

LETTER OF OFFER

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

This Letter of Offer is sent to you as a Shareholder(s) of Panafic Industrials Limited ("PIL" or "Target Company"). If you require any clarifications about the action to be taken, you may consult your Stock Broker or Investment Consultant or Manager/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 and Transfer Deed to the Member of Stock Exchange through whom the said sale was effected.

Open Offer By

Mr. Rajeev Kumar Gupta residing at Plot No-127, First Floor, Sector-5, Vaishali, Ghaziabad-201010,
Mobile no.: 09873388877

And

Mrs. Sarita Gupta, residing at D- 158, Pushpanjali Enclave, Pitampura, Delhi-110034,
Mobile no.: 09810009453

(hereinafter collectively referred to as "the Acquirers")

to the shareholder(s) of Panafic Industrials Limited

Registered office: 4566-13, Jai Mata Market, Trinagar, New Delhi – 110035
Ph: +91-11- 64909998

To acquire upto 21,35,250 (Twenty One Lacs Thirty Five Thousand Two Hundred and Fifty) Equity Shares of the face value of Rs. 10 each ("Offer Shares"), representing in aggregate 26% of the total Equity Share capital of the Target Company at a price of Rs. 10/- (Rupees Ten Only) per fully paid up equity share of Rs. 10/- (Rupees Ten Only) each, payable in cash.

Please Note:

1. This Offer is being made by the Acquirers pursuant to regulation 4 of the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 and subsequent amendments thereto ("SEBI (SAST) Regulations") consequent to the agreement for change in control and management of the Target Company.
2. This Open Offer is not conditional upon any minimum level of acceptance in terms of regulation 19 of SEBI (SAST) Regulations.
3. As of the date of this Letter of Offer, to the best of the knowledge of the Acquirers, there are no statutory approvals required by the Acquirers to complete the Offer. NRI and OCB holders of Shares, if any, must obtain all approvals required for tendering the Shares held by them pursuant to this Offer and submit such approvals along with the Form of Acceptance-cum-Acknowledgement (as defined below) and other documents required to accept this Offer. However, in case of any statutory approvals being required by the Acquirers at a later date before the closure of the Tendering Period, the Offer shall be subject to all such statutory approvals and the Acquirers shall make the necessary applications for such approvals.
4. **This Open Offer is not a competing offer in terms of regulation 20 of the SEBI (SAST) Regulations.**
5. **There has been no competing offer as on the date of this Letter of Offer.**
6. If there is any upward revision in the Offer Price or the number of Shares sought to be acquired under the Open Offer by the Acquirers, at any time prior to the commencement of the last three working days before the commencement of the tendering period i.e. upto Wednesday, June 18, 2014, the same would be informed by way of a public announcement in the same newspapers where the original Detailed Public Statement appeared. Such revision in the Open Offer Price would be payable by the Acquirers for all the shares validly tendered anytime during the Tendering Period of the Open Offer.
7. A copy of the Public Announcement, the Detailed Public Statement, Draft Letter of Offer and Letter of Offer (including Form of Acceptance cum Acknowledgment) are also available on SEBI's website: www.sebi.gov.in.

MANAGER TO THE OFFER



SOBHAGYA CAPITAL OPTIONS LIMITED

SEBI Regn. No.: MB/INM000008571

Regd. Off.: B-206, Okhla Industrial Area, Phase- I,
New Delhi- 110020.

Tel. No.: +91-11-40777000

Fax No.: +91-11- 40777069

Contact Person: Mr. Heemadri Mukerjea and Mr. Amit Kumar

Email id: delhi@sobhagyacap.com

Website: www.sobhagyacapital.com

REGISTRAR TO THE OFFER



TOWARDS EXCELLENCE

SKYLINE FINANCIAL SERVICES PRIVATE LIMITED

SEBI Regn. No.: INR000003241

Regd. Off.: D-153 A, 1st Floor, Okhla Industrial Area,
Phase - I, New Delhi - 110 020.

Tel No.: +91-11- 64732681 to 88

Fax No.: +91-11-26812683

Contact Person: Mr. Virender Rana

Email id.: viren@skylinerta.com

Website: www.skylinerta.com

SCHEDULE OF THE ACTIVITIES PERTAINING TO THE OFFER

Nature of Activity	Day and Date	
	Original Schedule	Revised Schedule
Date of the Public Announcement	Wednesday, March 12, 2014	Wednesday, March 12, 2014
Last date of publication of the Detailed Public Statement	Thursday, March 20, 2014	Thursday, March 20, 2014
Last date of filling of Draft Letter of Offer with SEBI	Thursday, March 27, 2014	Thursday, March 27, 2014
Last date for a Competing Offer	Monday, April 15, 2014	Monday, April 15, 2014
Identified Date*	Tuesday, April 29, 2014	Tuesday, June 10, 2014
Last Date by which Letter of Offer will be dispatched to the Shareholders	Tuesday, May 06, 2014	Tuesday, June 17, 2014
Last Date for revising the Offer Price/Offer Size	Tuesday, May 06, 2014	Wednesday, June 18, 2014
Last date by which an independent committee of the Board of Target Company shall give its recommendation	Wednesday, May 07, 2014	Thursday, June 19, 2014
Advertisement of Schedule of Activities for Open Offer, status of statutory and other approvals in newspaper	Thursday, May 08, 2014	Friday, June 20, 2014
Date of commencement of tendering period (Offer Opening Date)	Monday, May 12, 2014	Tuesday, June 24, 2014
Date of expiry of tendering period (Offer Closing Date)	Monday, May 26, 2014	Monday, July 07, 2014
Date by which all requirements including payment of consideration would be completed	Monday, June 09, 2014	Monday, July 21, 2014

**Identified Date is only for the purpose of determining the names of the shareholders as on such date to whom the Letter of Offer would be sent. All owners (registered or unregistered) of Equity Shares of the Target Company (except the Acquirers and the Sellers) are eligible to participate in the Offer any time before the closure of the Offer.*

RISK FACTORS

RISKS RELATED TO THE TRANSACTION, THE PROPOSED OPEN OFFER AND THE PROBABLE RISKS INVOLVED IN ASSOCIATING WITH THE ACQUIRERS

(A) Risk relating to the transaction

The Open Offer is subject to (i) the compliance of the terms and conditions as set out under the Share Purchase Agreement dated March 12, 2014; and (ii) receipt of approvals as more particularly set out in Paragraph 7.4 of this Letter of Offer. In accordance with the Share Purchase Agreement, the transaction under the Share Purchase Agreement shall be completed upon the fulfillment of conditions precedent agreed between the Acquirers and the Sellers in the Agreement. Regulation 23(1) of the SEBI (SAST) Regulations, lists the circumstances under which offer may stand withdrawn., In the present case, as on the date of the Letter of Offer, there are no apparent circumstances which may warrant a withdrawal of the offer under regulation 23(1) of the SEBI (SAST) Regulations. If at a later date, any other statutory or regulatory or other approvals/no objections are required, the Offer would become subject to receipt of such other statutory or regulatory or other approvals/no objections.

(B) Risk relating to the Offer

1) In the event that either (a) the regulatory approvals required for implementing the Offer are not received in a timely manner; or (b) there is any litigation to stay/injunction on the Offer or that restricts/restrains the Acquirers from performing its obligations hereunder; or (c) SEBI instructs the Acquirers 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 eligible shareholders of the Target Company, whose shares have been accepted in the Offer, as well as the return of the Equity Shares not accepted under the Offer by the Acquirers, may be delayed. In case the delay is due to non-receipt of any requisite statutory approval(s), then in accordance with Regulation 18(11) of the SEBI (SAST) Regulations, SEBI may, if satisfied that non-receipt of approvals was not due to any willful default or negligence on the part of the Acquirers, grant an extension for the purpose of completion of the offer, subject to the Acquirers agreeing to pay interest to the shareholders who have validly tendered their shares under the Offer.

2) The Offer is an offer to acquire upto 26% of the Equity Share Capital of the Target Company. In the case of oversubscription in the Offer, acceptance would be determined on a proportionate basis and hence there is no certainty that all the Equity Shares tendered by the shareholders in the Offer will be accepted.

3) The Equity Shares tendered in the Offer will lie in trust with the Registrar to the Offer until the completion of the Offer formalities. During such period, there may be fluctuations in the market price of the Equity Shares of the Target Company. Accordingly, the Acquirers make no assurance with respect to the market price of the shares both during the tendering period and upon the completion of the Offer and disclaim any responsibility with respect to any decision by any shareholder of the Target Company on whether to participate or not to participate in the Offer. Accordingly, the Acquirers make no assurance with respect to any decision by the shareholders on whether or not to participate in the offer.

4) The Acquirers and the Manager to the Offer accept no responsibility for statements made otherwise than in the Letter of Offer (LOF)/Draft Letter of Offer (DLOF)/Detailed Public Statement (DPS)/Public Announcement (PA) and anyone placing reliance on any other sources of information (not released by the Acquirers) would be doing so at his/her/its own risk.

(C) Probable risk involved in associating with the Acquirers

1) The Acquirers make no assurance with respect to the financial performance of the Target Company and disclaim any responsibility with respect to any decision by the Shareholders on whether or not to participate in the Offer.

2) The Acquirers make no assurance with respect to its investment/disinvestment decisions relating to its proposed shareholding in the Target Company.

3) The Acquirers do not provide any assurance with respect to the market price of the Equity Shares of the Target Company before, during or after the Offer and expressly disclaim any responsibility or obligation of any kind (except as required by applicable law) with respect to any decision by any shareholder on whether to participate or not to participate in the Offer.

4) The Acquirers do not accept any responsibility for statements made otherwise than in the Letter of Offer (LOF)/Draft Letter of Offer (DLOF)/Detailed Public Statement (DPS)/Public Announcement (PA) and anyone placing reliance on any other sources of information (not released by the Acquirers) would be doing so at his/her/its own risk.

5) The Acquirers do not accept the responsibility with respect to the information contained in the PA or DPS or DLOF or LOF that pertains to the Target Company and has been compiled from publicly available resources.

The risk factors set forth above, pertain to the Offer and are not in relation to the present or future business or operations of the Target Company or any other related matters, and are neither exhaustive nor intended to constitute a complete analysis of the risks involved in participation or otherwise by a shareholder in the Offer. Shareholders of Target Company are advised to consult their Stock Brokers or Investment Consultants, if any, for analyzing all the risks with respect to their participation in the Offer.

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1. DEFINITIONS

Acquirers	Mr. Rajeev Kumar Gupta and Mrs. Sarita Gupta
DSE	Delhi Stock Exchange Limited
Date of Opening of Offer	Tuesday, June 24, 2014
Date of Closure of Offer	Monday, July 07, 2014
Draft Letter of Offer/LOF/DLOO	The Draft Letter of Offer dated March 25, 2014 submitted to SEBI for its observations.
Eligible Person(s)/Eligible Shareholder(s) for the Offer	All shareholders/beneficial owners (registered or otherwise) of the shares of the Target Company except the Acquirers and the Sellers.
Equity Share Capital	The Paid-up Equity Share Capital of the Company.
Form of Acceptance/FOA	Form of Acceptance cum Acknowledgement
Identified Date	Date for the purpose of determining the names of shareholders as on such date to whom the Letter of Offer will be sent.
Letter of Offer/LOO	The final Letter of Offer dated June 09, 2014
Sobhagya/SCOL/Manager to the Offer/MB/Merchant Banker	Sobhagya Capital Options Limited, the Merchant Banker appointed by the Acquirers pursuant to regulation 12 of the SEBI (SAST) Regulations, having its registered office at B-206, Okhla Industrial Area, Phase-I, New Delhi-110020.
Offer	Open Offer for acquisition of upto 21,35,250 (Twenty One Lacs Thirty Five Thousand Two Hundred and Fifty) Equity Shares of the face value of Rs. 10/- each ("Offer Shares"), representing in aggregate 26% of the total Equity Share capital of the Target Company at a price of Rs. 10/- (Rupees Ten Only) per fully paid up Equity Share, payable in cash.
Offer Price	Rs. 10/- (Rupees Ten Only) per fully paid up equity share of Rs. 10/- each.
Detailed Public Statement/DPS	Detailed Public Statement dated March 19, 2014, made by the Manager to the Offer on behalf of the Acquirers to the shareholders of PIL, which was published on March 20, 2014 in all editions of Business Standard (English) and all editions of Business Standard (Hindi)
Public Announcement/PA	Public Announcement dated March 12, 2014 made by the Manager to the Offer on behalf of the Acquirers on March 12, 2014
Registrar/Registrar to the Offer/RTA	Skyline Financial Services Private Limited, a company incorporated under the provisions of the Companies Act, 1956 and having its registered office at D-153 A, 1 st Floor, Okhla Industrial Area, Phase - I, New Delhi - 110 020
Regulations/ SEBI (SAST) Regulations /SAST Regulations/Takeover Code	Securities & Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 and subsequent amendments thereof.
SEBI	Securities & Exchange Board of India
SEBI Act	Securities & Exchange Board of India Act, 1992, and subsequent amendments thereof.
Sellers/Promoter	Mr. Ashwani Kumar Salwan, Mr. Pawan Bholusaria and Mr. Ravinder Singh
Share(s)	Equity Shares of Panafic Industrials Limited
Panafic Industrials Limited/PIL/Target Company	A Company incorporated under the Companies Act, 1956 and having its registered office at 4566-13, Jai Mata Market, Trinagar, New Delhi - 110035
SPA/Share Purchase Agreement	Share Purchase Agreement dated March 12, 2014 entered between the Acquirers & Sellers.
Tendering period	10 (Ten) working days period from the date of opening of offer on Tuesday, June 24, 2014 to closing of offer on, Monday, July 07, 2014.

Note: All terms beginning with a capital letter used in this Letter of Offer, but not otherwise defined herein, shall have the meaning ascribed thereto in the SEBI (SAST) Regulations unless specified.

2. DISCLAIMER CLAUSE

"IT IS TO BE DISTINCTLY UNDERSTOOD THAT FILING OF DRAFT LETTER OF OFFER WITH SEBI SHOULD NOT IN ANY WAY BE DEEMED OR CONSTRUED THAT THE SAME HAS BEEN CLEARED, VETTED OR APPROVED BY 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 PANAFIC INDUSTRIALS LIMITED TO TAKE AN INFORMED DECISION WITH REGARD TO THE OFFER. SEBI DOES NOT TAKE ANY RESPONSIBILITY EITHER FOR FINANCIAL SOUNDNESS OF THE ACQUIRERS, PACs 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 DISCHARGES ITS RESPONSIBILITY ADEQUATELY. IN THIS BEHALF, AND TOWARDS THIS PURPOSE, THE MERCHANT BANKER, SOBHAGYA CAPITAL OPTIONS LIMITED HAS SUBMITTED A DUE DILIGENCE CERTIFICATE DATED MARCH 24, 2014 TO SEBI IN ACCORDANCE WITH THE SEBI (SUBSTANTIAL ACQUISITION OF SHARES AND TAKEOVER) REGULATIONS 2011 AND SUBSEQUENT AMENDMENT(S) THEREOF. THE FILING OF THE LETTER OF OFFER DOES NOT, HOWEVER, ABSOLVE THE ACQUIRERS FROM THE REQUIREMENT OF OBTAINING SUCH A STATUTORY CLEARANCES AS MAYBE REQUIRED FOR THE PURPOSE OF THE OFFER."

3. DETAILS OF THE OFFER

3.1 Background of the Offer

3.1.1 This Open Offer (the "Offer") is being made by the Acquirers to the shareholders of the Target Company in compliance with regulation 4 of the SEBI (SAST) Regulations for taking over the Management Control of the Target Company in terms of the Share Purchase Agreement ("SPA") dated March 12, 2014.

3.1.2 The Acquirers have entered into a SPA on March 12, 2014 with Mr. Ashwani Kumar Salwan, Mr. Pawan Bholusaria and Mr. Ravinder Singh (Collectively referred to as the "Sellers"), the current Promoters of the Target Company, with the objective of taking complete Management Control of the Target Company along with acquisition of the entire present shareholding of the existing Promoters i.e. 13,750 (Thirteen Thousand Seven Hundred Fifty Only) fully paid up Equity Shares of the Target Company, representing 0.17% of total paid up capital of the Target Company, presently held by the Sellers, at a price of Rs. 10/- (Rupees Ten only) per fully paid Equity Share for cash consideration. **This mandatory Open Offer is being made by the Acquirers in compliance with Regulation 4 of the SEBI (SAST) Regulations, consequent to the agreement for change in control and management of the Target Company contemplated under the SPA.**

3.1.3 Detail of the Sellers are as follows:

Sr. No.	Name & Address of the Sellers	Nature of Entity	Listed/ Unlisted	Shareholding (no. of Equity Shares) of the Sellers in the Target Company	% of paid up and Voting Capital in the Target Company
1.	Ashwani Kumar Salwan 4566/13, Jai Mata Market, Tri Nagar, Delhi- 110035	Individual	Not Applicable	10550	0.13
2.	Pawan Bholusaria 26/11, Shakti Nagar, New Delhi-110007	Individual	Not Applicable	3000	0.04
3.	Ravinder Singh E-91, Shashtri Nagar, Delhi-110052	Individual	Not Applicable	200	0.00
	Total			13750	0.17

3.1.4 The salient features of the SPA are as follows:

- The SPA is subject to the compliances of provisions of SEBI (SAST) Regulations. Further, in case of non compliances with the provisions of SEBI (SAST) Regulations, the SPA shall not be acted upon.
- This agreement shall be binding on the parties, their heirs, legal representatives, executors and successors.
- That the Shares being acquired under the SPA are free from all charges, encumbrances or liens;
- The Sellers shall cause to hand over to the Acquirers the original certificates relating to the Shares being acquired under the SPA together with transfer deeds duly executed by the Sellers after the completion of the Open Offer formalities as per Regulation 22(1) of SEBI (SAST) Regulations.
- The Acquirers/Sellers agree to diligently provide all information within their power and possession so as to give true and proper disclosures to SEBI, Stock Exchanges and to the shareholders.
- The Acquirers are desirous of taking complete Management Control of the Target Company.
- The total consideration for purchase of the Shares shall be Rs. 1,37,500/- (Rupees One Lac Thirty Seven Thousand and Five Hundred Only). The Acquirers shall deliver the Sellers the demand drafts/cheques for Rs. 68,750/- (Rupees Sixty Eight Thousand Seven Hundred Fifty Only) being the part consideration for sale of the said 13,750 number of equity shares. The remaining amount of Rs. 68,750/- (Rupees Sixty Eight Thousand Seven Hundred Fifty Only) being balance 50% (Fifty percent) of the consideration shall be paid after the completion of all the required compliances as contemplated in the SEBI (Substantial Acquisition of Shares and Takeover) Regulations, 2011.

3.1.5 After the completion of this Offer and pursuant to the transfer of the Equity Shares so acquired, the Acquirers shall be in a position to exercise effective management and control over the Target Company.

3.1.6 The Offer is not as a result of Global Acquisition resulting in indirect acquisition of Target Company.

3.1.7 As on the date of this Letter of Offer, the Acquirers collectively hold 1,72,500 Equity Shares in the Target Company. The said Equity Share were allotted to the Acquirers by the Board of Directors of the Target Company, in their meeting held on February 04, 2014, by way of Preferential Issue, which was approved by the shareholders of the Target Company by way of a special resolution passed in the Annual General Meeting held on September 30, 2013.

3.1.8 There is no Person Acting in Concert ('PAC') with the Acquirers.

3.1.9 There is no separate arrangement for the proposed change in control of the Target Company except for the terms as mentioned in the SPA.

3.1.10 The Acquirers have not been prohibited by SEBI from dealing in securities, in terms of directions issued under Section 11B of the SEBI Act or under any of the Regulations made under the SEBI Act.

3.1.11 The Acquirers may, subsequent to successful completion of this Open Offer or in accordance with regulation 22(2) of SEBI (SAST) Regulations, reconstitute the Board of Directors of the Target Company. As on date, the Acquirers have not decided on the names of persons who may be appointed on the Board of Directors of the Target Company.

3.1.12 A recommendation of the committee of Independent Directors as constituted by the Board of Directors of the Target Company on the Offer will be published at least two working days before the commencement of the tendering period, in the same newspapers where the DPS was published and a copy whereof shall be sent to SEBI, DSE and Manager to the Offer and in case of a competing offer(s) to the manager(s) to the open offer for every competing offer.

3.2 Details of the Proposed Offer

3.2.1 In accordance with regulation 13(4) of the SEBI (SAST) Regulations, the Acquirers have made a Detailed Public Statement within 5 (five) working days from the date of Public Announcement. In accordance with regulation 14(3) of the SEBI (SAST) Regulations, the Detailed Public Statement has been published in the following newspapers:

Name of the Newspaper	Edition	Date
Business Standard (English)	All Editions	March 20, 2014
Business Standard (Hindi)	All Editions	March 20, 2014

- 3.2.2 A copy of the Detailed Public Statement for the Open Offer is also available on the website of SEBI at www.sebi.gov.in and on the website of the Manager to the Offer at www.sobhagyacapital.com.
- 3.2.3 The Acquirers are making an offer to acquire upto 21,35,250 (Twenty One Lacs Thirty Five Thousand Two Hundred and Fifty) Equity Shares of the face value of Rs. 10/- each ("Offer Shares"), representing in aggregate 26% of the total Equity Share Capital of the Target Company at a price of Rs. 10/- (Rupees Ten Only) per fully paid up equity share, payable in cash.
- 3.2.4 All the shares of the Target Company are fully paid up and there are no partly paid up shares in the Target Company. There is no differential pricing in the Offer.
- 3.2.5 This is not a competing Offer in terms of regulation 20 of the SEBI (SAST) Regulations and there has been no competing offer as on the date of this Letter of Offer.
- 3.2.6 This Offer is not conditional upon any minimum level of acceptance in terms of regulation 19 of the SEBI (SAST) Regulations.
- 3.2.7 The Acquirers will acquire upto 21,35,250 (Twenty One Lacs Thirty Five Thousand Two Hundred and Fifty) Equity Shares that are validly tendered in accordance with the terms of the Offer at the offer price. In the event the Equity Shares tendered in the Offer are more than the Equity Shares proposed to be acquired under the Offer, the acquisition of Equity Shares from the Eligible Shareholders will be on a proportionate basis, as detailed in paragraph 8.6 of this Letter of Offer.
- 3.2.8 The Equity Shares of the Target Company will be acquired by the Acquirers free from all liens, charges and encumbrances together with all rights attached thereto, including the right to all dividends, bonus and rights offer declared hereafter.
- 3.2.9 There is no agreement amongst the Acquirers and any other persons/entities, in connection with the break-up of shares to be accepted from the shares tendered in this Offer. The entire Equity Shares proposed to be acquired under this Offer will be acquired by the Acquirers and no other persons / entities propose to participate in the acquisition.
- 3.2.10 There are no 'Persons Acting in Concert' within the meaning of Regulation 2(1)(q)(1) of the Regulations in relation to this Open Offer. However, due to the applicability of Regulation 2(1)(q)(2) of the Regulations, there could be certain entities deemed to be Persons Acting in Concert with the Acquirers.
- 3.2.11 The Acquirers have not acquired any shares of the Target Company from the date of the PA i.e. March 12, 2014, upto the date of this Letter of Offer.
- 3.2.12 Pursuant to Regulation 12 of the SEBI (SAST) Regulations, the Acquirers have appointed Sobhagya Capital Options Limited as the Manager to the Offer.
- 3.2.13 As on the date of this Letter of Offer, the Manager to the Offer, Sobhagya Capital Options Limited, does not hold any Equity Shares in the Target Company, further, the Manager to the Offer is not related to the Acquirers and the Target Company in any manner whatsoever. The Manager to the Offer further declares and undertakes that it will not deal on its own account in the Equity Shares of the Target Company during the Offer Period.
- 3.2.14 The Offer (assuming full acceptance) would not result in public shareholding in Target Company being reduced below the minimum level required as per the Standard Listing Agreement entered into by the Target Company with the Stock Exchange, for the purpose of listing on continuous basis.

3.3 **Object of the Acquisition/Offer**

- 3.3.1 The main object of this acquisition is to acquire the Management control of the Target Company. The Acquirers may continue the existing business of the Target Company or may diversify its business activities in future with prior approval of the Shareholders. However, no firm decision in this regard has been taken or proposed so far.
- 3.3.2 The Acquirers intend to take control and management of the Target Company and make changes in the Board of Directors of the Target Company, subsequent to the completion of the Open Offer formalities.
- 3.3.3 The Acquirers have no plans to alienate, dispose off or otherwise encumber any significant assets of the Target Company or lay-off its employees for a period of two years except in the ordinary course of business of the Target Company. The Target Company's future policy for disposal of its assets, if any, for two years from the completion of Offer will be decided by its Board of Directors, subject to the applicable

provisions of the law and subject to the approval of the shareholders in due compliance with applicable laws.

4. BACKGROUND OF THE ACQUIRERS

4.1 Information about the Acquirer: Mr. Rajeev Kumar Gupta

- 4.1.1 Mr. Rajeev Kumar Gupta, aged about 42 years, son of Shri Ram Prasad Gupta, residing at Plot No-127, First Floor, Sector-5, Vaishali, Ghaziabad-201010, Mobile no.: 09873388877. Mr. Rajeev Kumar Gupta is a member of the Institute of Cost Accountants of India and doing practice as a Cost Accountant, he has experience spanning over 17 years in the field of finance.
- 4.1.2 Mr. Rahul Kumar (Membership No. 521099), Partner of M/s N. Kantan & Associates, Chartered Accountants, having Office at Office No. 159/1, 1st Floor, D- 288/10, Wadhwa Complex, Near Laxmi Nagar Metro Station, Laxmi Nagar, Delhi- 110092, Phone No: +91-11-43678535, Email Id: nishith@nkassociate.co.in has certified vide certificate dated March 12, 2014 that the net worth of Mr. Rajeev Kumar Gupta is Rs. 117.32 Lacs (Rupees One Crore Seventeen Lacs Thirty Two Thousand only).
- 4.1.3 Mr. Rajeev Kumar Gupta has not been prohibited by SEBI from dealing in securities, in terms of directions issued under Section 11B of the SEBI Act or under any of the Regulations made under the SEBI Act.
- 4.1.4 Mr. Rajeev Kumar Gupta is not related to the Target Company, its Directors, key employees and Promoters in any manner whatsoever. However, Mr. Rajeev Kumar Gupta is existing shareholder of the Target Company and holds 95,000 Equity Shares representing 1.16% of the paid up share capital in the Target Company.
- 4.1.5 As on date of this Letter of Offer, Mr. Rajeev Kumar Gupta does not hold any position on the Board of Directors of any Listed Company. Further, Mr. Rajeev Kumar Gupta is not a Whole Time Director in any Company.
- 4.1.6 Mr. Rajeev Kumar Gupta has acquired 95,000 Equity Shares representing 1.16% of the paid up share capital in the Target Company during the period of twelve (12) months preceeding the date of the Public Announcement. Mr. Rajeev Kumar Gupta has acquired these Equity Shares through an Preferential Allotment made by the Board of Directors of the Target Company at their Meeting held on February 04, 2014 at a price of Rs. 10/- (Rupees Ten only) per Equity Share.
- 4.1.7 Mr. Rajeev Kumar Gupta currently holds 95,000 fully paid Equity Shares representing 1.16% of the paid up share capital in the Target Company. The said acquisition by Mr. Rajeev Kumar Gupta did not warrant the compliance with the provisions of the Chapter V of the SEBI (SAST) Regulations, 2011.

4.2 Information about the Acquirer: Mrs. Sarita Gupta

- 4.2.1 Mrs. Sarita Gupta, aged about 41 years, Wife of Shri Anil Gupta, residing at D- 158, Pushpanjali Enclave, Pitampura, Delhi-110034, Tel.: 09810009453. Mrs. Sarita Gupta is a Graduate with an experience spanning over 10 years in the field of administration.
- 4.2.2 Mr. Rohit Suri (Membership No. 091064), Partner of M/s Rohit Suri & Associates, Chartered Accountants, having Office at 7, Sharda Niketan, Pitam Pura, Delhi- 110034, Phone No: +91-11-27012010, Email Id: r.rohitsuri@gmail.com has certified vide certificate dated March 12, 2014 that the net worth of Mrs. Sarita Gupta is Rs. 159.22 Lacs (Rupees One Crore Fifty Nine Lacs Twenty Two Thousand only).
- 4.2.3 Mrs. Sarita Gupta has not been prohibited by SEBI from dealing in securities, in terms of directions issued under Section 11B of the SEBI Act or under any of the Regulations made under the SEBI Act.
- 4.2.4 Mrs. Sarita Gupta is not related to the Target Company, its Directors, key employees and Promoters in any manner whatsoever. However, Mrs. Sarita Gupta is existing shareholder of the Target Company and holds 77,500 Equity Shares representing 0.94% of the paid up share capital in the Target Company.
- 4.2.5 As on date of this Letter of Offer, Mrs. Sarita Gupta does not hold any position on the Board of Directors of any Listed Company. Further, Mrs. Sarita Gupta is not a Whole Time Director in any Company.
- 4.2.6 Mrs. Sarita Gupta has acquired 77,500 Equity Shares representing 0.94% of the paid up share capital in the Target Company during the period of twelve (12) months preceeding the date of the Public Announcement. Mrs. Sarita Gupta has acquired these Equity Shares through an Preferential Allotment

made by the Board of Directors of the Target Company at their Meeting held on February 04, 2014 at a price of Rs. 10/- (Rupees Ten only) per Equity Share.

- 4.2.7 Mrs. Sarita Gupta currently holds 77,500 fully paid Equity Shares representing 0.94% of the paid up share capital in the Target Company. The said acquisition by Mrs. Sarita Gupta did not warrant the compliance with the provisions of the Chapter V of the SEBI (SAST) Regulations, 2011.

4.3 Other Information about the Acquirers:

- 4.3.1 There is no agreement amongst the Acquirers and any other persons/entities, in connection with the break-up of shares to be accepted from the shares tendered in this Offer. The entire Equity Shares proposed to be acquired under this Offer will be acquired by the Acquirers and no other persons / entities propose to participate in the acquisition.
- 4.3.2 There are no 'Persons Acting in Concert' within the meaning of Regulation 2(1)(q)(1) of the Regulations in relation to this Open Offer. However, due to the applicability of Regulation 2(1)(q)(2) of the Regulations, there could be certain entities deemed to be Persons Acting in Concert with the Acquirers.
- 4.3.3 Mr. Rajeev Kumar Gupta and Mrs. Sarita Gupta are not related to each other.

5. BACKGROUND OF PANAFIC INDUSTRIALS LIMITED

(The disclosure mentioned under this section has been sourced from information published by the Target Company or provided by the Target Company or publicly available sources)

- 5.1 Panafic Industrials Limited (bearing CIN: L45202DL1985PLC019746) was incorporated on January 01, 1985 under the Companies Act, 1956 with the Registrar of Companies, NCT of Delhi & Haryana. The Target Company had obtained Certificate for Commencement of Business on January 16, 1985 from the Registrar of Companies, NCT of Delhi & Haryana.
- 5.2 Presently, the registered office of the Target Company is situated at 4566-13, Jai Mata Market, Trinagar, New Delhi – 110035.
- 5.3 As on the date of this Letter of Offer, the main object of the Target Company is to finance Industrial Enterprises by way of making loans or advances and to carry on the business of trading, leasing, and hire purchase of all types of industrial and office plant, equipment, machinery, buildings, computers and all types of consumer, commercial or industrial items.
- 5.4 The Target Company is registered with Reserve Bank of India as Non- Banking Finance Company. Reserve Bank of India has granted registration vide its registration no. B. 14.03057 dated 07.03.2005 with a condition that that the Target Company shall not accept public deposits.

As per the information received from the management of the Target Company, the Target Company is not in due compliance with provisions of Section 45-IC of the Reserve Bank of India Act, 1934, however, it has intimated RBI vide its letter dated May 14, 2014, that it shall make due compliance with provisions of Section 45-IC of the Reserve Bank of India Act, 1934 in the financial year ending March 31, 2014.

- 5.5 As on date of this Letter of Offer, the authorized share capital of the Target Company is Rs. 10,00,00,000/- (Rupees Ten Crore only), comprising of 1,00,00,000 Equity Shares of Rs 10/- each. The Paid-up Equity Share Capital of the Target Company is Rs. 8,21,25,000/- (Rupees Eight Crores Twenty One Lacs Twenty Five Thousand Only) divided into 82,12,500 Equity Shares of Rs. 10/- each.
- 5.6 The share capital structure of the Target Company is as under:

Paid up Equity shares of Target Company	No. of shares/ voting rights	% of shares/ voting rights
Fully Paid up Equity Shares	82,12,500	100
Partly Paid up Equity Shares	Nil	Nil
Total Paid up Equity Shares	82,12,500	100
Total voting rights in the Target Company	82,12,500	100

- 5.7 The entire present paid up Equity Share Capital of the Target Company is currently listed on the Delhi Stock Exchange Limited (DSE) (Scrip Code: 4702). The Equity Shares of the Target Company are not traded on the Delhi Stock Exchange Limited. The shares of the Company are not currently suspended.
- 5.8 The Target Company does not have any partly paid Equity Shares. There are no outstanding warrants or options or similar instrument, convertible into Equity Shares at a later stage. As on the date of this

Letter of Offer, the Equity Shares allotted pursuant to the Preferential Issue are Locked in terms of Regulation 78 of the SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009, as amended from time to time.

- 5.9 As per the information provided by the Target Company, the Promoters of the Target Company have complied with the provisions of Chapter II of the SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 1997 and Chapter V of the SEBI (Substantial Acquisition of Shares and Takeovers) Regulations 2011.
- 5.10 As per the information provided, the Target Company has made disclosures under the provisions of Chapter II of the SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 1997 and Chapter V of the SEBI (Substantial Acquisition of Shares and Takeovers) Regulations 2011 for all relevant years except for the years 2008 and 2011.

There is a delay in filing of disclosures under regulation 8(3) of the SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 1997 for the years 2008 and 2011. The Target Company has filed a consent application with SEBI seeking condonation of delay and settlement of the enforcement actions that may be initiated by SEBI for the aforesaid failures.

SEBI may initiate appropriate action against the Target Company in terms of the SEBI (SAST) Regulations and provisions of the SEBI Act for non-compliance of Chapter II of SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 1997 and Chapter V of SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011."

- 5.11 As on the date of this Letter of Offer, the Board of Directors of the Target Company comprises of 5 (Five) Directors. The details of the Board of Directors are as below:

Name of Directors	DIN	Designation	Date of Appointment
Virender Gupta	00869792	Director	01/07/2010
Ashwani Kumar Salwan	00875293	Director	12/09/1985
Braj Mohan Singh	05229527	Director	29/09/2012
Ankur Sharma	06625403	Director	09/07/2013
Sanjeev Kumar	06625416	Director	09/07/2013

Note: As on the date of this Letter of Offer, there are no persons representing the Acquirers on the Board of Directors of the Target Company.

- 5.12 There has been no merger, de-merger and spin off in the last three years involving the Target Company.
- 5.13 The financial information of the Target Company as per the audited accounts for the last three financial years ended March 31, 2011, March 31, 2012, March 31, 2013 and unaudited & certified for the 9 months period ended December 31, 2013 are as follows:

Profit & Loss Account

Profit & Loss Statement	<i>(Figures in Rupees Lacs.)</i>			
	9 Months period ending (Un-audited)	12 Months period ending March 31		
		December 31, 2013	2013	2012
Income from Operations	14.25	360.47	1149.48	609.53
Other Income	8.04	24.50	14.33	2.84
Total Income	22.29	384.98	1163.81	612.37
Total Expenditure	18.52	376.26	1166.85	0.00
Profit before Depreciation, Interest & Tax	3.77	8.71	(3.03)	1.94
Depreciation	0.00	0.00	0.00	0.00
Interest	0.00	0.00	0.00	0.00
Profit before Tax & Extra Ordinary Items	3.77	8.71	(3.03)	1.94
Extra Ordinary Items	0.00	0.00	0.00	0.00
Profit Before Tax	3.77	8.71	(3.03)	1.94
Provision for Tax Short & Excess	1.16	0.26	(0.04)	0.22
Profit After Tax	2.61	8.45	(2.99)	1.71

Balance Sheet Statement

<i>(Figures in Rupees Lacs.)</i>				
Balance Sheet Statement	9 Months period ending (Un-audited)	12 Months period ending March 31		
	December 31, 2013	2013	2012	2011
Sources of Funds				
Paid-up Share Capital	74.25	74.25	74.25	74.25
Reserves & Surplus (Excluding Revaluation Reserve)	44.60	40.57	32.11	35.11
Share application Money-pending allotment	607.50	0.00	0.00	0.00
Secured Loan	0.00	0.00	0.00	0.00
Unsecured Loan	0.00	0.00	0.00	0.00
Current Liabilities	1084.80	1900.77	1590.71	915.16
Deferred Tax Liability	0.00	0.00	0.00	0.00
Total	1811.14	2015.60	1697.08	1024.52
Uses of Funds				
Net Fixed Assets	106.00	106.00	212.00	0.00
Investments- Long Term	0.00	0.00	0.00	0.00
Investments- Current	0.00	0.00	0.00	0.00
Current Assets	1705.14	1909.60	1485.08	1024.52
Miscellaneous Expenses not written off	0.00	0.00	0.00	0.00
Total	1811.14	2015.60	1697.08	1024.52

Other Financial Data

Other Financial Data	9 Months period ending (Un-audited)	12 Months period ending March 31		
	December 31, 2013	2013	2012	2011
Net Worth (in Rs. Lacs.)	118.85	114.82	106.36	109.36
Dividend (in %)	0.00	0.00	0.00	0.00
Earning Per Share (in Rs. per Share)	0.35	1.14	(0.41)	0.23
Return on Net worth (in %)	2.27	7.94	(2.73)	1.58
Book Value (in Rs. per Share)	16.00	15.46	14.33	14.73

(Source- As certified by Mr. Rohit Suri (Membership No. 091064), Partner of M/s Rohit Suri & Associates, Chartered Accountants, having Office at 7, Sharda Niketan, Pitam Pura, Delhi- 110034, Phone No: +91-11-27012010, Email Id: r.rohitsuri@gmail.com vide certificate dated March 12, 2014)

5.14 As on the date of this Letter of Offer, shareholding in the Target Company before and after the Offer (assuming full acceptances in the Offer) is given in the table below:

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)		Share holding / voting rights after the acquisition and offer	
	(A)		(B)		(C)		(D)=(A)+(B)+(C)	
	No.	%	No.	%*	No.	%*	No.	%*
(1) Promoter Group								
a. Parties to agreement, if any					-	-	-	-
Ashwani Kumar Salwan	10550	0.13%	(10550)	(0.13%)				
Pawan Bholusaria	3000	0.04%	(3000)	(0.04%)				
Ravinder Singh	200	0.00%	(200)	(0.00%)				
b. Promoters other than (a) above	-	0.00%	-	-	-	-	-	-
Total 1(a+b)	13750	0.17%	(13750)	(0.17%)	-	-	-	-
(2) Acquirers								
a. Main Acquirers								
Rajeev Kumar Gupta	95000	1.16%	13750	0.17%				

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)		Share holding / voting rights after the acquisition and offer	
	(A)		(B)		(C)		(D)=(A)+(B)+(C)	
	No.	%	No.	%*	No.	%*	No.	%*
Sarita Gupta	77500	0.94%						
Total 2a	172500	2.10%	13750	0.17%	2135250	26%	2321500	28.27%
b. PACs	-	0.00%	-	-	-	-	-	-
Total 2(a+b)	172500	2.10%	13750	0.17%	2135250	26%	2321500	28.27%
(3) Parties to agreement other than (1)& (2)								
(4) Public (other than parties to agreement, Acquirers)								
a) Bodies Corporate	-	0.00%	-	-	(2135250)	(26%)	58,91,000	71.73%
b) Individuals	80,26,250	97.73	-	-				
c) Non Resident Indian	-	0.00%	-	-				
Total (4)(a+b+c)	80,26,250	97.73%	-	-	(2135250)	(26%)	58,91,000	71.73%
Total No. of Shareholders in Public category (except the Acquirers)	182							
GRAND TOTAL (1+2+3+4)	82,12,500	100%					82,12,500	100%

Notes:

1. The actual Post-Offer Shareholding of Public would depend on the response and acceptance of the Shares tendered under the Open Offer.
2. The Acquirers have not yet decided on the manner of distributing inter-se, the shares proposed to be acquired by them under the SPA as well as the Open Offer. Accordingly, individual break up of shares proposed to be acquired is not available.
3. The number of Shareholders under Public Category, i.e. under 4 above, is 182 as on date.

6. OFFER PRICE AND FINANCIAL ARRANGEMENTS

6.1 Justification of offer price

6.1.1 This Open Offer is pursuant to Direct Acquisition.

6.1.2 The Open Offer was triggered pursuant to SPA dated March 12, 2014, whereby the Acquirers have agreed to take over complete Management Control of the Target Company. The said transaction which triggered the Open Offer in terms of Regulation 4 of the SEBI (SAST) Regulations is a direct acquisition.

6.1.3 The Equity shares of the Target Company are currently listed on the Delhi Stock Exchange Limited ("DSE").

6.1.4 The total trading turnover in the Equity Shares of the Target Company on the stock exchanges based on trading volume during the twelve calendar months prior to the month of Public Announcement (March 01, 2013 to February 28, 2014) is as under:

Name of the Stock Exchanges	Total No. of Equity Shares traded during the Twelve months prior to the month of PA	Total No. of Equity Shares listed	Total Trading Turnover (as % of total Equity Shares listed)
DSE	Not Available	82,12,500	Not Available

6.1.5 Based on the above information, Equity Shares of Target Company are not frequently traded on DSE within the meaning of Regulation 2(1)(j) of the SEBI (SAST) Regulations. The Offer Price has been determined taking into account the parameters as set out under Regulation 8(2) of SEBI (SAST) Regulations, as under:

1	Negotiated Price under the SPA	Rs. 10 per Share
2	The volume-weighted average price paid or payable for acquisition by the Acquirer during 52 weeks immediately preceding the date of PA [@]	Rs. 10 per Share

3	Highest price paid or payable for acquisitions by the Acquirer during 26 weeks immediately preceding the date of PA @	Rs. 10 per Share
4	The Volume-Weighted Average Market Price of shares for a period of sixty trading days immediately preceding the date of the PA as traded on the Stock Exchange where the maximum volume of trading in the shares of the Target Company are recorded during such period	Not Applicable
5	Other financial Parameters	Year ended March 31, 2013*
a.	Return on Net Worth (%)	7.94
b.	Book value per share (Rs.)	15.46
c.	Earnings per Share (Rs.)	1.14

@ Acquisition Price of Equity Shares acquired by way of Preferential Allotment.

* Source- Annual Report

Mr. Rohit Suri (Membership No. 091064) Partner of M/s Rohit Suri & Associates, Chartered Accountants, having office at 7, Sharda Niketan, Pitam Pura, Delhi- 110034, Ph: +91-11-27012010 has certified vide certificate dated March 18, 2014 the Fair Value of Equity Shares of the Target Company.

The relevant extracts of the report is stated as under:-

"In the case of Hindustan Lever Employees' Union versus Hindustan Lever Limited (1995), the Hon'ble Supreme Court upheld the use of the following three bases of valuation: (i) the yield method; (ii) the net asset value method; and (iii) the market value method.

In case of Panafic Industrials Limited:

- *Net Asset Value (NAV): The Net Asset Value based on Audited Financial Statements ended March 31, 2013 is Rs. 15.46/- per Equity Share.*
- *Profit Earning Capacity Value (PECV): For calculating the Value based on Profit Earning Capacity, average profit after tax based on the Audited Financial Statements for the financial years ended March 31, 2013, March 31, 2012, March 31, 2011 and March 31, 2010 have been considered. The average profit after tax as per audited annual accounts is Rs. 197,821.68. Based on that, EPS of the Company comes out to Rs. 0.27 per equity share. The Profit Earning Capacity Value (PECV) of the company comes to Rs 1.33 per share after considering a capitalization rate of 20.00%, since the Company is carrying on the business of Investment and Finance and hence, we have categorized it as an trading company and used a capitalization rate of 20.00%.*
- *Market based value: Since the Company is listed on Delhi Stock Exchange and the trading in securities is not being carried in Delhi Stock Exchange. So in absence of market quotations, determination of market value of the shares of the Company by this method can't be possible. Therefore the Market Price method is an inappropriate method for valuation in the present case.*

Considering the Supreme Court's Decision in the case of Hindustan Lever Employees Union Vs. Hindustan Lever Limited (1995) reported at (83 Company Cases 30) wherein the Apex Court has opined that under certain circumstances the fair value of a Company could be assessed based on weights, we have assigned the following weights for the purpose of computing the Fair Market Value:-

Particulars	Price per shares	Weight	Amount (In Rs Per Equity Share)
NAV Method	15.46	1	15.46
PECV Method	1.33	1	1.33
Market Price Method	Nil	Nil	Nil
Fair Value per Equity Share			8.40

We are of the opinion that based on the information as referred to hereinabove, the Value of Equity Shares of Panafic Industrials Limited in terms of the Hon'ble Supreme Court's decision in the Hindustan Lever Employees' Union vs. Hindustan Lever Limited (1995) reported at (83 Companies Cases 30), is Rs. 8.40 per Equity Share."

- 6.1.6 In view of the parameters considered and presented in the table above, in the opinion of the Acquirers and Manager to the Offer, the Offer Price of Rs. 10/- per Equity Share being the highest of the prices mentioned above is justified in terms of Regulation 8 of the SEBI (SAST) Regulations.

- 6.1.7 The relevant price parameters have not been adjusted for any corporate actions.
- 6.1.8 As on date there is no revision in Offer Price or Offer Size. In case of any revision in the open Offer Price or open Offer Size, the Acquirers shall comply with regulation 18 of SEBI (SAST) Regulations and all the provisions of SEBI (SAST) Regulations, which are required to be fulfilled for the said revision in the Offer Price or Offer Size.
- 6.1.9 If there is any revision in the Offer Price on account of future purchases / competing offers, it will be done only up to the period prior to three (3) working days before the date of commencement of the tendering period and would be notified to shareholders.
- 6.2 Financial Arrangements:**
- 6.2.1 The total funds required for implementation of the Offer (assuming full acceptance), i.e., for the acquisition of upto 21,35,250 (Twenty One Lacs Thirty Five Thousand Two Hundred and Fifty Only) Equity Shares at a price of Rs. 10/- (Rupees Ten only) per Equity Share is Rs. 2,13,52,500 (Rupees Two Crores Thirteen Lac Fifty Two Thousand Five Hundred only) ("Maximum Consideration").
- 6.2.2 The Acquirers have adequate financial resources and have made firm financial arrangements for the implementation of the Offer in full, out of their own sources/networth and no borrowings from any Bank and/or Financial Institutions are envisaged. Mr. Rohit Suri (Membership No. 091064), Partner of M/s Rohit Suri & Associates, Chartered Accountants, having Office at 7, Sharda Niketan, Pitam Pura, Delhi-110034, Phone No: +91-11-27012010, Email Id: r.rohitsuri@gmail.com vide certificate dated March 12, 2014 has certified that sufficient resources are available with the Acquirers for fulfilling the obligations under this Offer in full.
- 6.2.3 In accordance with Regulation 17 of the SEBI (SAST) Regulations, the Acquirers have opened an Escrow Account in the name of "Escrow Account-Panafic Industrials Limited - Open Offer" bearing number 200999266443, with IndusInd Bank Limited, J-2/21, Rajouri Garden, New Delhi - 110027 (herein after referred to as the "Escrow Banker") and deposited therein an amount of Rs. 53,50,000/- (Rupees Fifty Three Lacs Fifty Thousand only), in cash, being more than 25% of the Maximum Consideration payable under the Offer.
- 6.2.4 The Manager to the Offer is authorized to operate the above mentioned Escrow Account and has been duly empowered to realize the value of the Escrow Account in terms of the SEBI (SAST) Regulations.
- 6.2.5 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 SEBI (SAST) Regulations. Further, the Manager to the Offer confirms that firm arrangement for funds and money for payment through verifiable means are in place to fulfill the Offer obligations.

7. TERMS AND CONDITIONS OF THE OFFER

7.1 Operational terms and conditions

- 7.1.1 The Offer is not conditional and is not subject to minimum level of acceptances.
- 7.1.2 Letter of Offer along with Form of Acceptance cum Acknowledgement will be dispatched to all the Equity Shareholders of the Target Company, except the Acquirers and the Sellers, whose names appear in its Register of Members on Tuesday, June 10, 2014, the Identified Date.
- 7.1.3 The Offer is subject to the terms and conditions set out in the Letter of Offer, the Form of Acceptance, the PA, the DPS and any other Public Announcements that may be issued with respect to the Offer.
- 7.1.4 The Letter of Offer alongwith the Form of Acceptance cum Acknowledgement would also be available at SEBI's website, www.sebi.gov.in, and shareholders can also apply by downloading such forms from the website.
- 7.1.5 This Offer is subject to the receipt of the statutory and other approvals as mentioned in paragraph 7.4 of this Letter of Offer. In terms of Regulation 23(1) of the SEBI (SAST) Regulations, if the statutory approvals are refused, the Offer would stand withdrawn.
- 7.1.6 Accidental omission to dispatch the Letter of Offer to any member entitled to this Open Offer or non-receipt of the Letter of Offer by any member entitled to this Open Offer shall not invalidate the Open Offer in any manner whatsoever.

- 7.1.7 The acceptance of the Offer must be unconditional and should be on the enclosed Form of Acceptance and sent along with the other documents duly filled in and signed by the applicant shareholder(s).
- 7.1.8 Any Equity Shares that are subject matter of litigation or are held in abeyance due to pending court cases/attachment orders/ restriction from other statutory authorities wherein the shareholder may be precluded from transferring the Equity Shares during pendency of the said litigation are liable to be rejected if directions/ orders regarding these Equity Shares are not received along with the Equity Shares tendered under the Offer.
- 7.2 **Locked in shares:** As on the date of this Letter of Offer, 74,70,000 Equity Shares allotted pursuant to the Preferential Issue are under lock in till February 03, 2015 in terms of Regulation 78 of the SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009, as amended from time to time.
- 7.3 **Persons eligible to participate in the Offer**
All owners of Equity Shares, registered or unregistered, are eligible to participate in the Offer (except the Acquirers and Sellers) anytime before closure of the Offer.
- 7.4 **Statutory approvals and other approvals required for the offer**
- 7.4.1 As on the date of this Letter of Offer, there are no statutory approvals required to acquire the Equity Shares tendered pursuant to this Offer. If any statutory approvals are required or become applicable, the Offer would be subject to the receipt of such statutory approvals also. The Acquirers will not proceed with the Offer in the event such statutory approvals are refused in terms of Regulation 23 of the SEBI (SAST) Regulations. This Offer is subject to all other statutory approvals that may become applicable at a later date before the completion of the Offer.
- 7.4.2 In case of delay in receipt of any statutory approval(s), SEBI has the power to grant extension of time to Acquirers for payment of consideration to the public shareholders of the Target Company who have accepted the Offer within such period, subject to Acquirers agreeing to pay interest for the delayed period if directed by SEBI in terms of Regulation 18(11) of the SEBI (SAST) Regulations.
- 7.4.3 There are no conditions stipulated in the SPA between the Sellers and the Acquirers, the meeting of which would be outside the reasonable control of the Acquirers and in view of which the Offer might be withdrawn under Regulation 23 of the SEBI (SAST) Regulations.

8. PROCEDURE FOR ACCEPTANCE AND SETTLEMENT

- 8.1 The following collection centre would be accepting the documents by Hand Delivery /Regd. Post/Courier as specified below, both in case of Equity Shares in physical and dematerialized form:

Name and Address of the Collection Centre	Working days and timings	Mode of delivery
Skyline Financial Services Private Limited, D-153 A, 1st Floor, Okhla Industrial Area, Phase - I, New Delhi - 110 020 (Unit: Panafic Industrials Limited) Contact person: Virender Rana Ph No: + 91-11- 64732681 to 88 Fax No: +91-11-26812683 E-mail: viren@skylinerta.com	During the Business Hours from Monday to Saturday	Registered Post/ Courier/ Hand Delivery

- 8.2 Shareholders who hold Equity Shares of the Target Company in physical form and wish to tender their Equity Share pursuant to the Offer will be required to submit the duly completed Form of Acceptance cum Acknowledgement, original Share Certificate(s), valid Transfer Deed(s) duly signed and witnessed and other documents as may be specified in the Letter of Offer, to the Registrar to the Offer either by Registered Post/Courier, at their own risk or by hand delivery so as to reach on or before the date of closing of the business hours on the date of closure of the Offer i.e. Monday, July 07, 2014.
- 8.3 The Registrar to the Offer, M/s Skyline Financial Services Private Limited has opened a Depository Escrow Account with National Securities Depository Limited ("NSDL") for receiving Equity Shares during the offer from eligible shareholders who hold Equity Shares in demat form.

- 8.4 Shareholders holding Equity Shares in dematerialized form, will be required to send their Form of Acceptance cum Acknowledgement and other documents as may be specified in the Letter of Offer to the Registrar to the Offer either by Registered Post/Courier or by hand delivery so as to reach on or before the date of closing of the business hours on the date of closure of the Offer i.e. Monday, July 07, 2014 along with a photocopy of the delivery instructions in "Off market" mode or counterfoil of the delivery instructions in "Off-market" mode, duly acknowledged by the Depository Participant ("DP"), in favour of "SKYLINE-PIL-OPEN OFFER- ESCROW DEMAT ACCOUNT" (Depository Escrow Account) filled in as per the instructions given below:

DP Name	K K SECURITIES LIMITED
DP ID	IN300468
Client ID	10088005
Depository	National Securities Depository Ltd. (NSDL)

Shareholders having their beneficiary account in Central Depository Services (India) Limited ("CDSL") shall use the inter-depository delivery instruction slip for the purpose of crediting their Equity Shares in favour of the Depository Escrow Account with NSDL.

- 8.5 Unregistered owners or shareholders who have not received the Letter of Offer may send their consent, to the Registrar to the Offer, on a plain paper stating the name, address, folio number, distinctive numbers, number of shares held, number of shares offered, along with the documents as mentioned above, so as to reach the Registrar to the Offer on or before the closure of the Offer. No Indemnity is required from the unregistered owners. A copy of the Letter of Offer (including Form of Acceptance cum acknowledgment) will be available on SEBI's website (www.sebi.gov.in) during the period the Offer is open and may also be downloaded from the said website.
- 8.6 In case of (a) shareholders who have not received the Letter of Offer, (b) unregistered shareholders, (c) owner of the Equity Shares who have sent the Equity Shares to the Target Company for transfer, may send their consent to the Registrar to the Offer on plain paper, stating the name, addresses, number of Equity Shares held, distinctive numbers, folio numbers, number of shares offered along with the documents to prove their title to such Equity Shares such as broker note, succession certificate, original share certificate / original letter of allotment and valid share transfer deeds (one per folio), duly signed by such shareholders (in case of joint holdings in the same order as per the specimen signatures lodged with Target Company), and witnessed (if possible) by the notary public or a bank manager or the member of the stock exchange with membership number, as the case may be, shall need to be provided, so as to reach the Registrar to the Offer on or before the date of closing of the business hours on the date of closure of the Offer i.e. Monday, July 07, 2014. Such shareholders can also obtain the Letter of Offer from the Registrar to the Offer by giving an application in writing to that effect.
- 8.7 In case of shareholders who have not received the Letter of Offer and holding Equity Shares in the dematerialized form may send their consent to the Registrar to the Offer on plain paper, stating the name, addresses, number of Equity Shares held, Depository name, Depository I.D., Client name, Client I.D., number of Equity Shares offered along with a photocopy of the original delivery instructions in "Off-market" mode or counterfoil of the delivery instruction in "Off-market" mode, duly acknowledged by the Depository Participant as specified in Para 8.4 above, so as to reach the Registrar to the Offer on or before the date of closing of the business hours on the date of closure of the Offer i.e. Monday, July 07, 2014. Such Equity Shareholders can also obtain the Letter of Offer from the Registrar to the Offer by giving an application in writing.
- 8.8 Shareholders who have sent their Equity Shares for dematerialization need to ensure that the process of getting shares dematerialized is completed well in time so that the credit in the Depository Escrow Account should be received on or before the date of closing of the business hours on the date of closure of the Offer i.e. Monday, July 07, 2014, else the application would be rejected.
- 8.9 No indemnity is needed from unregistered shareholders.
- 8.10 Where the number of Equity Shares offered for sale by the shareholders are more than the Equity Shares agreed to be acquired by Acquirers, the Acquirers will accept the offers received from the share holders on a proportionate basis, in consultation with the Manager to the Offer, taking care to ensure that the basis of acceptance is decided in a fair and equitable manner and does not result in non-marketable lots, provided that acquisition of Equity Shares from a shareholder shall not be less than the minimum marketable lot or the entire holding, if it is less than the marketable lot. The marketable lot of Target Company is 1{One} Equity Share for shares held in demat mode and 100 {Hundred} Equity Share for shares held in physical mode.
- 8.11 In case of delay in receipt of any statutory approval(s), SEBI has the power to grant extension of time to Acquirers for payment of consideration to the public shareholders of the Target Company who have

accepted the Offer within such period, subject to Acquirers agreeing to pay interest for the delayed period if directed by SEBI in terms of Regulation 18(11) of the SEBI (SAST) Regulations.

- 8.12 The consideration to the shareholders whose shares have been accepted will be paid by crossed account payee cheques/demand drafts/Electronic Clearance Service (ECS) wherever applicable. Such payments through account payee cheques/demand drafts, will be made by registered post at the registered shareholders'/unregistered owners' sole risk to the sole/first shareholder/unregistered owner.
- 8.13 Unaccepted share certificate(s), transfer deed(s) and other documents, if any, will be returned by registered post at the registered shareholders'/unregistered owners' sole risk to the sole/first shareholder/ unregistered owner. Equity Shares held in dematerialized form, to the extent not accepted, will be credited back to the beneficial owners' depository account with the respective depository participant as per the details furnished by the beneficial owner in the Form of Acceptance or otherwise. It will be the responsibility of the shareholders to ensure that the unaccepted shares are accepted by their respective DPs when transferred by the Registrar to the Offer.
- 8.14 The Registrar to the Offer will hold in trust the Equity Shares and Share Certificate(s), Equity Shares lying in credit of the Special Depository Account, Form of Acceptance, and the transfer deed(s) on behalf of the shareholders of Target Company who have accepted the Offer, until the cheques/drafts for the consideration and/or the unaccepted Equity Shares/Share Certificates are dispatched/returned.
- 8.15 It may be noted that the Equity Shareholders who have tendered shares in acceptance of the Offer shall not be entitled to withdraw such acceptance during the tendering period.

9. DOCUMENTS FOR INSPECTION

The following documents are regarded as material documents and are available for inspection at the office of the Manager to the Offer at B- 206, Okhla Industrial Area, Phase-I, New Delhi- 110020 from 10.30 a.m. to 1.00 p.m. on any working day, except Saturdays, Sundays and Holidays until the closure of the Offer.

- a) Certificate of Incorporation, Memorandum and Articles of Association of the Target Company.
- b) Certificate dated March 12, 2014 issued by Mr. Rahul Kumar (Membership No. 521099), Partner of M/s N. Kantan & Associates, Chartered Accountants, certifying the net worth of Mr. Rajeev Kumar Gupta.
- c) Certificate dated March 12, 2014 issued by Mr. Rohit Suri (Membership No. 091064), Partner of M/s Rohit Suri & Associates, Chartered Accountants, certifying the net worth of Mrs. Sarita Gupta.
- d) Certificate dated March 12, 2014 issued by Mr. Rohit Suri (Membership No. 091064), Partner of M/s Rohit Suri & Associates, confirming that the Acquirers have adequate financial resources available for meeting its obligations under the Open Offer.
- e) Audited Financials of the Target Company for the years ended March 31, 2010, 2011, 2012, 2013 and Un-audited financial results for Nine months period ended December 31, 2013.
- f) Certificate dated March 12, 2014 issued by Mr. Rohit Suri (Membership No. 091064), Partner of M/s Rohit Suri & Associates, certifying the financial data of the Target Company based on Un-audited results for the 9 (Nine) months period ended December 31, 2013 and Audited financials for the years ended March 31, 2013, 2012 and 2011.
- g) Copy of Escrow Agreement entered between Mr. Rajeev Kumar Gupta, Mrs. Sarita Gupta (collectively referred to as the "Acquirers"), Sobhagya Capital Options Limited (the "Manager to the Offer") and Punjab National Bank ("Escrow Bank").
- h) Letter from IndusInd Bank Limited confirming the cash deposit of Rs. 53,50,000/- (Rupees Fifty Three Lacs Fifty Thousand only) in the Escrow Account with a lien marked in favour of the Manager to the Offer.
- i) Copy of Agreement between the Acquirers and the Registrar to the Offer for the purpose of the Offer.
- j) Copy of Client Master List for opening a Special Depository Account for the purpose of the Offer.

- k) Copy of Memorandum of Understanding dated March 12, 2014 between the Acquirers and Manager to the Offer.
- l) Copy of the SPA dated March 12, 2014 between the Acquirers and the Sellers, which triggered the Open Offer.
- m) Copy of the PA dated March 12, 2014, the DPS dated March 19, 2014, and all other notices (including corrigenda released, if any) in connection with the Offer.
- n) Copy of the letter from SEBI dated June 06, 2014 containing its comments on the Draft Letter of Offer.

10. DECLARATION BY THE ACQUIRERS

The Acquirers, severally and jointly, accept full responsibility for the information contained in this Letter of Offer, including the Form of Acceptance cum Acknowledgement and also for ensuring the compliance with the obligations of the Acquirer as laid down in the SEBI (SAST) Regulations and subsequent amendments made thereto.

The Acquirers having made all reasonable inquiries, severally and jointly, accept full responsibility and confirms that this Letter of Offer is in compliance with the SEBI (SAST) Regulations, and that it 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.

The Manager to the Offer hereby states that the person(s) signing this Letter of Offer is the Acquirers / duly authorized person by the Acquirers to sign the Letter of Offer.

(RAJEEEV KUMAR GUPTA)

(SARITA GUPTA)

Date: June 09, 2014

Place: New Delhi

Encl.:

- 1) Form of Acceptance-cum-Acknowledgement
- 2) Blank Transfer Deed(s)

For shares held in Demat form:

2. I / We, holding equity shares in the dematerialized form, accept the Offer and enclose the photocopy of the Delivery Instruction Slip in "Off-market" mode, duly acknowledged by the Depository Participant ("DP") in respect of my shares as detailed below:

DP Name	DP ID	Client ID	Beneficiary Name	No. of equity shares
DP Name	: K K SECURITIES LIMITED			
ID	: IN300468			
Client ID	: 10088005			
Depository	: National Securities Depository Limited ("NSDL")			
Depository Escrow Account	: "SKYLINE-PIL-OPEN OFFER- ESCROW DEMAT ACCOUNT"			

GENERAL

3. I/We confirm that the Equity Shares of the Target Company which are being tendered by me / us under the Offer are free from liens, charges and encumbrances of any kind whatsoever.
4. I/We authorize the Acquirers to accept the Equity Shares so offered or such lesser number of Equity Shares that the Acquirers may decide to accept in consultation with the Manager to the Offer and in terms of the said Letter of Offer and I / we further authorise the Acquirers to apply and obtain on our behalf split of share certificate(s) as may be deemed necessary by them for the said purpose. I further authorize the Acquirers to return to me / us, Equity Share in respect of which the Offer is not found / not accepted, specifying the reason thereof.
5. My/Our execution of this Form of Acceptance shall constitute my / our warranty that the Equity Shares comprised in this application are owned by me / us and are transferred by me / us free from all liens, charges, claims of third parties and encumbrances. If any claim is made by any third party in respect of the said Equity Shares, I / we will hold the Acquirers, harmless and indemnified against any loss they or either of them may suffer in the event of the Acquirers acquiring these Equity Shares. I / We agree that the Acquirers may pay the Offer Price only after due verification of the document(s) and signature(s) and on obtaining the necessary approvals as mentioned in the said Letter of Offer.
6. I/We also note and understand that the shares/ Original Share Certificate(s) and Transfer Deed(s) will be held by the Registrar to the Offer in trust for me / us till the date the Acquirers makes payment of consideration or the date by which Shares/ Original Share Certificate(s), Transfer Deed(s) and other documents are dispatched to the shareholders, as the case may be.
7. I/We note and understand that the Shares would held in trust by the Registrar until the time the Acquirers makes payment of purchase consideration as mentioned in the Letter of Offer.
8. I/We undertake to execute such further document(s) and give such further assurance(s) as may be required or expedient to give effect to my/ our agreeing to sell the said equity shares.
9. I/We irrevocably authorise the Acquirers to send by Registered Post at my / our risk, the Cheque(s) / Demand Draft(s) / Pay Order(s) in settlement of consideration payable and excess share certificate(s), if any, to the Sole / First holder at the address given hereunder and if full address is not given below the same will be forwarded at the address registered with the Target Company:

TEAR HERE

Name and complete address of the Sole/ First holder(in case of member(s), address as registered with the Target Company:

Place:..... Date.....

Tel. No(s):..... Fax No.:.....

So as to avoid fraudulent encashment in transit, the shareholder(s) have an option to receive the sale consideration through RTGS/ECS mode and requested to kindly provide following information compulsorily in order to received payment through RTGS/ECS

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

Name of the Bank:

Name of the Branch and Address:

MICR Code of Bank.....

IFSC Code of Bank.....

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

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

Yours faithfully,
 Signed and Delivered:

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

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

INSTRUCTIONS

- Please read the enclosed Letter of Offer carefully before filling-up this Form of Acceptance.
- The Form of Acceptance should be filled-up in English only.
- Signature(s) other than in English, Hindi, and thumb impressions must be attested by a Notary Public under his Official Seal.
- Mode of tendering the Equity Shares Pursuant to the Offer:**
 - The acceptance of the Offer made by the Acquirer is entirely at the discretion of the Equity Shareholder of the Target Company.
 - Shareholders of the Target Company to whom this Offer is being made, are free to Offer his / her / their shareholding in the Target Company for sale to the Acquirer, in whole or part, while tendering his / her / their Equity Shares in the Offer.

TEAR HERE

**ACKNOWLEDGEMENT
SLIP**

**SHARES IN PHYSICAL
FORM**

OPEN OFFER TO THE SHAREHOLDERS OF M/S PANAFIC INDUSTRIALS LIMITED (TARGET COMPANY/ PIL) MR. RAJEEV KUMAR GUPTA AND MRS. SARITA GUPTA (HEREINAFTER COLLECTIVELY REFERRED TO AS "THE ACQUIRERS") PURSUANT TO SEBI (SUBSTANTIAL ACQUISITION OF SHARES AND TAKEOVERS) REGULATIONS, 2011.

Received from Mr. / Ms.....

Ledger Folio No..... Number of certificates enclosed..... under the Letter of Offer dated, Form of Acceptance, Transfer Deeds(s) and Original Share Certificate(s) as detailed hereunder:

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

Authorised Signatory

Stamp

Date

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

Skyline Financial Services Private Limited,

(Unit: Panafic Industrials Limited)

D-153 A, 1st Floor, Okhla Industrial Area, Phase - I, New Delhi - 110 020

Contact person: Virender Rana

Ph No: + 91-11- 64732681 to 88

Fax No: +91-11-26812683

E-mail: virenr@skylinerta.com

SEBI Regn. No.: INR000003241

TEAR HERE

ACKNOWLEDGEMENT

SLIP

SHARES IN DEMATERIALIZED FORM

OPEN OFFER TO THE SHAREHOLDERS OF M/S PANAFIC INDUSTRIALS LIMITED (TARGET COMPANY/ PIL) MR. RAJEEV KUMAR GUPTA AND MRS. SARITA GUPTA (HEREINAFTER COLLECTIVELY REFERRED TO AS "THE ACQUIRERS") PURSUANT TO SEBI (SUBSTANTIAL ACQUISITION OF SHARES AND TAKEOVERS) REGULATIONS, 2011.

Received from Mr. / Ms.

I / We, holding Equity Shares in the dematerialized form, accept the Offer and enclose the photocopy of the Delivery Instruction in "Off-market" mode, duly acknowledged by the Depository Participant ("DP") in respect of my shares as detailed below:

DP Name	DP ID	Client ID	Beneficiary Name	No. of equity shares
DP Name	: K K SECURITIES LIMITED			
ID	: IN300468			
Client ID	: 10088005			
Depository	: National Securities Depository Limited ("NSDL")			
Depository Escrow Account	: "SKYLINE-PIL-OPEN OFFER- ESCROW DEMAT ACCOUNT"			

Authorised Signatory

Stamp

Date:

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

Skyline Financial Services Private Limited,

(Unit: Panafic Industrials Limited)

D-153 A, 1st Floor, Okhla Industrial Area, Phase - I, New Delhi - 110 020

Contact person: Virender Rana

Ph No: + 91-11- 64732681 to 88

Fax No: +91-11-26812683

E-mail: viren@skylinerta.com

SEBI Regn. No.: INR000003241

TEAR HERE