LETTER OF OFFER

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

This Letter of Offer (LOO) is sent to you as equity shareholder(s) of Temptation Foods Limited. If you require any clarifications about the action to be taken, you may consult your stock broker or investment consultant or Keynote Corporate Services Ltd. (Manager to the Offer) or Purva Share Registry Pvt. Ltd. (Registrar to the Offer). In case you have sold your shares in the Company, please hand over this LOO and the accompanying Form of Acceptance cum Acknowledgment and Transfer Deed to the Member of Stock Exchange through whom the said sale was affected.

CASH OFFER AT A PRICE OF RS 13.50 (RUPEES THIRTEEN AND PAISE FIFTY ONLY)

PER EQUITY SHARE (inclusive of Rs. 3.50 towards interest)

[Pursuant to Regulation 11(1) of the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 1997 and subsequent amendments thereto]

TO ACQUIRE

from existing equity shareholders upto 33,83,420 equity shares of Rs.10.00 each forming 20% of the present paid-up equity share capital

Of

TEMPTATION FOODS LIMITED

having its registered office at 4 Unity House, 2nd Floor, 8 Mama Parmanand Marg, Opera House, Mumbai - 400 004 (India)
Tel: (022) 2368 6030; Fax: (022) 2369 5438; Email: temptation@vsnl.com

By

VENTURE BUSINESS ADVISORS PRIVATE LTD

having its registered office at 4 Unity House, 2nd Floor, 8 Mama Parmanand Marg, Opera House, Mumbai - 400 004 (India)
Tel: (022) 2368 6030; Fax: (022) 2369 5438; Email: indigogrp@vsnl.net

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.

The shareholder(s) shall have the option to withdraw acceptance tendered by him/them upto three working days prior to the date of closure of the offer i.e. upto 14/12/2006.

In case of any upward revision/withdrawal of the offer, the Public Announcement for the same would be made in the same newspapers where the original Public Announcement has appeared. The last date for such upward revision, if any, is 08/12/2006. Acquirer will pay the same price for all equity shares tendered during the offer period.

Equity 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 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.**

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

MANAGER TO THE OFFER

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

REGISTRAR TO THE OFFER

PURVA SHARE REGISTRY PVT. LTD.
33, Printing House, 28-D Police Court Lane,
Behind Old Handloom House, Fort, Mumbai 400 001 - INDIA
Tel: (022) 2301 8261/6761, 6634 8073 Fax : (022) 2301 6761
E-mail : busicomp@vsnl.com
Website: www.busi-comp.com
SEBI Reg. No. : INR000001112
Contact Person: Rajesh Shah

Activity	Original		Revised	
	Date	Day	Date	Day
Public Announcement	24/06/2006	Saturday	24/06/2006	Saturday
Last date for a competitive bid	14/07/2006	Friday	14/07/2006	Friday
Specified Date	21/07/2006	Friday	21/07/2006	Friday
Date by which the Letter of Offer will be dispatched to shareholders	07/08/2006	Monday	25/11/2006	Saturday
Date of opening of the Offer	17/08/2006	Thursday	30/11/2006	Thursday
Last date for revising the offer price/ number of shares	24/08/2006	Thursday	08/12/2006	Friday
Last date for withdrawal of acceptance	31/08/2006	Thursday	14/12/2006	Thursday
Date of closing of the Offer	05/09/2006	Tuesday	19/12/2006	Tuesday
Date by which acceptance/rejection would be intimated and the corresponding payment for the acquired shares and/or the share certificate(s)/demat delivery instruction for the rejected Shares will be dispatched/issued.	19/09/2006	Tuesday	03/01/2007	Wednesday

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DEFINITIONS

AAIFR	:	Appellate Authority for Industrial and Financial Reconstruction
Acquirer	:	Venture Business Advisors Private Limited (VBAPL)
BIFR	:	Board of Industrial and Financial Reconstruction
BSE	:	The Bombay Stock Exchange Ltd.
Date of Public Announcement	:	24/06/2006
Letter of Offer/LOO	:	This Letter of Offer dated 21/11/2006
Manager to the Offer/ Merchant Banker	:	Keynote Corporate Services Ltd.
Persons Eligible to participate in the Offer	:	Equity shareholders of Temptation Foods Ltd. (other than Acquirer and other Persons in promoter group of the Target Company) whose names appear on the Register of the Members of Temptation Foods Ltd. at the close of business hours on 21/07/2006 (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.
SEBI	:	Securities and Exchange Board of India
Specified Date	:	21/07/2006
Target Company or TFL	:	Temptation Foods Ltd.
The Regulations / SEBI (SAST) Regulations 1997	:	Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations 1997 and subsequent amendments thereof.
IDBI	:	Industrial Development Bank of India
IQF	:	Individual quick freezing

RISK FACTORS

- **Relating to the Proposed Offer**

  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. In such an event all the equity shares tendered by the applicant may not be accepted.

- **Relating to the Acquirer**

  VBAPL has made losses for the financial years ended 31/03/2003 & 31/03/2004 of Rs 132.00 lacs and Rs 33.14 lacs respectively.

- **Adjudication proceedings initiated against the Acquirer**

  SEBI has initiated adjudication proceedings against the Acquirer for defaults in complying with the provisions of SEBI (Substantial Acquisition of Shares & Takeovers) Regulations, 1997. . There is a likelihood of penalties being imposed by SEBI on VBAPL for the defaults, the amount whereof is not ascertainable as of now

1. DISCLAIMER CLAUSE

IT IS TO BE DISTINCTLY UNDERSTOOD THAT FILING OF 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 LETTER OF OFFER HAS BEEN SUBMITTED TO SEBI FOR A LIMITED PURPOSE OF OVERSEEING WHETHER THE DISCLOSURE CONTAINED THEREIN ARE GENERALLY ADEQUATE AND ARE IN CONFORMITY WITH THE REGULATIONS. THIS REQUIREMENT IS TO FACILITATE THE EQUITY SHAREHOLDERS OF TEMPTATION FOODS LIMITED TO TAKE AN INFORMED DECISION WITH REGARD TO THE OFFER. SEBI DOES NOT TAKE ANY RESPONSIBILITY EITHER FOR FINANCIAL SOUNDNESS OF THE ACQUIRER OR THE COMPANY WHOSE SHARES/ CONTROL IS PROPOSED TO BE ACQUIRED OR FOR THE CORRECTNESS OF THE STATEMENTS MADE OR OPINIONS EXPRESSED IN THE LETTER OF OFFER. IT SHOULD ALSO BE CLEARLY UNDERSTOOD THAT WHILE THE ACQUIRER IS PRIMARILY RESPONSIBLE FOR THE CORRECTNESS, ADEQUACY AND DISCLOSURES OF ALL RELEVANT INFORMATION IN THIS LETTER OF OFFER, THE MERCHANT BANKER IS EXPECTED TO EXERCISE DUE DILIGENCE TO ENSURE THAT ACQUIRER DULY DISCHARGES THEIR RESPONSIBILITY ADEQUATELY. IN THIS BEHALF, AND TOWARDS THIS PURPOSE, THE MERCHANT BANKER KEYNOTE CORPORATE SERVICES LIMITED HAS SUBMITTED A DUE DILIGENCE CERTIFICATE DATED 06/07/2006 TO SEBI IN ACCORDANCE WITH THE SEBI (SUBSTANTIAL ACQUISITION OF SHARES AND TAKEOVERS) REGULATIONS 1997 AND SUBSEQUENT AMENDMENT(S) THEREOF. THE FILING OF THE LETTER OF OFFER DOES NOT, HOWEVER, ABSOLVE THE ACQUIRER 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

a) The promoter group companies of Temptation Foods Limited (hereinafter referred to as **TFL / Target Company**) consisting of Micro Plantae Limited, Vergola India Limited and Venture Business Advisors Private Limited had brought in funds in TFL to meet its working capital requirements from time to time by way of interest free unsecured loans/advances. 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 the 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.

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

h) As on date of the Public Announcement, Ms Bhairavi Goswami director on board of VBAPL is also director in TFL. She has recused herself in terms of regulation 22(9) and will not participate in any matters concerning or relating to this offer.

i) Pursuant to the Offer there would not be any change in control of TFL.

j) The Acquirer/TFL/Persons in control of the company are not debarred from accessing the capital market under Section 11 B of the SEBI Act, 1992 or under any other Regulation.

2.2 Details of the Proposed Offer

a) The Acquirer has made a Public Announcement for the Offer to the existing equity shareholders of TFL which was published on 24/06/2006 in compliance with Regulation 15 of the Regulations in all editions of "Free Press Journal" being English National Daily, "Pratakal" being Hindi National Daily and "Nav Shakti" (Marathi Daily) being regional language daily of the place where the registered office of TFL is located and place of the stock exchange where equity shares of the company are listed. A copy of the Public Announcement is also available on the SEBI website at www.sebi.gov.in.

b) The Acquirer has announced an Open Offer under the Regulations, to acquire by tender offer upto 33,83,420 fully paid-up equity shares of Rs.10.00 each of TFL representing 20% of the present paid up equity share capital, from the remaining shareholders of TFL on the terms and subject to the conditions set out in this Letter of Offer, at a price of Rs.13.50 (Rupees Thirteen and Paise Fifty Only) per equity share payable in cash.

c) 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 the date of payment of consideration to the shareholders of TFL in case the Offer had been made within stipulated time till the actual date of payment of consideration as per schedule of this Open Offer.

d) The equity shares of TFL are listed on 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 offer price of Rs. 13.50 per equity share has been determined considering provisions of Regulation 20(5) of the Regulations.

e) The equity shares of TFL to be acquired, pursuant to the Offer, shall be free from all lien, charges and encumbrances and together with all rights attached thereto, including the rights to all dividends or other distributions hereinafter declared, made or paid.

f) As on the date of the public announcement the Acquirer held 43,23,162 equity shares representing 43.31% of the issued and paid up capital of TFL, Further On 24/10/2006 VBAPL acquired 9,64,300 equity shares of TFL from the other entities of the promoter group of TFL by way of inter-se promoter transfer. On 11/11/2006 VBAPL has been allotted 40,00,000 warrants of Rs. 10 each convertible into equity shares of Rs. 10/- each. These warrants have been converted into equity shares on 11/11/2006. Presently VBAPL holds 92,87,462 equity shares representing 54.90% of the present paid up capital of TFL.

g) The total paid-up equity share capital of TFL as on the date of this Letter of Offer comprises of 16917100 equity shares of Rs. 10/- each aggregating to Rs. 1691.71 lacs. Out of these 45,68,610 equity shares are listed on BSE. In principle approval for listing of shares on BSE has already been received for all the allotments made as on date. The details of the approval obtained on various dates have been given on point 6.f of this Letter of Offer

3. RATIONALE FOR THE OFFER

a) 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 to the Acquirer during 2003 has attracted provisions of Regulation 11(1) of the SEBI (SAST) Regulations, 1997. In view of this the Acquirer is making the present open offer to the remaining shareholders of the TFL in terms of the Regulations.

b) The Acquirer does not have any plans 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.

4. BACKGROUND OF THE ACQUIRER

Venture Business Advisors Private Limited (VBAPL)

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 details of the Board of Directors of VBAPL are as follows:-

Name, Designation And Address	Experience (Years)	Area of Experience	Qualification	Date of Appointment	Other Directorship
Mr. Dayabhai Lad Ramji Niwas, Vitalwadi, Agra Road, Kalyan- 421 301	30	General Administration	Upto S.S.C	10/11/2003	–
Mr. Krishan Kumar Gupta 24 Maheshwari Niketan, 5-B, Peddar Road, Mumbai – 400 026	25	Business	B.Com.	10/11/2003	◆ Ultimate Mercantile Pvt Ltd. ◆ Vergola India Ltd. ◆ Micro Plantae Ltd.
Ms. Bhairavi Goswami *4, Unity House, 2nd Floor, Opera House, Mumbai – 400 004	3	General Management	B.A.	10/11/2003	◆ Temptation Foods Limited ◆ Vergola India Ltd.

* Ms. Bhairavi Goswami is also on the board of TFL. As per Regulation 22(9), she has given undertaking that she will recuse herself and not participate in any matters concerning or relating to the Offer.

c) Shareholding Pattern of VBAPL as on 31/03/2006 is as follows:

Category of Shareholder	Number of Shares	% of shareholding
Promoters	10,000	100.00
Public	–	–
TOTAL	**10,000**	**100.00**

d) 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/demerger or spin off in VBAPL during past 3 years. The equity shares of VBAPL are not listed on any of the exchanges.

e) (i) On 15/11/2000, VBAPL had acquired 20,91,759 equity shares of TFL representing 32.80 % of the then paid up capital of the Company by way of inter-se transfer of shares amongst the Companies controlled by Mr. Vinit Kumar and his family members. (ii) On 15/11/2000, VBAPL acquired 2,40,000 equity shares representing 3.76% of the then paid-up capital of TFL from Masitia Capital Services Limited. (iii) On 23/02/2001, VBAPL had acquired 5,41,403 equity shares of TFL representing 8.49 % of the then paid up capital of the Company by way of inter-se transfer of shares amongst the Companies controlled by Mr. Vinit Kumar and his family members. In regard to some of the above acquisitions, SEBI has initiated adjudication proceedings against VBAPL for alleged for non compliance with Regulations 3(3) and 3(4) of the SEBI (SAST) Regulations, 1997.

f) As on date VBAPL holds 92,87,462 equity shares representing 54.90% of the present paid up capital TFL,

g) 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. For the delay/failure in compliance with the Takeover Regulations, SEBI may initiate appropriate action against the Acquirer.

h) The brief audited financial details of VBAPL for the three years prior to the date of preferential allotment and three years subsequent to the date of Allotment and certified financials for the 11 months period ended 28/02/2006 are given below:-

(Rs. in Lacs)

PROFIT & LOSS STATEMENT	**31/03/2000**	**31/03/2001**	**31/03/2002**	**31/03/2003**	**31/03/2004**	**31/03/2005**	**11 months period ended 28/02/2006**
Income from operations (Sales - Net)	222.75	323.32	3,333.05	2743.48	594.32	558.89	91.00
Other Income	0.03	0.08	0.04	0.53	0.33	17.44	15.50
Total Income	**222.78**	**323.40**	**3,333.09**	**2744.01**	**594.65**	**576.33**	**106.50**
Less: Total Expenditure	218.30	320.70	3,324.34	2870.85	627.53	562.97	47.53
Profit/(Loss) Before Extraordinary item, Depreciation, Interest and Tax	4.48	2.70	8.75	(126.84)	(32.88)	13.36	58.97
Less: Depreciation	–	0.58	2.11	3.40	4.66	5.64	5.65
Interest	–	–	–	–	–	–	–
Prior period adjustments	–	–	–	(1.76)	4.40	3.55	–
Profit/ (Loss) Before Tax	4.48	2.12	6.64	(132.00)	(33.14)	11.27	53.32
Provision for Tax							
– Current Tax	–	–	–	–	–	–	–
– Deferred Tax	–	–	–	–	–	–	–
– Fringe Benefit Tax	–	–	–	–	–	–	–
Profit/(Loss) After Tax	**4.48**	**2.12**	**6.64**	**(132.00)**	**(33.14)**	**11.27**	**53.32**
Balance B/f from previous year	(0.10)	4.38	6.50	13.14	(118.86)	(152.00)	(140.73)
Add: Reinstatement of cost of investments	–	–	–	–	–	–	114.66
Balance transferred to Balance Sheet	**4.38**	**6.50**	**13.14**	**(118.86)**	**(152.00)**	**(140.73)**	**27.25**

Note: Figures in the bracket indicate negative figures

(Rs. in Lacs)

BALANCE SHEET STATEMENT	**31/03/2000**	**31/03/2001**	**31/03/2002**	**31/03/2003**	**31/03/2004**	**31/03/2005**	**11 months period ended 28/02/2006**
Sources of funds							
Paid up share capital	0.20	0.20	0.20	0.20	1.00	1.00	1.00
Reserves and Surplus (excluding revaluation reserves)**	4.38	6.50	13.14	–	–	–	27.25
Total miscellaneous expenditure not written off –	(0.04)	(0.03)	(0.02)	–	–	–	–
Profit & Loss account	–	–	–	(118.86)	(152.00)	(140.73)	–
Networth	**4.54**	**6.67**	**13.32**	**(118.66)**	**(151.00)**	**(139.73)**	**28.25**
Secured Loans	–	–	1.90	16.81	52.26	54.30	35.73
Unsecured Loans	–	2.85	23.69	109.68	117.66	127.40	22.30
Deferred Tax Liability	–	–	–	–	–	–	–
Deferred Tax (Assets)	–	–	–	–	–	–	–
Current Liabilities	120.85	302.49	376.29	528.91	594.38	582.00	741.25
Total	**125.39**	**312.01**	**415.20**	**536.74**	**613.30**	**718.47**	**827.53**
Uses of funds							
Net fixed assets	–	12.11	23.80	23.58	67.53	75.89	78.68
Capital Work-in-Progress and Advances	–	–	–	–	–	–	–
Investments*	1.00	105.90	105.90	89.26	45.32	45.32	368.07
Current Assets	124.39	194.00	285.50	423.90	500.45	597.26	380.78
Total	**125.39**	**312.01**	**415.20**	**536.74**	**613.30**	**718.47**	**827.53**

Note: Figures in the bracket indicate negative figures.

* The amount of investments made as on March 31, 2003 was Rs. 89.26, which stood reduced to Rs. 45.32 as on 31/03/2005, the difference was on account of disposal of shares of Micro Plantae Ltd. held by VBAPL during the period.

** The balance of Rs. 27.25 lacs in the Reserves and Surplus account in the balance sheet as on 28/02/2006 represents the surplus transferred from profit and loss account after adjustment for reinstatement of cost of investment.

OTHER FINANCIAL DATA	31/03/2000	31/03/2001	31/03/2002	31/03/2003	31/03/2004	31/03/2005	11 months period ended 28/02/2006
Dividend (%)	–	–	–	–	–	–	–
Earning Per Share (EPS) (Rs.)	223.99	106.16	331.78	(6600.00)	(331.40)	112.70	533.20
Return on Networth (RONW) (%)	98.61	31.82	49.83	(111.24)	(21.95)	(8.07)	188.74
Book Value Per Share (Rs.) (Face Value of Rs. 10.00)	227.16	333.67	665.80	(5933.00)	(1510.00)	(1397.32)	282.50

Note: Figures in the bracket indicate negative figures.

M/s Atul Doshi & Associates statutory auditors of VBAPL, have certified vide their certificate dated 15/09/2006 that the loss of Rs. 126.84 lacs for the FY 2002-03 includes loss on account of reduction in value of investments of Rs. 114.65 lacs. Also in their opinion writing down of the value of investments due to decline in value of investments due to decline in value of investee company which is other than temporary in nature, is as per the Accounting Standard of AS 13. – Accounting for Investment. Also for the period ended 28/02/2006 the restatements of the value of investment written down in the years 2003 amounting to Rs. 114.65 lacs is also as per the Accounting Standard AS 13 as the investee company has turned the networth positive, as a result of which, the investments which are long term in nature, have been reinstated at the cost of acquisition, in line with the Accounting Standard of AS 13

Reasons for fall/rise in PAT of the Company

VBAPL had incurred losses in the years 2003 and 2004 due to increase in expenditure on account of new projects/ new business pursued. From the FY 2004-05 the company has made profits on account of reduction in non recurring expenses.

ACCOUNTING POLICIES

The Accounts have been prepared primarily on the historical cost convention and in accordance with the mandatory accounting standards. The significant accounting policies followed by the Company as on 31/03/2005 are stated below:

GENERAL

The Company follows the mercantile system of accounting and recognizes income and expenditure on accrual basis.

FIXED ASSETS

a) Fixed Assets are stated at cost of acquisition, or construction less depreciation

b) All costs including cost of financing incurred upto installation and commissioning of assets are capitalized and included in the cost of the respective asset.

c) The company has provided depreciation under straight line method for the assets at the rates and in the manner prescribed under Schedule XIV of the Company's act 1956. Depreciation on additions has been provided pro- rata for the period of actual utilization of assets.

REVENUE RECOGNITION

Receipts are recognized when the services are provided to the party with the terms of contract.

TAXES ON INCOME

Current Tax is determined as the amount of tax payable in respect of taxable income for the period.

Deferred Tax is recognized, subject to the consideration of prudence on timing differences, being the difference between taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent periods. Deferred tax assets are not recognized on unabsorbed depreciation and carry forward of losses, as the same would be recognized in the year in which taxable income arises.

CONTINGENT LIABILITIES

Venture Business Advisors Private Limited does not have any contingent liabilities as on 31/03/2005.

PENDING LITIGATIONS

There are no pending litigations against the company regarding the particulars of dues on account of income tax, sales tax, wealth tax, service tax, customs duty, excise duty and cess matters that have not been deposited on account of any dispute.

Disclosure in terms of Regulation 16 (ix):

- 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 to the Acquirer during 2003 has attracted provisions of Regulation 11(1) of the SEBI (SAST) Regulations, 1997. In view of this the Acquirer 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.

5. DELISTING OPTION TO TFL

Pursuant to the said Offer (assuming full acceptance in the offer), the public shareholding will not fall below the limit specified for the purpose of listing on the continuous basis in terms of listing agreement with the stock exchanges.

6. BACKGROUND OF TARGET COMPANY

Temptation Foods Limited/TFL

a) Temptation Foods Limited 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]. The manufacturing facility of TFL is located at Plot No. C-2, M.I.D.C. Jejuri, Taluka Purandar, Dist. Pune. The plant has an installed capacity to manufacture 4,000 metric tones of frozen fruits and vegetables. TFL was 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 public issue of equity shares during 1992 and the shares of TFL are presently listed on the BSE. During the year 1996, TFL was taken over by the present promoter group and the necessary formalities of making an open offer in terms of SEBI (SAST) Regulations, 1997 were complied with.

c) Due to initial teething problems, cost overrun & high interest cost, TFL incurred huge losses over the years and came under the purview of sick unit during 1999. During August 2003 an order was passed by “BIFR” for winding up of TFL. TFL filed an appeal in October 2003 before the “AAIFR” challenging the order of BIFR which was also dismissed exparte during August 2005. 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 the promoters of TFL successfully took 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) The trading in the shares of TFL has been suspended since 05/02/2001 due to non compliance of the provisions of listing agreement. The company is in the process of complying with the requirements of stock exchange for revocation of suspension. TFL’s equity shares were voluntarily delisted from the Pune Stock Exchange with effect from 16/03/2006. There has been no merger de-merger or spin off in the company during last three years.

f) The paid up capital of TFL as on 31/03/2003 was Rs. 848.15 lacs divided into 84,81,500 shares of Rs. 10/- each.

   TFL had issued and allotted 21,03,500 equity shares of Rs. 10.00 each at par to the promoter group on 31/03/2003. The in-principle approval for listing of these shares on the BSE for this allotment has been received by TFL vide their letter dated 27/10/2006. The preferential allotment made on 31/03/2003 was not pursuant to BIFR Scheme as mentioned in Regulation 3(1) (i) of the Regulation.

The share holders of TFL had passed a special resolution in the EGM held on 10/03/2006 to issue following securities,.

Name of Allottee	Shares		Warrants	
	Number	Price (Rs.)	Number	Price (Rs.)
IDBI Ltd.	15,00,000*	10.00	—	—
Promoter Group	4,00,000	25.00	40,00,000	10.00
Others	46,00,000	25.00	1,00,000	10.00
			9,00,000	35.00

- **Note:** BSE has issued prior In-principal approval for allotting the proposed 15,00,000 equity shares to IDBI vide its letter no. List/sg/sdm/pdk/24(a)/2006 dated 26/04/2006 and shares were allotted to IDBI 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"), 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".

- BSE vide its letter no. List/ns/pdk/2006 dated 31/10/2006 has given in-principle approval for issue and allotment of 46,00,000 equity shares to be issued to persons other than promoters and 41,00,000 warrants of Rs. 10/- each to be issued and allotted at par and 9,00,000 warrants to be issued and alloted at a premium of Rs. 25/- each. Out of the above the company has allotted 28,64,000 shares and 49,71,600 warrants on 11/11/2006. The warrant holders holding 40,71,600 warrants have excercised their option of conversion and the warrants have been converted into equity shares on 11/11/2006.

  The details of the share capital structure of the company as on the date of the letter of offer is as follows:

Paid-up Equity Shares	No. of shares/voting rights	% of paid up capital
Fully paid up equity shares	1,69,17,100	100.00
Partly paid up equity shares	–	–
Total paid up equity shares	1,69,17,100	100.00
Total voting rights in the company	**1,69,17,100**	**100.00**

The shareholders of TFL have passed a resolution at the EGM held on 26/06/2006 to issue 3,10,000 equity shares of Rs 10.00 each at par to new directors and other business associates on preferential basis. TFL is yet to receive in-principle approval for allotment of these shares from BSE.

g) The details of shares of TFL which are under lock-in are as follows:

Date of Allotment	Number of Shares	Period of Lock In
18/12/1995	63,490	One Year from the commencement of trading pursuant to revocation of suspension as per BSE letter no List/sk/sdm/pdk/2006 dated 12/04/2006
05/11/1996	11,70,000	
25/02/2000	5,58,000	
31/03/2003	21,03,500	One Year from the commencement of trading pursuant to revocation of suspension as per BSE letter no List/sk/sdm/ns pdk/dmn/2006 dated 01/11/2006
Total	**38,22,990**	

Besides the above 40,00,000 equity shares allotted to the acquirer on 11/11/2006 subsequent conversion of warrants and 29,35,600 equity shares allotted on 11/11/2006 to persons other than the promoters will also be kept under lock in for 3 years and 1 year respectively from the date of allotment as per SEBI Guidelines for preferential allotment or from such date as may be advised by the BSE while granting the listing and trading permission, whichever is later.

h) There are no partly paid-up equity shares in the Company and/or outstanding instruments in the nature of warrants / fully convertible debentures / partly convertible debentures etc. which are convertible into equity at any later date, except those mentioned in 'f' above which are convertible into equity at a later date.

i) Details of the share capital history of the company Post public Issue are as follows:

Date of Allotment/ forfeiture	No. of shares issued	% of shares issued	Cumulative Paid up Equity Share Capital (No. of Shares)	Mode of Allotment	Identification of The Allottees	Status of Compliance
13/02/1991	30	0.00	30	Subscription to MOA	Earlier Promoters	Complied
31/08/1992	11,50,310	6.80	11,50,340	Allotment to Promoter Group & Institutions	Earlier Promoter Group & Institutions	Complied
05/02/1993	32,49,660	19.21	44,00,000	Public Issue	Earlier Promoters & Public	Complied
18/12/1994	1,86,510	1.10	45,86,510	Preferential Allotment	Earlier Promoters	Complied
18/12/1995	63,490	0.38	46,50,000	Preferential Allotment	Earlier Promoter	Complied, yet to be listed
05/11/1996	11,70,000	6.92	58,20,000	Preferential Allotment	Current Promoter Group	Complied, yet to be listed
25/02/2000	5,58,000	3.30	63,78,000	Preferential Allotment	Earlier & Current Promoters	Complied, yet to be listed
31/03/2003	21,03,500	12.43	84,81,500	Preferential Allotment	Current Promoters	Only in-principle approval received. Yet to be listed #
27/04/2006	15,00,000	8.87	99,81,500	Preferential Allotment	IDBI	Listing application yet to be made
11/11/2006	69,35,600	41.00	1,69,17,100	Preferential Allotment	Current Promoters & others	Listing application yet to be made
Total	**1,69,17,100**	**100.00**				

Preferential allotment to made to the promoter group of TFL which triggered the SEBI (SAST) Regulations. Compliance presently being complied with

j) Details of change in shareholding of the promoters is as follows:

Date of Allotment issued	No. of shares issued	% of shares	Cumulative Paidup Equity share Capital No. of shares	Mode of Allotment	Status of Compliance
15/01/1996	13,15,252	7.77	13,15,252	Negotiated deal with erstwhile promoters- change in manag ement by takeover	Complied
April,1996	1,02,600	0.61	14,17,852	Received under Open offer	Complied
April 1996 to October1996	56,110	0.33	14,73,962	Open market purchases	Not Applicable
05/11/1996	11,70,000	6.92	26,43,962	Conversion of OFCDs into equity shares	Complied
15/11/2000	2,40,000	1.42	28,83,962	Purchase through Negotiated Deal	Complied
31/03/2003	21,03,500	12.43	49,87,462	Preferential Allotment	Not Complied *
15/04/2005	3,00,000	1.77	52,87,462	Purchased from IFCI under buy back agreement	Complied
11/11/2006	40,00,000	23.64	92,87,462	Preferential Allotment	Complied
TOTAL	**92,87,462**	**54.90**			

* Compliance with SEBI (SAST) Regulations presently being complied with.

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. For the failure in compliance / delayed compliance with the Takeover Regulations, SEBI may initiate appropriate action against the Target Company.

l) The details of the Board of Directors of TFL are as follows:

Name, Designation And Address	Experience (Years)	Area of Experience	Qualification	Date of Appointment	Other Directorship
Ms. Bhairavi Goswami* 4, Unity House, 2nd Floor, Opera House, Mumbai – 400 004	3	General Management	B.A.	30/09/2004	• Venture Business Advisors Pvt. Ltd. • Vergola India Ltd.
Dr. (Ms.) Kala Pant 28, Shivtirth No. 1, Bhulabhai Desai Road,Opp Heera Panna, Mumbai – 400 026	40	Banking & Management	B.Sc.; MA(USA), Post Graduate in the field of Banking	15/12/2005	• NRB Bearings Ltd.
Mr. E. David Ellington 4, Unity House, 2nd Floor, Opera House, Mumbai – 400 004	20	Financial Management & Fund Management	M.A. (Hons.) J.D, (George Town)	15/12/2005	• Sanfransisco Retirement Board-Trustee • Ankar Capital LLC,USA
Mr. G. Ramchandran Flat No.401, Shriram Bhawan,Plot No. 745, Jehangir Vimadalal Street, Parsi Colony, Dadar (East), Mumbai- 400 014	20	Finance & Taxation	B.Sc. (Hons.), F.C.A	06/01/2006	• Karrox Technologies Ltd. • Key Profiles Pvt. Ltd. • KWare Pvt. Ltd. • Valecha Engineering Ltd.

Name, Designation And Address	Experience (Years)	Area of Experience	Qualification	Date of Appointment	Other Directorship
					• Valecha F2 Fun & Fitness Pvt. Ltd. • First Fitness Pvt. Ltd. • Tower Capital & Securities Ltd. • Tower Financial & Services Ltd. • Praxis Advisors Pvt. Ltd. • Polymath Advisors Pvt. Ltd. • Imageads Communications Ltd. • Brand Vision Pvt. Ltd. • Recouse Substrates Pvt. Ltd.
Mr. R.V. Joshi Bungalow No. 11, Priya Darshan Bank of India Hsg. Society, Nang Nagar,Pune	35	Banking & Management	M.A. (Economics)	06/01/2006	Clear Corp Dealing Systems India Ltd.
Mr. Ravinder Singh Rekhi 51, Oak Creek Ct. Burr Ridge,IL 60257- 8388United States	20	Consultancy- Food & Agri Businesses	Graduate, Cornell University USA	06/05/2006	Radhakrishna Foodland Pvt. Ltd.

* Ms. Bhairavi Goswami is also on the board of VBAPL.

m) Brief audited financial details of TFL for the three years prior to the date of preferential allotment and three years subsequent to the date of Allotment are as follows :

(Rs. in lacs)

PROFIT & LOSS STATEMENT	31/03/2000	31/03/2001	31/03/2002	31/03/2004	31/03/2005	31/03/2006
Income from Sales	117.14	224.75	527.80	1158.59	822.34	1533.95
Other Income	32.18	10.14	23.23	36.78	16.92	170.48
Increase/(Decrease) in stock	15.46	6.89	39.94	(32.80)	179.34	(47.76)
Total Income	164.77	241.78	590.96	1162.57	1018.60	1656.67
Less: Total Expenditure	186.40	253.72	532.81	1135.82	993.96	1412.15
Profit/(Loss) Before Depreciation, Interest and Tax	(21.63)	(11.94)	58.15	26.75	24.64	244.52
Depreciation	66.04	66.13	65.34	66.44	67.48	67.94
Interest & Finance Charges	1.68	2.10	4.24	19.55	7.55	3.03
Profit/(Loss) Before Tax	**(89.35)**	**(80.17)**	**(11.43)**	**(59.24)**	**(50.39)**	**173.55**
Earlier year adjustments	0.25	(0.26)	(0.03)	(2.06)	(13.56)	(8.13)
Add: Deferred tax	–	–	–	–	–	–
Less: Provision for Tax- FBT	–	–	–	–	–	1.75
Net Profit/ (Loss) after Tax	**(89.09)**	**(80.42)**	**(11.46)**	**(61.30)**	**(63.95)**	**163.67**

Note: Figures in the bracket indicate negative figures.

(Rs. in lacs)

BALANCE SHEET STATEMENT	31/03/2000	31/03/2001	31/03/2002	31/03/2004	31/03/2005	31/03/2006
Sources of funds						
Paid up share capital	637.80	637.80	637.80	848.15	848.15	848.15
Reserves and Surplus	26.13	26.13	26.13	26.13	26.13	768.46
Miscellaneous Expenditure (including debit balance of Profit & Loss A/C)	(2819.92)	(2898.03)	(2907.19)	(2958.61)	(3022.56)	(1234.31)
Networth	**(2155.99)**	**(2234.10)**	**(2243.25)**	**(2084.33)**	**(2148.28)**	**382.30**
Share Application Money	148.45	158.90	159.23	–	–	1037.50
Deferred Tax	–	–	–	–	–	–
Secured Loans	2974.49	2974.49	2974.49	2993.82	2993.82	1.00
Unsecured Loans	5.66	4.23	4.23	0.74	0.74	0.86
Total	**972.61**	**903.53**	**894.70**	**910.23**	**846.28**	**1421.66**
Uses of funds						
Net fixed assets*	1044.68	977.36	912.54	815.30	755.91	691.06
Capital work in progress	–	–	–	–	–	–
Investments	–	–	–	–	–	–
Net Current Assets	(72.06)	(73.84)	(17.84)	94.93	90.37	730.60
Total	**972.61**	**903.53**	**894.70**	**910.23**	**846.28**	**1421.66**

Note: Figures in the bracket indicate negative figures.

* Vehicle worth Rs. 8.50 lacs was sold in the Financial Year 2005-06 other than this there was no sale in the Fixed Assets of the company during the Financial Years mentioned above.

Other Financial Data	31/03/2000	31/03/2001	31/03/2002	31/03/2004	31/03/2005	31/03/2006
Dividend (%)	–	–	–	–	–	–
Earning Per Share	(1.40)	(1.26)	(0.18)	(0.72)	(0.75)	1.59
Return on Networth %	(4.13)	(3.60)	(0.51)	(2.94)	(2.98)	42.81
Book Value Per Share (Face Value of Rs. 10.00)	(33.80)	(35.03)	(35.17)	(24.58)	(25.33)	4.51

Note: Figures in the bracket indicate negative figures.

Details of Other Income and of Reserves & Surplus and Share Application money for the year ended 31/03/2006 are as follows :

Other Income

Particulars	Amount (Rs. in lacs)
Interest Income	2.54
Difference in Exchange Rate	3.38
Export Incentive (DEPB)	30.54
Miscellaneous Income	1.13
Liabilities Written Back	15.68
Insurance claim	1.07
Balance Written Back (Net off of Write off)	52.62
Loading & Unloading charges	0.55
Cold Storage Charges Received	26.32
Freight Charges Received	8.09
Discount on payment of IDBI Dues	28.55
Total	**170.48**

Reserves & Surplus

Particulars	Amount (Rs. in lacs)
Special Capital Incentive	25.00
Subsidy from Government	1.13
Capital Reserve	
Add: Waiver of the principle amount of loan by financial institutions	742.33
Total	**768.46**

Share Application money

Particulars	Amount (Rs. in lacs)
Share Application Money	
47,64,000 shares @ Rs. 10/- each including securities premium on 32,64,000 shares @ Rs. 15/- per share of Rs.	966.00
10% Application Money for Convertible Warrants*(40,00,000 warrants @ Rs. 10/- & 9,00,000 warrants @ Rs. 35/-)*	71.50
Total	**1037.50**

n) Reasons for fall/rise in PAT of the Company:

TFL has not made any cash losses for the year ended 2003-04 and 2004-05. The loss for these years was on account of provision for depreciation. However during the year 2005-06, the company successfully turned around its operation and achieved the highest ever production of 2900 tonnes of frozen fruits and vegetables thereby increasing the turnover.

o) Pre and Post- Offer equity shareholding pattern of the Target Company assuming full acceptance in the offer will be as follows:

Shareholder's category	Shareholding & voting rights prior to the Preferential Allotment of 31/03/2003		Shareholding & voting rights, post Preferential Allotment of 31/03/2003		Shareholding & voting rights prior to the offer (A)		Shares / voting rights agreed to be acquired which triggered off the Regulations. (B)		Shares/voting rights to be acquired in open offer (Assuming full acceptances) (C)		Share holding / voting rights after the acquisition and offer (D) = (A)+(B)+(C)	
	No.	**%**	**No**	**%**	**No.**	**%**	**No.**	**%**	**No.**	**%**	**No.**	**%**
1. Promoter Group												
(a) Parties to agreement: (b) (Sellers)	–	–	–	–	–	–	–	–	–	–	–	–
(b) Promoters other than (a) above	10,800	0.17	9,64,300	11.37	–	–	–	–	–	–	–	–
Sub Total 1 (a+b)	**10,800**	**0.17**	**9,64,300**	**11.37**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
2. Acquirer* Venture Business Advisers Pvt. Ltd	28,73,162	45.05	40,23,162	47.43	92,87,462	54.90	–	–	33,83,420	20.00	1,26,70,882	74.90
Sub Total 2	**28,73,162**	**45.05**	**40,23,162**	**47.43**	**92,87,462**	**54.90**	**–**	**–**	**33,83,420**	**20.00**	**1,26,70,882**	**74.90**
3. Parties to agreement other than (1) (a) & (2)	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
4. Public (other than Acquirer, Parties to the Agreement and persons in promoter group)	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	–
a) FIs/MFs/FIIs/ Banks, SFIs	13,11,000	20.56	13,11,000	15.46	25,11,000	14.84	–	**–**	**–**	**–**	42,46,218	25.10
b) Others (no. of shareholders –**6983**)	21,83,038	34.23	21,83,038	25.74	51,18,638	30.26	–	–	–	–		
Sub-total 4(a + b)	**34,94,038**	**54.79**	**34,94,038**	**41.20**	**76,29,638**	**45.10**	**–**	**–**	**–**	**–**	**42,46,218**	**25.10**
Total (1+2+3+4)	**6378000**	**100.00**	**84,81,500**	**100.00**	**1,69,17,100**	**100.00**	**–**	**–**	**33,83,420**	**20.00**	**1,69,17,100**	**100.00**

***Note: As of date the Promoter Group consists of VBAPL only.**

The Company has designated Mr. Vipin Chandok as the Compliance Officer, the details are as under:

Mr. Vipin Chandok
Chief Financial Officer
& Company Secretary
4 Unity House, 2nd Floor,
8 Mama Parmanand Marg,
Opera House, Mumbai- 400 004
Tel: (022) 2368 6030
Fax: (022) 2369 5438
Email: vipin.chandok@temptationfoods.com

7. OFFER PRICE

Justification of Offer Price:

a) The equity shares of the company are currently listed only on Bombay Stock Exchange Limited (BSE). The shares of TFL were also listed at Pune Stock Exchange (PSE) at the time of relevant date i.e 03/04/2003, for the instant Offer, hence the same has also been taken into consideration while determining the Offer price.

Name of stock exchange	Total Shares traded during the 6 calendar months prior to the month in which the public announcement was required to be made (from September 2002 to February 2003)	Total no. of listed Shares	Annualized Trading turnover (in terms of % to total listed shares)
BSE	NIL	63,78,000	NIL
PSE	NIL	63,78,000	NIL

Offer price in terms of Regulation 20(5) for infrequently traded shares:

b) The equity shares of TFL are listed on The Bombay Stock Exchange Ltd. (BSE). The equity shares of TFL were infrequently traded on BSE & PSE in terms of explanation (i) to Regulation 20(5) of the Regulations for the period of six months, prior to the month in which the public announcement was required to be made i.e; from September 2002 to February 2003. 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 taking inter-alia into account the following factors:

Negotiated price as per 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, if any, during the twenty-six weeks.	:	Rs. 10/- (The price at which preferential allotment was made)
Other Parameters	:	Based on audited accounts ended 31/03/2002
Return on Networth (%)	:	(0.55)
Book Value(Rs.) – Face Value of Rs 10.00	:	(35.17)
Earning Per Share (EPS)(Rs.)	:	(0.18)

The Offer Price of Rs 13.50 per fully paid up share has been calculated taking into account the offer price of 10.00 per share ("Base Price") and Rs 3.50 per share being interest thereon @ 10 % p.a. from the date of payment of consideration to the shareholders of TFL in case the Offer had been made within stipulated time till the actual date of payment of consideration as per schedule of this Open Offer. The preferential allotment was made on 31.03.2003 and accordingly the relevant date has been taken to be 03/04/2003.

c) The preferential allotment made on 31/03/2003 was made at Rs 10.00 per share. Considering the above parameters the offer Price is justified in terms of Regulation 20(5) in respect of infrequently traded shares. There will be no change in control of management of TFL, pursuant to this offer.

8. FINANCIAL ARRANGEMENT

a) Assuming full acceptance, the total monetary value of the offer would be Rs.456.76 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 a total amount of Rs. 114.51 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; Tel. No. – (022) 23472578; Telfax: (022) 2344 0480 (Membership No. 102585 of Mr. Atul Doshi, Proprietor) have certified vide their certificate dated 13/11/2006 that VBAPL has immediate access to liquid assets of at least a sum of Rs. 500.00 lacs (Rupees Five 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 domestic 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.

9. TERMS AND CONDITIONS OF THE OFFER

a) The details of shares under lock in are as mentioned in point '6(g)' of this Letter of Offer.

b) Eligibility for accepting the Offer: 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 (except the Acquirer) whose names appear on the Register of Members of TFL, at the close of business hours on 21/07/2006 (referred to as "the Specified Date"). The Offer is also made to the shareholders who own the shares any time prior to the closure of the offer, but are not the registered shareholder(s).

c) Statutory Approvals: 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. In case the acquirer fails to obtain the requisite statutory approvals in time on account of willful default or neglect or inaction or non-action on its 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.

d) Subject to the conditions governing this Offer as mentioned herein, the acceptance of this offer by the 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.

10. PROCEDURE FOR ACCEPTANCE AND SETTLEMENT.

10.1 Procedure for accepting the offer by eligible persons

The equity shareholders of TFL who qualify and who wish to avail of this Offer (hereinafter referred to as "Acceptor") will have to deliver the relevant documents as mentioned at point (a) and (b) below as applicable to the Registrar to the Offer i.e.; Purva Shares Registry Pvt. Ltd., 33 Printing House, 28-D, Police Court Lane, Behind Old Handloom House, Fort, Mumbai 400 001.(Ph: 022-2301 8261/6761,6634 8073 Fax: 022- 2301 6761), by hand delivery or Registered Post between 10.30 a.m. to 4.30 p.m. on all working days i.e. other than Sundays and public holidays.

a) Registered equity shareholders should enclose:

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

ii. Original share certificate(s)

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

b) Unregistered owners of equity shares should enclose:

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

ii. Original share certificate(s)

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

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

v. No indemnity is needed from unregistered equity shareholders.

NO DOCUMENT SHOULD BE SENT TO THE MANAGER TO THE OFFER, ACQUIRER OR TO THE TARGET COMPANY

10.2 OFFER PERIOD

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

b) This Offer will remain open on all working days (i.e. excluding Sunday and Public Holidays) between 30/11/2006 to 19/12/2006 (both days inclusive). The equity shareholders of TFL who wish to avail of this offer shall be required to send their acceptance in the manner stated above so as to reach the Registrar to the Offer on or before 19/12/2006.

10.3 WITHDRAWAL OPTION

a) 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 14/12/2006. The withdrawal option can be exercised by submitting the 'Form of Withdrawal' (separately enclosed with Letter of Offer) to the Registrar to the Offer, Purva Share Registry Pvt Ltd., so as to reach them on or before 14/12/2006.

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

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

ii. In case of dematerialised shares: Name, Address, number of shares tendered/withdrawn, DP name, DP ID, Beneficiary account number and a photocopy of the delivery instruction in "off market" mode or counterfoil of the delivery instruction in "off market" mode, duly acknowledged by the DP in favour of the Escrow Depository Account.

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

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

In case of non-receipt of the offer document/unregistered equity shareholders who wish to accept the offer should communicate their acceptance in writing on a plain paper stating the name, address, no. of shares held, distinctive numbers, folio number, no. of shares offered to the Registrar to the Offer together with relevant share certificate(s), the transfer deed(s) and the original contract note issued by share broker of a recognized stock exchange through whom they acquired the equity shares before the close of the Offer, i.e.19/12/2006. Such equity shareholders may also download a copy of the form of acceptance cum acknowledgement from SEBI's website at www.sebi.gov.in and use the same.

10.5 GENERAL

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

b) Equity Shareholders may note that if there is a competitive bid,

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

ii. 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.

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

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

e) In case 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.

f) The share certificates will be held in trust by the Registrar to the Offer till the Acquirer complete the offer obligations in terms of the Regulations.

g) Acquirer shall acquire the equity shares from the shareholders of the Company who have validly tendered the equity shares under the Offer (i.e. equity shares and other documents are in order in accordance with the terms of the Offer) and remit the consideration in respect thereof on or before 03/01/2007 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.

h) The unaccepted shares/documents will be returned to the shareholders by Registered Post

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

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

k) Keynote Corporate Services Limited, the Manager to the Offer, does not hold any equity shares of TFL. Further, they have undertaken not to deal in the equity shares of TFL upto a period of fifteen days after closure of the offer.

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

11. DOCUMENTS FOR INSPECTION

The following documents are regarded as material documents and are available for inspection at the Registered office of the Acquirer i.e. being Venture Business Advisors Private Limited to the Offer from 11.00 a.m. to 3.00 p.m. on any working day until the Offer closes.

1. Copy of Memorandum of Understanding dated 23/06/2006 between Keynote Corporate Services Ltd., Manager to the Offer and Venture Business Advisors Private Limited.
2. Copy of consent dated 14/06/2006 from Purva Share Registry Private Limited., to act as the Registrar to the Offer.
3. Memorandum and Articles of Association of TFL.

4. Copies of Annual Report of TFL for the financial years 1999-2000, 2000-2001, 2001-2002, 2003-04, 2004-05 and 2005-06
5. Copy of shareholding pattern of TFL.
6. Memorandum and Articles of Association of VBAPL
7. Copy of shareholding pattern of VBAPL
8. Details of Board of Directors of VBAPL
9. Copies of Annual Report of VBAPL for the financial years 1999-2000, 2000-2001, 2001-2002, 2003-04, 2004-05 and certified results for 11 months ended 28/02/2006.
10. Copy of certificate dated 13/11/2006 issued by M/s Atul Doshi & Associates, Chartered Accountant of VBAPL.
11. Copy of Fixed Deposit Receipts for Rs. 114.51 lacs issued by the UTI bank, Nariman Point Branch, Mumbai in terms of the Escrow requirements.
12. Copies of undertaking from Acquirer & Target Company.
13. Copy of Public Announcement as published in the newspaper on 24/06/2006.
14. Copy of letter No. CFD/DCR/MM/TO/79461/06 dated 08/11/2006 received from Securities and Exchange Board of India in terms of provisions of Regulation 18(2) of the Regulations.

12. DECLARATION BY THE ACQUIRER

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

For and on behalf of Venture Business Advisors Private Limited

Sd/-

Dayabhai Lad

Place: Mumbai
Date : 21/11/2006

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION
(Please send this form with enclosures to the Registrars to the Offer at their address given overleaf)

OFFER
OPENS ON: THURSDAY, NOVEMBER 30, 2006
CLOSES ON : TUESDAY, DECEMBER 19, 2006

FORM OF ACCEPTANCE - CUM – ACKNOWLEDGEMENT

From:

Tel No. Fax No.: E-mail:

To,

Purva Share Registry Pvt. Ltd
33 Printing House,
28-D, Police Court Lane,
Behind Old Handloom House
Fort, Mumbai- 400 001

Sub : Open offer to acquire upto 19,96,300 equity shares of Rs. 10/- each representing 20% of the paid up capital of Temptation Foods Limited (TFL) by Venture Business Advisors Private Limited ('Acquirer') in terms of SEBI (Substantial Acquisition of Shares & Takeovers) Regulations, 1997.

Dear Sir,

I/We refer to the Letter of Offer dated 21/11/2006 for acquiring the equity shares held by me/us in Temptation Foods 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 accept the Offer and enclose the original share certificate(s) and duly signed transfer deed(s) in respect of my/our shares as detailed below:

Sr. No.	Certificate No.	Distinctive No(s)		No. of Shares
		From	To	
(In case the space provided is inadequate, please attach a separate sheet with the details)			**Total number of equity shares**	

I/We note and understand that the original share certificate(s) and valid share transfer deed will be held in trust for me/us by the Registrar to the offer until the time the Acquirer pays the purchase consideration as mentioned in the Letter of Offer. I/We also note and understand that the Acquirer will pay the purchase consideration only after verification of the documents and signatures.
I/We authorise the Acquirer to accept the shares so offered which it may decide to accept in consultation with the Manager to the Offer and in terms of the Letter of Offer and
I/We authorise the Acquirer or the Manager to the Offer to send by registered post the draft/cheque, in settlement of the amount to the sole/first holder at the address mentioned below.

Address of First/Sole Shareholder

____

____

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

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.

Name of the Bank______________________ Branch______________________

Account Number ______________________ Savings/Current/Others (please specify)______________________

Yours faithfully,

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

Signed and Delivered:
Place: Date:

TEAR HERE

(Acknowledgement Slip)

Folio No.: Sr. No.: **Purva Shareregistry Pvt. Ltd**
Unit : Temptation Foods Limited
33 Printing House, 28-D, Police Court Line, Behind Old Handloom House, Fort, Mumbai- 400 001

Signature of Official and Date of Receipt	Stamp of collection centre

Received from Mr./Ms.______________________

Address.______________________

____

PLEASE USE THIS FORM ONLY IF YOU HAVE TENDERED THE SHARES AND WISH TO WITHDRAW YOUR APPLICATION

FORM OF WITHDRAWAL

OFFER
OPENS ON: THURSDAY, NOVEMBER 30, 2006
CLOSES ON: TUESDAY, DECEMBER 19, 2006
LAST DATE OF WITHDRAWAL: THURSDAY, DECEMBER 14, 2006

You have an 'OPTION TO WITHDRAW' the acceptance tendered in response to the offer any time upto three working days prior to the date of closure of offer i.e. on or before Thursday, 14/12/2006. In case you wish to withdraw your acceptance please use this form.

From:

Tel No. Fax No.: E-mail:

To,

Purva Share Registry Pvt. Ltd
33 Printing House,
28-D, Police Court Lane,
Behind Old Handloom House
Fort, Mumbai- 400 001

Sub : Open offer to acquire upto 13,96,300 equity shares of Rs. 10/- each representing 20% of the paid up capital of Temptation Foods Limited (TFL) by Venture Business Advisors Private Limited ('Acquirer') in terms of SEBI (Substantial Acquisition of Shares & Takeovers) Regulations, 1997.

Dear Sir,

I/We refer to the Letter of Offer dated 21/11/2006 for acquiring the equity shares held by me/us in Temptation Foods 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 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	
(In case the space provided is inadequate, please attach a separate sheet with the details)			**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 and **authorize you not to remit** the consideration as mentioned in the Letter of Offer.

I/We authorise the Acquirer to reject the shares so offered which it may decide in consultation with Manager to the Offer and in terms of the Letter of Offer and,

I/We authorise the Acquirer or the Registrar to the Offer to send by registered post the original share certificate(s), transfer deed(s) and other documents tendered by me/us to the sole/first holder at the address mentioned below:

Address of First/Sole Shareholder

____

____

Yours faithfully,

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

Signed:

Place: Date:

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

TEAR HERE

Folio No.: Sr. No.: **Purva Shareregistry Pvt. Ltd**
Unit : Temptation Foods Limited
33 Printing House, 28-D, Police Court Line, Behind Old Handloom House, Fort, Mumbai- 400 001

(Acknowledgement Slip)

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

Received from Mr./Ms.____

Address.____

Form of withdrawal in respect of ________________ Number of Share Certificates representing ________ number of shares.