of TFL There will be no change in control of management of TFL, pursuant to this offer.

g) The Acquirer and TFL are not included in the list of persons / entities debarred from accessing the capital market under Section 11 B of the SEBI Act, 1992 or under any other Regulation.

III. Information on the Acquirer

a) Venture Business Advisors Pvt. Ltd (**VBAPL**) was incorporated on 11/07/1995. Its registered office is situated at 4 Unity House, 2nd Floor, 8 Mama Parmanand Marg, Opera House, Mumbai-400 004. [Tel: (022) 2368 6030, Fax: (022) 2369 5438, E-mail:indigogrp@vsnl.net]. VBAPL has been promoted by Mr. Vijay Kumar and Ms. Veena Kumar and is engaged in the activity of trading, investment in shares and securities and providing advisory services.

b) The present paid up equity share capital of VBAPL is Rs. 1.00 lac comprising of 10,000 equity shares of Rs. 10.00 each. The equity shares of VBAPL are not listed on any of the Stock Exchanges.

c) As per audited results for the year ended on 31/03/2005 VBAPL reported a net profit of Rs. 11.27 lacs on a total income of Rs. 576.33 lacs. VBAPL has an EPS of Rs. 112.70, return on networth of (8.07) %, and a Book Value per share of Rs. (1397.32) as on 31/03/2005. As per certified results for the 11 months period ended on 28/02/2006 VBAPL reported a net profit of Rs. 53.32 lacs on a total income of Rs. 106.50 lacs.

d) The Board of Directors of VBAPL comprises of Ms. Bhairavi Goswami, Mr. Dayabhai Lad and Mr. Krishna Kumar Gupta. Presently Ms. Bhairavi Goswami, one of the directors representing VBAPL is on the Board of TFL.

e) There are no outstanding instruments in the nature of warrants / fully convertible debentures / partly convertible debentures etc. which are convertible into equity at any later date. There are no shares under lock-in period. There has been no merger / de-merger or spin off in VBAPL during the past three years

f) VBAPL has not been regular in complying with all the provisions of Chapter II of the SEBI (SAST) Regulations, 1997 with regard to its holding of the equity shares of TFL and there has been an average delay of 1352 days in complying with regulation 7(1) of the Regulations.

IV. Information on Temptation Foods Limited (TFL) / Target Company

a) Temptation Foods Limited (TFL) was incorporated as a Private Limited Company on 06/03/1991 under the Companies Act, in the name and style of Temptation Foods Private Limited and obtained its Certificate of Incorporation. It was subsequently converted into a Public Limited Company on 27/01/1992 and a fresh certificate of Incorporation was obtained. The registered office of the company is situated at 4, Unity House, 2nd Floor, 8 Mama Parmanand Marg, Opera House, Mumbai-400 004 (India). [Tel: (022) 2368 6030, Fax: (022) 2369 5438]. TFL was originally promoted by Mr. Sunil Mutha, Mr. Santosh Mutha and Mr. Abhaya Borwankar. TFL is engaged in the activity of Food Processing and Quick Freezing of Foods.

b) TFL came out with its first public issue in October, 1992. During the year 1996, TFL was taken over by the present promoter group and the necessary formalities as regards SEBI (SAST) Regulations, 1997 were complied with. The Board of Directors of TFL comprises of Ms. Bhairavi Goswami, Dr. (Ms.) Kala Pant, Mr. E David Ellington, Mr. G. Ramachandran, Mr. R.V. Joshi and Mr. Ragvinder Singh Rekhi.

c) Due to initial teething problems, cost overrun & high interest cost, TFL incurred huge losses over the years and was declared a sick unit. During August 2003 an order was passed by Board for Industrial and Financial Reconstruction ("BIFR") for winding up of TFL. TFL filed an appeal in October 2003 before the Appellate Authority for Industrial and Financial Reconstruction ("AAIFR") challenging the order of BIFR which was also dismissed exparte during August 2005. Subsequently TFL filed a writ petition before the Bombay High Court seeking interim stay against the order of BIFR which was disposed off as dismissed by the High Court vide order dated 24/02/2004.

d) In the mean time TFL has successfully taken steps to revive the company. TFL has reached a One Time Settlement (OTS) with the Banks & Institutions and as a consequence of financial restructuring was able to make its networth positive as on 31/03/2006. TFL has approached BIFR for declaring that TFL is out of purview of BIFR. Presently the matter is pending with BIFR.

e) In terms of the OTS one of the lenders – Industrial Development Bank of India (IDBI) have been allotted 15,00,000 equity shares on 27/04/2006. In terms of an agreement entered into by IDBI (hereinafter referred to as **"the lender"**) with Mr. Vinit Kumar, S/o Mr. Vijay Kumar (Promoter of VBAPL) (hereinafter referred to as "**the obligor**") the following has been agreed. "The Obligor unconditionally and irrevocably agrees and undertakes to buy back on/or before March 31, 2007 from the lender the said equity shares held by the lender in the capital of the borrower (i.e; TFL) and the lender unconditionally and irrevocably agrees and undertakes to sell the said equity shares at par on or before 31/03/2007 to the obligor and no one else".

f) As on date the issued, subscribed & paid up equity share capital of TFL is Rs. 998.15 lacs comprising of 99,81,500 equity shares of Rs. 10.00 each. There are no partly paid up equity shares in the Company. The Equity Shares of TFL are listed on Bombay Stock Exchange Ltd. (BSE).The trading in the equity shares of TFL has been suspended since 05/02/2001 due to non compliance of the provisions of listing agreement. TFL's equity shares were voluntarily delisted from the Pune Stock Exchange with effect from 16/03/2006.

g) Out of the total issued, subscribed and paid up equity share capital comprising of 99,81,500 equity shares of Rs.10/- each, 21,03,500 equity shares of Rs.10/- each allotted to promoter group on 31/03/2003 are not yet listed.

h) As per the audited financials for the year ended 31/03/2006, TFL has reported Profit after tax of Rs. 163.67 lacs on a total income of Rs.1533.95 lacs. TFL has accumulated losses amounting to Rs. 1234.31 lacs. TFL has an EPS of Rs. 1.59, return on networth of 42.81 % and a Book Value per share of Rs. 4.51 as on 31/03/2006.

i) As on date there are no outstanding instrument issued by TFL which are in the nature of warrants, fully convertible debentures, partly convertible debentures etc. which are convertible into equity shares.

j) While granting in-principle approval in respect of 17,91,490 equity shares of Rs.10/- each, BSE vide their letter no. LIST/SK/SDM/PDK/2006 dated 12/04/2006 has mentioned that these shares would be under lock-in period of one year from the date of commencement of trading, pursuant to revocation of suspension. The equity shares of TFL are presently under suspension and the lock-in period in respect of these shares will commence as and when suspension is revoked.

k) The company has not been regular in complying with the provisions of Chapter II of the SEBI (SAST) Regulations, 1997 and there has been an average delay of 1610 days in complying with regulation 6(2), 6(4), 7(1) & 8(3) of the Regulations.

V. Rationale for the Acquisition and Offer

VBAPL belongs to the promoter group of TFL. The promoter group had brought in funds into the company by way of unsecured loans from time to time to revive the operations of the company. The promoter group had agreed for part conversion of unsecured loans into equity. Accordingly TFL after obtaining requisite permission from the shareholders had made a preferential allotment of 21,03,500 equity shares of Rs.10/- each at par on 31/03/2003 to the promoter group including VBAPL.

The aforesaid preferential allotment of equity shares during 2003 has attracted provisions of Regulation 11(1) of the SEBI (SAST) Regulations, 1997. In view of this the Acquirer, who is part of the promoter group of TFL is making the present Open Offer to the remaining shareholders of the TFL in terms of the Regulations.

The Acquirer does not have any plan to dispose off or otherwise encumber any of the assets of TFL in the succeeding two years from the date of closure of the offer except in the ordinary course of business of TFL. The Acquirer will not dispose off, sell or otherwise encumber any substantial assets of TFL except with the prior approval of the shareholders.

VI. Statutory Approvals and Conditions of the Acquisition and the Offer

Permission of RBI would be required for transfer of shares received from NRI shareholders, if any. There are no other approvals, statutory or otherwise, required under the Companies Act 1956, Monopolies and Restrictive Trade Practices Act, 1969, the Foreign Exchange Management Act, 1999 and /or any other applicable laws.

VII. Delisting option to TFL

Pursuant to this offer the provisions of Regulation 21(3) of the SEBI (SAST) Regulations 1997 are not attracted.

VIII. Financial Arrangements

a) Assuming full acceptance, the total monetary value of the offer would be Rs.229.00 lacs. The Acquirer has opened an Escrow Account in the form of a Fixed Deposit with UTI Bank Ltd., Nariman Point Branch, Mumbai, in favour of the Manager to the Offer and deposited an amount of Rs. 57.26 lacs which is more than 25% of the total monetary value of the offer. Acquirer has empowered the Manager to the Offer to realize the value of the aforesaid Escrow Account in terms of the Regulation 28(5).

b) The Acquirer has adequate and firm financial resources to fulfill the obligations under the open offer. M/s Atul Doshi & Associates Chartered Accountants of VBAPL, having their office at 9, Shreepal Building, S.N.Road, Tambe Nagar, Mumbai- 400 080 (Membership No. 102585 of Mr. Atul Doshi, Proprietor) have certified vide their certificate dated 20/06/2006 that VBAPL has immediate access to liquid assets of at least a sum of Rs. 300.00 lacs (Rupees Three Hundred lacs only) which can be used for acquisition of shares of TFL. The source of funds is partly from own resources and partly through borrowings from business associates and not through any borrowings from Banks/Financial Institutions or from any Foreign/NRI funds.

c) In view of this, the Manager to the Offer is satisfied about the ability of the Acquirer to implement the offer as firm financial arrangement through verifiable means are in place to fulfill the offer obligation.

IX. Other Terms of the Offer

a) The Letter of Offer specifying the detailed terms and conditions of this offer together with Form of Acceptance cum Acknowledgement and Form of Withdrawal will be mailed to the equity shareholders of TFL (other than persons in the promoter group) whose names appear on the Register of Members of TFL, at the close of business hours on 21/07/2006 (hereinafter referred to as "the Specified Date").

b) Presently equity shares of TFL are in physical form and not in dematerialized form. Shareholders who wish to tender their equity shares will be required to send the Form of Acceptance cum Acknowledgement, original Share Certificate(s) and transfer deed(s), duly signed, to the Registrar to the Offer, **M/s. Purva Share Registry Private Limited** (the **"Registrar to the Offer"**) on or before the date of Closure of the Offer, i.e. 05/09/2006, in accordance with the instructions to be specified in the Letter of Offer and in the Form of Acceptance cum Acknowledgement at the address mentioned below:

M/s. Purva Share Registry Private Limited
33, Printing House, 28-D, Police Court Line,
Behind Old Handloom House, Fort, Mumbai 400 001
Tel: (022) 2301 8261/6761, 6634 8073, Fax: (022) 2301 6761
E-mail: busicomp@vsnl.com, Contact Person: Rajesh Shah

The documents can be sent either by registered post or hand delivery to the Registrar to the offer at the address mentioned above, during business hours on all week days (other than Sundays and Public Holidays) so as to reach the Registrar to the offer on or before 05/09/2006.

c) All shareholders other than those mentioned in (a) above, who own the equity shares of TFL anytime before the closure of the offer are eligible to participate in the offer. Unregistered owners can send their application in writing to the Registrar to the Offer, on a plain paper stating the Name, Address, No. of Shares held, No. of Shares offered, Distinctive Nos., Folio No., together with the original Share Certificate(s), valid transfer deeds and the original contract note issued by the broker through whom they acquired their Shares. No indemnity is required from the unregistered owners.

d) In case of non-receipt of the Letter of Offer, the eligible persons may send their application to the Registrar to the Offer, on a plain paper stating the Name, Address, No. of Shares held, Distinctive Nos., Folio No., No. of Shares offered, Bank Account No. along with applicable documents as mentioned in point (b) and (c) above, so as to reach the Registrar to the Offer on or before the Closure of the Offer. Such shareholders may also obtain a copy of the 'Letter of Offer' from the Registrar to the Offer on providing suitable documentary evidence to that effect or download the Form of Acceptance cum Acknowledgement from the website of SEBI at www.sebi.gov.in which will be made available from the date of opening of the Offer.

e) Subject to the conditions governing this Offer as mentioned in the Letter of Offer, the acceptance of this Offer by equity Shareholders of TFL must be absolute and unqualified. Any acceptance to this Offer which is conditional and incomplete in any respect will be rejected without assigning any reason whatsoever.

f) Registered & other equity shareholders who wish to tender their equity shares in response to the said offer should submit their form of acceptance along with other documents by hand delivery and/or by post to the **Registrar to the Offer i.e; Purva Share Registry Pvt. Ltd.** at the address given in **IX (b)** above, between 10.30 a.m. to 4.30 p.m. on all working days (i.e. other than Sundays and Public Holidays).

g) The Registrar to the Offer will hold in trust the Share Certificates, Form of Acceptance cum Acknowledgement, if any, and the transfer form/s on behalf of the shareholders of TFL who have accepted the Offer, till the drafts / pay orders for the consideration and/ or the unaccepted share certificates are despatched/ returned. Equity Shares not accepted under the offer will be returned to the shareholders/applicants at their own risk by registered post.

h) Payment to those shareholders whose share certificates and / or other documents are found valid and in order will be made by way of crossed account payee demand draft/pay order. Unaccepted Share Certificates, transfer forms and other documents, if any, will be returned by Registered Post to the sole / first shareholder at their own risk.

A tentative schedule of activities in respect of the Offer is given below:

Activity	Date	Day
Public Announcement	24/06/2006	Saturday
Last date for a competitive bid	14/07/2006	Friday
Specified Date	21/07/2006	Friday
Date by which the Letter of Offer will be dispatched to shareholders	07/08/2006	Monday
Date of Opening of the Offer	17/08/2006	Thursday
Last date for revising the offer price/ number of shares	24/08/2006	Thursday
Last date for withdrawal of acceptance	30/08/2006	Wednesday
Date of closing of the Offer	05/09/2006	Tuesday
Date by which acceptance/rejection would be intimated and the corresponding payment for the acquired shares and/or the share certificate(s) for the rejected tenders/offers will be dispatched	19/09/2006	Tuesday

X. Withdrawal Option

The equity shareholders who are desirous of withdrawing their acceptances tendered in the offer, can do so upto three working days prior to the date of the closure of the offer i.e; on or before 30/08/2006. The withdrawal option can be exercised by submitting the 'Form of Withdrawal' (separately enclosed with Letter of Offer) to the Registrar to the Offer, M/s. Purva Share Registry Pvt. Ltd., so as to reach them on or before 30/08/2006.

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 details such as name, address, distinctive numbers, folio numbers, number of shares tendered, date of tender.

XI. General

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

b) Shareholders may note that if there is a competitive bid, the public offers under all the subsisting bids shall close on the same date. As the Offer Price can not be revised during 7 working days prior to the closing date of the offers / bids, it would, therefore, be in the interest of shareholders to wait till the commencement of that period to know the final Offer Price of each bid and tender their acceptance accordingly.

c) For any queries regarding the Offer the shareholders / applicants may contact the Registrar to the Offer at the address mentioned at IX (b) in this Public Announcement.

d) If the aggregate of the valid responses to the offer exceeds offer size, then the Acquirer shall accept the valid applications received on a proportionate basis in accordance with Regulation 21 (6) of the Regulations. The equity shares of TFL are traded in physical form and the market lot of the shares is 100.

e) Acquirer shall acquire the equity shares from the shareholders of TFL who have validly tendered the equity shares under the Offer (i.e. equity shares and other documents are in order in accordance with the terms of the Offer) and remit the consideration in respect thereof on or before 19/09/2006 in cash by Account Payee Pay Order / Demand Draft. Any delay will attract interest in terms of Regulation 22(12) of SEBI (SAST) Regulations 1997. The information as to whether the equity shares tendered by them have been accepted (in full or in part) or rejected and consideration payable would be sent by Registered Post.

f) Pursuant to the Regulation 13, the Acquirer has appointed Keynote Corporate Services Ltd. as the Manager to the Offer.

g) Keynote Corporate Services Ltd, the Manager to the Offer, does not hold any equity shares of TFL. Further, The Manager to the Offer undertakes not to deal in the equity shares of TFL upto a period of fifteen days after closure of the offer.

h) The Acquirer accepts full responsibility for the information contained in this Public Announcement and also for the obligations of Acquirer as laid down in the Regulations.

The Public announcement will become available on SEBI website www.sebi.gov.in. Eligible persons to the Offer may also download a copy of Letter of Offer, Form of Acceptance cum Acknowledgement and Form of Withdrawal which will also be available on SEBI's website from the offer opening date i.e. 17/08/2006 and apply in the same.

Issued by Manager to the Offer on behalf of the Acquirer:

KEYNOTE
CORPORATE SERVICES LTD

KEYNOTE CORPORATE SERVICES LTD.
307, Regent Chambers, Nariman Point, Mumbai - 400 021.
Tel.: (022) 2202 5230 Fax : (022) 2283 5467 E-mail : mbd@keynoteindia.net
SEBI Regn.: INM000003606, AMBI Regn. No.AMBI/040
Contact person: Janardhan Wagle

Place: Mumbai
Date: 23.06.2006