

PUBLIC ANNOUNCEMENT TO THE SHAREHOLDERS OF

SANTOSH INDUSTRIES LIMITED

(Regd. Office: 23/24, Radha Bazar Street, 3rd Floor, Kolkata 700 001)

This Public Announcement ("PA") is being issued by **Ashika Credit Capital Limited**, Manager to the Offer, on behalf of **Sri Budhamall Dugar & Smt. Sohani Devi Dugar** both being residents of 9C, Classic Tower, 56, Gariahat Road, Kolkata 700 019 (hereinafter collectively referred to as "Acquirers") pursuant to Regulation 10 & 12 and in compliance with the Securities and Exchange Board of India (Substantial Acquisition of Shares & Takeovers) Regulations, 1997 and subsequent amendments thereto ("Regulations").

1. THE OFFER:

- a. The Offer is being made by Sri Budhamall Dugar & Smt. Sohani Devi Dugar, both being residents of 9C, Classic Tower, 56, Gariahat Road, Kolkata 700 019 to the Equity Shareholders of Santosh Industries Limited ("Target Company or SIL").
- b. The Acquirers have entered into an Agreement dated July 05, 2002 ("Agreement") to acquire fully paid-up equity shares from promoters, their relatives & associates of SIL, viz. Deoki Devi Kejriwal (17,500 shares), Santosh Kumar Kejriwal (21,470 shares), Manju Kejriwal (53,550 shares), Pawan Kumar Kejriwal (79,870 shares), Vandana Kejriwal (99,725 shares), Vinay Kumar Kejriwal (58,850 shares), Nupur Kejriwal (29,550 shares), Santosh Kumar Kejriwal-HUF (50,875 shares), Pawan Kumar Kejriwal-HUF (45,950 shares) & Vinay Kumar Kejriwal-HUF (38,000 shares) (hereinafter collectively referred to as "Sellers") aggregating to a total of 4,95,340 (Four Lacs Ninety Five Thousand Three Hundred and Forty) fully paid-up equity shares of Rs.10/- each representing in aggregate 62.70% of the Paid-up equity share capital and voting capital of SIL at a price of Rs.10/- per share ("Negotiated Price") payable in cash ("The Acquisition").
- c. As on the date of this Public Announcement, the Acquirers do not hold any equity shares of SIL. The Acquirers have not acquired any shares of the target Company during the twelve months preceding this Public Announcement.
- d. The Acquirers are now making this Open Offer ("Offer") to the shareholders of SIL (other than the parties to the Agreement) to acquire from them upto 1,58,000 fully paid-up Equity Shares of Rs.10/- each representing 20% of its paid up equity share and voting capital at a price of Rs.10/- per share ("Offer Price") payable in cash subject to terms and conditions mentioned hereinafter.
- e. The shares of SIL are listed on the Calcutta Stock Exchange Association Limited ("CSE"). According to the information available, the shares of SIL are deemed to be frequently traded on the Stock Exchange within the meaning of Regulation 20 of the Regulations and therefore the Offer Price has been determined taking into account the following parameters: -

(i)

• Negotiated price per share	Rs.10/-
• Highest Price paid by the Acquirers for any Acquisitions, including by way of allotment in a Public or right issue, if any, during the 26 weeks period prior to the date of PA	NA
• The price paid by the Acquirers under a preferential allotment made to them at any time during the 12 months period upto the date of closure of the offer.	NA
• The average of the weekly high & low of the closing prices of the shares of the Target Company as quoted on the Stock Exchange where the shares of the Company are most frequently traded during the 26 weeks preceding the date of Public Announcement	Rs.9/-

The offer price is equal to the negotiated price and is higher than the 26 weeks average price of Rs.9/- per share.

(ii) The last traded price for the fully paid equity shares of SIL was Rs.8.50/- per share on CSE on 27.06.2002.

(iii) The offer price of Rs. 10/- per equity share of SIL is therefore justified.

- a. For the purpose of this offer, there are no persons acting in concert as per the provisions of Regulations 2(1)(e) of the Regulations.
- b. The Offer is not subject to any minimum level of acceptances from shareholders and is not a conditional Offer.
- c. This is not a competitive bid.

1. INFORMATION ABOUT THE ACQUIRERS:

- a. Sri Budhamall Dugar, son of Late Bhanwarlal Dugar, aged about 71 years, residing at 9C, Classic Tower, 56, Garaihat Road, Kolkata 700 019, is having more than 30 years of experience in financial & investment activities. His networth as on 31/03/2001 as certified by Mr. S. C. Mehta, (Membership No. 70631) proprietor of S. S. Mehta & Co., Chartered Accountants, having office at 18, Netaji Subhas Road, 2nd Floor, Kolkata-700 001, vide certificate dated 03.07.2002 is Rs. 543.63 lacs.
- b. Smt. Sohani Devi Dugar, wife of Sri Budhamall Dugar, aged about 70 years is residing at 9C, Classic Tower, 56, Gariahat Road, Kolkata 700 019. She has about 20 years of experience in the financial & investment activities. Her networth as on 31.03.2001 as certified by Mr. S. C. Mehta, (Membership No. 70631) proprietor of S. S. Mehta & Co., Chartered Accountants, having office at 18, Netaji Subhas Road, 2nd Floor, Kolkata-700 001, vide certificate dated 03.07.2002 is Rs.443.34 lacs.

1. INFORMATION ABOUT THE TARGET COMPANY:

- a. SIL was incorporated as Santosh Industries Private Limited, under the Companies Act, 1956, on January 25, 1960. The name of the company was further changed to Santosh Industries Limited upon conversion into a Public Company on April 6, 1981. SIL has its registered office at 23/24, Radha Bazar Street, 3rd Floor, Kolkata-700 001.
- b. As on the date of this Public Announcement, the Paid-up Equity Share Capital of SIL is Rs.79,00,000 comprising of 7,90,000 Equity Shares of Rs.10/- each fully paid-up. There are no partly paid-up shares.
- c. SIL is engaged in the business of dealing & investment in shares & securities and of providing short term loans and advances.
- d. The Equity Shares of SIL are listed at the Calcutta Stock Exchange Association Limited.
- e. As per the audited Accounts for the year ended 31.03.2002, the total income and net profit after tax of SIL was Rs. 282.71 lacs and Rs. 3.10 lacs respectively.

1. REASONS FOR THE OFFER AND FUTURE PLANS ABOUT TARGET COMPANY:

- a. The Offer to the shareholders of SIL is made in accordance with Regulation 10 & 12 of the Regulations.
- b. The Acquirers propose to expand the fund based and investment related activities. The acquisition of SIL would facilitate such motive as SIL is already engaged in these activities. By virtue of this acquisition the Acquirers will get majority shareholding entitling them to exercise management control over the Company. The Acquirers by virtue of their managerial expertise and experiences in the related activities are better placed to turn the company profitable.
- c. The Acquirers do not have any plans to dispose off or otherwise encumber any assets of SIL in the next two years except in the ordinary course of business of SIL. However re-organisation and / or streamlining of various businesses may be considered for commercial reasons and operational efficiencies.

1. STATUTORY APPROVALS/OTHER APPROVALS REQUIRED FOR THE OFFER:

- a. The Offer is subject to receiving the necessary approval(s), if any, from Reserve Bank of India, under the Foreign Exchange Management Act, 1999 and subsequent amendments thereto, for acquiring shares tendered by non-resident shareholders.
- b. As on the date of this PA, to the best of the knowledge of the Acquirers, there are no other statutory approvals required to acquire equity shares that are tendered pursuant to this Offer.

- c. In case of non-receipt of the said statutory approvals within time, SEBI has a power to grant extension of time to the Acquirers for payment of consideration to shareholders subject to the Acquirers agreeing to pay interest as directed by SEBI.
- d. The Acquirers do not require any approval from its bankers / lending Institutions for the aforesaid offer.

1. DELISTING OPTION TO THE ACQUIRERS IN TERMS OF REGULATIONS 21(3):

- a. If pursuant to this offer and/or acquisition of shares from the open market or otherwise the public shareholding falls to 10% or below of the paid up equity/voting capital of SIL, then in terms of regulation 21(3) of the Regulations, the Acquirers will make a Second Offer to acquire the remaining outstanding equity shares ("Second Offer") held by the public shareholders within three months from the closure of the Offer, at the same Offer Price.
- b. Shareholders who, due to certain reasons, are not in a position to accept the Second Offer (if any) as per regulation 21(3) of the Regulations during that Offer period, shall also be provided an exit facility at the same Offer Price for a period of six months from the Offer opening date of such Second Offer.
- c. On completion of the Second Offer, the Acquirers will request SIL to approach the Stock Exchanges where the equity shares are listed, for delisting of the same.

1. FINANCIAL ARRANGEMENTS:

- a. The Acquirers have adequate financial resources and have made firm financial arrangement for the implementation of the Offer in full out of their own sources / network and no borrowings from Banks/FIs or Foreign sources is envisaged. Mr. S. C. Mehta (Membership No. 70631), proprietor of S. S. Mehta & Co., Chartered Accountants has certified vide its letter dated 04.07.2002 that sufficient resources are available with the Acquirers for fulfilling the obligations under this "Offer" in full.
- b. The total fund requirement for the Offer is Rs. 15,80,000/- (Rupees Fifteen Lacs Eighty Thousand). In accordance with Regulation 28 of the Regulations, the Acquirers have opened an Escrow account in the Tamilnad Mercantile Bank Limited, N.S. Road Branch, Kolkata 700 001 in the form of a fixed deposit of Rs. 4,00,000/- being more than 25% of the total consideration payable to shareholders under the Offer.
- c. The Manager to the Offer, Ashika Credit Capital Limited has been duly authorised by the Acquirers to operate & realize the value of Escrow Account in terms of the Regulations.
- d. The Manager to the Offer confirms that the firm arrangement for the funds and money for payment through verifiable means are in place to fulfil the offer obligations.

1. OTHER TERMS OF THE OFFER:

- a. The Letter of Offer ("LO") together with Form of Acceptance cum Acknowledgement ("Acceptance Form") shall be mailed to those equity shareholders of SIL (other than the shareholders who are parties to the agreement) whose names appear on the Register of Members of SIL and to those beneficial owners ("Demat Holders") of the Equity shares of SIL, whose names appear as beneficiaries on the records of the respective Depository Participants ("DP"), at the close of business hours on July 11, 2002 ("Specified Date"). The LO along with Acceptance Form would also be available at SEBI Website: www.sebi.gov.in from the date on which Offer opens. Eligible persons to the offer may download these forms for their use.
- b. Maheshwari Datamatics Private Limited, the Registrar to the Offer ("Registrar") has opened a special depository account with Shree Bahubali International Ltd. in National Securities Depository Limited ("NSDL") styled "Maheshwari Datamatics Private Limited-SIL-Open Offer Escrow A/c". The DP ID is IN 300773 and Beneficiary Client ID is 10083624.
- c. Beneficial owners (holders of shares in dematerialised form) who wish to tender their shares will be required to send their Form of Acceptance cum Acknowledgement along with a photocopy of the delivery instructions in "Off-market" mode, duly acknowledged by the Depository Participant ("DP") in favour of the special Depository Account, to the Registrar to the Offer, in accordance with the instructions to be specified in the LO.
- d. Shareholders holding equity shares in physical form who wish to accept the Offer and tender their shares, will be required to send their (i) duly signed Form of Acceptance, (ii) original share certificate(s), (iii) duly signed and executed transfer deed(s) and other documents to the Registrar to the Offer, in accordance with the instructions specified in the LO.
- e. All owners (registered or unregistered) of the shares of SIL (except parties to the agreement) are eligible to participate in the Offer. Unregistered shareholders / Owner of shares who have sent shares for transfer can send their application in writing to the Registrar to the Offer, on a plain paper stating the Name, Address, No. of shares held, No. of shares offered, Distinctive Nos., Folio No., together with Original share certificate(s), Valid share transfer deeds and the Original contract notes issued by the broker through whom they have acquired their shares. No indemnity is required from unregistered shareholders.

- f. In case of non-receipt of Letter of Offer, the eligible persons may send their consent, to the Registrar to the Offer, on a plain paper stating the Name & address of the first holder, Name(s) & address(s) of joint holders(s) if any, Regd. Folio No., Share Certificate No., Distinctive Nos., No of Shares offered along with documents as mentioned above so as to reach the Registrar to the Offer on or before the closure of the Offer i.e. September 27, 2002 or in case of beneficial owners, they may send the application in writing to the Registrar to the Offer on a plain paper stating the Name, Address, No. of shares held, No. of Shares offered, DP Name, DP ID No., Beneficiary account number and a photocopy of the delivery instruction in "Off Market" mode, duly acknowledged by the DP, in favour of special depository account, so as to reach the Registrar to the Offer, on or before the closure of the Offer i.e. September 27, 2002.
- g. Shareholders who have sent their shares for dematerialisation need to ensure that the process of getting shares dematerialised is completed well in time so that the credit in the Escrow Account should be received on or before the closure of the Offer, else the application would be rejected.
- h. In case the shares tendered in the Offer by the shareholders of SIL are more than the shares to be acquired under the Offer, the acquisition of the shares from each shareholder will be as per the provision of Regulation 21 (6) of the Regulations on a proportionate basis.
- i. The Registrar to the Offer will hold in trust the share certificates, shares lying to the credit of the special depository account, Form of Acceptance cum Acknowledgement, if any, and the transfer form(s) on behalf of the shareholders of SIL who have accepted the Offer, till the cheques / drafts for the consideration and / or the unaccepted shares / share certificates are despatched / returned.
- j. The consideration for the shares accepted by the Acquirers will be paid by crossed account payee cheques/ demand drafts. Such payments and documents in case of unaccepted shares will be returned by registered post/ speed post at the shareholders / unregistered owners' sole risk. Shares held in dematerialised form to the extent not accepted will be credited back to the account of beneficial owner specified in the acceptance form. Communication of acceptance /rejection and the payment of consideration for the accepted shares will be made by the Acquirers in cash through cheque/ demand draft to the shareholders of accepted shares within 30 days from the date of the closure of the Offer.
- k. The Acquirers undertake to pay interest Pursuant to Regulation 22 (12) to the shareholders for the delay, if any, in payment of consideration.
- l. A schedule of some of the major activities in respect of the Offer is given below :

Activities	Date
Specified date (for the purpose of determining the names of shareholders to whom the Letter of Offer will be sent)	July 11, 2002 (Thursday)
Last Date for a Competitive Bid	August 01, 2002 (Thursday)
Date by which the Letter of Offer will be despatched to shareholders	August 23, 2002 (Friday)
Date of Opening of the Offer	August 29, 2002 (Thursday)
Last date for revising the Offer Price	September 18, 2002 (Wednesday)
Date of Closing of the Offer	September 27, 2002 (Friday)
Date by which communicating rejection/acceptance and despatch of cheques/demand drafts towards payment of consideration to be completed.	October 26, 2002 (Saturday)

9. GENERAL:

- a. Shareholders who accept the Offer by tendering the requisite documents, in terms of the Public Announcement / Letter of Offer, cannot withdraw the same.
- b. If there is any upward revision in the Offer Price upto seven working days prior to the closure of the Offer i.e. 18.09.2002 or withdrawal of the Offer, the same would be informed by way of PA in the same newspapers where this PA appears and the revised Price would be payable to all the shareholders who have tendered their shares any time during the Offer.
- c. The Acquirers, the Sellers and the Target Company have not been prohibited by SEBI from dealing in securities, in terms of the direction issued u/s 11B of the SEBI Act or under any other regulations made under the SEBI Act.

d. If there is a competitive bid:

- o The Open Offers under all the subsisting bids shall close on the same day.
- o As the Offer price can not be revised during 7 working days prior to the closing date of the Offers / bids, it would therefore be in the interest of shareholders to wait till the commencement of that period to know the final Offer price of each bid and tender their acceptance accordingly.

- a. Pursuant to Regulation 13 of the Regulations, the Acquirers have appointed Ashika Credit Capital Ltd., Kolkata, as the Manager to the Offer.
- b. The Acquirers accept full responsibility for the information contained in this Public Announcement and also for their obligations as laid down in the Regulations.
- c. This PA would be available on SEBI's website at www.sebi.gov.in. Eligible persons to the Offer may also download a copy of the LO along with Acceptance Form which will be available on the SEBI's website from the Offer opening date.
- d. For further details, please refer to the LO & Acceptance Form.

Issued by:

Manager to the Offer

Ashika Credit Capital Ltd.

(Contact Person: Mr. Vijay Chandak)

7, B. B. Ganguly Street,

4th Floor,

Kolkata-700 012

Tel: (033) 221 5031/5032/5112/5113

Fax: (033) 2159418

Email: ashika@cal2.vsnl.net.in

Registrar to the Offer

M/s. Maheshwari Datamatics Private Ltd.

(Contact Person: Mr. S. Rajagopal)

6, Mangoe Lane

2nd Floor

Kolkata –700 001

Ph: (033) 243 5029/5809

Fax: (033) 248 4787

Email: mdpl@cal.vsnl.net.in

On behalf of Acquirers

Sri Budhamall Dugar & Smt. Sohani Devi Dugar, both being residents of 9C, Classic Tower, 56, Gariahat Road, Kolkata 700 019.

Place: Kolkata

Date: 11.07.2002