

LETTER OF OFFER

"This Document is Important and requires your Immediate Attention"

This Letter of Offer is sent to you as shareholder(s) of Shaktiman Mercantile Company Ltd. If you require any clarifications about the action to be taken, you may consult your stockbroker or investment consultant or Merchant Banker or Registrar to the offer. In case you have recently sold your shares in the Company, please hand over this Letter of Offer and the accompanying Form of Acceptance Cum Acknowledgement / Form of Withdrawal and Transfer Deed to the Member of the Stock Exchange through whom the said sale was effected.

Mr. Rajesh Kakani and Mrs. Rachana Kakani, (Acquirers) both residing at Flat No. 302, Anant, Plot No. 88, Sector – 29, Vashi, Navi Mumbai – 400 702 Tel No. 022 – 2287 61 81, Fax- No. 2287 61 85 makes a Open Offer at Rs. 10.50 per share comprising Rs. 10.00 per share (the "offer price"), with accrued interest thereon Rs. 0.50 per Equity share calculated at the rate of 10% per annum from March 25, 2006 to August 29, 2006. i.e. the scheduled date of the payment of consideration (the interest amount being subject to change depending upon the actual date of dispatch of such consideration) per fully paid up Equity Shares of Rs. 10/- (Rs. Ten only) pursuant to the provisions of Securities and Exchange Board of India (Substantial Acquisitions of Shares & Takeover) Regulations, 1997 and subsequent amendments thereto (hereinafter the "SEBI (SAST) Regulations") to acquire 49,800 fully paid up Equity Shares of Rs. 10/- each representing 20% of the paid up voting capital of the Target Company Shaktiman Mercantile Company Limited (SMCL /Target Company) (a Company incorporated under the Companies Act, 1956) having Regd. Office at B-23, Kapur Mahal, 5, Marine Drive, Mumbai – 400 020.

Notes :

1. The offer price is at Rs. 10.50 per share comprising Rs. 10.00 per share (the "offer price"), with accrued interest thereon Rs. 0.50 per Equity Share calculated at the rate of 10% per annum from March 25, 2006 to August 29, 2006. i.e. the scheduled date of the payment of consideration (the interest amount being subject to change depending upon the actual date of dispatch of such consideration) per fully paid up Equity Shares of Rs. 10/- (Rs. Ten only), to be paid by way of Cash payment.
2. This Letter of Offer is made pursuant to Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 1997 and subsequent amendments thereof.
3. No statutory compliances/approvals are required to implement the offer except those under SEBI (SAST) Regulations, 1997.
4. The offer is not conditional to any minimum level of acceptance.
5. "Shareholders who have accepted the offer by tendering the requisite documents, in terms of the Public Announcement / Letter of Offer, can withdraw the same up-to three working days prior to the date of the closure of the offer" i.e. Tuesday, August 08, 2006 by filling the withdrawal form attached herewith. The withdrawal form is also available on the SEBI website (www.sebi.gov.in).
6. Upward revision of offer, if any, would be informed by way of Public Announcement on or before Thursday, July 27, 2006 in respect of such changes in all the newspapers in which the original public announcement and revised public announcement was made. The Acquirers shall pay the revised price for all the Shares tendered any time during the offer.
7. If there is competitive bid:
 - The public offers under all the subsisting bids shall close on the same date.
 - As the offer price cannot 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. The Copy of Public Announcement/ Revised Public Announcement and Letter of Offer (including Form of Acceptance cum Acknowledgement) are also available on the SEBI website (www.sebi.gov.in).



MANAGER TO THE OFFER
Aryaman Financial Services Limited,

208, Maker Chambers – V, 2nd Floor, Nariman Point,
Mumbai-400021.
Tel: (022) 22845716/22826464
Fax: 22826464
Email: aryaman_limited@rediffmail.com
Contact Person: Mr. Praveen



REGISTRAR TO THE OFFER
Adroit Corporate Services Pvt Ltd
19/20, Jafferbhoy Industrial Estate
Makwana Road, Marol Naka
Andheri (East), Mumbai-400059
Tel no: (022) 2859 40 60 / 2859 60 60
Fax: 28503748
Email: adroits@vsnl.net
Contact Person: Mrs Veena Shetty

SCHEDULE OF ACTIVITIES:

ACTIVITY	ORIGINAL DAY & DATE	REVISED DAY & DATE
Public Announcement	Thursday, December 29, 2005	Friday, July 21, 2006
Specified Date (for the purpose of determining the names of shareholders to whom the Letter of Offer would be sent)	Saturday, January 14, 2006	Saturday, January 14, 2006
Last date for a Competitive Bid	Thursday, January 19, 2006	Thursday, January 19, 2006
Date by which Letter of Offer to be posted to the shareholders.	Tuesday, February 07, 2006	Friday, July 21, 2006
Date of Opening of the Offer	Monday, February 20, 2006	Wednesday, July 26, 2006
Last date for revising the offer price/ Number of Shares	Wednesday, March 01, 2006	Wednesday, August 02, 2006
Last date for withdrawal of acceptance by the shareholders	Tuesday, March 07, 2006	Tuesday, August 08, 2006
Date of Closure of the Offer.	Saturday, March 11, 2006	Monday, August 14, 2006
Date by which acceptance / rejection under the Offer would be communicated and the corresponding payment for the acquired shares and/or the unaccepted shares / share certificates will be dispatched/ credited.	Saturday, March 25, 2006	Tuesday, August 29, 2006

a)	No statutory approval is required to implement the offer except those under SEBI (SAST) Regulations, 1997.
b)	The offer is not conditional.
c)	“Shareholders who have accepted the offer by tendering the requisite documents, in terms of the Public Announcement/Letter of Offer, can withdraw the same upto three working days prior to the date of the closure of the offer” i.e.: 08-08-2006 by filling the withdrawal form attached herewith. The withdrawal form is also available on the SEBI website (www.sebi.gov.in).
d)	Upward revision of offer, if any, would be informed by way of Public Announcement on or before 02-08-2006 in respect of such changes in all the newspapers in which the original Public Announcement/Revised Public Announcement was made. The Acquirers shall pay the revised price for all the shares tendered any time during the offer and accepted under the offer.
e)	There is no competitive bid. If there is competitive bid: <ul style="list-style-type: none"> ❖ The public offers under all the subsisting bids shall close on the same date. ❖ As the offer price cannot be revised during 7 working days prior to the closing date of the offers/ bids, it would, therefore, be in the interest of shareholders to wait till the commencement of that period to know the final offer price of each bid and tender their acceptance accordingly
f)	The Copy of Public Announcement, Revised Public Announcement and Letter of Offer (including Form of Acceptance cum acknowledgement) are also available on the SEBI website (www.sebi.gov.in).
g)	<p>Risk Factors:</p> <p>A. In relation to the transaction: In the event that either a regulatory approval is not received in a timely manner or if SEBI instructs the Acquirer's not to proceed with the offer, then the offer process may be delayed beyond the schedule of activities indicated in this letter of offer. Consequently, the payment of consideration to the shareholders whose shares have been accepted in the offer as well as the return of shares not accepted by the acquirers shall be delayed.</p> <p>B. In relation to the Proposed Offer: In case the shares tendered in the open offer are more than the shares agreed to be acquired by the Acquirer's, the Acquirers shall accept all valid applications received from the shareholders of the Company on a proportionate basis, in consultation with the Merchant Banker, 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.</p> <p>The Acquirer makes no assurance with respect to the financial performance of the Company. The Acquirer makes no assurance with respect to their investment / divestment decisions relating to their proposed shareholding in the Company.</p>

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DEFINITIONS

The following definitions apply throughout this document, unless the context requires otherwise:-

ACQUIRERS	Mr. Rajesh Kakani Mrs. Rachana Kakani
SHARE	Fully paid up Equity share with one vote per Equity share of Shaktiman Mercantile Company Limited, having face value of Rs. 10/- each
TARGET COMPANY / SMCL	Shaktiman Mercantile Company Limited
FORM OF ACCEPTANCE	The form of application cum acknowledgement and authority, which is enclosed with this Letter of Offer.
LOF	This Letter of Offer.
PUBLIC ANNOUNCEMENT (PA)	Announcement of the offer issued in newspapers all edition of the Financial Express (English Daily), Jansatta (Hindi Daily) and Punya Nagari (Marathi, Regional Language Daily) on 29 th December, 2005.
REVISED PUBLIC ANNOUNCEMENT OR REVISED (PA)	Revised Public Announcement of the offer issued in newspapers all edition of the Financial Express (English Daily), Jansatta (Hindi Daily) and Punya Nagari (Marathi, Regional Language Daily) on 21 st July, 2006.
SEBI (SAST) REGULATIONS	Securities And Exchange Board of India (Substantial Acquisition of Shares & Takeover) Regulations, 1997 and subsequent amendments thereof.
SEBI	Securities and Exchange Board of India
SEBI ACT	The Securities and Exchange Board of India Act, 1992
OFFER PRICE	Rs. 10.50 per fully paid up Equity Shares of Rs. 10/- (Rs. Ten only) comprising Rs. 10.00 per share (the "offer price"), with accrued interest thereon Rs. 0.50 per Equity Share calculated at the rate of 10% per annum from March 25, 2006 to August 29, 2006. i.e. the scheduled date of the payment of consideration.
MANAGER TO THE OFFER	Aryaman Financial Services Limited.
REGISTRAR TO THE OFFER	Adroit Corporate Services Pvt. Ltd.
BSE	Bombay Stock Exchange Ltd.
PERSONS ELIGIBLE TO PARTICIPATE	All shareholders of SMCL registered and unregistered, who own the shares at any time prior to the closure of the offer, except the Acquirers and the parties to the agreement.
SELLERS	Mr. Bharat Somani, Mr. Vikram Somani Mr. Krishnakumar Somani, Ms. Rakhi Somani

1. DISCLAIMER CLAUSE

"IT IS TO BE DISTINCTLY UNDERSTOOD THAT FILING OF DRAFT LETTER OF OFFER WITH SEBI SHOULD NOT IN ANY WAY BE DEEMED OR CONSTRUED THAT THE SAME HAS BEEN CLEARED, VETTED OR APPROVED BY SEBI. THE DRAFT LETTER OF OFFER HAS BEEN SUBMITTED TO SEBI FOR A LIMITED PURPOSE OF OVERSEEING WHETHER THE DISCLOSURES CONTAINED THEREIN ARE GENERALLY ADEQUATE AND ARE IN CONFORMITY WITH THE REGULATIONS. THIS REQUIREMENT IS TO FACILITATE THE SHAREHOLDERS OF SHAKTIMAN MERCANTILE COMPANY LIMITED TO TAKE AN INFORMED DECISION WITH REGARD TO THE OFFER. SEBI DOES NOT TAKE ANY RESPONSIBILITY EITHER FOR FINANCIAL SOUNDNESS OF THE ACQUIRERS, OR THE COMPANY WHOSE SHARES / CONTROL IS PROPOSED TO BE ACQUIRED OR FOR THE CORRECTNESS OF THE STATEMENTS MADE OR OPINIONS EXPRESSED IN THE LETTER OF OFFER. IT SHOULD ALSO BE CLEARLY UNDERSTOOD THAT WHILE ACQUIRERS ARE PRIMARILY RESPONSIBLE FOR THE CORRECTNESS, ADEQUACY AND DISCLOSURE OF ALL RELEVANT INFORMATION IN THIS LETTER OF OFFER, THE MERCHANT BANKER IS EXPECTED TO EXERCISE DUE DILIGENCE TO ENSURE THAT ACQUIRERS DULY DISCHARGE THEIR RESPONSIBILITY ADEQUATELY. IN THIS BEHALF, AND TOWARDS THIS PURPOSE, THE MERCHANT BANKER M/S. ARYAMAN FINANCIAL SERVICES LIMITED HAS SUBMITTED A DUE DILIGENCE CERTIFICATE DATED JANUARY 10, 2006 TO SEBI IN ACCORDANCE WITH THE SEBI (SUBSTANTIAL ACQUISITION OF SHARES & TAKEOVERS) REGULATIONS, 1997 AND SUBSEQUENT AMENDMENT (S) THEREOF. THE FILING OF THE LETTER OF OFFER DOES NOT, HOWEVER, ABSOLVE THE ACQUIRERS FROM THE REQUIREMENT OF OBTAINING SUCH STATUTORY CLEARANCES AS MAY BE REQUIRED FOR THE PURPOSE OF THE OFFER."

2. DETAILS OF THE OFFER

2.1 BACKGROUND OF THE OFFER

1. This Open Offer is being made pursuant to the Regulation 10 and 12 of Chapter III and in compliance with the Securities & Exchange Board of India, (Substantial Acquisition of Shares and Takeovers) Regulation, 1997 and subsequent amendments thereof for substantial acquisition of shares and control over the Target Company.
2. This open offer is being made by Mr. Rajesh Kakani and Mrs. Rachana Kakani residing at Flat No.302, 'Anant', Plot No. 88, Sector – 29, Vashi, Navi Mumbai – 400 702. Tel.No.:- 022-22876181 Fax No. :-022-22876185, to the Equity shareholders of Shaktiman Mercantile Company Limited having registered office at B- 23, Kapur Mahal, 65, Marine Drive, Mumbai – 400 020 and Corporate Office at Indian Mercantile Chambers, III Floor, 14, R.Kamani Marg, Bellar Estate, Mumbai – 400 001.Tel. No.: 022-56314222 Fax No: 022-22626262 (hereinafter referred to as SMCL/ Target Company).
3. The Acquirers have entered into a Share Purchase Agreement (SPA) dated December 27, 2005 with a part of the promoter group of SMCL as detailed herein below :

NAME OF THE ACQUIRERS	NAME & ADDRESS OF THE VENDORS	NO. OF SHARES	% OF THE SHARE CAPITAL OF THE TARGET COMPANY
Mr. Rajesh Kakani	Mr. Bharat Somani	48000	19.28%
Mrs. Rachana Kakani	Mr. Vikram Somani	41000	16.47%
	Mr. Krishnakumar Somani	21000	8.43%
	Ms. Rakhi Somani	20000	8.03%
	TOTAL	130000	52.21%

4. The Agreement (Acquisition Agreement / Agreement) dated December 27, 2005 is for purchase of 130000 Equity shares fully paid up for cash at a price of Rs. 10/-each. The total consideration for the shares acquired under the agreement amounts to Rs. 13,00,000/- (Rupees Thirteen Lacs Only) is payable in cash. The payment of consideration shall be effected by the acquirers to the sellers within 5 days from the completion of this open offer.
5. The agreement dated December 27, 2005 contains a clause that it is subject to the provisions of SEBI (SAST) Regulation and in case of non-compliance with any of the provisions of the Regulations, the agreement for such sale shall not be acted upon by the Sellers or the Acquirers.
6. As on the date of the agreement, the Acquirers do not hold any shares in the Target Company.
7. As on date, the Manager to the Offer – M/s. Aryaman Financial Services Ltd do not hold any shares in the target Company.
8. The proposed change in control is not through any arrangement.
9. The offer is not conditional to any minimum level of the acceptance. The acquirer will acquire all the Equity Shares of SMCL that are tendered in valid from in accordance with the terms and conditions set out herein and in Letter of Offer to be sent to the shareholders.
10. Neither the Acquirers nor the Target Company, nor the Sellers have been prohibited by SEBI from dealing in securities in terms of the direction issued u/s 11B of SEBI Act or under any of the regulation made under the SEBI Act.
11. The Composition of the Board of Directors in SMCL Post-acquisition and Offer shall be determined on completion of all formalities relating to the Offer.

2.2 DETAILS OF THE PROPOSED OFFER

1. The Public Announcement and Revised Public Announcement was made by the Acquirers on 29-12-2005 and 21-07-2006 in compliance with Regulation 15 of the SEBI (SAST) Regulations in all the editions of Financial Express (English Daily), Jansatta (Hindi Daily) and Punya Nagari (Marathi Regional Language Daily). The Public Announcement and Revised Public Announcement is also available on the SEBI website at www.sebi.gov.in
2. The offer to the public shareholders of SMCL is to acquire further 49,800 Equity Shares representing 20% of the Equity share capital of SMCL at a price of Rs. 10.50 per fully paid up Equity Shares of Rs. 10/- (Rs. Ten only) comprising Rs. 10.00 per share (the "offer price"), with accrued interest thereon Rs. 0.50 per Equity Share calculated at the rate of 10% per annum from March 25, 2006 to August 29, 2006. i.e. the scheduled date of the payment of consideration). The payment to the shareholders whose shares have been accepted shall be in cash and will be paid by cheque / demand draft. Outstation shareholders may be paid the consideration for their shares, accepted under the offer, by demand draft.
3. The Acquirers have not acquired any shares of the Target Company after the date of Public Announcement and upto the date of this LOF.

2.3 OBJECT OF THE ACQUISITION / OFFER

1. The offer to the shareholders of SMCL has been made pursuant to Regulation 10 & 12 of Chapter III and in compliance with the Regulations for the purposes of substantial acquisition of voting rights and management control over the target Company. The offer to the shareholders is for the purpose of acquiring 20% of Equity Shares of the Target Company. After the proposed offer and implementation of the agreement for purchase of shares, the acquirers will achieve substantial acquisition of shares and voting rights to the extent of 72.21% accompanied with effective management control over the target Company.
2. The acquirers intend to review operations of the Company by inducting the necessary funds and also diversify in the field of Infrastructure and Development in which the acquirer has substantial experience.
3. The Acquirers do not have any intention to dispose of or otherwise encumber any assets of the target Company in the in the succeeding two years, except in the Ordinary course of the Business of the Target Company.
4. The Acquirers shall not sell, dispose of or otherwise encumber any substantial assets of the Target Company except with the prior approval of the shareholders.

3. BACKGROUND OF THE ACQUIRERS

3.1 Information about the Acquirers

1. The Acquirers are related to each other to the extent that they are Husband and Wife.
2. No agreement has been entered between the Acquirers for acquisition of shares under the offer.
3. The Acquirers have not been prohibited by SEBI from dealing in securities, in terms of direction issued u/s 11B of SEBI Act or under any of the Regulation made under the SEBI Act.
4. Since the Acquirers have not acquired any shares in the target Company till date, the compliance with the required provisions of Chapter II of SEBI (SAST) Regulations 1997 is not applicable.

A. Mr Rajesh Kakani:-

Mr. Rajesh Kakani, aged about 35 years is residing at Flat No.302, "Anant" Plot No.88, Sector – 29, Vashi, Navi Mumbai – 400 702.Tel. No.: 022-22876181 Fax No.:- 022-22876185. He is a M.B.A. (Finance) and is having an experience of around 13 years in finance and equity research. Currently he is Director of the Ammal Securities Limited and he is not related to any other Group. He is Promoter of the following Companies.

- i. Comfort Stock Broking Pvt. Ltd.
- ii. Futura Infraprojects Pvt Ltd.
- iii. Aamal Securities Ltd.

The Net worth of Mr. Rajesh Kakani as on 30th September 2005 is Rs. 18.15 (Rs. Eighteen Lacs Fifteen Thousand) has been certified as by Mr. Sandeep Maheshwari, Chartered Accountant (Membership No. 103293), having their office at 11, 3rd Floor, Yashwant Chambers, 18, Burjorji Bharucha Marg, Fort, Mumbai - 400 023, Tel.No. 022 – 22670855 Fax No. 22677692.

B. Mrs. Rachana Kakani:-

Mrs. Rachana Kakani, aged about 30 years is residing at Flat No.302, "Anant" Plot No.88, Sector – 29, Vashi, Navi Mumbai – 400 702.Tel. No.: 022-22876181 Fax No.:- 022-22876185. She is a M.B.A. (Finance). Currently she is Director of the Ammal Securities Limited and he is not related to any other Group. She is promoter of the following Companies.

i. Comfort Stock Broking Pvt. Ltd.

The Net worth of Mr. Rachana Kakani as on 30th September 2005 is Rs. 40.53 (Rs. Forty Lacs Fifty Three Thousand only) has been certified as by Mr. Sandeep Maheshwari, Chartered Accountant (Membership No. 103293), having their office at 11, 3rd Floor, Yashwant Chambers, 18, Burjorji Bharucha Marg, Fort, Mumbai - 400 023, Tel.No. 022 – 22670855 Fax No. 22677692.

3.2 Detail of the companies in which the Acquirer is a Director

i) Comfort Stock Broking Private Limited.

The Company was incorporated on 1st day of March, 2004 as a Private Limited Company and is carrying business as broker, agents, factor, consultant in financial instrument including as agents for Mutual Funds, Government Securities, financial institutions and as underwriters and is engaged in all type of the financial market related services. The Company had MOU with M/s Pranav Securities Pvt Ltd Member of NSE/BSE and Registered with SEBI vide Regd. No. INB0210714336, where in which it was mentioned that the Comfort Stock Broking Limited act as a Remisier and Authorised Person. However the MOU is no more into existence from 13.03.2006. The said entity is not registered with the SEBI (Securities and Exchange Board of India). Director and promoters of the Company are Mr. Rajesh Kakani and Mrs. Rachana Kakani.

Brief Financial

Particulars	(Amount in Lacs)
	Year ended 31.03.2005 (13 Months)*
Equity share capital	1.0
Reserves	5.58
Total income	784.11
Profit after tax	5.58
Earning per share (Rs.)	55.86
Book Value (per share) (Rs.)	64.49

* Since the Company was incorporated on First day of March 2004, therefore the financial information is provided for the period of 13 Months (i.e. 01.03.04 to 31.03.2005)

ii) Futura Infraprojects Private Limited

The Company was incorporated on 7th day of August, 2002 with the name Futura Infrastructure Private Limited further name of the Company was changed on 27th October, 2005 from Futura Infrastructure Private Limited to Futura Infraprojects Private Limited. The Company is incorporated for the carrying businesses as Builders and Constructors of Buildings, Roads, Industrial Houses etc. Sharp rise in total Income from 0.77 Lacs in 2003 to Rs. 567 Lacs and Rs, 5061 Lacs in 2004 and 2005. In this case Company has invested its own and its group Companies surplus funds in Government Securities since they are safe and secure though the yield is low. The sale of investments i.e. turnover is indicated as total income and that PAT is calculated after adjusting purchases regarding investment. The Director and Promoters of the Company are Mr. Rajesh Kakani, Mrs. Rachana Kakani and Mr. Anil Karad.

Brief Financials

(Amount in Lacs)

Particulars	Year ended on 31.03.2005	Year ended On 31.03.2004	Year ended on 31.03.2003
Equity capital	1.0	1.0	1.0
Reserves and surplus	1.58	0.48	(0.03)
Total Income	5061.26	567.73	0.77
Profit after tax	1.10	0.52	(0.03)
Earning Per share(Rs.)	11.01	5.15	N.A
Book Value per Share (Rs.)	25.82	14.81	9.65

iii) Amal Securities Limited

The Company was incorporated on 29th Day of August 2001 with the name Amal Securities Private Limited under the Registrar of Companies Maharashtra, Mumbai. Further the Company was converted into public limited Company on 7th February, 2005 and consecutively name was change to Amal Securities Limited. The business of the Company to carry on the business as Broker, agents, factors and consultant in financial instruments. The Company is dealer / members of OTC Exchange of India Under Registration No. INB201205334 and there is no any punitive action has been taken by the SEBI against the Company. The Director and Promoter of the Company is Mr. Rajesh Kakani, Mr. Gopal Kakani and Mr. Satyabodha Kulkarni. Mr. Rajesh Kakani is a M.B.A. (Finance) and is having an experience of around 13 years in finance and Equity research.

Brief Financials

(Amount In Lacs)

Particulars	Year ended on 31.03.2005	Year ended on 31.03.2004	Year ended on 31.03.2003
Equity capital	19.73	17.60	14.00
Reserves and surplus	98.38	14.28	2.78
Total Income	28547.04	15997.40	1232.39
Profit after tax	22.21	11.49	1.43
Earning per share (Rs)	11.26	6.53	1.02
Book Value Per Share (Rs)	59.84	18.07	11.91

3.3 FUTURE PLANS / STRATEGIES OF THE ACQUIRERS WITH REGARD TO THE TARGET COMPANY.

1. The Acquirers do not have any intention to dispose of or otherwise encumber any assets of SMCL in the next two years from the date of closure of this offer, except in the ordinary course of business of SMCL with the prior approval of the shareholders.
2. The acquirers intend to review operations of the Company by inducting the necessary funds and also diversify in the field of infrastructure and development in which the acquirer has substantial experience.

4. BACKGROUND OF THE TARGET COMPANY

SHAKTIMAN MERCANTILE COMPANY LTD (SMCL)

1. Shaktiman Mercantile Company Limited, is a public Limited Company having its Registered Office having registered office at B- 23, Kapur Mahal, 65, Marine Drive, Mumbai – 400 020 and Corporate Office at Indian Mercantile Chambers, III Floor, 14, R.Kamani Marg, Bellard Estate, Mumbai – 400 001.Tel. No.: 022-56314222 Fax No: 022-22626262 (hereinafter referred to as SMCL/ Target Company).
2. The Company was incorporated with the object of carrying business of a Mercantile Company and as merchants importers, exporters, buyers, sellers, retailers and dealers and agents in all kinds of commodities, materials, articles and goods including cotton and other fiber fabrics, all kind of ail seeds, minerals, chemicals, ornaments and jewellery, bullion and coin, precious and semi – precious stones, objects of art and products of every description, either raw or manufactured or in the natural or processed,

machinery, machinery parts and spares, tools, implements. Along with this, one of the incidental objects was also to acquire shares, stocks, debentures, debenture- stocks, bonds, obligations or securities by original subscription, tender, purchase, exchange or otherwise conditionally or otherwise, and to guarantee the subscription thereof and to exercise and enforce all rights and powers conferred by or incident to ownership thereof. Such objects also includes to promote, organize, manage, acquire, purchase, hold, sell or dispose off shares or securities of Unit Trusts, whether fixed or of a variable character. Other chief objects, *inter alia* others, includes carrying on the business of an investment Company and to buy, underwrite, invest in, acquire in any manner, hold, sell, dispose off shares, stocks, debentures, debenture-stock, bonds, obligations and securities issued or guaranteed by any Company constituted by any Company covered to deal in shares and securities in primary or secondary markets and in engage in activities in the sphere of finance. Since then the Company is engaged in the business of trading in secondary market viz. shares, securities, investment in shares, securities, mutual funds and in finance.

3. The Company came out with its first public issue of 1,50,000 shares of Rs. 10/- each for cash in the year 1983 and the shares of the Company are listed on the Bombay Stock Exchange Limited
4. The present directors of the Company are Mr. Vikram Somani, Mr. Bharat Somani, Mr. Krishna Kumar Somani, Mr. Suresh Tapuria and Mrs. Saraswati Somani.
5. The Authorised share capital of the Company as on 31.03.2005 is Rs.25,00,000 (Rupees Twenty Five Lacs) divided into 2,50,000 (Two Lacs Fifty Thousand) Equity Shares of Rs. 10/- (Rupees Ten) each. The present issued and subscribed and paid up capital of the Company is Rs. 24,90,000/- (Rupees Twenty Four Lacs and Ninety Thousand) divided into 2,49,000 (Two Lacs Fourty Nine Thousand Only) Equity Shares of Rs. 10/- (Rupees Ten) each. There are no calls in arrear and no partly paid up share capital of the Company.
6. There are no outstanding convertible instruments (warrants/ FCDs /PCDs) etc.
7. All the Equity Shares of the Company are fully paid up, and there is no partly paid up share in the Company.
8. Build up of capital structure of the Company as per original allotments made:

Date of allotment	No. and % of shares issued		Cumulative paid up capital	Mode of allotment	Identity of allottees (promoters/ ex-Promoters/ others)	Status of Compliance
	No. of shares	%				
26-03-1983	70	0.03	70	Cash	Promoters	Complied
07-02-1984	98930	39.73	99000	Cash	Promoters	Complied
18-03-1984	150000	60.24	249000	Cash	Promoters and Public	Complied

9. BOARD AND DIRECTORS

The composition of Board of Directors as on the date of Public Announcement is as follows:

Name	Residential Address	Experience	Qualifications	Date of Appointment
Mr. Krishnakumar Somani	B – 23, Kapur Mahal, 65 Marine Drive, Mumbai - 400 020.	40 years in Marketing.	B.E. tech.	29.11.1985
Mr. Bharat Somani	B – 24, Kapur Mahal, 65 Marine Drive, Mumbai - 400 020.	15 Years in accounting field.	B.Com.	29.11.1985
Mr. Suresh Tapuria	4A II Palazzo Little Gibbs Road, Mumbai – 400 006.	35 Years in Human Resource Development.	B. Ed.	04.10.1986
Mr. Vikram Somani	B – 23, Kapur Mahal, 65 Marine Drive, Mumbai - 400 020.	10 Years in the area of finance.	B.Com., M.B.A	17.09.1990
Mrs. Saraswati Somani	B – 23, Kapur Mahal, 65 Marine Drive, Mumbai - 400 020.	20 Years in administration.	B.A.	17.09.1990

10. Compliance with listing and other statutory requirements:
As regards the status of compliance with the listing requirement, the Target Company has complied with the listing requirements as and when required and that the shares were not suspended from trading at BSE at any point of time and no punitive actions were taken against the Company by the BSE except to the extent that the Company has received a letter from BSE dated 27th, August, 2004 for non – filing of Disclosure for Regulation 8(3) for the year ended on 31st March 2004. in response to which the Company submitted the required disclosure on September 29, 2004.
11. Compliance with Chapter II of SEBI (SAST), Regulations 1997:
As regards compliance with Chapter II of the SEBI (SAST) Regulations by the Target Company, the Company had received disclosures with the provisions of Regulation 6(1), 6(3), 8(1) and 8(2) in time. However the Company had failed to comply with Regulation 6(2), 6(4) and 8(3) within prescribed time. The Company had filed the necessary disclosures under Regulation 6(2), 6(4) and 8(3) on 20.09.2004 and for Disclosure of 8(3) for the year 2005 on 20.09.2005. The Company had received a letter from SEBI no. CFD/DCR/RC/TO/13060/04 dated September 10, 2004, in which SEBI has asked the Company to pay an amount of Rs. 175,000/- with the consent of the parties within 30 days of receipt of the letter.

12. Audited Financial Highlights

(i) Profit & Loss Statement :-

(Rs. in Lacs)

PARTICULARS	PERIOD ENDED 30/09/2005 (Audited)	YEAR ENDED 31/03/2005 (Audited)	YEAR ENDED 31/03/2004 (Audited)	YEAR ENDED 31/03/2003 (Audited)
Income from Operations	6.32	4.13	6.03	2.43
Other Income	0.08	(2.20)	0.11	0.30
Increase/decrease in stock	(0.7)	(1.16)	1.02	(0.94)
Total Income	5.71	0.77	7.16	1.79
Total Expenditure	2.46	2.14	5.14	3.39
Profit/Loss before Depreciation, Interest & Tax	3.25	(1.37)	2.02	(1.60)
Depreciation	0	0.49	0.60	0.73
Interest	0	0.00	0.00	0.00
Profit/Loss before Tax	3.25	(1.86)	1.42	(2.33)
Provision for tax	0.25	0.00	0.00	0.00
Profit after tax	3.00	(1.86)	1.42	(2.33)

(ii) Balance Sheet Statement :

(Rs. in Lacs)

PARTICULARS	HALF YEAR ENDED 30/09/2005 (Audited)	YEAR ENDED 31/03/2005 (Audited)	YEAR ENDED 31/03/2004 (Audited)	YEAR ENDED 31/03/2003 (Audited)
<i>Sources of Funds:-</i>				
Paid up Share Capital	24.90	24.90	24.90	24.90
Reserves	0.00	0.00	0.00	0.00
Unsecured Loans	101.43	119.15	119.53	118.18
TOTAL	126.33	144.05	144.43	143.08
<i>Uses of Funds:-</i>				
Net Fixed Assets	-	2.23	2.72	3.32
Investments	102.41	102.41	102.41	102.41
Net Current Assets	13.14	25.60	27.31	23.90
Misc. Exp. Not written off	0.02	0.05	0.09	0.13
Profit & Loss Account	10.76	13.76	11.90	13.32
TOTAL	126.33	144.05	144.43	143.08

(iii) Other Financial Data :-

(Rs. in Lacs)

PARTICULARS	HALF YEAR ENDED 30/09/05	YEAR ENDED 31/03/05	YEAR ENDED 31/03/04	YEAR ENDED 31/03/03
Dividend (%)	Nil	Nil	Nil	Nil
Earning Per Share (Rs) [Profit after Tax (Loss)/ No of fully paid shares.]	1.20	(0.75)	0.57	(0.93)
Return on Net Worth (%) [Profit (loss) / Networth]	21	Nil	10.97	Nil
Book Value per Share [(Networth/ No of Shares)] on net asset basis.	5.67	4.45	5.18	4.60

13. Reasons for Fall / rise in total income and PAT for the financial year 2003-2004 and 2004-2005.

The Company is engaged in the Business of Trading in Secondary Market viz. shares, securities, investment in shares, securities and Mutual Funds and in Finance. The business mainly depends upon the fluctuations in the market, which is turn depends upon purely unforeseen and unpredicted factors. Again steep raise in the administrative and other expenses always had a vital role in affecting profits of the Company. The recession in the 2002-2003 had a certain effect in the net results of the Company. In this period the Company incurred a loss of Rs. 2.32 lacs. In the financial year 2003-2004 the Company was able to take benefit of market revival, which was mainly due to globalization and again due to drastic change in fiscal policies. A Company managed a book of profit of Rs.1.41 lacs in that period. In that period the Company started trading in Derivative Market. The concept of Trading in Derivative Market was totally new to grasp and apprehend for Indian Market players. Through the Company made its best efforts to deal effective in this totally new field, the Company could not make effective deals in the market and gain booked by the dealing in the Secondary Market was totally wiped out by the losses in the Derivative Trading and as such the Company booked a Net Loss of Rs. 1.86 Lacs during the Financial period 2004-2005.

14. Pre and Post offer shareholding pattern of the Target Company is as follows: -

Shareholders Category	Shareholding & Voting Rights prior to the agreement/ acquisition and Offer		Shares & Voting Rights agreed to be acquired which triggered off the regulations.		Shares & Voting Rights to be acquired in open offer (assuming full acceptances).		Shareholding & Voting Rights after the acquisition and offer i.e.	
	(A) No.	%	(B) No.	%	(C) No.	%	(D) No.	%
1) Promoter Group								
(a) Promoters selling shares under agreement	130000	52.21	--	--	--	--	--	--
(b) Promoters other than above	68000*	27.31	--	--	--	--	--	--
(c) Acquirers	--	--	130000	52.21	49800	20	179800	72.21
Total 1 (a+b+c)	198000	79.52	130000	52.21	49800	20	179800	72.21
2) Public (other than parties to agreement, Acquirer& PACs)	51000	20.48			} {(49800) } }	} {(20) } }	} {69200** } }	} {27.79 } }
Total (1+2)	249000	100.00	--	--	--	--	249000	100.00

* Promoters other than parties to agreement have been added to Public category, in post acquisition shareholding pattern and they are eligible to participate in the instant offer.

** Includes 68000 shares held by Promoters who are, other than the parties to Share Purchase Agreement.

The Acquirers have not acquired any shares of the Target Company after the Public Announcement till the date of Letter of offer.

The Target Company is not a sick Industrial Company within the meaning of clause (o) of Sub-Section (1) of Section 3 of the Sick Industries Companies (Special Provision) Act, 1985. The total number of shareholders is 105.

15. Details of changes in the shareholding of the promoters

Date	Bharat Somani		Rekha Somani		Vikram Somani		Asha Somani		K. K Somani	
	shares	%	shares	%	shares	%	shares	%	shares	%
06/05/1985	40000	16.06			20000	8.03				
12/07/1985	8000	3.21			16000	6.43			20000	8.03
17/03/1986							8000	3.21		
08/05/1986							60000	24.1		
17/11/1988					5000	2.00				
18/11/1988									1000	0.4
05/02/1993			20000	8.03						
Total	48000	19.27	20000	8.03	41000	16.46	68000	27.31	21000	8.43

In Compliance with Chapter II of SEBI (SAST) Regulations 1997, the aforesaid Promoters have complied very regularly.

16 Status of Corporate Governance

The Company has complied with all the provisions of clause 49 of the listing agreement regarding Corporate Governance. There are no pending litigations of SMCL as regards matters relating to corporate governance.

17. Compliance Officer
Mr. Bharat Somani
B-23-24, Kapur Mahal,
65, Marine Drive,
Mumbai- 400 020
Telefax : 022-22815478

5. OFFER PRICE AND FINANCIAL ARRANGEMENTS

5.1 JUSTIFICATION OF OFFER PRICE

- The Equity Shares of the Target Company are listed on Bombay Stock Exchange Limited, Mumbai.
- The shares of the Company are infrequently traded in terms of Explanation (i) to Regulation 20(5) of the Regulations. The shares were last traded on the Stock Exchange, Mumbai on September 27, 2005 was Rs. 3.15/- per share. The number of shares traded in preceding six months from the date of the public announcement i.e. June to November 2005 were only 50 shares.
- The details of shares traded during the 6 calendar months prior to the month in which PA was made is as under:

NAME OF THE STOCK EXCHANGE	TOTAL NO. OF SHARES TRADED DURING THE 6 CALENDAR MONTHS PRIOR TO THE MONTH IN WHICH PA WAS MADE	TOTAL NO. OF LISTED SHARES	ANNUALIZED TRADING TURNOVER (IN TERMS OF % TO TOTAL LISTED SHARES)
BSE	50	249000	0.02

4. The offer price of Rs. 10.50 per share comprising Rs. 10.00 per share (the “offer price”), with accrued interest thereon Rs. 0.50 per Equity share calculated at the rate of 10% per annum from March 25, 2006 to August 29, 2006. i.e. the scheduled date of the payment of consideration has been arrived at as per the Regulation 20 (5) (a) of the SEBI Takeover Regulations taking into account the following :
 - (i) The negotiated price under the agreement, is Rs. 10/- per share for 130000 Equity Shares fully paid up of Rs 10/- each. (Regulation 20 (5)(a)).
 - (ii) the Acquirers Mr. Rajesh Kakani and Mrs. Rachana Kakani have not acquired any shares of the Company in the share capital of the Target Company during the 26 weeks prior to the date of the Public Announcement. By way of transfer of shares or allotment under Right Basis or Preferential Basis. (Regulation 20(5)(b))
 - (iii) Other financial parameters based on the audited results of the Company as on 30.09.2005 such as: Book Value of Rs. 5.67, (Net worth / adjusted No. of Equity Shares) and EPS (earning per shares) Rs. 1.20 (i.e. profit after interest and tax / no of Equity Shares) and Return on net worth is 0.21(Net profit after interest tax and Depreciation / Net worth) since the Company has made losses (Regulation 20(5)(c))
5. The offer price is justified in terms of Regulation 20(5) of the SEBI (SAST) Regulations, 1997.
6. No agreement has been entered between the Acquirers for acquisition of shares under the open offer.
7. There is no non-compete agreement.
8. In view of the above, the Offer Price payable under this Offer is in compliance with the Takeover Regulations. All other parameters suggest that the price of Rs. 10/- per Equity share is just and reasonable in terms of the regulation 20(11) of the SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 1997.
9. The offer price shall not be less than the highest price paid by the Acquirers for any acquisition of the shares of the Target Company from the date of PA up to 7 working days prior to the closure of the offer (i.e. 11-03-2006)
10. In compliance with Regulation 21(2) of SEBI (substantial acquisition of shares and takeovers) Regulations,1997 and subsequent amendment thereof, the Acquirers agreed to maintain minimum level of public shareholding in the target company required as per the listing agreement (Clause 40 A) with the Stock Exchange.

5.2 FINANCIAL ARRANGEMENTS

1. The maximum purchase consideration payable by the Acquirers in the case of full acceptance of the offer is Rs. 5.23 Lacs (Rupees Five Lacs Twenty Three Thousand only).
2. The Acquirers have deposited an amount of Rs. 1.31 Lacs (Rupee One Lac and Thirty One Thousand only) as towards escrow amount with HDFC Bank Limited, Fort Branch, Mumbai i.e. more than 25% of the total consideration payable. The Manager to the offer has been duly authorized by the Acquirers to realize the value of escrow account in terms of the regulation.
3. The Acquirers have adequate resources to meet the financial requirements of the offer in terms of Regulation 16(xiv). The sources of funds shall be through internal resources of the Acquirers. No borrowing from Bank/ Financial Institution is being made for the purpose. All the funds will be domestic and no foreign funds will be utilized.
4. M/s Sandeep Maheshwari , Chartered Accountants, (membership no. 103293) having their office at 11, 3rd Floor, Yashwant Chambers, 18 Burjorji Bharucha Marg, Mumbai – 400 023 Tel. 22670855/ 22653607 Fax No. 22677692 have confirmed that sufficient resources are available with the Acquirers to fulfill their obligations under the offer.
5. Based on the above, the Manager to the Offer is satisfied about the ability of the Acquirers to implement the offer in accordance with the Regulations.
6. The Manager to the offer confirms that firm arrangements for funds and money for payment through verifiable means are in place to fulfill offer obligations.

6. TERMS AND CONDITIONS OF THE OFFER

- A. Eligibility for accepting the offer
 1. This Offer is made to all the Equity shareholders [except Acquirers and the parties to the agreement] whose names appear in the register of shareholders on 14-01-2006 (the Specified Date) and also to those persons who own the shares any time prior to the closure of the offer, but are not the registered shareholder(s).
 2. The Acquirers will acquire for cash, Equity Shares of the Target Company to the extent of valid acceptances received under this offer.
 3. The instructions, authorizations and provisions contained in the Form of Acceptance cum Acknowledgement constitute part of the terms of the offer.
 4. In case of non-receipt of the Letter of Offer or in case of owners of shares who have sent them for transfer, eligible persons may send their acceptance 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, along with the relevant documents, so as to reach the Registrar to the Offer on or before the close of the Offer, i.e 14.08.2006. Accidental omission to dispatch this document to any person to whom this offer is made or non-receipt of this offer shall not invalidate the offer in any way.

5. Acquirers are confident of completing all the formalities pertaining to the Acquisition of the said shares, within 15 days from the date of closure of this offer including payment of consideration to the shareholders who have accepted the offer and for the purpose shall open a special account as provided under Regulation 29 of the SEBI (SAST) Regulation. Provided that where the Acquirers are unable to make payment to the shareholders who have accepted the offer before the said period of 15 days due to non-receipt of requisite statutory approvals, the Board may, if satisfied that non-receipt of requisite statutory approvals was not due to any willful default or neglect of the Acquirers or failure of the Acquirers to diligently pursue the applications for such approvals, grant extension of time for the purpose, subject to the Acquirers agreeing to pay interest to the shareholders for delay beyond 15 days, as may be specified by the Board from time to time.
 6. Each Shareholder of SMCL to whom this offer is being made, is free to offer his shareholding in whole or in part while accepting this offer.
 7. Subject to the conditions governing this offer as mentioned in this offer document, the acceptance of this offer by the shareholder(s) must be absolute and unqualified. Any acceptance to the offer, which is conditional or incomplete, is liable to be rejected without assigning any reason whatsoever.
 8. The Acquirers would be responsible for ensuring compliance with the regulations.
 9. The market lot of Equity Shares of the Company is 100 shares
- B. Locked in Shares
None of the shares of the target Company are under lock-in.
- C. Statutory approvals
- a) To the best knowledge of Acquirers as of the date of this Letter of Offer, there are no other statutory approvals required to implement the Offer. If any statutory approvals become applicable prior to completion of the Offer, the Offer would also be subject to such statutory approvals. Acquirer will have the right not to proceed with the Offer in the event that the statutory approvals are refused in terms of Regulation 27 of the SEBI (SAST) Regulations.
 - b) In case of delay in receipt of any statutory approval(s), SEBI has the power to grant an extension of time to Acquirers for payment of consideration to shareholders of the Target Company, subject to Acquirers agreeing to pay interest for the delayed period as directed by SEBI in terms of Regulation 22(12) of the SEBI (SAST) Regulations. Further, if the delay occurs on account of the wilful default or neglect or inaction or non action by Acquirers in obtaining the requisite approvals, the amount held in the escrow account shall be subject to forfeiture and be dealt with in the manner provided in Regulation 28(12) of the SEBI (SAST) Regulations.
 - c) No approval from any bank or financial institution is required for the purpose of this offer, to the best of the knowledge of the Acquirers.

7. PROCEDURE FOR ACCEPTANCE AND SETTLEMENT

1. The Letter of Offer together with the Form of Acceptance cum Acknowledgement will be mailed to all Equity shareholders of SMCL (except the Acquirers and parties to the agreement) whose names appear on the Register of Members of SMCL and also to those persons who own the shares any time prior to the closure of the offer, but are not the registered shareholder(s) and to the beneficial owners of the shares of SMCL whose names appear on the beneficial records of the respective depositories at the close of the business on 14-01-2006 (the Specified Date).
2. Shareholders who wish to tender the shares will be required to send the Form of Acceptance cum Acknowledgement duly completed and signed by all the shareholders, Original Share Certificate (s) and Transfer Deed (s) duly signed in case of Joint Holdings in the same order as per the specimen signatures lodged with SMCL and witnessed (if possible by a Notary Public or Bank Manager or Member of Stock Exchange with membership number) to the Registrar to the Offer, either by hand delivery during normal business hours or by Registered Post on or before the close of the offer i.e.. in accordance with the instructions specified in the Letter of Offer and the Form of Acceptance cum Acknowledgement. In case the shares stand in the name of a sole shareholder who is deceased, notarized copy of the legal representative obtained from a competent court.

3. The address of the collection center of the Registrar to the Offer, for the purpose of the offer is as follows: -

Name & Address	Mode of Delivery	Business Hours
Adroit Corporate Services Pvt Ltd 19/20, Jafferbhoy Industrial Estate Makwana Road, Marol Naka Andheri (East) Mumbai-400059 Tel no: (022)28594060/28596060 Fax:28503748 Email: adroits@vsnl.net Contact Person:- Mrs Veena Shetty	Registered Post and / or Hand delivery	Monday to Friday 9.30 a.m. to 5.30 p.m. (excluding Bank Holidays) Saturday 9.30 a.m. to 1.30 p.m.

4. All owners of shares, registered or unregistered (except the Acquirers, parties to the agreement), who own the shares at any time prior to 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, Number of Shares held, Number of Shares Offered, Distinctive Numbers, Folio No., together with the Original Share Certificate(s), valid transfer deed(s) and a copy of the contract note issued by the broker through whom they acquired their shares. No indemnity is required from the unregistered owners.
5. The Registrar to the Offer will hold in trust the shares/ share certificates, Form of Acceptance cum Acknowledgement, if any, and the transfer form(s) on behalf of the shareholders of SMCL who have accepted the offer, until the cheques / drafts for the consideration and/ or the unaccepted shares/ share certificates are dispatched/ returned.
6. 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.
7. In case the shares tendered in the open offer are more than the shares agreed to be acquired by the Acquirers, the Acquirers shall accept all valid applications received from the shareholders of the Company on a Proportionate basis ensuring that it does not result in odd lots.
8. The shareholders desirous of withdrawing their acceptances tendered in the offer can do so up to three working days prior to the date of the closure of the offer, i.e. on or before 08.08.2006, in terms of Regulation 22(5A).
9. The withdrawal option can be exercised by submitting the Form of withdrawal so as to reach the Registrar to the offer before 08.08.2006. 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:
- Name, address, distinctive numbers, folio nos., number of shares tendered / withdrawn.
10. Shares, if any, that are the subject matter of litigation wherein the shareholder(s) may be precluded from transferring the shares during the pendency of the said litigation are liable to be rejected in case directions/ orders regarding these shares are not received together with the shares tendered under the offer. The Letter of Offer in some of these cases, wherever possible, would be forwarded to the concerned statutory authorities for further action at their end.

THE DOCUMENTS SHOULD NOT BE SENT TO THE ACQUIRERS / TARGET COMPANY / SELLERS TO THE AGREEMENT OR TO THE MANAGER TO THE OFFER. HOWEVER THE SAME SHALL BE SENT TO THE SHAREHOLDERS OTHER THEN PARTIES TO THE AGREEMENT.

The shareholders also have an option to download the form of acceptance from SEBI's website (www.sebi.gov.in) and apply in the same.

11. 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.

8. DOCUMENTS FOR INSPECTION

Copies of the following documents will be available for inspection at the Corporate Office of the Target Company at Indian Mercantile Chambers, III Floor, 14, R.Kamani Marg, Bellard Estate, Mumbai – 400 001 between 11.00 a.m. and 3.00 p.m. during the Offer Period.

1. Memorandum of Association & Articles of Association (including Certificate of Incorporation) of M/s. Shaktiman Mercantile Company Ltd.
2. Memorandum of Association & Articles of Association (including Certificate of Incorporation) of Comfort Stock Broking Pvt. Ltd., Futura Infraprojects Pvt. Ltd. and Aamal Securities Ltd.
3. Copy of the Public Announcement and Revised Public Announcement.
4. Copies of Audited Annual Accounts of SMCL as at 31.03.2004 and 31.03.2005 and 30.09.2005.
5. Copies of certificate from M/s Sandeep Maheshwari, Chartered Accountants, (Membership No. 103293), certifying the adequacy of financial resources of the Acquirers to fulfill the offer obligations.
6. Copies of certificate from M/s Sandeep Maheshwari, Chartered Accountants, (membership no. 103293) having their office at 11, 3rd Floor, Yashwant Chambers, 18 Burjorji Bharucha Marg, Mumbai – 400 023 Tel. 2670855/2653607 Faxes No. 2677692 confirming the net worth of the Acquirers.
7. Fixed Deposit Receipt from HDFC Bank Limited, Fort Branch, Mumbai towards money kept in the Escrow account and a lien in favor of the Merchant Banker i.e. Aryaman Financial Services Ltd.
8. A copy of agreement entered into with Adroit Corporate Services Private Ltd. who are Registrars to the Offer.
9. A copy of the share purchase agreement dated 27.12.2005 entered between the acquirers and sellers which triggered the open offer.
10. Memorandum of Understanding entered between with Lead Manager to the Issue i.e. Aryaman Financial Services Limited.

9. DECLARATION

1. The Acquirers having made all reasonable inquiries, accept responsibility for, and confirm that this letter of offer contains all information with regard to the offer, which is material in the context of the issue, that the information contained in this letter of offer is true and correct in all material respects and is not misleading in any material respect, that the opinions and intentions expressed herein are honestly held and that there are no other facts, the omission of which makes this document as a whole or any of such information or the expression of any such opinions or intentions misleading in any material respect.
2. Each of the Acquirers would be severally and jointly responsible for ensuring compliance with the Regulations.
3. We hereby declare and confirm that all the relevant provisions of Companies Act, 1956 and all the provisions of SEBI (Substantial Acquisition of Shares and Takeover) Regulations, 1997 have been complied with and no statements in the offer document is contrary to the provisions of Companies Act, 1956 and SEBI (Substantial Acquisition of Shares and Takeover) Regulations 1997.

Signed by :

Sd/-

Mr. Rajesh Kakani

Sd/-

Mrs. Rachana Kakani

Date: July 21, 2006

Place: Mumbai

Enclosures: (1) Form of Acceptance cum Acknowledgement
(2) Form of Withdrawal

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

I/We authorize the Acquirers to accept the shares so offered which it may decide to accept in consultation with the Registrar to the Offer and in terms of the Letter of Offer and I/We further authorize the Acquirers to return to me/us, Equity share certificate(s) in respect of which the offer is not found valid/not accepted, specifying the reasons thereof.

I/We authorize the Acquirers or the Registrar to the Offer to send by registered post (under UCP if less than Rs. 1,500/-) the draft/cheque in settlement of the amount to the sole/first holder at the address mentioned below:

Yours faithfully,
Signed and Delivered:

	FULL NAME(S)	SIGNATURE(S)
First / Sole Shareholder		
Second Shareholder		
Third Shareholder		

Note : In case of joint holdings, all holders must sign. A corporation must affix its common seal.

Address of First/Sole Shareholder _____

Place : _____ Date: _____

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

Name of the Bank _____	Branch _____
Account Number _____	Savings/Current/Others _____
(Please Specify) _____	

Business Hours : Mondays to Friday : 9.30 a.m. to 5.30 p.m.

Holidays : Sundays and Bank Holidays

All queries in this regard to be addressed to the Registrar to the Offer quoting your Folio No.

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

Folio No.: _____ Serial No. _____ Acknowledgement Slip

Received from Mr./Ms. _____

Address _____

Number of certificate(s) enclosed _____

Certificate Number(s) _____

Total number of share(s) enclosed _____

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 at the address mentioned behind in this form. The documents referred to above should be sent to any of the collection centers mentioned overleaf.

FORM OF WITHDRAWAL

You have an 'OPTION TO WITHDRAW' the acceptance tendered in response to this offer any time upto three working days prior to the date of closure of offer. In case you wish to withdraw your acceptance please use this form.	OFFER SCHEDULE	
	OFFER OPENS ON	: 26-07-2006
	LAST DATE OF WITHDRAWAL	: 08-08-2006
	OFFER CLOSES ON	: 14-08-2006

From:

Tel No.

Fax No.:

E-mail:

To,
 Adroit Corporate Services Limited.
 19, Jaferbhoy Indl. Estate,
 Makwana Rd, Marol Naka,
 Mumbai-400059

Sub.: Open offer for purchase of 49,800 Equity Shares of SMCL representing 20% of the Equity share capital at a price of Rs. 10.50 per share by Mr Rajesh Kakani and Mrs. Rachana Kakani (Acquirers)

Dear Sir,

I/We refer to the Letter of Offer dated 21.07.2006 for acquiring the Equity Shares held by me/us in SMCL.

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 our acceptance tendered in response to the said offer. We had deposited/sent our 'Form of Acceptance' to you on _____ alongwith 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')

Sr. No.	Certificate No.	Distinctive No(s)		No. of Shares
		From	To	
Total number 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.

I/We authorise the Acquirers to reject the shares so offered which it may decide in consultation with Registrar to the Offer and in terms of the Letter of Offer.

Yours faithfully,
Signed

	FULL NAME(S)	SIGNATURE(S)	PAN
First/Sole Shareholder			
Second Shareholder			
Third Shareholder			

Address of First/Sole Shareholder

Place:

Date:

Note: In case of joint holdings, all holders must sign. A corporation must affix its common seal.

-----TEAR HERE-----

Folio No.:

Serial No.:

(Acknowledgement Slip)

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