

**LETTER OF OFFER**

**THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION**

This Letter of Offer is sent to you as registered fully paid up equity shareholder(s) of **Panyam Cements & Mineral Industries Limited**. If you require any clarification about the action to be taken, you may consult your stockbroker or investment consultant or **SOBHAGYA CAPITAL OPTIONS LIMITED** (Hereinafter referred to as “**Manager to the Offer**”) or **M/s XL Softech Systems Limited** (Hereinafter referred to as “**Registrars to the Offer**”). In case you have recently sold your Shares in Panyam Cements & Mineral industries Limited, please hand over this Letter of Offer and accompanying Form of Acceptance cum acknowledgement, Form of Withdrawal and Transfer Deed to the Member of Stock Exchange through whom the said sale was effected.

**Pursuant to Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 1997 and subsequent amendments thereof.**

**OPEN OFFER by**


M/s S P Y Reddy and Associates, represented by Mr. S. Sreedhar Reddy, **THE ACQUIRER**  
Residing at: D.No.30/726, Bommalasatram, Nandyal, Kurnool Dist., A. P., Ph.: 08514 - 243 606, Fax No.: 08514 - 243 350

**and PERSONS ACTING IN CONCERT who are**

Mr. S. P. Y. Reddy, Residing at: D. No. 30/726, Bommalasatram, Nandyal, Kurnool District, A. P., Ph.: 08514-243 104,  
And  
Mr. V. Suresh, Residing at: D. No. 30/726, Bommalasatram, Nandyal, Kurnool District, A. P., Ph.: 08514 - 243 105,  
And  
Mrs. S. Parvathi, Residing at: D. No. 30/726, Bommalasatram, Nandyal, Kurnool District, A. P., Ph.: 08514 - 243 104,  
And  
Mrs. S. Sujala, Residing at: D. No. 30/726, Bommalasatram, Nandyal, Kurnool District, A. P., Ph.: 08514 - 243 105,  
And  
Mrs. V. Aravinda Rani, Residing at: D. No. 30/726, Bommalasatram, Nandyal, Kurnool District, A. P., Ph.: 08514 - 243 105,  
And  
Mr. N. Ramasubbaiah, Residing at: D. No. E3B, Indl. Estate, Bommalasatram, Nandyal, Kurnool Dist, AP,  
Ph.: 08514 - 222 999,  
And  
Mr. S. Chand Basha, Residing at: D. No. B -14, Industrial Estate, Bommalasatram, Nandyal, Kurnool Dist, A.P.,  
Ph: 08514 - 243 100,  
And  
Mr. Y. Srinivasa Reddy, Residing at: Udamalapuram, Industrial Estate, Nandyal, Kurnool District, A.P.,  
Ph: 08514 - 246 252,  
And  
Mr. S. A. Rawoof, Residing at: D. No.: F-6 (Old), Industrial Estate, Bommalasatram, Nandyal, Kurnool Dist, A.P,  
Ph: 08514- 244206,

to acquire from the existing (fully paid up) equity shareholders of  
**Panyam Cements & Mineral Industries Limited**  
Registered Office: C-1, Industrial Estate, Bommalasatram, Nandyal - 518 502, Kurnool District, A.P.,  
Ph. No.: 08514 - 222 029, Fax. No: 08514 - 243 350

**FOR THE ACQUISITION OF 32,03,628 FULLY PAID UP EQUITY SHARES OF RS. 10/- EACH (REPRESENTING 20 % OF THE VOTING CAPITAL) OF PANYAM CEMENTS & MINERAL INDUSTRIES LIMITED AT RS. 55/-(RUPEES FIFTY FIVE ONLY) PER EQUITY SHARE PAYABLE BY CASH.**

<b>MANAGER TO THE OFFER</b>	<b>Application to be Sent to the Registrars to the offer</b>
 <p><b>SOBHAGYA</b> <b>CAPITAL OPTIONS LTD</b> 7-1-32/4, P - 1, Leelanagar, Begumpet, Hyderabad - 500 016. Phone Nos.: 040 - 6552 8262 Fax No.: 040 - 2374 0419 Contact Person: Ms. Lavanya Chandra Email: <a href="mailto:sobhagyacapital@yahoo.com">sobhagyacapital@yahoo.com</a> <a href="mailto:lavanya@sobhagyacapital.com">lavanya@sobhagyacapital.com</a></p>	<p><b>M/s. XL Softech Systems Limited,</b> 3, Sagar Society, Road No.2, Banjara Hills, Hyderabad-500 034. Phones: 040 - 2354 5913/14/15. Fax: 040 - 2355 3214. Contact Person: Mr. R. Ram Prasad Email: <a href="mailto:xlfield@rediffmail.com">xlfield@rediffmail.com</a></p>

## NOTES:

1. This offer is subject to the statutory approvals and conditions precedent as described in paragraph **on page 21** para (6.4) of this Letter of Offer for acquisition of shares of the Target Company. As of the date of this Letter of Offer, there are no other statutory approvals required to implement the offer other than those indicated above. If any other statutory approvals become applicable, the offer would be subject to such statutory approvals, as the case may be. In case of delay in receipt of any statutory approval, Securities and Exchange Board of India (SEBI) has the power to grant an extension of time for payment of consideration under the offer. No other approvals are required for the purpose of implementation of the offer.
2. Regulation 26 of the Takeover Regulations provides for an upward revision of Offer in respect of the price and the number of shares to be acquired, at any time up to seven working days prior to the date of closure of the Offer i.e. Wednesday, 27.06.2007. The same price will be paid by the Acquirer for all the shares tendered anytime during the Open Offer. Any revision(s) in the Offer price will be informed by way of a Public Announcement in the same newspapers in which the original Public Announcement was made.
3. The Acquirer can withdraw this offer, only under circumstances as mentioned under Regulation 27(1) and in this event the same would be informed by way of Public Announcement in the same newspapers where the original Public Announcement has appeared.
4. Shareholders, who have accepted the Offer by tendering the requisite documents in terms of the Public Announcement/Letter of Offer, can withdraw the same up to three working days prior to the closure of the Offer i.e., Tuesday, 03.07.2007.
5. **There is no competitive bid.**
6. The Offer is not conditional.
7. The procedure for acceptance is set out in para 7 of this letter of offer. A form of acceptance cum acknowledgement and instrument of transfer are enclosed with this letter of offer.
8. A copy of Letter of Offer (including form of acceptance cum acknowledgement) is also available on Securities and Exchange Board of India's web-site ([www.sebi.gov.in](http://www.sebi.gov.in)) and may be downloaded and used as an application.

## SCHEDULE OF ACTIVITIES

Activity	Schedule	Revised Schedule
Public Announcement (PA) Date	Tuesday, 06.03.2007	Tuesday, 06.03.2007
Specified Date	Monday, 02.04.2007	Monday, 02.04.2007
Last date for announcement of competitive bid	Tuesday, 27.03.2007	Tuesday, 27.03.2007
Date by which Letter Of Offer will be dispatched to the Shareholders	Monday, 16.04.2007	Friday, 15.06.2007
Date of Opening of the Offer	Thursday, 26.04.2007	Wednesday, 20.06.2007
Last date for revising offer price/number of shares	Friday, 04.05.2007	Wednesday, 27.06.2007
Last date for withdrawal of acceptance by shareholders	Thursday, 10.05.2007	Tuesday, 03.07.2007
Date of Closure of the Offer	Tuesday, 15.05.2007	Monday, 09.07.2007
Date upto which communication of rejections / acceptances and payment of consideration for the applications accepted and also dispatch of rejected share certificates (refer Para 7.2).	Wednesday, 30.05.2007	Tuesday, 24.07.2007

## RISK FACTORS

### 1.

#### a) CEMENT DIVISION:

Many cement units are coming up in the State and most of the existing cement units are expanding their capacities, due to this the competition will increase and we may have to cater to even distant customers to sell our product which will increase the transport cost thereby putting pressure on the operating results.

#### b) LEGAL

The Company has got a number of pending litigations.

2. Transfer of equity shares received from the NRI shareholders, if any under the offer is subject to RBI approval.
3. The sale transaction depends upon the successful completion of the offer. In case the Acquirer is not able to implement the offer, the sale will not be effective.

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**Attached: Form of acceptance cum acknowledgement, Form of withdrawal and blank transfer deed**

## DEFINITIONS

The Acquirer	M/s S P Y Reddy & Associates, Represented by <b>Mr. S Sreedhar Reddy</b>
Target Company	Panyam Cements & Mineral Industries Limited (PCMIL)
Shares	Fully paid Up Equity Shares of Panyam Cements & Mineral Industries Limited
Offer	The Offer made by the Acquirer to the Fully Paid up Equity Shareholders of PCMIL
Offer Price	Rs. 55/- per equity share of PCMIL
Regulations	Securities & Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 1997 and subsequent amendments thereof.
SEBI	Securities and Exchange Board of India
RBI	Reserve Bank of India
Registrar	M/s XL Softech Systems Limited, 3, Sagar Society, Road No. 2, Banjara Hills, Hyderabad-500 034.
Offer Document	Letter of Offer
BSE	Bombay Stock Exchange Limited, Mumbai
FIPB	Foreign Investment Promotion Board
Escrow Account	Account opened with Indian Overseas Bank, in terms of the Regulations
Escrow Banker	Indian Overseas Bank, Adarsh Nagar Branch, Hyderabad, A. P.,
FEMA	Foreign Exchange Management Act, 1999
Manager / Manager to the Offer	SOBHAGYA CAPITAL OPTIONS LIMITED (SCOL)
PACs	Mr. S. P. Y. Reddy, Mr. V. Suresh, Mrs. S. Parvathi, Mrs. S. Sujala, Mrs. V. Aravinda Rani, Mr. S. A. Rawoof, Mr. N. Rama Subbaiah, Mr. S. Chand Basha and Mr. Y. Srinivasa Reddy
Persons eligible to apply in the Offer	All owners of the shares, registered or unregistered (except the Acquirer and Persons Acting in Concert)
NRI	Non Resident Indian
Specified Date	Monday, 02.04.2007
Offer period	The date of public announcement to the date of completion of offer formalities i.e., 06.03.2007 to 24.07.2007

## 1. DISCLAIMER CLAUSE

It is to be distinctly understood that filing of draft letter of offer with SEBI should not in any way be deemed or construed that the same has been cleared, vetted or approved by SEBI. The draft letter of offer has been submitted to SEBI for a limited purpose of overseeing whether the disclosures contained therein are generally adequate and are in conformity with the regulations. This requirement is to facilitate the shareholders of Panyam Cements & Mineral Industries Limited to take an informed decision with regard to the offer. SEBI does not take any responsibility either for the financial soundness of the acquirer or the company whose shares/control is proposed to be acquired or for the correctness of the statements made or opinions expressed in the letter of offer. It should also be clearly understood that while acquirer is 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 acquirer duly discharge 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 17, 2007 to SEBI in accordance with the SEBI (Substantial Acquisition of Shares and Takeover) Regulations 1997 and subsequent amendment(s) thereof. The filing of the letter of offer does not, however, absolve the acquirer from the requirement of obtaining such statutory clearances as may be required for the purpose of the offer.

## 2. DETAILS OF THE OFFER

### 2.1 Background of the Offer

M/s S P Y Reddy and Associates, having Address at D. No. 30/726, Bommalasatram, Nandyal, Kurnool District, Andhra Pradesh, represented by Mr. S. Sreedhar Reddy (**The Acquirer**) and Mr. S. P. Y. Reddy, Mr. V.Suresh, Mrs. S. Parvathi, Mrs. S. Sujala, Mrs. V. Aravinda Rani, Mr. S. A. Rawoof, Mr. N. Ramasubbaiah, Mr. S. Chand Basha, and Mr. Y. Srinivasa Reddy, **all Persons Acting in Concert** who have given their consent to be considered as Persons Acting in Concert (herein after referred to "PACs") are making an offer pursuant to Regulation 11(1) of the SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 1997 ('Regulations') to the Equity Shareholders of Panyam Cements & Mineral Industries Limited (hereinafter referred to as "Target Company" or "PCMIL"). The Acquirer, and PAC's, have been allotted 20,90,909 Equity Shares of Rs. 10/- each at Rs. 55/- per share constituting 13.05% of the enhanced paid up equity share capital by way of preferential allotment in the Target Company PCMIL on 01.03.2007 as per the DIP Guidelines for Preferential Allotment after the In-principle listing approval was received from BSE. The company is in the process of making an application to BSE for getting listing approval for the allotment of 20,90,909 Equity Shares to the promoters of the company.

M/s S P Y Reddy & Associates were already holding 60,05,370 (43.12 %) equity shares prior to this allotment {7,10,000 Equity Shares of Rs.100 each (which were subdivided into equity shares of Rs. 10 each) were acquired through an Open Offer in the year 2005}. Thus the post issue equity shareholding has increased to 80,96,279 shares being 50.54 % of the enhanced paid-up equity share capital.

Pursuant to the above referred change in the shareholding pattern due to the issue of preferential allotment of equity shares to the Acquirer and Persons Acting in Concert, this open offer is being made as per the SEBI (SAST) Regulations to the Shareholders of M/s. Panyam Cements & Mineral Industries Limited to acquire from them 32,03,628 fully paid up Equity Shares of Rs.10/- each (representing 20 % of the voting capital of M/s. Panyam Cements & Mineral Industries Limited) at a price of Rs. 55/- per share (Rupees Fifty Five only)

For the purpose of this offer, the persons acting in concert as per the provisions of Regulation 2(1) (e) of the Regulations are Mr. S. P. Y. Reddy, Mr. V. Suresh, Mrs. S. Parvathi, Mrs. S. Sujala, Mrs. V. Aravinda Rani, Mr. S. A. Rawoof, Mr. N. Rama Subbaiah, Mr. S. Chand Basha and Mr. Y. Srinivasa Reddy

### Other Disclosures

Mr S. Sreedhar Reddy and Mr. S P Y Reddy are also on the board of the target company as directors, appointed on 18-08-2004. They have not participated in any matters concerning or relating to the offer including any preparatory steps leading to the offer.

This offer has been made pursuant to Regulation 11(1) of SEBI (SAST) Regulations, 1997, to consolidate their holdings.

The Acquirer / PACs and the Target Company have not been prohibited by SEBI from dealing in securities in terms of direction issued u/s. 11B of SEBI Act or under any of the regulations made under the SEBI Act.

### 2.2 Details of the proposed offer

The Acquirer and PACs are hereby making an offer to the equity shareholders of PCMIL to acquire from them upto a maximum of 32,03,628 Equity Shares of Rs. 10/- each (representing 20% of the voting capital) at a price of Rs.55/- (Rupees Fifty Five Only) per each fully paid up equity share, payable in cash.

The Offer is not subject to any minimum level of acceptance. The Acquirer and PACs will acquire all Equity Shares of PCMIL that are tendered in terms of this Offer up to a maximum of 32,03,628 fully paid-up Equity Shares.

As per Regulation 15(1) of the Regulations, the Public Announcement was published on 6<sup>th</sup> March, 2007 in all the editions of the following newspapers.

<b>Newspaper</b>	<b>Language</b>	<b>Editions</b>
Financial Express	English	All editions
Janasatta	Hindi	All editions
Praja Shakti	Telugu	All editions

The public announcement is also available on the SEBI website at [www.sebi.gov.in](http://www.sebi.gov.in).

The Acquirer has not acquired any Equity Shares of PCMIL since the date of the Public Announcement to the date of this Letter of Offer. Any upward revision in the Offer with respect to the Offer Price will be announced in the above-mentioned newspapers and same price would be payable by the Acquirer for all the shares tendered anytime during the Offer.

### 2.3 Object and Purpose of the Acquisition

This offer has been made pursuant to Regulation 11(1) of SEBI (SAST) Regulations 1997 to consolidate their holdings.

### 3. Back Ground of the Acquirer and PACs

3.1 Mr. S. Sreedhar Reddy the Acquirer and all the persons acting in concert are the members of M/s. SPY Reddy and Associates, H. No. 30/726, Bommalasatram, Nandyal, Kurnool District, A. P. M/s. S P Y Reddy and Associates was formed with the main objective of carrying on business in shares, real estate (purchase and sale of plots), marketing of industrial products, finance arrangement, brokerage and commission, render management services and also to deal any other nature of business or businesses of profitable in nature with the consent of all members from time to time.

Mr. S. P. Y. Reddy is the Chairman and Mr. S. Sreedhar Reddy is the Managing Director of Panyam Cements & Mineral Industries Limited, and they are also in control of Nandi Group of Companies engaged in the manufacture of Rigid PVC pipes and fittings with an annual turnover of about Rs. 352 crores. The principal area of business of the acquirer and the PACs is manufacturing rigid PVC pipes and fittings having manufacturing units at Nandyal, Anantapur, Bellary and Hyderabad since 1979. They also have interest in other areas like diary products, water containers, borewells, schools & colleges. The acquirer Mr. S Sreedhar Reddy aged about 31 years, is an engineering graduate having about 9 years of industrial experience. Mr. S P Y Reddy, (PAC) aged 57 years, is an engineering graduate having 22 years of vast industrial experience.

3.1.1 Mr. S. Sreedhar Reddy, and Mr. S. P. Y. Reddy, Mr. V. Suresh, Mrs. S. Parvathi, Mrs. S. Sujala, Mrs. V. Aravinda Rani, Mr. S. A. Rawoof, Mr. N. Ramasubbaiah, Mr. S. Chand Basha, Mr. Y. Srinivasa Reddy (herein after referred to as Acquirer and Persons Acting in Concert). Their details are given below:

Mr. S. P. Y. Reddy	D.No.30/726, Bommalasatram, Nandyal, Kurnool District, Andhra Pradesh. Phone nos: 08514 – 243 104	<b>Chairman:</b> Panyam Cements & Mineral Industries Limited Integrated Thermoplastics Ltd* S.P.Y.Agro Industries Limited <b>Director:</b> Sujala Pipes Private limited Apoorva Pipes Private Ltd. Sreekanth Pipes Private Limited Nandi Milk Products Private Limited Nandyala Gases Private Limited
Mr. S. Sreedhar Reddy	D.No.30/726, Bommalasatram, Nandyal, Kurnool District, Andhra Pradesh Phone nos: 08514 – 243 350	<b>Managing Director:</b> Panyam Cements & Mineral Industries Limited S.P.Y.Agro Industries Limited <b>Director:</b> Anantha PVC Pipes Private Limited Nandi Polymers (India) Private Limited Sreekanth Pipes Private Limited Nandyala Gases Private Limited
Mr. V. Suresh	D.No.30/726, Bommalasatram, Nandyal, Kurnool District, Andhra Pradesh Phone nos: 08514 – 243 105	Nil
Mrs. S. Parvathi	D.No.30/726, Bommalasatram, Nandyal, Kurnool District, Andhra Pradesh Phone nos: 08514 – 243 104	<b>Director:</b> Sujala Pipes Private Limited

Mrs. S.Sujala	D.No.30/726, Bommalasatram, Nandyal, Kurnool District, Andhra Pradesh Phone nos: 08514 – 243 105	<b>Director:</b> Nandi PVC Products Pvt. Ltd.
Mrs. V. Aravinda Rani	D.No.30/726, Bommalasatram, Nandyal, Kurnool District, Andhra Pradesh Phone nos: 08514 – 243 105	<b>Proprietor:</b> Aravinda Pipes
Mr. N. Ramasubbaiah	D.No.E3B, Industrial Estate, Bommalasatram, Nandyal, Kurnool District, Andhra Pradesh Phone nos: 08514 – 222 999	<b>Managing Director:</b> Integrated Thermoplastics Ltd * <b>Proprietor:</b> Sri Rama Pipe Industries.
Mr. S. Chand Basha	D.No.B-14, Industrial Estate, Bommalsatram, Nandyal, Kurnool District, Andhra Pradesh Phone nos: 08514 – 243 100	<b>Director:</b> Integrated Thermoplastics Ltd * <b>Proprietor:</b> Basha PVC Pipes Industries
Mr. Y. Srinvasa Reddy	Udamalapuram, Industrial Estate, Nandyal, Kurnool District, Andhra Pradesh Phone nos: 08514 – 246 252	<b>Director:</b> Integrated Thermoplastics Ltd *
Mr. S. A. Rawoof	D.No.F-6 (Old), Industrial Estate, Bommalasatram, Nandyal, Kurnool District, Andhra Pradesh Phone nos: 08514 – 244 206	N.A.

\* Integrated Thermoplastics Limited is a Listed company.

### 3.1.2 Relationship between the persons acting in concert

Mr. S. P. Y. Reddy is the father-in-law of Mr. S. Sreedhar Reddy, Mrs. S. Parvathi is mother-in-law of Mr. S. Sreedhar Reddy, Mr. V. Suresh is the co-brother of Mr. S. Sreedhar Reddy, Mrs. S. Sujala is wife of Mr. S. Sreedhar Reddy, Mrs. V. Aravinda Rani is sister-in-law of Mr. S. Sreedhar Reddy

Mr. N. Ramasubbaiah, Mr. S. Chand Basha, Mr. Y. Srinivasa Reddy and Mr. S. A. Rawoof, are friends and associates of Mr. S. Sreedhar Reddy.

This offer has been made pursuant to Regulation 11(1), of SEBI (SAST) Regulations 1997 to consolidate their holdings.

### 3.1.3 Details of other companies promoted by Acquirers / PAC's

The Acquirer and the Persons Acting in Concert are the promoters of various companies namely M/s Integrated Thermoplastics Limited, Sujala Pipes Private Limited, Nandi PVC Products Private Limited, Apoorva Pipes Private Limited. They also promoted partnership firms namely Aravinda Pipes, Hyderabad Pipes Industries, Basha PVC Pipes Industries, Sri Rama Pipes Industries.

Nandi Group has also promoted a new venture S P Y Agro Industries Limited during 2005 and the project is under implementation for manufacture of ethanol and industrial alcohol.

All the above said companies and partnership firms belong to Nandi Group of Companies and being headed by Mr. S P Y Reddy and Mr. S Sreedhar Reddy.

### 3.1.4 Financials of Integrated Thermoplastics Limited

Audited Financial information	Rs. in Lakhs			
	31.03.2004	31.03.2005	31.03.2006	(for 9 months) 31-12-.2006
Particulars				
Sales	4116.06	4579.74	3765.88	3083.47
Other Income	27.98	6.25	7.45	4.85
Total Income	4144.04	4585.99	3773.33	3088.32
Total Expenditure	4123.31	4561.76	3739.29	3067.19
Profit / Loss	20.73	24.23	34.04	21.13

Mr. N. Subbaiah, Chartered Accountant (Membership No: 200133), 25/701, Upstairs, First Floor, Srinivasa Market Complex, Opp. Canara Bank, Nandyal-518501, Kurmool District A.P. vide certificate dated 20-02-2007 has confirmed the Networth of the Acquirer, Mr. S. Sreedhar Reddy, as Rs. 2.70 Crores, and certified the net worth of the Persons Acting in Concert as follows: Mr. S. P. Y. Reddy, Networth Rs. 4.88 Crores, Mr. V. Suresh, Networth Rs. 2.54 Crores, Mrs. S. Parvathi, Networth Rs. 2.07 Crores, Mrs. S. Sujala, Networth Rs.2.04 Crores, Mrs. V. Aravinda Rani, Networth Rs. 1.92 Crores, Mr. N. Ramasubbaiah, Networth Rs. 88 Lacs, Mr. S. Chand Basha, Networth Rs. 87 Lacs, Mr. Y. Srinivasa Reddy, Networth Rs. 90 Lacs and Mr. S. A. Rawoof, Networth Rs. 38 Lacs, **vide certificate dated 20-02-2007.**

The networth of the Acquirers/PAC is Rs.19.18crs, whereas the Open Offer is for Rs.17.61crs. only and is adequate to fulfill the Open Offer obligations. The Preferential Shares have been allotted by the conversion of unsecured loans thus there is no cash outflow.

Earlier the Acquirer / PACs were allotted 7,10,000 shares of Rs.100/-each at Rs 100/-per share constituting 50.98% of the enhanced paid-up equity share capital by way of a preferential allotment in the target company on 12-01-2005. Pursuant to the above change the Acquirer and PACs made an Open Offer as per the SEBI (SAST) Regulations 1997 and subsequent amendments thereof, to the shareholders of PCMIL through a Public Announcement on 18-02-2005. The Compliances for the same were duly complied with.

### 3.2 **Disclose in terms of Regulation 16 (ix)**

- i. The Acquirers/PACs do not have any plans to dispose off or otherwise encumber any assets of PCMIL in the succeeding two years from the date of closure of this offer except in the ordinary course of business of PCMIL.
- ii. Further, the Acquirers/PACs undertake not to sell, dispose off or otherwise encumber any substantial asset of PCMIL, except with the prior approval of the shareholders.

### 3.3 **FUTURE PLAN / STRATEGIES**

The Acquirer has the following Future Plan / Strategies for the company for modernization of the cement plant:

The acquirer has taken up steps to modernize its Cement plant at a cost of Rs. 64 Crores so that the capacity of the plant is increased from the existing 550 M. Tonnes to 2000 M. Tonnes per day. The company has also approached a consortium of banks lead by Syndicate Bank for sanction of a term loan of Rs. 45 Crores for the modernization cost.

To convert Kiln No.3 by instating new six – stage pyro process system, new cooler and new cement mill. As per the project reports given by the Consultants the cost of this modernization will be around Rs.64 crores. The company has already placed orders for the main plant and machinery and the modernization scheme for enhancing the production capacity of the plant to one million tones will be completed by August / September, 2007.

The Acquirer/PACs does not have any intention to dispose off or otherwise encumber any assets of PCMIL, in the next two years from the date of closure of the offer, except in the ordinary course of business.

Acquirer/PACs have undertaken not to sell, dispose off or otherwise encumber any substantial assets of PCMIL except with the prior approval of the shareholders.

### **OPTION IN TERMS OF REG 21 (2)**

The acquisition made in pursuance of this Open offer will not result in the public shareholding in the target company being reduced below the minimum level required as per the Listing Agreement as the shareholding of the Acquirer and PACs post offer will be 70.54%. Thus regulation 21(2) will not be attracted.

## 4. **BACKGROUND OF THE TARGET COMPANY**

### 4.1 **Brief History and Main areas of operation**

M/s. Panyam Cements & Mineral Industries Limited was incorporated on 23<sup>rd</sup> June, 1955 as a Public Limited Company with its Registered Office at C-1, Industrial Estate, Bommalasatram, Nandyal. The Telephone No. of the company is 08514 222 029 and the Fax No.08514-243350. Over the years, besides expanding the capacity with two additional plants of 300 TPD and 600 TPD in the same location, the company underwent an up-gradation programme by conversion of the kilns into dry process. During 1988, when the VBC Group of Hyderabad took over the company, the net worth of the company was negative and on a reference to BIFR in 1989 by the new promoters, a revival package was sanctioned in 1991. The company has repaid all the dues to Financial Institutions by way of One Time Settlement sanctioned by BIFR in 1995. With a view to effectively utilize the abundant limestone reserves of more than 100 million tones in its leasehold area and to enlarge its market beyond the State of A.P., the company has increased the installed capacity of the cement plant from 5,31,000 M.Tonnes per annum to 7,20,000 M.Tonnes per annum i.e. 2200 tonnes per day. The manufacturing facilities are at Cementnagar, Kurmool District.



In 1988, when the VBC Group took over the management of the company from Mr. M. Somappa and Associates at the intervention of IDBI, late M. V. Subba Rao, representing VBC Group having Ferro Alloys and bottling units at Hyderabad and Vizag was appointed as Managing Director of the Company. Mr. V. Ramnath and Mr. A. Sathya Bhushana Rao were appointed as Executive Directors of the Company. On the demise of M. V. Subba Rao, Mr. Ramnath was appointed as Vice-Chairman and Managing Director of the Company. There was a further change in the management of the company during 2005 Mr. S. P. Y. Reddy and Associates, as the company was continuously incurring losses and the plant was not running on a continuous basis. Sri S. P. Y. Reddy was appointed as Chairman and Sri S. Sreedhar Reddy as Managing Director of the company .

On taking over of the management, the new promoters have taken various steps to revive the industry. The dues to the Banks/Financial Institutions have been repaid under One Time Settlement. Further, the company has announced a Voluntary Retirement Scheme to the employees of the company. The Government of India is focusing on the development of infrastructure like, express highways modernization of airports and similarly the Government of Andhra Pradesh is also undertaking major irrigations. Further there is high growth in the housing sector with liberalized sanctioning of the loans by banks and financial institutions and also the government's commitment for the construction of houses for the poor. In view of the above projects, there is a high demand for cement. To take advantage of these, the company has undertaken modernization scheme for expanding its capacity to 1 million tones per annum.

4.2 The company is having its Cement manufacturing unit at Cementnagar 518 206, Kurnool District, A.P

#### 4.3 Share Capital Structure of PCMIL

The paid up share capital of the Company is as follows:		Rs.
19,299 – 14% Redeemable “C” Cumulative Preference Shares of Rs.100/- each		19,30,000
1,39,27,230 Equity Shares of Rs.10/- each	13,92,72,300	
Add: Forfeited shares (Amount paid up)	30,000	
		13,93,02,300
		<b>14,02,32,300</b>
<b>Add: Preferential Allotment:</b> 20,90,909 Equity Shares of Rs.10/- each allotted to Acquirer and PACs on 01/03/2007		2,09,09,090
<b>TOTAL</b>		<b>16,21,41,390</b>

The share capital structure as on 1<sup>st</sup> March, 2007 as given below:

Paid up equity shares of PCMIL (Face Value Rs.100/- each)	No. of Shares/ Voting rights	% of Shares	% Of Voting Rights
Fully paid up equity shares	16018139	100.00	100.00
Partly paid up equity shares	NIL	NIL	NIL
Total subscribed equity shares	16018139	100.00	-
Total voting rights in PCMIL	16018139	100.00	100.00

- 5540 equity shares were forfeited and not re-issued again. Therefore the total voting rights are for 16018139 equity shares only.

#### 4.4 Capital buildup of the Company

Date of Allotment	Shares Issued		Cumulative paid up capital	Mode of Allotment	Identity of allottees (Promoters/ Ex-Promoters/ Others)	Status of Compliance
	Nos	%				
12.10.1955 – 15.09.1956 (Promoters Issue)	31399	100	3139900	Preferential	Machani Somappa Group	Complied with the Provisions of Companies Act and the listing agreement of Stock Exchange
09.11.1956 09.08.1957	8601	21.50	4000000	Public	Public Issue	.do.
23.01.1962- 12.03.1962	10000	20.0	5000000	Preferential	Machani Somappa Group	.do.
26.07.1962 to 30.08.1972	25000	33.3	7500000	Public	Public	.do.

03.03.1967	15000	16.6	9000000	Preferential	Machani Somappa Group	.do.
23.08.1967	35000	28.0	12500000	Public	Public Issue	.do.
27.02.1980	6500	4.94	13150000	Preferential	LIC	Part of loan converted into shares
26.11.1980	91777	41.10	22327700	As per the Scheme of Amalgamation	Allotment of shares made to the shareholders of erstwhile Deccan Wires Limited.	As per scheme of amalgamation approved by the High Courts of Andhra Pradesh and Karnataka.
18.04.1989	60000 31375 (NRI)	21.18 9.97	28327700 31465200	Preferential	M V Subba Rao and Associates (MVS Group)	Unsecured loan converted into Equity as per IDBI's approval.
24.08.1989	5165 (NRI) 3460	1.61 1.07	31981700 32327700	Preferential	.do.	.do.
10.05.1991	134282	29.35	45755900	Preferential As per BIFR	MVS Group	As per BIFR Scheme
22.06.1991	33449 (NRI)	6.81	49100800	Preferential As per BIFR	.do.	.do.
30.07.1991	12269	2.43	50327700	Preferential As per BIFR	.do.	.do.
19.12.1991	6650	1.30	50992700	.do.	.do.	.do.
07.03.1992	5740	1.11	51566700	.do.	.do.	.do.
29.05.1992	137620	21.06	65328700	.do.	.do.	.do.
08.08.1992	29990 (NRI)	4.39	68327700	.do.	.do.	.do.
12.01.2005	710000	50.98	139327700	Preferential	Acquirer / PACs (SPY Reddy & Associates)	Complied
01.03.2007	2090909	13.05	* 160236790	Preferential	Present Promoters who are, Acquirer / PACs (SPY Reddy & Associates)	Complied

\*The company has made a preferential allotment of 2090909 Equity Shares of Rs.10/- each to M/s. S. P. Y. Reddy and Associates on 1<sup>st</sup> March, 2007. However, the listing approval for the same is awaited from the Bombay Stock Exchange Ltd, Mumbai.”

**The cumulative equity capital mentioned above as Rs. 1602 lakhs does not include the preference share capital of Rs. 19.30 lakhs, as mentioned in the para 4.3 above.**

- 4.5 There has been suspension in the trading of the shares from 13.09.2006 to 25.10.2006 on the Bombay Stock Exchange Limited on account of splitting of up one equity share of Rs.100/- each into 10 Equity shares of Rs.10/- each. After complying the provisions of the Stock Exchange by the target company, the trading has been resumed with effect from 26-10-06.
- 4.6 The company has complied with all the listing requirements till date and no penal actions have been taken by the Stock Exchange. The shares of the company are listed on The Bombay Stock Exchange Ltd, Mumbai.
- 4.7 There are no outstanding convertible instruments (warrants/FCDs/PCDs etc.,) as on date.

#### 4.8 Chapter II Compliance

The Target Company, present promoters and all the major shareholders have complied with the provisions of Chapter II of the SEBI (SAST) Regulations, as applicable.

#### 4.9 As on the date of the public announcement, the Board of Directors of PCMIL comprises of the following:

Director	Address	Qualification & Experience	Date of Appointment
Mr. Sajjala Sreedhar Reddy	H. No. 30/726, Bommalasatram, Nandyal, Kurnool Dist., A.P.	<b>Qualification:</b> B. Tech <b>Experience:</b> Prior to his appointment as Managing Director of the Company, he was the Executive Director of Nandi Group of Industries having about 9 years of Industrial Experience He is also the Managing Director of S. P. Y. Agro	18/08/2004

		Industries Limited, a project under implementation.	
Mr. Sanapureddy Pedda Yerikala Reddy	H. No. 30 / 726, Bommalasatram, Nandyal, Kurnool Dist., A.P.	<b>Qualification:</b> B. E. (Mech) <b>Experience:</b> Mr.. S. P. Y Reddy is having about 20 years of industrial experience. He is the Chairman of Nandi Group of Industries Limited. The said group has set up Rigid PVC pipes manufacturing units and established its markets throughout A.P. and parts of Tamilnadu and Karnataka. He is the Member of Parliament representing Nandyal Constituency He is also the Chairman of S. P. Y. Agro Industries Limited, a project under implementation.	18/08/2004
Mr. Velmati Ramnath	Plot No. 23, Navodaya Co-op. Housing Society, Nandi Nagar, Banjara Hills, Hyderabad – 500034.	<b>Qualification:</b> B. E. (Civil) <b>Experience:</b> He is having about 15 years of industrial experience having worked in Panyam in different capacities i.e. from a level of Management Executive to VC & MD before his resignation as VC & MD on 30 <sup>th</sup> October, 2004.	18/11/1992
Mr. Peri Venkata Satyanarayana Murthy	Flat No.10, Sonata Apartments, Vidya Nagar, Hyderabad – 500 044.	<b>Qualification:</b> ACA, AICWA <b>Experience:</b> He is the member of Institute of Cost and Works Accountants of India and also Institute of Chartered Accountants of India (AICWA & ACA). He is having about 12 years of experience in Finance and other related areas	30/10/2004
Mr. Dayaneni Krishna Mohan	Plot No.6, Road No.1, Castle Hills, Masab Tank, Hyderabad.	<b>Qualification:</b> B. E. <b>Experience:</b> He is an Engineering Graduate having about 14 years of business / industrial experience in different fields.	30/10/2004
Dr. Rama Krishna Prasad Sunkara (NRI Director)	1908, Trout Valle Road Champaign Illinois, 61821, USA.	<b>Qualification:</b> Doctor <b>Experience:</b> By profession he is a Doctor and doing his medical practice at USA.	26.11.1994
Mr. Prayaga Padmanabha Sarma (Nominee of Bank of Baroda)	45/148, Raja Nagar, Upperguda Colony, Moula – ali, Hyderabad – 500 040.	<b>Qualification:</b> B. Com., FCA <b>Experience:</b> He has served in Bank of Baroda in various capacities and has retired as Assistant General Manager	22/06/1995
Mr. Anumolu Sathya Bhushana Rao (Alternate Director of Dr.R.K.Prasad Sunkara)	D. No. 8-2-321/2, Road No.14, Banjara Hills, Hyderabad – 500 034.	<b>Qualification:</b> B. E. (ECE) <b>Experience:</b> He is an industrial and past Managing Director of Panyam Cements & Mineral Industries Limited	03/12/2004

4.10 The target Company had regularized all non-compliances till the year 2001 under the regularisation scheme for non-compliance with regulation 6 & 8 of Takeover code of SEBI. Thereafter it has complied with all the regulations within the due date.

4.11 No merger/de-merger/spin off have taken place during last three years involving the target company. The target Company's name was not changed since listing.

4.12 **The audited financial information of PCMIL as on 31<sup>st</sup> December, 2006 is as under:**

**Profit and Loss Account:**

**Rs. in lakhs**

Particulars	Year ended March 31, 2004 (Audited)	Year ended March 31, 2005 (Audited)	Year ended March 31, 2006 (Audited)	9 months ended Dec.31, 2006 (Certified*)
Income from operations	6437.07	4499.77	1343.20	6815.41
Other Income	37.91	54.10	82.83	315.26
Total Income	6474.98	4553.87	1426.03	7130.67
Total Expenditure	8227.55	6088.02	4353.83	6072.71
Profit/Loss before Depreciation, Interest and Tax	-1752.57	-1534.15	-2932.80	1057.96
Depreciation	191.43	183.12	178.14	99.00
Interest	817.49	879.70	446.97	352.91
Profit/(Loss) before Tax	-2761.49	-2596.97	-3557.91	606.05
Provision for tax/prior taxation	-	-	-	-
Profit/(Loss) after Tax	*-2761.49	*(-)2597.97	*-3557.91	*606.05

\* Includes accumulated losses of previous years resulting in negative networth of the company.

**Balance Sheet:**

Particulars	Year ended March 31, 2004 (Audited)	Year ended March 31, 2005 (Audited)	Year ended March 31, 2006 (Audited)	9 months ended Dec.31, 2006 (Certified*)
<b>Sources of Funds:</b>				
Paid-up Share Capital	* 702.32	* 1617.31	* 1617.31	*1617.31
Reserves and Surplus(excluding revaluation reserves)	**222.58	**255.70	**2372.02	**2372.02
Net worth	-6669.53	-8318.39	-9759.98	-9153.93
Secured Loans	3771.42	4064.05	1934.56	1401.71
Unsecured Loans	1897.88	2086.58	4992.50	7820.13
<b>Total</b>	<b>-1000.23</b>	<b>2167.76</b>	<b>2832.92</b>	<b>-67.91</b>
<b>Use of Funds:</b>				
Net Fixed Assets	2067.90	1891.77	2264.75	1780.49
Investments	37.16	38.16	38.16	38.16
Net Current Assets	-3287.85	-4189.00	-6267.25	-2758.35
Total Miscellaneous Expenditure Not written off	182.56	91.31	1131.42	1007.61
<b>Total</b>	<b>-1000.23</b>	<b>2167.76</b>	<b>2832.92</b>	<b>67.91</b>

\*Paid up capital for 2004-05 & 2005-06 is as follows:

Subscribed and fully paid-up		(Rupees in Lakhs)		
		2006	2005	2004
<b>Preference</b>				
19299	14% redeemable 'C' cumulative Pref. shares of Rs. 100/- each	19.30	19.30	19.30
<b>Equity</b>				
13927230	Equity shares of Rs. 10/- each (Rs. 100/- in 2005)	1392.72	1392.72	682.72
Add.: Forfeited shares (amount paid-up)		.30	.30	.30
Share Application Money		204.99	204.99	-
<b>Total:</b>		<b>1617.31</b>	<b>1617.31</b>	<b>702.32</b>

\*\*Reserves and Surplus comprise of capital reserve, capital gains on sale of land, capital redemption reserve and share premium only

**Other financial data:**

Particulars	Year ended March 31, 2004 (Audited)	Year ended March 31, 2005 (Audited)	Year ended March 31, 2006 (Audited)
Dividend (%)	-	-	-
Earnings/(Loss) per Share (Rs.)	-404.88	-18.64	-25.54
Net worth *(Rs.in lakhs)	-976.90	-8655.00	-13282.00
Book Value per fully paid up share (Rs.)	-974.03	-13.58	-16.26

\* The un-audited financial results as on 31<sup>st</sup> December, 2006 have been certified by the Statutory Auditors.

The formulas for the financial ratios given above are as follows

- b. Dividend (%) = Dividend per share/ Face value per share
- c. Earnings/(Loss) per share = Profit or Loss after tax / Number of equity shares in the Company's share capital
- d. Networth = Share Capital + Reserves & Surplus
- e. Return on Networth = Profit after tax / Networth
- f. Book Value per fully paid up Share = Networth / Number of equity shares in the Company's share capital

#### 4.13 Reasons for fall/rise in the total income and PAT in the relevant years

##### Year 2005-06:

During 2005-06 also the company's performance was adversely affected on account of suspension of operations and low capacity utilization at Cement Division due to non-availability of grid power, shortage of working capital and high overhead costs and closure of operations at Engineering Division from October 2005.

The performance of the Cement Division was very poor due to very low performance of the operations. The company had offered Voluntary Retirement Scheme to the staff and workers to reduce the man power cost. The company has also negotiated with the banks and financial institutions for settlement of their dues under OTS.

The capacity utilization of the Engineering Division was 12.32% as against 46% in the previous year due to paucity of working capital. The said unit requires huge investment to modernize the plant and machinery which is very old and there is cut throat competition in the market. The company was forced to stop production at the unit from October 2005 onwards due to insufficient working capital, spiraling increase in the cost of raw materials and other inputs and also due to cheaper imports of finished products. The company has offered VRS to all the staff and workers of the division and also paid all the final settlement dues.

##### Year 2004-05:

The performance of the company during 2004-05 was also adversely affected due to low production/capacity utilization on account of shortage of working capital and non-availability of grid power at Cement Division and high overhead costs.

The performance of the Cement Division during 2004-05 was very poor due to non availability of grid power for the entire first half year and paucity of working capital. The production was very low at 75670 M.Tonnes as against 109357 M. Tonnes in the previous year with a capacity utilization of 14% resulting in huge loss.

The Engineering Division's production was 4576 M. Tonnes as against 6991 M. Tonnes in the last year with a capacity utilization of 46% (previous year 70%) which is mainly due to paucity of working capital. However the division is withstanding and continuing its better performance inspite of severe competition and continuous increase in cost of raw materials and overhead costs.

##### Year 2003-04

The performance of the company during 2003-04 also adversely affected to depressed market conditions in the Cement Industry for a certain period and the cement plant could not run continuously due to shortage of working capital funds.

The performance of the Cement Division was very poor which is mainly due to shortage of working capital on one side and to some extent depressed prices of cement in the market during 1<sup>st</sup> and 2<sup>nd</sup> quarters of 2003-04.

The Engineering Division's performance was also affected due to lack of working capital mainly because transferring of funds from Cement Division. The Engineering Division performance was better and it was able to withstand the severe competition and also increase in cost of inputs.

#### 4.14 Pre and Post Offer Shareholding pattern of PCMIL as on the date of LOO

Shareholders category	Shareholding & voting rights prior to the agreement / acquisition and offer		Shares / voting rights agreed to be acquired which triggered off the Regulations		Shares/voting rights to be acquired in open offer (assuming full acceptances)		Shareholding / voting rights after the acquisition and offer (assuming full acceptances)	
	A		B		C		D	
	No.	%	No.	%	No.	%	No.	%
<b>(1) Promoter Group / Acquirer / PACs</b>	6005370	43.12	-	-	-	-	6005370	37.49
a. Acquirer			418182	2.61	640726	4.00	1058908	6.61
b. PACs	Nil	Nil	1672727	10.44	2562902	16.00	4235629	26.44
<b>Total 2(a+b)</b>	<b>6005370</b>	<b>43.12</b>	<b>2090909</b>	<b>13.05</b>	<b>3203628</b>	<b>20.00</b>	<b>11299907</b>	<b>70.54</b>
<b>(3) Parties to the agreement other than (1)</b>	-	-	-	-	-	-	-	-
<b>(4) Public (other than parties to agreement, Acquirer &amp; PACs)</b>								
a. FIs / MFs, FIIs / Banks, SFI's *	1656670	11.90						
b. Others (Share holders)	6265190	44.98					4718232	29.46
<b>Total 4(a+b)</b>	<b>7921860</b>	<b>56.88</b>					<b>4718232</b>	<b>29.46</b>
<b>Grand total (1+2+3+4)</b>	<b>13927230</b>	<b>100.00</b>	<b>2090909</b>	<b>13.05</b>	<b>3203628</b>	<b>20.00</b>	<b>16018139</b>	<b>100.00</b>

Note: The Company had 8,523 Public Shareholders as on the date of Public Announcement.

## Pre and post acquisition shareholding of Acquirer and PACs

	Shareholding & voting rights prior to the acquisition of shares*		Shares/ voting rights which triggered off the regulations		Shares/ voting rights to be acquired in open offer (assuming full acceptances)		Shareholding/voting rights after the acquisition and offer (assuming full acceptances)	
	A		B		C		D	
	No.	%	No.	%	No.	%	No.	%
<b>Acquirer</b>								
Mr. S. Sreedhar Reddy	1147080	8.24	418182	2.61	640726	4.0	2205988	13.77
<b>Persons acting in Concert</b>								
Mr. S. P. Y. Reddy	1005030	7.21	418182	2.61	640726	4.0	2063938	12.89
Mr. V. Suresh	1425030	10.23	418182	2.61	640726	4.0	2483938	15.51
Mrs. S Parvathi	712500	5.12	209091	1.30	320363	2.0	1241954	7.75
Mrs. S Sujala	712540	5.12	209091	1.30	320363	2.0	1241994	7.75
Mrs. V Aravinda Rani	712490	5.12	209091	1.30	320363	2.0	1241944	7.75
Mr. S A Rawoof	142500	1.02	41818	0.26	64073	0.4	248391	1.55
Mr. N Rama Subbaiah	2750	0.02	62727	0.39	96108	0.6	161585	1.01
Mr. S Chanda Basha	2500	0.02	41818	0.26	64072	0.4	108390	0.68
Mr. Y Srinivasa Reddy	142450	1.02	62727	0.39	96108	0.6	301285	1.88
Mr. Francis Reddy	500	0.00	-	-				
<b>Grand Total</b>	<b>6005370</b>	<b>43.12</b>	<b>2090909</b>	<b>13.05</b>	<b>3203628</b>	<b>20.00</b>	<b>11299907</b>	<b>70.54</b>

\* The Promoter / Acquirer / PACs hold 43.12 % of the Pre Preferential Issue as on 28<sup>th</sup> February, 2007 of the earlier Paid – up Capital of 13927230 equity shares. The Post Preferential Issue is based on the Increased Paid – up Capital which is now 16018139 equity shares.

The Acquirer / PACs have not purchased any shares of the target company from the date of public announcement to the date of Letter of Offer.

### Capital Build-up of Acquirer and PACs (SPY Reddy & Associates)

Date of Allotment	Shares Issued		Cumulative paid up capital			Mode of Allotment	Identity of allottees (Promoters/ Ex-Promoters/ Others)	Status of Compliance
	Nos.	%	Acquirer %	Target Company	%			
12.01.2005	710000 *	50.98 *	50.98	139327700	100	Preferential	Acquirer / PACs (SPY Reddy & Associates)	Complied
01.03.2007	2090909 **	13.05 **	50.54	160236790	100	Preferential	Present Promoters who are, Acquirer / PACs (SPY Reddy & Associates)	Complied

\* 7,10,000 shares are of the face value Rs. 100/- each

\*\* 20,90,909 shares are of the face value of Rs. 10/- each

4.15 The Acquirer and PACs have complied with Chapter II Compliances (the Acquirer and PACs are the present promoters and major shareholders)

### 4.16 STATUS OF CORPORATE GOVERNANCE AND PENDING LITIGATION MATTERS:

#### CORPORATE GOVERNANCE

The Company has been regular in complying with clause 49 of the listing agreement with regard to the mandatory requirements relating to corporate governance.

**Details of pending litigations**

**Sales Tax Matters:**

Sl. No.	Nature of Complaints	Action taken	Present Status
1	APGST – ST on packing material for 1981-82 and 1982-83 for Rs.20.41 lakhs	The company has filed case before the Tribunal and the tribunal has remanded the case to Assessing Authority	Case pending with the Assessing Authority i.e., Asst. Commissioner (CT), Kurnool.
2	Penalty for delay/non payment of Assessed Tax for the year 1999-2000 for Rs.41.88 lakhs.	Case filed before the STAT, Hyderabad	Case pending with STAT
3	Tamilnadu Sales Tax-Levy of penalty for the Asst.year 1994-95 for Rs.5.56 lakhs.	The company has filed case before the Tribunal and the tribunal has remanded the case to Assessing Authority	Case pending with the Assessing Authority i.e., Asst. Commissioner (CT), Chennai

**Income Tax Matters**

Sl. No.	Nature of Complaints	Action taken	Present Status
1	Penalty for late/non payment of TDS – Amount Rs.3.50 lakhs – Asst years 1999-2000 and 2000-01		Dispute pending before the Appellate Tribunal.
2	Minimum Alternate Tax Amount Rs.3.76 lakhs- Asst. year 1997-98		Dispute pending before the Appellate Tribunal.

**Central Excise – Cement Division:**

Sl. No.	Nature of Complaints	Action taken	Present Status
1	Capital Goods and Inputs D.G.Sets and Furnace Oil (Amount Rs.14456408 + 8778914)(from 2/97 to 6/99) Not eligible for Modvat. Show cause notice issued by A.G.Audit.	Reply submitted to Commissioner II, Hyderabad.	Personal hearing not posted.
2	Differential duty on D.G.Set. Departmental calculation Rs.4907445 and company's calculation Rs.3883828 Difference Rs.1023617	Show cause notice issued defending payment of differential duty. Reply sent to Jt. Commissioner.	Appeal dismissed by Commissioner, Guntur. Company has preferred an appeal before CESTAT.
3	Hydraulic Excavator Modvat disallowed.	Show cause notice issued. Appeals disallowed at CEGAT, Chennai vide Order No.3240 dt. 8.12.1997.	Reference application filed with A. P. High Court. Decision pending.
4	Differential Duty on DG set Clearances Demanded = 61,57,276 Paid = <u>19,20,000</u> Difference = <u>42,37,276</u>	SCN C.No/TCCE/2006-Adjn	Additional Commissioner, Tirupathi has issued Show Cause notice demanding to reverse the entire duty taken CENVAT credit. We have given reply to the Show Cause notice. Attended for P.H. on 01.03.2007. Awaiting for orders.

**Personnel Matters-Cement Division:**

Sl. No.	Nature of Complaints	Action taken	Present Status
1	Mr. S. Linganna, Retd. Mines Foreman has filed a case before ACL for payment of his gratuity amount of Rs.1,24,932/-.	The Assist. Commissioner of Labour has awarded payment of Rs.1,54,492/- together with 10% simple interest. The company has paid Rs.1,245,932/- and there is a balance of Rs.29,560/-.	The company is negotiating with the employee for settlement of his dues.
2	Mr. P. Venkateswara Rao, Retd. Sr. Asst. Accounts has filed a dispute before Industrial Tribunal, Hyderabad claiming superannuation age as 60 years. He was retired at 58 years, since he was working at the Regd. Office at the time of his retirement. He is claiming the balance two years of service under Mines Act.	Company has defended the retirement age.	Case is pending
3	Mr. G. A. Gaffoor, Retd. Compounder of	Company has defended the	Case is pending

	our Dispensary has filed a case before Industrial Tribunal claiming superannuation age as 60 years. He was retired at 58 ears for the reason that at the time of retirement he was working at Company Dispensary. But his claim is on the basis that he was also working at Quarry (First Aid)	retirement age.	
4	The Panchayat Secretary, Gram Panchayat, Cement nagar has filed a case in the Munsiff Court, Dhone for non payment of property tax amounting to Rs.6,91,216/- for he years 1998-99 to 2003-94.	The company has to receive an amount of Rs.3,09,598.73 towards 30% rebate on property tax, since the company is maintaining the roads and lighting etc	Case is pending
5	Notice N.B/195/2000 dt.20.07.2000 received from MRO & Mandal Executive Magistrate, Betamcherla for recover of Rs.90100677 towards wages of the employees due from December 2001 to June 2003.		The company has paid the wages of the employees and the union is withdrawing the case.

**Personnel matters – Engineering Division:**

Sl. No.	Nature of Complaints	Action taken	Present Status
1	Case Filed by Mr. G. Krishnapa Ex-employee who was dismissed from the services on charges of theft. Claim for reinstatement with back wages.	Company is contesting the action taken.	Posted for evidence of 2 <sup>nd</sup> party. Pending before the 2 <sup>nd</sup> Additional Labour Court, Hyderabad.
2	Case filed by Mr. Venkata Reddy a dismissed employee claiming for allowing him to work and reimbursement of back wages. Case is pending before Asst. Labour Commissioner.	Company is defending the action taken.	Conciliation for hearing before Asst. Labour Commissioner Division IV, Bangalore
3	Case filed by V. Krishna Murthy a dismissed employee from the services of the company on the charges of absenteeism Case is pending before Asst. Labour Commissioner.	Company is defending the action taken.	Posted for evidence of 2 <sup>nd</sup> party.
4	Case filed before Mr. S. P. Venkatesh, dismissed employee from the services of the company on the charges of absenteeism Case is pending before Asst. Labour Commissioner.	Company is defending the action taken.	Posted for evidence of Enquiry Officer. Case filed in the 1 <sup>st</sup> Additional Labour Court, Bangalore
5	Case filed by Mr. Gundappa who was dismissed from the services due to absenteeism. Case is pending before Asst. Labour Commissioner	Company is defending the action taken.	Conciliation for hearing.
6	Case filed by J.Shankar Rao for dismissal from the services on the charge of absentiseem before 2 <sup>nd</sup> Additional Labour Court, Bangalore.	Company is defending the action taken.	Conciliation for hearing.
7	Case filed by S. Harischandra Reddy for dismissal from the services due to man handling filed before 1 <sup>st</sup> Additional Labour Court, Bangalore.	Company is defending the action taken.	Conciliation for hearing
8	Renukamma, W/o late Rajappa for payment of gratuity filed before Asst. Labour Commissioner, Division II, Bangalore	Counter to be filed	
9	R. Keshavan, Badli for payment of additional compensation – Filed before Asst.Labour Commissioner, V, Bangalore	Arguments going on	Case posted for hearing.
10	B.N.Narayana Reddy and others filed against the company in City Civil Court, Bangalore	Objection for land disposal in survey No.4/6.	Counter to be filed.

**Legal Matters – Central Admn. Office:**

Sl. No.	Nature of Complaints	Action taken	Present Status
1	S. C. Railway has filed a suit before Honourable City Civil Court,	As per High Court directives an amount of Rs.30 lakhs was	Judgment awarded in favour of Railways.



	Secunderabad with regard to railway credit notes – Amount involved Rs.61.80 lakhs.	deposited in the court	
2	Dues under Cement Regulation Account – Amount Rs.74.61 lakhs.	Decree passed against the company.	Negotiations are going on.
3	Dues to Zilla Parishad Aurangabad against levy cement supplies		Court passed orders for attachment.
4	Maharashtra State Electricity Board against levy cements supplies.		Hearings going on at Mumbai.
5	Dues to Zilla Parishad, Parbhani against levy cement supplies		Hearings going on.
6	Dues to Goa Housing Board against levy cement supplies		Hearings going on.
7	Sri Ananda Rao Bondale filed a case at Davanagere for non supply of cement		Hearings going on
8	Dues to Zilla Parishad, Mahaboobnagar for Rs.1.89 lakhs being advance received for supply of levy cement. Supplies not effected.	Decree passed against the company.	Decree passed in favour of Zilla Parishad.
9	Sri V. Veerachari, Sri V. Anjaneya and Sri P. Prakash have filed cases before the Labour Court, Hubli claiming payment of full salary for the period from 01.04.1998 to 30.09.202 when the factory was closed.	Company is defending the case	Hearings are going on.
10	Sri M. Ramachandra Reddy, an Ex-Employee has filed suits in various courts i.e., at Sangli District Court and at Payment of Gratuity Authority, Sangli for re-employment and differential payment in gratuity.	Company is defending the cases.	Hearings are going on.
11	BSNL, Hyderabad has filed two cases against the company in City Civil Court, Hyderabad claiming payment of Rs.1,25,418 and Rs.28,830 towards dues from the company.		Hearings are going on.
12	MRTP Commission, New Delhi has filed a suit against the company at Delhi Court towards enhancement of cement prices during the year 1997-98.		Hearings are going on.
13	M/s. Balaji Industries Limited, Jaipur has filed a suit against the company for Rs.1.78 lakhs for the materials supplied by them.		Decree passed against the company. Negotiations are going on.
14	The Company has filed a winding up petition at High Court, Bangalore for winding up of Bellary Steels & Alloys Limited for Rs.107.23 lakhs, since the said company has not remitted the cement dues.		Pending at High Court of Karnataka, Bangalore.
15	The company has filed a suit at Dist. Consumer Forum, Hyderabad against New India Assurance Co. Ltd for Rs. 1.98 lakhs towards car damages claim.		Judgment awarded in favour of the company. The company has to claim the amount from the District Forum.
16	The Company has filed a suit at Chennai against TTG Industries for recovery of Rs.4.19 lakhs.		We have to file winding up petition in Chennai High Court.
17	The Company has filed a suit against Maneklal Industries Bangalore for non supply of material against the advance paid by the company. Amount receivable Rs.50,050.00		Pending at the Court.
18	The company has filed a suit against Sree Rama Traders, Raichur for non remittance of amount Rs.1.26 lakhs		Decree passed against the party and pending for execution.
19	The company has filed a suit against Narayana Shetty Constructions P Ltd. for non remittance of amount of Rs.64,000/-.		Exparty decree passed in favour of the company.
20	Cheque bounce cases filed by the company against cement dealers Amount involved Rs.37.29 lakhs		Summons and NBWs pending for execution.

21	Royalty case – Company has filed a suit at Delhi Court. Amount involved Rs.16.08 lakhs	Case pending at Delhi Court.
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4.17 The Compliance Officer is Mr. J. Hanumantha Rao, Sr. Manager (Secretarial), Panyam Cements & Mineral Industries Limited, Central Administrative Office: # 701, Paigah Plaza, Basheerbagh, Hyderabad – 500 063. Telephone No.040 – 2323 1664 Fax No.040 – 2329 8159

## 5. OFFER PRICE AND FINANCIAL ARRANGEMENTS

### 5.1 Justification of Offer Price

The equity shares of PCML are currently listed on Bombay Stock Exchange Limited, Mumbai (BSE). The annualized Trading turnover of the equity shares of Panyam Cements & Mineral Industries Limited is as under:-

Name of the Stock Exchange	Total No. of Shares traded during the 6 calendar months prior to the PA	Total No. of Shares Listed	Annualised trading turnover (in terms of % to total shares)
BSE	*13,84,080	1,39,27,230	19.86 %

\*Rs.10/- face value  
(Source: [www.bseindia.com](http://www.bseindia.com))

The offer price of Rs. 55/- is justified in terms of the Regulation 20(4) of SEBI (SAST) Regulations as follows:

- Negotiated Price: Not Applicable.
- Highest Price paid by the Acquirer or Persons Acting in Concert with him for acquisition, if any, including by way of allotment in a public or rights or preferential issue in the target company during the twenty-six week period prior to the date of public announcement which ever is higher: The Acquirer and Persons Acting in Concert were allotted 20,90,909 equity shares of the Target Company at a price of Rs. 55/- each on 01.03.2007, prior to the date of public announcement.  
Since the Preferential allotment is made on March 1, 2007, as per the SAST Regulations the Public Announcement should have appeared latest by March 6, 2007. Hence, the average weekly high and low of prices of the equity shares of the target company in Bombay Stock Exchange Limited, Mumbai has been considered for computation of offer price.
- “Where the public announcement of the offer is pursuant to acquisition by way of firm allotment in a public issue or preferential allotment the average price under clause (c) of Sub regulation (4) shall be calculated with reference to 26 week period preceding the date of the board resolution which authorised the firm allotment or preferential allotment.” as per regulation 20 (11)(ii), in this case being 11<sup>th</sup> December, 2006 (date of the Board Meeting)

Based on the information available, the average weekly high and low of prices of the equity shares of the target company on Bombay Stock Exchange Limited, Mumbai for the twenty six weeks period preceding December 11, 2006 is Rs. 27.13 ps (Source: [www.bseindia.com](http://www.bseindia.com)). Based on the information available, the average daily high and low of the prices of the equity shares of the target company on Bombay Stock Exchange Limited, Mumbai for the two weeks period preceding on December 11, 2006, the date of the Board Resolution is Rs. 52.53 ps (Source: [www.bseindia.com](http://www.bseindia.com)) as given below:

Week No.	Week Beginning	Week Ending	High	low	Average	Volume
<u>w1</u>	12-06-2006	18-06-2006	317.90	247.05	282.48	3110
<u>W2</u>	19-06-2006	24-06-2006	291.20	250.00	270.60	6360
<u>w3</u>	25-06-2006	02-07-2006	337.00	275.75	306.38	11265
<u>w4</u>	03-07-2006	09-07-2006	341.00	312.45	326.73	1850
<u>w5</u>	10-07-2006	16-07-2006	337.00	303.00	320.00	2185
<u>W6</u>	17-07-2006	23-07-2006	336.90	254.70	295.80	2265
<u>W7</u>	24-07-2006	30-07-2006	278.95	250.00	287.50	8155
<u>W8</u>	31-07-2006	06-08-2006	318.00	275.00	287.50	6160
<u>W9</u>	07-08-2006	13-08-2006	318.00	285.00	301.50	1425
<u>w10</u>	14-08-2006	20-08-2006	298.00	278.00	288.00	980
<u>w11</u>	21-08-2006	27-08-2006	299.00	272.50	285.75	1955

<u>w12</u>	28-08-2006	03-09-2006	300.00	262.05	281.03	4675
<u>w13</u>	04-09-2006	10-09-2006	302.40	270.00	286.20	6145
<u>w14</u>	11-09-2006	17-09-2006	333.35	312.40	322.88	7835
<u>w15</u>	18-09-2006	24-09-2006	-	-	-	-
<u>w16</u>	25-09-2006	01-10-2006	-	-	-	-
<u>w17</u>	02-10-2006	08-10-2006	-	-	-	-
<u>w18</u>	09-10-2006	15-10-2006	-	-	-	-
<u>w19</u>	16-10-2006	22-10-2006	-	-	-	-
<u>w20 *</u>	23-10-2006	29-10-2006	34.95	34.50	34.73	33470
<u>w21</u>	30-10-2006	05-11-2006	44.45	36.65	40.55	160605
<u>w22</u>	06-11-2006	12-11-2006	41.95	36.15	39.05	94450
<u>w23</u>	13-11-2006	19-11-2006	41.75	35.50	38.63	39050
<u>w24</u>	20-11-2006	26-11-2006	42.00	35.50	38.75	57050
<u>w25</u>	27-11-2006	03-12-2006	52.60	43.35	47.98	53750
<u>w26</u>	04-12-2006	10-12-2006	61.70	54.75	58.23	302050

\*Rs.10/- face value from oct,2006.

Average: 27.13

Total shares traded 8,04,790

Day	Date	High (Rs.)	Low (Rs.)	Average (Rs.)	Volume
1	27 November	43.35	43.35	43.35	2200
2	28 November	45.50	45.50	45.50	8200
3	29 November	47.75	47.75	47.75	550
4	30 November	50.10	50.10	50.10	13350
5	01 December	52.60	52.60	52.60	29450
6	02 December	0	0	0	0
7	03 December	0	0	0	0
8	04 December	55.20	55.20	55.20	29600
9	05 December	57.95	57.95	57.95	4200
10	06 December	60.80	55.10	57.95	214450
11	07 December	61.70	57.50	59.60	31150
12	08 December	60.20	54.75	57.48	22650
13	09 December	0	0	0	0
14	10 December	0	0	0	0

Average: 52.53

Thus the offer price of Rs.55/- is justified in terms of Regulation 20(4) and 20(11) of the Regulations.

The Acquirer shall not acquire any shares during the Offer period in PCMIL except as provided for in the Regulations and the details of such acquisitions as per sub-regulation (17) of Regulation 22 shall be disclosed to the stock exchanges and to the manager within 24 hours of such acquisition. No acquisition will be made by the Acquirer in the open market during the last seven working days prior to the Closing date. If the Acquirer acquires shares in the open market or through negotiation or otherwise, after the date of Public announcement at a price higher than the Offer price, then the highest price paid for such acquisition shall be payable for all acceptances received under this Offer.

## 5.2 Financial Arrangements

5.2.1 The Acquirer and PACs have adequate and firm financial resources to fulfil the obligations under the open offer. The sources of funds shall be through internal resources of the Acquirer and PACs. No borrowings from Bank/ Financial Institution is being made for the purpose. All the funds will be domestic and no foreign funds will be utilised.

5.2.2 The maximum purchase consideration payable by the Acquirer and PACs in the case of full acceptance of the offer i.e., 32,02,628 equity shares is Rs. 17,61,44,540 (Rupees Seventeen Crore Sixty One Lakhs Forty Four thousand Five hundred and Forty only).

- 5.2.3 In accordance with the Regulation 28 of The SEBI (SAST) Regulations, the Acquirer and PACs have given a bank guarantee to the Merchant Banker for Rs. 4,45,00,000/- as per Regulation 28 (4)(b) and opened an Escrow Account with Indian Overseas Bank, Adarsh Nagar branch, 5-9-305A, Paigah Plaza Building, Basheerbagh, Hyderabad – 500 029, in favour of the Manager to the offer, SOBHAGYA CAPITAL OPTIONS LIMITED for an amount of Rs.17,63,000/- (Rupees Seventeen Lakhs Sixty Three Thousand Only) being in excess of 1% of the maximum consideration payable under the offer as per Regulation 28 (10) and the same has been deposited in the said account.
- 5.2.4 The Manager to the offer SOBHAGYA CAPITAL OPTIONS LIMITED has been duly authorised by the Acquirer and Persons Acting in Concert to operate and realise the value of the Escrow Account in terms of the Regulations.
- 5.2.5 The Manager to the offer confirms that the firm arrangements for funds and money for payment through verifiable means are in place to fulfil offer obligations.
- 5.2.6 Certificate from Mr. N. Subbaiah, Chartered Accountant (Membership No: 200133), 25/701, Upstairs, First Floor, Srinivasa Market Complex, Opp. Canara Bank, Nandyal – 518 501, Kurnool District A.P. Phone No. 08514 – 243 611, dated: 20-02-2007, certifying the financial adequacy of the acquirers to fulfill the Open Offer obligations.

## **6. TERMS AND CONDITIONS OF THE OFFER**

### **6.1.**

- a. The Offer is being made in accordance with Regulation 11 of SEBI (SAST) Regulations 1997 to consolidate their holdings.
- b. The Acquirer and PACs has made a public announcement on 6<sup>th</sup> March, 2007 for the offer. The offer is made to all the shareholders of PCMIL (except Acquirers and PACs). However, the Letter of Offer is being mailed to those shareholders whose names appear on the Register of Members, at the close of business on the specified date i.e., Monday, 02.04.2007.
- c. The acceptance of the offer made by the Acquirer is entirely at the discretion of equity shareholders of PCMIL and each shareholder of PCMIL to whom this offer is made, is free to offer his shareholding in PCMIL, in whole or in part, while accepting the offer.
- d. Any Equity Shares of PCMIL that are subject matter of litigation or are held in abeyance due to pending court cases, wherein the shareholders of PCMIL may be precluded from transferring the equity shares during pendency of the said litigation are liable to be rejected in case directions/orders to the contrary regarding these equity shares are not received together with the equity shares tendered under the offer. The Letter of Offer in some of these cases, wherever possible would be forwarded to the concerned statutory authorities for further action at their end.
- e. The Offer will open on Wednesday, 20.06.2007 and close on Monday, 09.07.2007 (both days inclusive).
- f. Accidental omission to dispatch this letter of offer or any further communication to any person to whom this letter of offer is made or the non-receipt of this letter of offer by any such person shall not invalidate the offer in any way.
- g. The instructions, authorisations and provisions contained in the form of acceptance and form of withdrawal constitute an integral part of the terms of this offer.
- h. The Letter of Offer together with the Form of Acceptance cum Acknowledgement will be mailed to the shareholders of PCMIL (except the Acquirer and PACs) whose names appear on the Register of Members of PCMIL at the close of the business hours on Monday, 02.04.2007 (the Specified Date).
- I. Shares that are subject to any charge, lien or encumbrance are liable to be rejected.
- j. The acceptance of the Offer must be unconditional and should be sent in the attached Form of Acceptance along with the other documents duly filled in and signed by the applicant shareholder(s), which should be received by the Registrar. If any change or modification is made in the Form of Acceptance, the same is liable to be rejected.
- k. Acquirer will not be responsible in any manner for any loss of equity share certificate(s) and offer acceptance documents during transit and the equity shareholders of PCMIL are advised to adequately safeguard their interest in this regard.
- l. As already mentioned elsewhere in this Letter of Offer, the Offer is not subject to any minimum level of acceptance and Acquirer and/or Persons Acting in Concert will acquire all the paid-up equity shares of PCMIL that are validly tendered in terms of this Offer up to a maximum of 32,02,628 Equity Shares. Thus, the Acquirer will proceed with the Offer even if it is unable to obtain acceptance to the full extent of the equity shares of PCMIL, for which this Offer is made.

- m. The Acquirer reserves the right of upward revision of price at any time up to seven working days prior to the closure of the Offer, as per Regulation 26 of the Regulations. If there is any upward revision in the Offer Price before the last date of revision (i.e., Wednesday, 27.06.2007) the same would be informed by way of Public Announcement in the newspapers mentioned in para 2.2 of this Letter of Offer. Such revised Offer Price would be payable to all shareholders who tender their shares at any time during the Offer and which are accepted under the Offer.
- n. Shareholders who wish to tender the shares will be required to send the Form of Acceptance cum Acknowledgement, Original Share Certificate (s) and Transfer Deed(s) duly signed to the Registrar, M/s. XL Softech Systems Limited, 3, Sagar Society, Road No.2, Banjara Hills, Hyderabad – 500 034. Phones: 040 - 2354 5913 / 14 / 15. Fax: 040 – 2355 3214. E-mail: [xlfield@rediffmail.com](mailto:xlfield@rediffmail.com) Website: [www.xlsoftech.com](http://www.xlsoftech.com), either by hand delivery during normal business hours Monday to Friday 10.00 a.m. to 5.00 p.m. (excluding Bank Holidays) or by Registered Post on or before the close of the offer i.e., Monday, 09.07.2007 in accordance with the instructions specified in the Letter of Offer and the Form of Acceptance cum Acknowledgement.
- o. Beneficial Owners and Shareholders holding shares in the dematerialised form, will be required to send their Form of Acceptance cum Acknowledgement to the Registrar to the offer either by hand delivery during normal business hours or by Registered Post on or before the close of the offer i.e., Monday, 09.07.2007, along with 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 M/s. XL Softech Systems Limited. For further details please refer to the Letter of Offer.
- p. All owners of shares, registered or unregistered (except the Acquirer and Other Promoters), who own the shares at any time prior to the closure of the offer are eligible to participate in the offer. Unregistered owners can send their application in writing to the M/s. XL Softech Systems Limited, 3, Sagar Society, Road No.2, Banjara Hills, Hyderabad – 500 034. Phones: 040 – 2354 5913/14/15. Fax: 040 – 2355 3214. E-mail: [xlfield@rediffmail.com](mailto:xlfield@rediffmail.com) Website: [www.xlsoftech.com](http://www.xlsoftech.com), to the Offer, on a plain paper stating the Name, Address, Number of Shares held, Number of Shares Offered, Distinctive Numbers, Folio No., together with the Original Share Certificate(s), valid transfer deed(s) and a copy of the contract note issued by the broker through whom they acquired their shares. No indemnity is required from the unregistered owners.
- q. In case of non-receipt of the Letter of Offer, eligible persons may send their acceptance to M/s. XL Softech Systems Limited, 3, Sagar Society, Road No.2, Banjara Hills, Hyderabad – 500 034. Phones: 040 – 2354 5913/14/15. Fax: 040 – 2355 3214. E-mail: [xlfield@rediffmail.com](mailto:xlfield@rediffmail.com) Website: [www.xlsoftech.com](http://www.xlsoftech.com), on a plain paper stating the Name, Address, No. of shares held, Distinctive Nos., Folio No., No. of shares offered, along with documents as mentioned above, so as to reach him on or before the close of the Offer, i.e., Monday, 09.07.2007.
- r. M/s. XL Softech Systems Limited, 3, Sagar Society, Road No. 2, Banjara Hills, Hyderabad – 500 034. Phones: 040 – 2354 5913 / 14 / 15. Fax: 040 – 2355 3214. E-mail: [xlfield@rediffmail.com](mailto:xlfield@rediffmail.com) Website: [www.xlsoftech.com](http://www.xlsoftech.com), the Registrar to the Offer will hold in trust the shares/share certificates, shares Form of Acceptance cum Acknowledgement, if any, and the transfer form(s) on behalf of the shareholders, who have accepted the offer, until the cheques / drafts for the consideration and/ or the unaccepted shares/ share certificates are dispatched/ returned.
- s. Unaccepted Share Certificates, transfer forms and other documents, if any, will be returned by Registered Post at the shareholders/unregistered owners sole risk to the sole/ first shareholder.
- t. In case the shares tendered in the offer by the shareholders of Panyam Cements & Mineral Industries Limited 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
- u. Eligible persons to the Offer may also download a copy of the Letter of Offer and Form of Acceptance cum Acknowledgement, which will be available on SEBI's website at <http://www.sebi.gov.in> from the offer opening Date i.e., Wednesday, 20.06.2007 and apply in the same.
- v. Shareholders who have sent their shares for demat need to ensure that the process of getting shares demated is completed well in time so that the credit in the DP Account should be received on or before the date of closure of the Offer, i.e., Monday, 09.07.2007 else the application would be rejected.
- w. Procedure for withdrawal of application**
- I. In accordance with Regulation 22(5A) of the SEBI (SAST) Regulations 1997, shareholders shall have the option to withdraw acceptances tendered up to three working days prior to the Offer Closing Date i.e., Monday, 09.07.2007.
- II. Shareholders who wish to withdraw their shares from the Offer will be required to send the Form of Withdrawal duly completed & signed along with the requisite documents.

III. In case of non receipt of Form of Withdrawal, the withdrawal can be exercised by making an application on plain paper along with the following details:-

- **In case of physical shares:** by stating Name, Address, Distinctive numbers, Folio number, Number of shares tendered.
- **In case of dematerialised shares:** by stating Name, Address, Folio number, Number of shares tendered, DP Name, DP ID, beneficiary account number, photocopy of the delivery instruction in “Off Market” mode duly acknowledged by the DP in favour of the special depository account.
- **In either case:** a copy of the acknowledgement received from the Registrar to the Offer upon tendering of the Shares, so as to reach the Registrar, M/s. XL Softech Systems Limited, 3, Sagar Society, Road No. 2, Banjara Hills, Hyderabad – 500 034. Phones: 040 – 2354 5913/14/15. Fax: 040 – 2355 3214. E-mail: [xlfield@rediffmail.com](mailto:xlfield@rediffmail.com) Website: [www.xlsoftech.com](http://www.xlsoftech.com), either by hand delivery or by registered post on or before Monday, 09.07.2007

## 6.2 Shares subject to Lock in

The 8095779 Equity Shares held by the Promoters are locked in, pursuant to Chapter XIII of SEBI Guidelines.

## 6.3 Eligibility for accepting the offer

This offer is made to all the Shareholders who are the holders of fully paid up equity shares (Except Acquirer and PACs) whose names appear in the register of shareholders on Monday, 02.04.2007 being the specified date and also to those persons who own fully paid up shares of PCMIL any time prior to the closure of the offer, but are not the registered shareholders.

## 6.4 Statutory approvals

- 6.4.1 The Offer is subject to the acquirers obtaining the approval(s) from the Govt. of India / Reserve Bank of India (RBI), wherever applicable, under the Foreign Exchange Management Act, 1999.
- 6.4.2 No approval is required from any bank or financial institutions, for the purpose of this Offer, to the best of the knowledge of the Acquirer.
- 6.4.3 To the knowledge of the Acquirer, no other statutory approvals are required to acquire the shares that may be tendered pursuant to the Offer. If any statutory approvals become applicable at a later date, the offer would be subject to such statutory approvals. In case the statutory approvals are not obtained, the Acquirer will not proceed with the Offer.
- 6.4.4 In case of delay in receipt of statutory approval, SEBI has power to grant extension of time to Acquirer for payment of consideration to shareholders, subject to Acquirer agreeing to pay interest for the delayed period as directed by SEBI in terms of Regulation 22(12) of SEBI (SAST) Regulations. Further, if the delay occurs on account of willful default by Acquirer in obtaining the requisite approval, Regulation 22(13) of SEBI (SAST) Regulations will also become applicable.
- 6.4.5 In case approvals from RBI and FIPB for making payments to the NRIs and Foreign Nationals are unduly delayed, the Acquirer reserves the right to proceed with payment to the resident shareholders whose shares have been accepted by the Acquirer in terms of the Offer, pending payment to the Non - Resident shareholders and Foreign Nationals, subject to the payment instruments payable to Non - Resident shareholders, Foreign Nationals being kept in the safe custody with the Registrar to the Offer.

## 7. PROCEDURE FOR ACCEPTANCE AND SETTLEMENT OF THE OFFER.

- 7.1 The Shareholders of PCMIL, who wish to avail themselves of this offer should forward the under mentioned documents by hand delivery or by registered post to the Registrar at the office address mentioned on the first page of this Letter of Offer so as to reach the Registrar on or before Monday, 09.07.2007 (the Offer Closure Date) on working days (Monday to Friday) between 10.00 AM and 5.00 PM on any working day.

In case of dematerialised shares, the Registrar is not bound to accept those offers, which have not yet being credited to the depository account opened for this purpose on the closure of the offer.

- a) For Equity Shares held in dematerialised form:
- i. Form of Acceptance cum Acknowledgement duly completed and signed in accordance with the instructions contained therein, as per the records of the Depository.
  - ii. Photocopy of the delivery instruction in “Off Market” mode or counterfoil of the delivery instruction in “Off Market” mode, duly acknowledged by the relevant Depository participant (DP).
  - iii. For each delivery instruction, the beneficial owner should submit separate Form of Acceptance.

iv. The details of the special depository account opened by the Manager named are as under:-

<b>DP Name</b>	<b>The Hyderabad Stock Exchange Limited</b>
<b>DP ID / Beneficiary ID</b>	<b>13023800 00205751</b>

Incase of non-receipt of the aforesaid documents, but receipt of the shares in the special Depository Account, the Acquirer may deem the Offer to have been accepted by the Shareholder.

Shareholders should ensure that the credit for the delivered shares should be received in the Special Depository Account on or before the Closure of the Offer. (i.e., Monday, 09.07.2007)

b) For Equity Shares held in Physical form.

Registered Shareholders should enclose:

- Form of Acceptance duly completed and signed in accordance with the instructions contained therein, by sole/first shareholder whose names appear on the share certificate(s) (in case of joint holdings) in the same order in which their names appear in the Registrar of Members.
- Original Share Certificate(s).
- Valid Share Transfer deed(s) duly signed as transferors by all shareholders (in case of joint holdings) in the same order and as per specimen signatures lodged with PCMIL and duly witnessed at the appropriate place, preferably, by a Notary or Bank Manager or Member of Stock Exchange under their seal of office and membership number. The Transfer Deed should be left blank except for the signatures as mentioned above. A blank Share Transfer Deed is enclosed along with this Letter of Offer.

Unregistered Shareholders should enclose:

- Form of acceptance cum acknowledgement duly completed and signed in accordance with the instructions contained therein by the person accepting the Offer.
- Original share certificate(s)
- Valid share transfer form(s) as received from market
- Original contract note issued by the Broker through whom the shares were acquired.

It may be noted that if the specimen signature(s) of the acceptor differs with the specimen signature(s) recorded with PCMIL or if they are not in the same order, such shares are liable to be rejected under this Offer.

Non-Residents if any should also enclose a copy of permission received from RBI for the shares held by them in PCMIL.

Neither the share certificate(s) nor transfer deed(s) nor the form of acceptance should be sent to the Acquirer/ Target Company or Manager to the Offer. The same should be sent to the Registrar only.

## **7.2 Procedure for acceptance of the offer by unregistered shareholders, owners of shares who have sent them for transfer or those who did not receive the Letter of Offer**

### **7.2.1**

- a) Persons who hold shares of PCMIL, but who are not registered shareholders are also eligible to participate in the offer. Such unregistered shareholders or eligible shareholders who did not receive the Letter of Offer may send their consent to the Registrar, on a plain paper stating their Name, Address, No. of shares held, Distinctive Nos., Folio No., Number of Shares offered. Alternatively such shareholders if they so desire may apply on the form of acceptance cum acknowledgement obtained from the SEBI web site [www.sebi.gov.in](http://www.sebi.gov.in). The application on plain paper or on the form of acceptance should be tendered along with the original share certificates and valid share transfer deeds duly executed and witnessed as explained at 8.1 above. Shareholders whose shares have been sent for transfer but have not yet been received back by them should tender their applications as above along with documents to prove their title to the shares offered for acceptance, such as original brokers contract note, along with duly executed and witnessed transfer deed(s). The applications / documents should be sent by registered post to the Registrar and should not be sent to the Merchant Banker to the Offer and the Acquirer. No indemnity is required from unregistered shareholders.
- b) It may be noted that if the specimen signature(s) of the Transferor differs with the specimen signature(s) recorded with PCMIL or are not in the same order, such shares are liable to be rejected under this Offer even, if the Offer has been accepted by a bonafide owner of such untransferred shares.
- c) Non-Residents if any should also enclose copy of permission received from RBI for the shares held by them in PCMIL and No Objection Certificate/Tax Clearance Certificate from the Income-Tax Authorities under Income Tax Act, 1961, indicating the amount of tax to be deducted by the Acquirer before remitting the consideration. In case the aforesaid No Objection Certificate/Tax Clearance Certificate is not submitted, the Acquirer will arrange to deduct tax at the maximum marginal rate as may be applicable to the category of the shareholder, on the entire consideration amount payable to such shareholders.

- d) Payment of consideration will be made by crossed account payee cheques/demand drafts and sent by registered post to those shareholders whose share certificates and other documents are found in order and accepted by the Acquirer. All cheques/demand drafts will be drawn in the name of the First Holder in case of Joint Registered holders. In case of unregistered owner of the shares, payments will be made by crossed account payee cheque/demand draft in the name of the person specified by such unregistered owner. Such unregistered owners may at their own option provide details of their Bank accounts in the Form of Acceptance and Authority/plain paper application.
- e) The Shareholders should also provide all relevant documents, which are necessary to ensure transferability of the shares in respect of which the application is being sent. Such documents may include, but are not limited to:
1. Duly attested death certificate and succession certificate (in case of single shareholder) in case of the original shareholder is deceased.
  2. Duly attested Power of Attorney, if any person apart from the shareholder has signed the application form and/or transfer deed(s).
  3. In case of Companies, the necessary corporate authorisations (including Board Resolutions).
  4. Any other relevant documents
- 7.2.2 If the aggregate of the valid response to the Offer exceeds 32,02,628 fully paid up equity shares, then the Acquirer shall accept the offers received on a proportionate basis in accordance with Regulation 21(6) of the Regulations. The Acquisition of shares from a shareholder shall not be less than the minimum marketable lot or the entire holding if it is less than marketable lot.
- 7.2.3 Barring unforeseen circumstances and factors beyond their control, the acquirer intends to complete all formalities pertaining to the purchase of the shares, including payment of consideration to the shareholders who have accepted the Offer, within 15 days from the date of closure of this Offer. In case of delay in receipt of RBI approval for accepting shares from Non Resident shareholders, SEBI has the power to grant extension of time for the purpose of making payments subject to the acquirer agreeing to pay interest to the shareholders for delay beyond 15 days, as may be specified by the SEBI.
- 7.2.4 In case of acceptance on proportionate basis or in cases where acceptances are rejected, the unaccepted/rejected share certificates, transfer deeds and other documents, if any, will be returned by registered post to the shareholders/unregistered owners.
- 7.2.5 The Registrar to the Offer will hold in trust the share certificates, on behalf of shareholders/unregistered owners of shares of PCMIL who have accepted the Offer, till the acquirer completes the offer obligations in terms of the Regulations.
- 8. MATERIAL DOCUMENTS FOR INSPECTION**  
Copies of the following Material documents will be available during the offer period for inspection at the office of SOBHAGYA CAPITAL OPTIONS LIMITED, 7-1-32/4, P – 1, Leela Nagar, Begumpet, Hyderabad - 500 016 between 10 a.m. up to 1 p.m. and 2 p.m. to 5 p.m. on any working day.
- 8.1 Certificate of Incorporation and Memorandum and Articles of Association of Panyam Cements & Mineral Industries Limited.
- 8.2 Certificate from Mr. N. Subbaiah, Chartered Accountant (Membership No: 200133), 25/701, Upstairs, First Floor, Srinivasa Market Complex, Opp. Canara Bank, Nandyal-518501, Kurnool District A.P. vide certificate dated 20-02-2007 has confirmed the Networth of the Acquirer Mr. S. Sreedhar Reddy and the PAC's.
- 8.3 Letter from Mr. N. Subbaiah, Chartered Accountant (Membership No: 200133), 25/701, Upstairs, First Floor, Srinivasa Market Complex, Opp. Canara Bank, Nandyal-518501, Kurnool District A.P. dated: 20-02-2007, certifying the financial adequacy of the acquirers to fulfill the Open Offer obligations.
- 8.4 Audited Accounts of Panyam Cements & Mineral Industries Limited for the accounting years ended March 31, 2004; March 31, 2005, March 31, 2006 and certified results as on 31<sup>st</sup> December, 2006.
- 8.5 A letter from Indian Overseas Bank, Adarsh Nagar Branch, Hyderabad, dated 5<sup>th</sup> March, 2007 confirming the amount kept in the Escrow account and lien marked in favour of the Merchant Banker to the Offer.
- 8.6 Published copy of the Public Announcement, which appeared on 6<sup>th</sup> march, 2007.
- 8.7 Copy of SEBI letter no.: CFD/DCR/HB/TO/95344/07 Dated: 5<sup>th</sup> June, 2007



**9. RESPONSIBILITY STATEMENT**

- 9.1 The Acquirer and PAC's accept full responsibility for the information contained in this Letter of Offer and Form of Acceptance and also for the obligations of the Acquirer and PAC's laid down in the Regulations and any subsequent amendments made thereto.
- 9.2 The Acquirer and PAC's shall be jointly and severally responsible for ensuring compliance with the Regulations. All information contained in this document is as on the date of the Public Announcement, unless stated otherwise.

Mr. S. Sreedhar Reddy has been authorized by the association M/s S P Y Reddy and Associates, to be the authorized signatory to the Letter of Offer.

**On behalf of S P Y Reddy and Associates**

**S. Sreedhar Reddy**

Place: Hyderabad

Date: 12/06/2007

Attached: Form of Acceptance – cum - Acknowledgement.  
Form of Withdrawal  
Transfer deed for Shareholders holding shares in physical form.

**FORM OF ACCEPTANCE CUM ACKNOWLEDGEMENT**

Date:

To,  
**M/s. XL Softech Systems Limited,**  
 3, Sagar Society, Road No.2, Banjara Hills,  
 Hyderabad - 500 034, Phones: 040 - 2354 5913/14/15.  
 Fax: 040 - 2355 3214.  
 E-mail: [xlfield@rediffmail.com](mailto:xlfield@rediffmail.com)  
 Website: [www.xlsoftech.com](http://www.xlsoftech.com)

Dear Sirs,

**Sub: Open offer for Acquisition of 32,03,628 Equity Shares of Rs.10/- each of Panyam Cements & Mineral Industries Limited representing 20% of its voting capital at an Offer Price of Rs.55/- per fully paid up equity share, by M/s. S PY Reddy and Associates, represented by Mr. Sreedhar Reddy and Persons Acting in Concert ("Acquirer" and PACs).**

I/We refer to the Letter of Offer dated: 12.06.2007 for acquiring the Equity Shares held by me/us in Panyam Cements & Mineral Industries Limited. I/We have read the Letter of Offer and understood its contents including the terms and conditions as mentioned therein. I/We also understand and accept that my/our acceptance of the Offer will become a fully valid and binding contract between me/us and you, only upon fulfillment of all the conditions mentioned in Point 8 of the Letter of Offer. I/We hereby irrevocably and unconditionally accept the Offer and enclose the original Share Certificate(s) and duly signed Transfer Deed(s) in respect of my/our shares, as detailed below (please enclose additional sheet if required).

Sr. No.	Ledger Folio No.	Certificate Nos.	Distinctive Nos.	No. of Shares
<b>Total No. of Equity Shares to be sold</b>				

I/We confirm that the equity shares of Panyam Cements & Mineral Industries Limited, which are being tendered by me/us under this offer are free from liens, charges and encumbrances of any kind whatsoever. I/We note and understand that the original share certificate(s) and valid share transfer deeds will be held in trust for me/us by the Registrar to the Offer until the time the Acquirer gives the purchase consideration as mentioned in the Letter of Offer. I/We also note and understand that the acquirer will pay the purchase consideration only after the verification of the documents and signatures. I/We authorise the Acquirer to accept the shares so offered which they may decide to accept in consultation with the Merchant Banker and the Registrar in terms of the Letter of Offer and I/We further authorise the Registrar to return to me/us equity share Certificate(s) in respect of which the Offer is not found valid/not accepted, specifying the reasons thereof. I/We or my/our legal heirs/legal representatives do not have any claim over the same and my/our acceptance under the said Offer cannot be disputed upon. I/We authorise the Registrar to send by UCP/Registered Post the draft/pay order, in settlement of the amount to the sole/first holder at the address mentioned below

**If the shares are in Dematerialised form:**

I/We hold shares in Dematerialised Form, accept the Offer and enclosed photocopy of the delivery instruction duly acknowledged by DP in respect of my equity shares as detailed below:

DP Name	DP ID	Client ID	Name of Beneficiary	No. of Shares

I/We have done an Off-Market transaction for crediting the shares to the **"The Hyderabad Stock Exchange Limited"**, DP ID/Beneficiary ID: **13023800 00205751**

I/We note and understand that the Shares would lie in the said A/c, until the Acquirer makes payment of the purchase consideration as mentioned in the Letter of Offer.

I/We authorise the Acquirer to accept the shares so offered, which they may decide to accept in consultation with the Manager to the Offer and in terms of the Letter of Offer and I/We further authorise the Acquirer to return to me/us, the equity share certificate(s) in respect of which the offer is not found valid/not accepted, specifying the reasons thereof and in the case of dematerialised shares, to the extent not accepted will be released to my Depository Account at my sole risk.

I/We authorise the Acquirer or the Manger to the Offer or the Registrar to the Offer to send by registered post the draft/cheque, in settlement of the amount to the sole/first holder at the address mentioned above.

Name of Bank	Account No.	Savings/Current/NRE/NRO/Others(Please tick)
Address of the Branch		

Yours faithfully,

Signed and delivered by	FULL NAME(S)	SIGNATURE(S)
1 <sup>st</sup> Shareholder		
2 <sup>nd</sup> Shareholder		
3 <sup>rd</sup> Shareholder		

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

Place:

Date:

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

Name of the Bank & Branch \_\_\_\_\_ Account Number \_\_\_\_\_

Savings/Current/(others; please specify)

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**Acknowledge Slip**

Received from Mr./Ms./ \_\_\_\_\_ Folio No \_\_\_\_\_

Number. of Certificates Enclosed \_\_\_\_\_ Certificate Numbers \_\_\_\_\_ Total Number of Shares Enclosed \_\_\_\_\_

Stamp of Collection Centre \_\_\_\_\_ Signature of Official \_\_\_\_\_ Date of Receipt \_\_\_\_\_

## INSTRUCTIONS

### For Shareholders for holding shares in Dematerialised form:

- a. Shareholders should ensure that their shares are credited in favour of the special depository account, before the closure of the offer i.e., Monday, 09.07.2007
- b. Shareholders should enclose the following:
  - i. Form of Acceptance duly completed and signed
  - ii. A photocopy of the delivery instruction in “Off-Market” mode or counterfoil of delivery instruction in “Off-Market” mode, duly acknowledged by the DP
  - iii. For each delivery instruction the Beneficial Owner should submit a separate form of acceptance.

### Shareholders holding physical shares should enclose:

- a. Form of Acceptance duly completed and signed.
- b. Original Share Certificate(s)
- c. Valid Share Transfer Deed(s) duly signed as transferors by all shareholders (in case of joint holdings) in the same order and as per specimen signature lodged with Panyam Cements & Mineral Industries Limited and duly witnessed.

### Unregistered owners should enclose

- a. Form of Acceptance duly completed and signed.
- b. Original Share Certificate(s)
- c. Brokers contract note in original
- d. Transfer deed(s) executed by the registered holders of the shares.

### NRI's / OCB's / Foreign shareholders should submit

- a. The previous RBI approvals (Specific or general) that they would have obtained for acquiring shares of Panyam Cements & Mineral Industries Limited.
- b. No Objection Certificate/Tax clearance Certificate, indicating the amount of tax to be deducted by Acquirer before remitting the consideration, from the Income-Tax Authorities under the Income Tax Act, 1961.

### Other Documents as necessary

- a. Duly attested death certificate and succession certificate (in case of single shareholder) if the original shareholder is deceased.
- b. Duly Attested Power of attorney if any person apart from the shareholder has signed the application form and / or transfer deed(s).
- c. No Objection Certificate from the charge holder/lender, if the shares in respect of which the application is sent, are under any charge, lien or encumbrance.
- d. In case of companies, the necessary corporate authorization (including Board Resolutions)
- e. Any other relevant documentation.

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**Note All future correspondence. If any, should be addressed to the Registrar to the Offer**

**M/s. X L Softech Systems Limited**, 3, Sagar Society, Road No.2, Banjara Hills, Hyderabad-500 034.  
Phones: 040-23545913/14/15. Fax: 040-23553214. E-mail: xlfield@rediffmail.com Website: www.xlsoftech.com

**FORM OF WITHDRAWAL**

You have an 'OPTION TO WITHDRAW' the acceptance tendered in response to this offer any time up to three working days prior to the date of closure of offer i.e. on or before <b>03.07.2007</b> . In case you wish to withdraw your acceptance please use this form.	<b>OFFER SCHEDULE</b>	
	<b>OFFER OPENS ON</b>	<b>: 20.06.2007</b>
	<b>LAST DATE OF WITHDRAWAL</b>	<b>: 03.07.2007</b>
	<b>OFFER CLOSSES ON</b>	<b>: 09.07.2007</b>

From:

Tel No. \_\_\_\_\_ Fax No.: \_\_\_\_\_ E-mail: \_\_\_\_\_  
 To, \_\_\_\_\_  
 Registrar:  
**M/s. XL Softech Systems Limited,**  
 3, Sagar Society, Road No.2,  
 Banjara Hills, Hyderabad - 500 034  
 Phones: 040 - 2354 5913/14/15.  
 Fax: 040 - 2355 3214.  
 E-mail: xlfield@rediffmail.com  
 Website: www.xlsoftech.com

**Sub: Open offer to acquire upto 32,03,628 equity shares of Rs. 10/- each representing 20% of the voting share capital of Panyam Cements & Mineral Industries Limited by M/s S PY Reddy and Associates, Represented by Mr. S. Sreedhar Reddy and PAC's ('Acquirer' and PACs) in terms of SEBI (Substantial Acquisition of Shares & Takeovers) Regulations, 1997.**

Dear Sir,  
 I/We refer to the letter of offer-dated : 12.06.2007 for acquiring the equity shares held by me/us in Panyam Cements & Mineral Industries Limited.  
 I/We have read the procedure for withdrawal of equity shares tendered by me/us in the Offer as mentioned in the Letter of Offer and unconditionally agree to the terms and conditions mentioned therein.  
 I/We hereby consent unconditionally and irrevocably to withdraw my/our Shares from the Offer and I/We further authorise the Acquirer to return to me/us, the tendered equity share certificate(s)/ share(s) at my/our sole risk.  
 I/We note that upon withdrawal of my/our Shares from the Offer, no claim or liability shall lie against the Acquirer/Manager to the Offer.  
 I/We note that this Form of Withdrawal should reach the Registrar at the address mentioned in the Letter of Offer on or before the last date of withdrawal.  
 I/We note that the Acquirer/Manager/Registrar to the Offer shall not be liable for any postal delay/loss in transit for the equity shares.  
 I/We also note and understand that the Registrar will return the original share certificate(s), share transfer deed(s) and Shares only on completion of verification of the documents, signatures etc.  
 The particulars of the tendered Share(s) that I/We wish to withdraw are detailed below:  
 Ledger Folio No. \_\_\_\_\_ No. of Equity Shares \_\_\_\_\_

Sr.No.	Certificate Nos.	Distinctive Nos.		No. of Shares
		From	To	
<b>Total Number of Equity Shares Tendered</b>				
<b>Total Number of Equity Shares Tendered Withdrawn</b>				

(In case of insufficient space, please use additional sheet and authenticate the same)  
 I/We hold the following shares in dematerialised Form and had done an Off-Market transaction for crediting the Shares to the "The Hyderabad Stock Exchange Limited" as per the following particulars.

<b>DP Name : The Hyderabad Stock Exchange Limited</b>	<b>DP ID / Client ID : 13023800 00205751</b>
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Please find enclosed a photocopy of the Depository Delivery Instruction(s)(TIFD) duly acknowledged by the Depository Participant.  
 The particulars of the account from which my/our Shares have been tendered are as detailed below.

DP Name	DP ID	Client ID	Name of Beneficiary	No. of Shares

I/We note that the Shares will be credited back only to that Depository Account, from which the Shares have been tendered and necessary standing instructions have been issued in this regard.  
 I/We confirm that the particulars given above are true and correct.  
 In case of dematerialised equity shares, I/We confirm that the signatures of the beneficiary holders have been certified by the DP as per the records maintained at their end and the same has also been duly attested by them under their seal.

Yours faithfully,

Signed and Delivered by	Full Name(s) and Address	Signature(s)	Verified and attested (by DP in case of Demat Shares and by Bank in case of Physical Shares)
First Soleholder			
Joint Holder 1			
Joint Holder 2			

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

Place : \_\_\_\_\_ Date : \_\_\_\_\_  
 \_\_\_\_\_  
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Folio No.	Sr. No.	<b>(Acknowledgement Slip)</b>	
Received from Mr./Ms.		Signature of Official and Date of Receipt	Stamp
Address :			
Form of withdrawal in respect of _____ Number of Share Certificates representing _____ number of shares.			

## INSTRUCTIONS

1. The Shareholders are advised to ensure that the Form of Withdrawal should reach the Registrar to the Offer at the address mentioned in the Letter of Offer as per the mode of delivery indicated therein on or before the last date of withdrawal.
2. Shareholders should enclose the following:
  - i. **for Equity Shares held in demat form:**
    - Duly signed and completed form of withdrawal.
    - Copy of the form of acceptance-cum-acknowledgement/Plain paper application submitted and the Acknowledgement slip.
    - A photocopy of the delivery instruction in “Off-Market” mode or counterfoil of delivery instruction in “Off-Market” mode, duly acknowledged by the DP
  - ii. **for Equity Shares held in physical form:**
    - Duly signed and completed form of withdrawal.
    - Copy of the form of acceptance-cum-acknowledgement/Plain paper application submitted and the Acknowledgement slip.
    - In case of partial withdrawal, Valid Share Transfer form(s) duly signed as transferors by all registered shareholders (in case of joint holding(s) in the same order and as per specimen signatures registered with Panyam Cements & Mineral Industries Limited, and duly witnessed at the appropriate place.
  - iii. **Un registered owners should enclose:**
    - Duly signed and completed Form of withdrawal.
    - Copy of the Form of Acceptance-cum-acknowledgement/Plain paper application submitted and the Acknowledgement slip.
3. The withdrawal of Share will be available only for the Share Certificate/shares that have been received by the Registrar.
4. The intimation of returned shares to the Shareholders will be at the address as per the records of the Target Company.
5. The Form of Withdrawal along with enclosure should be sent only to the Registrar to the offer.
6. In case of partial withdrawal of Shares tendered, if the original share certificates are required to be split, the same will be returned on receipt of share certificates from the Target Company. The facility of partial withdrawal is only available to registered shareholders.
7. Shareholders holding shares in dematerialised form are required to issue the necessary standing instructions for the receipt of the credit in their DP account.

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All future correspondence. If any, should be addressed to the Registrar to the Offer

**M/s. X L Softech Systems Limited**, 3, Sagar Society, Road No.2, Banjara Hills, Hyderabad - 500 034.  
Phones: 040 - 2354 5913/14/15. Fax: 040 - 2355 3214. E-mail: xlfield@rediffmail.com Website: www.xlsoftech.com

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