DRAFT LETTER OF OFFER
THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

The Letter of Offer is sent to you as a shareholder of GMM Pfaudler Limited. If you require any clarifications about the action to be taken, you may consult your stock broker, investment consultant, the Manager to the Offer or the Registrar to the Offer. In case you have recently sold your shares in GMM Pfaudler Limited, please hand over the Letter of Offer and the accompanying Form of Acceptance-cum-Acknowledgement and transfer deed to the member of stock exchange through whom the said sale was affected.

Open Offer ("Offer")

BY

Pfaudler US, Inc ("Acquirer") having its registered office at 1209 Orange Street, City of Wilmington, County of New Castle, Delaware 19801, USA; Tel: - +1 302 472 9100

along with

Pfaudler Holding S.à r.l. ("PAC 1") having its registered office at 59, Rue de Rollingergrund, L-2440, Luxembourg; Tel : (+352) 28 48 06 40 -1

AND

Pfaudler, Inc ("PAC 2") having its registered office at 1209 Orange Street, City of Wilmington, County of New Castle, Delaware 19801, United States of America; Tel: (585) 235-1000;

collectively referred to as "**PAC**"

TO ACQUIRE

up to **3,654,375 (Three million six hundred and fifty four thousand three hundred and seventy five)** fully paid-up equity shares of face value of INR 2 (Indian Rupees Two) each **("Equity Shares")**, representing 25% (Twenty five percent) of the fully diluted voting equity share capital **("Voting Share Capital")** as of the 10th (Tenth) Working Day (as defined below) from the Closure of the Tendering Period (as defined below)

OF

GMM Pfaudler Limited ("Target Company"), having its registered office at Vithal Udyognagar, Anand - Sojitra Road, Karamsad - 388 325, Gujarat, India; Tel: +91 2692 661700 / 230416 / 230516; Fax: +91 2692 661888/236467

at a price of INR 247.54 (Rupees Two hundred and forty seven and fifty four paise) per Equity Share **("Offer Price")** payable in cash.

pursuant to the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 and subsequent amendments thereto ("**SEBI (SAST) Regulations**").

Note:

1. This Offer is being made by the Acquirer and PAC pursuant to Regulations 3(1), 4 and 5(1)

and other applicable regulations of the SEBI (SAST) Regulations.

2. This Offer is not conditional upon any minimum level of acceptance in terms of Regulation 19(1) of the SEBI (SAST) Regulations.

3. To the best of the knowledge of the Acquirer and the PAC, no statutory approvals are required by the Acquirer or the PAC to complete this Offer. However, in case of any statutory approval being required by the Acquirer or the PAC at a later date, this Offer will be subject to such approvals and the Acquirer or PAC shall make the necessary application for such approvals. Non-resident Indian and overseas corporate body holders of the Equity Shares, must obtain all approvals required to tender the Equity Shares held by them in this Offer (including without limitation the approval from the Reserve Bank of India) and submit such approvals along with the Form of Acceptance-cum-Acknowledgement (as defined below) and other documents required under this Offer. Further, if holders of the Equity Shares who are not persons in India including NRIs, OCBs foreign institutional investors and foreign portfolio investors had required any approvals (including from the RBI or the Foreign Investment Promotion Board or any other regulatory body) in respect of the Equity Shares held by them, they will be required to submit such previous approvals that they would have obtained for holding the Equity Shares, along with the other documents required to be tendered to accept this Offer. In the event such approvals are not submitted, the Acquirer and PAC reserve the right to reject such Equity Shares tendered in this Offer.

4. In the event that any statutory approvals required are not obtained or are finally refused or are otherwise not received for reasons outside the reasonable control of the Acquirer and/or PAC, the Acquirer and/or PAC may withdraw the Offer under Regulation 23 of the SEBI (SAST) Regulations

5. This Offer is not a competing offer in terms of Regulation 20 of the SEBI (SAST) Regulations.

6. If there is any upward revision in the Offer Price or the number of Equity Shares sought to be acquired in this Offer, prior to commencement of the last 3 (Three) Working Days prior to the commencement of the Tendering Period, i.e. up to February 20, 2015, it will be informed by way of a public announcement in the same newspapers where the detailed public statement in relation to this Offer ("**DPS**") appeared. Such revised Offer Price would be payable for all the Equity Shares validly tendered anytime during the Tendering Period. In the event of withdrawal of this Offer, a public announcement will be made within 2 (Two) Working Days of such withdrawal, in the same newspapers in which the DPS is published.

7. If there are competing offers, the public offers under all the subsisting bids shall open and close on the same date. As per the information available with the Acquirer, PAC and the Target Company, no competing bid has been announced as of the date of this Draft Letter of Offer.

8. A copy of the public announcement in relation to this Offer, the detailed public statement and this Draft Letter of Offer are also expected to be made available on SEBI website: www.sebi.gov.in.

Manager to the Offer	Registrar to the Offer
ICICI Securities Limited **ICICI Centre, H.T. Parekh Marg, Churchgate, Mumbai 400 020, India;** **ICICI Bank Tower, 3rd Floor, NBCC Place, Pragati Vihar, Bhisam Pitamah Marg, New Delhi 110003, India;** **Telephone: +91 22 2288 2460,** **Fax: +91 22 2282 6580** **Email: gmmpfaudler.openoffer@icicisecurities.com** **Contact Person : Mr. Ayush Jain/ Mr. Amit Joshi** **SEBI Registration Number: INM000011179**	**Link Intime India Private Limited** **C-13, Pannalal Silk Mills Compound,** **LBS Marg, Bhandup West, Mumbai 400078, India, Tel: +91 22 25967878, Fax: +91 22 2596 0329** **Email: gmmpfaudler.offer@linkintime.co.in** **Contact Person: Mr. Ganesh Mhatre** **SEBI Registration No: INR000004058**

SCHEDULE OF MAJOR ACTIVITIES RELATING TO THE OFFER

Nature of the Activity	Day and Date
Issue of PA	Thursday, December 18, 2014
Publication of DPS in newspapers	Wednesday, January 07, 2015
Filing of Draft Letter of Offer with SEBI along with soft copies of the PA and DPS	Wednesday, January 14, 2015
Last date for a competitive bid*	Thursday, January 29, 2015
Last date for receipt of comments from SEBI on the Draft Letter of Offer (in the event SEBI has not sought clarification or additional information from the Manager)	Thursday, February 05, 2015
Identified Date**	Monday, February 09, 2015
Last date for dispatch of the Letter of Offer to the Eligible Shareholders	Monday, February 16, 2015
Last date for upward revision of the Offer Price and/or the Offer Size	Friday, February 20, 2015
Last date by which a committee of independent directors of the Target Company is required to give its recommendation to the Eligible Shareholders of the Target Company for this Offer	Monday, February 23, 2015
Publication of advertisement containing announcement of the schedule of activities of this Offer, status of statutory and other approvals, if any, and procedure for tendering acceptances, in the newspapers where the DPS was published and notification to SEBI, BSE and the Target Company at its registered office	Tuesday, February 24, 2015
Commencement of tendering period	Wednesday, February 25, 2015
Closure of tendering period	Wednesday, March 11, 2015
Last date for payment to Eligible Shareholders	Wednesday, March 25, 2015
Issue of post-offer advertisement	Wednesday, April 01, 2015
Last date for filing of final report with SEBI	Wednesday, April 01, 2015

** There has been no competing offer as of the date of this Draft Letter of Offer.*
***Date falling on the 10th (tenth) Working Day prior to the commencement of the Tendering Period,*

for the purposes of determining the Eligible Shareholders to whom the Letter of Offer shall be sent. It is clarified that all owners (registered or unregistered) of Equity Shares (except the Acquirer, PAC, parties to the Transaction Document and persons deemed to be acting in concert with each of them) are eligible to participate in this Offer at any time prior to the closure of the Tendering Period.

RISK FACTORS

The risk factors set forth below pertain to this Offer and association with the Acquirer and the PAC and are not in relation to the present or future business operations of the Target Company or other related matters. These are neither exhaustive nor intended to constitute a complete analysis of the risks involved in the participation by a Eligible Shareholder in this Offer, but are merely indicative. Eligible Shareholders are advised to consult their stockbrokers, investment consultants and/or tax advisors, for analysing all the risks with respect to their participation in this Offer. For capitalized terms used herein please refer to the section on Definitions and Abbreviations set out below.

A. Risks relating to this Offer

1. To the best of the knowledge of the Acquirer and the PAC, no statutory approvals are required by the Acquirer or the PAC to complete this Offer. However, in case of any statutory approvals being required by the Acquirer or the PAC at a later date, this Offer shall be subject to such approvals and the Acquirer or the PAC shall make the necessary applications for such approvals. In case of delay in receipt of any such statutory approvals, as per Regulation 18(11) of the SEBI (SAST) Regulations, SEBI may, if satisfied, that non-receipt of such approvals was not attributable to any willful default, failure or neglect on the part of the Acquirer or the PAC to diligently pursue such approvals, grant an extension of time for the purpose of completion of this Offer, subject to the Acquirer and the PAC agreeing to pay interest to the shareholders for delay beyond 10 (Ten) Working Days, at such rate as may be specified by SEBI. Where the statutory approvals extend to some but not all the Eligible Shareholders, the Acquirer and the PAC will have the option to make payment of the consideration to such Eligible Shareholders in respect of whom no statutory approvals are required in order to complete this Offer.

2. The Acquirer and the PAC will have the right not to proceed with this Offer in accordance with Regulation 23 of the SEBI (SAST) Regulations, if any statutory approval, as may be required, is refused. Furthermore, in case of delay in receipt of any such statutory approvals, this Offer process may be delayed beyond the schedule of activities indicated in this Draft Letter of Offer. Consequently, the payment of consideration to the Eligible Shareholders whose Equity Shares are validly tendered and accepted in this Offer, as well as the return of Equity Shares not validly tendered and accepted in this Offer, may be delayed.

3. NRI and OCB holders of the Equity Shares must obtain all approvals required to tender the Equity Shares held by them in this Offer (including without limitation the approval from the RBI) and submit such approvals along with the Form of Acceptance-cum-Acknowledgement and other documents required to accept this Offer. In the event such approval are not submitted, the Acquirer and PAC reserve the right to reject such Equity Shares tendered in this Offer. Further, if holders of the Equity Shares who are not persons in India (including NRIs, OCBs, FIIs and FPIs) had required any approvals (including from the RBI or the FIPB or any other regulatory body) in respect of the Equity Shares held by them, they will be required to submit such previous approvals that they would have obtained for holding the Equity Shares, along with the other documents required to be tendered to accept this Offer. If such previous approvals and/or relevant documents are not submitted, the Acquirer and PAC reserve the right to reject such Equity Shares tendered in this Offer. If the Equity Shares are held under general permission of the RBI, the non-resident Shareholder should state that the Equity Shares are held under general permission and clarify whether the Equity Shares are held on repatriable basis or non repatriable basis.

4. If: (a) there is any litigation leading to a stay on this Offer; or (b) SEBI instructs the Acquirer

and the PAC not to proceed with this Offer, then this Offer process may be delayed beyond the schedule of activities indicated in this Draft Letter of Offer. Consequently, the payment of consideration to the Eligible Shareholders whose Equity Shares are validly tendered and accepted in this Offer as well as the return of the Equity Shares not validly tendered and accepted in this Offer, may be delayed.

5. Eligible Shareholders who have lodged their acceptance to this Offer are not entitled to withdraw such acceptance during the Tendering Period, even if the acceptance of the Equity Shares in this Offer and dispatch of consideration are delayed.

6. The Registrar to the Offer will hold in trust the Equity Shares held in physical form and in credit of the Depository Escrow Account (as defined below), along with the documents submitted by the Eligible Shareholders, on behalf of the Eligible Shareholders who have tendered their Equity Shares, till the completion of the formalities of this Offer, and the Eligible Shareholders will not be able to trade in such Equity Shares, even if the acceptance of the Equity Shares in this Offer and dispatch of payment consideration are delayed. Further, during such period, there could be fluctuations in the market price of the Equity Shares that may adversely impact the Eligible Shareholders who have tendered their Equity Shares in this Offer. It is understood that the Eligible Shareholders will be solely responsible for their decisions regarding their participation in this Offer.

7. This Offer is an offer to acquire up to 3,654,375 (Three million six hundred and fifty four thousand three hundred and seventy five) Equity Shares, representing 25% (Twenty five percent) of the Voting Share Capital, as of the 10^{th} (Tenth) Working Day from the Closure of the Tendering Period. In the case of over-subscription of this Offer, acceptance will be determined on a proportionate basis (as detailed in paragraph 7.17 below) and hence, there is no certainty that all the Equity Shares tendered by the shareholders in this Offer will be accepted.

8. This Draft Letter of Offer has not been filed, registered or approved in any jurisdiction outside India. Recipients of this Draft Letter of Offer resident in jurisdictions outside India should inform themselves of and observe any applicable legal requirements. This Offer is not directed towards any person or entity in any jurisdiction or country where the same would be contrary to the applicable laws or regulations or would subject the Acquirer, the PAC or the Manager to the Offer to any new or additional registration requirements. This is not an offer for sale, or a solicitation of an offer to buy in the United States of America and cannot be accepted by any means or instrumentality from within the United States of America.

9. The Eligible Shareholders are advised to consult their respective tax advisors for assessing the tax liability pursuant to this Offer, or in respect of other aspects such as the treatment that may be given by their respective assessing officers in their case, and the appropriate course of action that they should take. The Acquirer and the PAC do not accept any responsibility for the accuracy or otherwise of the tax provisions set forth in this Draft Letter of Offer.

10. The Acquirer and the PAC accept no responsibility for statements made otherwise than in the PA, the DPS, this Draft Letter of Offer or in the advertisement or any materials issued by or at the instance of the Acquirer and the PAC (excluding all information pertaining to the Target Company). Any person placing reliance on any other source of information will be doing so at its own risk.

11. The Manager to the Offer accepts no responsibility for statements made otherwise than in

the DPS, this Draft Letter of Offer or in the post issue advertisement or any corrigendum issued by or at the instance of the Acquirer and the PAC. Any person placing reliance on any other source of information will be doing so at its own risk.

B. Risks relating to the Acquirer and the PAC

1. The Acquirer and the PAC make no assurances with respect to their investment and/or divestment decisions relating to their shareholding in the Target Company.

2. The Acquirer and the PAC make no assurances with respect to the continuation of the past trend in the financial performance or the future performance of the Target Company.

3. The Acquirer and the PAC make no assurances with respect to the market price of the Equity Shares before, during or after this Offer and expressly disclaim their responsibility or obligation of any kind (except as required under applicable law) with respect to any decision by any shareholder on whether to participate or not to participate in this Offer.

4. As on the date of this Draft Letter of Offer, the total public shareholding in the Target Company is 25% (Twenty five percent) of the total paid up equity share capital of the Target Company.

5. Since PAC 2 has now become the subject matter of a global acquisition by the Acquirer resulting in this Offer, in terms of Regulation 7(4) of the SEBI (SAST) Regulations, if as a result of the Equity Shares accepted in the Offer, the non-public shareholding in the Target Company exceeds the maximum permissible non-public shareholding, the Acquirer and PAC shall be required to bring down the non-public shareholding to the level specified within the time permitted under the SCRR.

C. CURRENCY OF PRESENTATION

1. In this Draft Letter of Offer, any discrepancy in any table between the total and sums of the amounts listed are due to rounding off and/or regrouping.

2. In this Draft Letter of Offer, all references to "Rs" /"Rupees" /INR" are references to Indian Rupees.

3. All the data presented in USD in this Draft Letter of Offer have been converted into INR for purpose of convenience translation. The conversion has been assumed at the following rate as on December 17, 2014 (i.e. 1 (One) Working Day prior to the date of the PA) (unless otherwise stated in this Draft Letter of Offer):

   1 USD = INR 63.5813 (Source: Reserve Bank of India - http://www.rbi.org.in)

DEFINITIONS

Term	Definition
Acquirer	Pfaudler US Inc. having its registered office at 1209 Orange Street, City of Wilmington, County of New Castle, Delaware 19801, USA.
Board / Board of Directors	Board of directors of the Target Company.
BSE	BSE Limited.
CDSL	Central Depository Services (India) Limited.
Certificate under Section 197	Certificate issued by the income tax authority for payment of consideration and / or interest either without deduction of tax at source or deduction of tax at a lower rate.
Closure of the Tendering Period	The last day by which the Eligible Shareholders may tender their Equity Shares in acceptance of the Offer, i.e. Wednesday, March 11, 2015.
Depository Escrow Account	The depository account opened by the Registrar to the Offer with Ventura Securities Limited. The DP ID is IN303116 and the beneficiary client ID is 11552174.
Depositories	CDSL and NSDL.
DP	Depository Participant.
DPS / Detailed Public Statement	Detailed Public Statement dated January 06, 2015, issued by the Manager to the Offer, on behalf of the Acquirer and the PAC, in relation to this Offer and published in the newspapers on January 07, 2015.
Draft Letter of Offer	This Draft Letter of Offer dated January 13, 2015.
DTAA	Double Taxation Avoidance Agreement.
EBITDA	Earnings Before Interest, Tax and Depreciation.
ECS	Electronic Clearing Service.
Eligible Shareholders	All public shareholders of the Target Company excluding the persons acting in concert or deemed to be acting in concert with the Acquirer or PAC.
Equity Shares / Shares	Fully paid-up equity shares of the Target Company, having a face value of INR 2 (Indian Rupees Two) each.
Escrow Agent / Escrow Bank	Deutsche Bank AG, Mumbai Branch.
Escrow Amount	The amount deposited by the Acquirer in one or more account(s), having lien marked with an irrevocable right to encash the proceeds in favour of the Manager to the Offer, in compliance with Regulation 17 of the SEBI (SAST) Regulations.
FEMA	Foreign Exchange Management Act, 1999 and subsequent amendments thereto.
FII(s)	Foreign Institutional Investor(s), as defined under Section 115AD of the Income Tax Act.
FPI	Foreign Portfolio Investor as defined under Regulation 2 (h) of the SEBI (Foreign Portfolio Investors) Regulations, 2014.
FIPB	Foreign Investment Promotion Board.
Form of Acceptance-cum-Acknowledgement	The form of acceptance-cum-acknowledgement, which will be a part of the Letter of Offer.

Term	Definition
GAAP	Generally Accepted Accounting Principles.
Identified Date	Monday, February 09, 2015 i.e. the date falling on the 10th (Tenth) Working Day prior to the commencement of the Tendering Period, for the purposes of determining the Eligible Shareholders to whom the Letter of Offer shall be sent.
Income Tax Act	Income-tax Act, 1961 and subsequent amendments thereto.
Indian GAAP	GAAP, as applicable to Indian companies.
KPMG	KPMG AG Wirtschaftsprufungsgesellschaft.
Letter of Offer / LOF	The Letter of Offer, duly incorporating SEBI's comments on the Draft Letter of Offer, including the Form of Acceptance-cum- Acknowledgement.
Manager to the Offer / I-Sec	ICICI Securities Ltd., having its registered office at ICICI Centre, H.T. Parekh Marg, Churchgate, Mumbai 400 020, India.
Maximum Consideration	The total funding requirement for this Offer assuming full acceptance of this Offer is INR 904,603,987.50 (Indian Rupees Nine Hundred and Four Million, Six Hundred and Three Thousand, Nine Hundred and Eighty Seven and Fifty paise).
NEFT	National Electronic Funds Transfer.
NRI	Non Resident Indian, as defined under Foreign Exchange Management (Deposit) Regulations, 2000.
NSDL	National Securities Depository Limited.
OCB	Overseas Corporate Body, as defined under Foreign Exchange Management (Deposit) Regulations, 2000.
Offer / Open Offer	This open offer, which is being made by the Acquirer and the PAC to the Eligible Shareholders, for acquiring up to 3,654,375 (Three million six hundred and fifty four thousand three hundred and seventy five) fully paid up Equity Shares representing 25% (Twenty five percent) of the Voting Share Capital, as of the 10th (Tenth) Working Day from the Closure of the Tendering Period from the Eligible Shareholders of the Target Company.
Offer Escrow Account	A cash escrow account opened by the Acquirer with the Escrow Agent.
Offer Escrow Agreement	The escrow agreement dated January 01, 2015 entered into amongst the PAC 2, the Manager to the Offer and the Escrow Agent.
Offer Period	The period between December 13, 2014 i.e. the date of execution of the Transaction Document and the date on which the payment of consideration to the Eligible Shareholders whose Equity Shares are validly tendered and accepted in this Offer, is made, or the date on which this Offer is withdrawn, as the case may be.
Offer Price	INR 247.54 (Rupees Two hundred and forty seven and fifty four paise) consisting of an offer price of 245.85 (Rupees Two hundred and forty five and eighty five paise) per Equity Share plus interest computed at the rate of 10%

Term	Definition
	(Ten percent) per annum for the period between December 13, 2014 and the date of publication of the DPS in terms of Regulation 8(12) of SEBI (SAST) Regulations being INR 1.69 (Rupees One and sixty nine paise).
Offer Size	Up to 3,654,375 (Three million six hundred and fifty four thousand three hundred and seventy five) fully paid up Equity Shares representing 25% (Twenty five percent) of the Voting Share Capital as of the 10th (Tenth) Working Day from the Closure of the Tendering Period.
Overseas Tax	Tax payable under the tax laws applicable in overseas jurisdictions.
PA / Public Announcement	Public announcement dated December 18, 2014 in relation to this Offer sent to BSE on December 18, 2014 and filed with SEBI and sent to the Target Company on December 19, 2014.
PAC 1	Person acting in concert with the Acquirer for this Offer, i.e. Pfaudler Holding S.à r.l. having its registered office at 59, Rue de Rollingergrund, L-2440, Luxembourg.
PAC 2	Person acting in concert with the Acquirer for this Offer, i.e. Pfaudler, Inc having its registered office at 1209 Orange Street, City of Wilmington, County of New Castle, Delaware 19801, United States of America.
PAC	PAC 1 and PAC 2 collectively.
PAN	Permanent Account Number.
PAT	Profit After Tax.
Primary Transaction	The transaction under which the Acquirer has become the ultimate holding company of PAC 2 resulting in an indirect acquisition of control over the Target Company.
RBI	Reserve Bank of India.
Registrar to the Offer	Link Intime India Private Limited having its address at C-13, Pannalal Silk Mills Compound, LBS Marg, Bhandup (W) Mumbai 400078.
RTGS	Real Time Gross Settlement.
SCRR	Securities Contract (Regulation) Rules, 1957 and subsequent amendments thereto.
SEBI	Securities and Exchange Board of India.
SEBI Act	Securities and Exchange Board of India Act, 1992.
SEBI (SAST) Regulations	Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 and subsequent amendments thereto.
Rs. / Rupees/INR	Indian Rupees.
RM	Robbins & Myers, Inc.
Seller	Robbins & Myers Holdings, LLC.
Target Company	GMM Pfaudler Limited.
Tax Residence Certificate	Certificate to be furnished by any Shareholder claiming benefit under any DTAA.
Tendering Period	Period commencing from February 25, 2015 and closing on March 11, 2015 (both days inclusive).
Transaction Document	The agreement entered into between Acquirer and Seller on December 13, 2014 at Frankfurt, Germany.

Term	Definition
Voting Share Capital	Fully diluted voting share capital of the Target Company as of the 10th (tenth) working day from the date of closure of the tendering period.
Working Day	A working day of SEBI in Mumbai.

Note: All terms beginning with a capital letter used in this Draft Letter of Offer, and not specifically defined herein, shall have the meanings ascribed to them in the SEBI (SAST) Regulations.

1 DISCLAIMER CLAUSE

IT IS TO BE DISTINCTLY UNDERSTOOD THAT FILING OF THIS DRAFT LETTER OF OFFER WITH SEBI SHOULD NOT IN ANY WAY BE DEEMED OR CONSTRUED THAT IT HAS BEEN CLEARED, VETTED OR APPROVED BY SEBI. THIS DRAFT LETTER OF OFFER HAS BEEN SUBMITTED TO SEBI FOR A LIMITED PURPOSE OF OVERSEEEING WHETHER THE DISCLOSURES CONTAINED THEREIN ARE GENERALLY ADEQUATE AND ARE IN CONFORMITY WITH THE SEBI (SUBSTANTIAL ACQUISITION OF SHARES AND TAKEOVERS) REGULATIONS, 2011 AND SUBSEQUENT AMENDMENT(S) THEREOF. THIS REQUIREMENT IS TO FACILITATE THE SHAREHOLDERS OF GMM PFAUDLER LIMITED TO TAKE AN INFORMED DECISION WITH REGARD TO THE OFFER. SEBI DOES NOT TAKE ANY RESPONSIBILITY EITHER FOR FINANCIAL SOUNDNESS OF THE ACQUIRER, THE PAC OR THE TARGET COMPANY WHOSE SHARES/CONTROL IS PROPOSED TO BE ACQUIRED OR FOR THE CORRECTNESS OF THE STATEMENTS MADE OR OPINIONS EXPRESSED IN THE LETTER OF OFFER. IT SHOULD ALSO BE CLEARLY UNDERSTOOD THAT WHILE THE ACQUIRER AND THE PAC ARE PRIMARILY RESPONSIBLE FOR THE CORRECTNESS, ADEQUACY AND DISCLOSURE OF ALL RELEVANT INFORMATION IN THIS DRAFT LETTER OF OFFER, THE MANAGER IS EXPECTED TO EXERCISE DUE DILIGENCE TO ENSURE THAT THE ACQUIRER AND THE PAC DULY DISCHARGE THEIR RESPONSIBILITY ADEQUATELY. IN THIS BEHALF, AND TOWARDS THIS PURPOSE, THE MANAGER, "ICICI SECURITIES LIMITED" HAS SUBMITTED A DUE DILIGENCE CERTIFICATE DATED JANUARY 14, 2015 TO SEBI IN ACCORDANCE WITH THE SEBI (SUBSTANTIAL ACQUISITION OF SHARES AND TAKEOVERS) REGULATIONS, 2011 AND SUBSEQUENT AMENDMENT(S) THEREOF. THE FILING OF THE DRAFT LETTER OF OFFER DOES NOT, HOWEVER, ABSOLVE THE ACQUIRER AND THE PAC FROM THE REQUIREMENT OF OBTAINING SUCH STATUTORY CLEARANCES AS MAYBE REQUIRED FOR THE PURPOSE OF THE OFFER.

2 GENERAL DISCLAIMER

This Draft Letter of Offer together with the DPS that was published on January 7, 2015 and the PA dated December 18, 2014 in connection with the Offer, has been prepared for the purposes of compliance with the applicable laws and regulations of the SEBI (SAST) regulations. Accordingly the information disclosed may not be the same as that which would have been disclosed if this document had been prepared in accordance with the laws and regulations of any jurisdiction outside of India. Neither the delivery of this Draft Letter of Offer and/or the Letter of Offer, under any circumstances, create any implication that there has been no change in the affairs of the Target Company and the acquirer, the PAC and persons deemed to be acting in concert with the Acquirer, since the date hereof or that the information contained herein is correct as at any time subsequent to this date. Nor is it to be implied that the Acquirer, the PAC or any persons deemed to act in concert with the Acquirer are under any obligations to update the information contained herein at any time after this date.

No action has been or will be taken to permit this offer in any jurisdiction where action would be required for that purpose. The Letter of Offer shall be dispatched to all shareholders whose name appears on the register of members of the Target Company, at their stated address, as of the Identified Date. However, receipt of the Letter of Offer by any shareholder in a jurisdiction in which it would be illegal to make this offer, or where making this Offer would require any action to be taken (including, but not restricted to, registration of the Draft Letter of Offer and/or the Letter of Offer under any local securities laws), shall not be treated by such shareholder as an offer being made to them and shall be construed by them as being sent for information purposes only. Accordingly no such shareholder may tender his, her or its Equity Shares in this Offer.

Persons in possession of the Draft Letter of Offer and/or the Letter of Offer are required to inform themselves of any relevant restrictions. Any shareholder who tenders his, her or its equity shares in this offer shall be deemed to have declared, represented, warranted and agreed that he, she or it is authorized under the provisions of any applicable local laws, rules, regulations and statutes to participate in this Offer.

3 DETAILS OF THIS OFFER

3.1 Background to this Offer

3.1.1 This Offer is a mandatory open offer in compliance with Regulations 3(1), 4 and 5(1) of the SEBI (SAST) Regulations and is being made as a result of an indirect acquisition of voting rights in and control over the Target Company by the Acquirer.

3.1.2 This Offer is being made on account of a Primary Transaction involving the acquisition of certain entities owned and controlled by National Oilwell Varco, Inc which includes PAC 2, an entity owned and controlled by the Seller. As part of the Primary Transaction, all shares of the PAC 2 held by the Seller were acquired by the Acquirer based on the terms and conditions set out in the Transaction Document and covering this Primary Transaction. The PAC 2 as on the date of this Draft Letter of Offer holds 50.44% (Fifty point forty four percent) of the Voting Share Capital of the Target Company. Completion of the Primary Transaction has resulted in the change of control of the PAC 2 in favour of the Acquirer.

3.1.3 The Transaction Document was contracted on December 13, 2014. It has been completed and implemented on December 30, 2014 at Frankfurt.

3.1.4 In terms of Regulation 5(2) of the SEBI (SAST) Regulations, an indirect acquisition where:

(a) the proportionate net asset value of the Target Company, as a percentage of the consolidated net asset value of the entity or business being acquired;

(b) the proportionate sales turnover of the Target Company, as a percentage of the consolidated sales turnover of the entity or business being acquired; or

(c) the proportionate market capitalization of the Target Company, as a percentage of the enterprise value for the entity or business being acquired,

is in excess of 80% (Eighty percent), on the basis of the most recent audited annual financial statements, shall be regarded as a direct acquisition for the purpose of the SEBI (SAST) Regulations.

3.1.5 The Offer was triggered on account of the Primary Transaction pursuant to which the Acquirer has acquired the entire share capital of PAC 2 which in turn holds 50.44% (Fifty point four four per cent) of the Voting Share Capital of the Target Company. Accordingly, the parameters set out above would have to be compared with respect to PAC 2 and the Target Company. In this regard, the relevant calculations for the net asset value, consolidated revenue and market capitalisation for PAC 2 and the Target Company are set out below, which clearly indicates that the aforesaid thresholds set out above are not met.

In INR (million)	**Parent (PAC 2)**	**Target Company**	**Target / PAC 2 (%)**
Net Asset Value	7,788	2,443	31.37%
Sales Turnover	7,522	3,191	42.42%
Market Capitalization of Target Company/ Enterprise Value of PAC 2	7,515	3,594	47.82%

Source: Report by Bansi S. Mehta & Co., Chartered Accountants, dated December 18, 2014

Note:

1. *As per the laws of Delaware, since the PAC 2 was a subsidiary of Seller, PAC 2 was not required to prepare audited consolidated financial statements. Accordingly, the analysis for net asset value and sales turnover is based on combined financial information of PAC 2 and Target Company, as derived from the report by KPMG dated December 8, 2014, as at and for the 12 month period ended August 31, 2014.*

2. *Market capitalization of the Target Company has been calculated based on volume weighted average price of Rs. 245.85 per Equity Share i.e. volume weighted average price for sixty trading days preceding the date on which Primary Acquisition was contracted, being December 13, 2014.*

3.1.6 The enterprise value of the Target Company was derived by making deductions for actual cash as of October 2014 adding debt-like-items, which relates to a portion of cash that was considered as trapped as it would be distributed to other shareholders in a dividend payment.

3.1.7 For entities under the Pfaudler group, other than the Target Company, similar EBITDA multiples were assumed across all companies.

3.1.8 Based on the above analysis, neither of the criteria set out under Regulation 5 (2) of the SEBI (SAST) Regulations are in excess of 80% (Eighty percent), and hence the Primary Acquisition cannot be deemed to be a ‘direct acquisition’ as per the provisions of the SEBI (SAST) Regulations.

3.1.9 Since the Transaction Document was contracted on December 13, 2014, the PA in respect of the Transaction Document was issued within 4 (Four) Working Days from December 13, 2014 on December 18, 2014 as contemplated under Regulation 13(2)(e) of the SEBI (SAST) Regulations.

Upon completion of the Primary Transaction, the Acquirer has become the ultimate holding company of the PAC 2 resulting in an indirect acquisition of 50.44% (Fifty point four four percent) of the Voting Share Capital held by the PAC 2. Upon completion of the Primary Transaction contemplated in the Transaction Document, the Acquirer holds 100% (One hundred percent) of the issued and paid up share capital of PAC 2. PAC 2, in turn, holds 7,372,475 (Seven million three hundred and seventy two thousand four hundred and seventy five) Equity Shares amounting to 50.44% (Fifty point four four percent) of the Voting Share Capital. PAC 2 is one of the promoters of the Target Company.

3.1.10 Some key features of the Transaction Document are as follows:

(a) Pursuant to the terms of the Transaction Document, PAC 2 has been acquired by the Acquirer and all the property, rights, privileges, immunities, powers and franchises of PAC 2 vest in Acquirer. Therefore the completion of the Primary Transaction has resulted in the change of control of PAC 2 in favour of the Acquirer. PAC 2 currently owns 7,372,475 (Seven million three hundred and seventy two thousand four hundred and seventy five) Equity Shares of the Target Company which is equivalent to 50.44% (Fifty point forty four percent) of the Voting Share Capital of the Target Company. Thereafter, PAC 2 is acting in concert with the Acquirer and will be acquiring the shares of the Target Company tendered in the Open Offer.

(b) As a result of the above, upon completion of the transactions contemplated in the Transaction Document, PAC 2 has become the wholly owned subsidiary of the Acquirer.

(c) The Transaction Document is governed by English law and all disputes will be finally settled under the Rules of Arbitration of the International Chamber of Commerce.

3.1.11 The proposed indirect acquisition of voting rights in and control by the Acquirer over the Target Company is not through any scheme of arrangement under Indian Laws.

3.1.12 The Acquirer and the PAC have not been prohibited by SEBI, from dealing in securities, in terms of Section 11 B of the SEBI Act or under any of the regulations made under the said act.

3.1.13 As of the date of this Draft Letter of Offer, Mr Darius Shroff, Mr Michael Reed and Mr Sudipta Sengupta are nominee directors of PAC 2 on the Board of Directors of the Target Company. In terms of Regulation 24(4) of the SEBI (SAST) Regulations, no directors representing the Acquirer or the PAC shall participate in any deliberations of the Board of Directors or vote on any matter in relation to this Offer.

3.1.14 The Acquirer and the PAC may appoint their nominees on the Board of Directors during the Offer Period in accordance with the SEBI (SAST) Regulations by depositing 100% of the Maximum Consideration payable under the Offer in the Offer Escrow Account as required under Regulation 24(1) of the SEBI (SAST) Regulations.

3.1.15 As per Regulation 26(6) of the SEBI (SAST) Regulations, the Board of Directors is required to constitute a committee of independent directors to provide its reasoned recommendation on this Offer to the Eligible Shareholders. Such recommendation shall be published at least 2 (Two) Working Days before the commencement of the Tendering Period in the same newspapers where the DPS was published in compliance with Regulation 26(7) of the SEBI (SAST) Regulations.

3.2 Details of this Offer

3.2.1 The Acquirer and the PAC have published the DPS on January 07, 2015 which appeared in the following newspapers:

Newspaper	Language	Editions
Financial Express	English	All editions
Jansatta	Hindi	All editions
Mumbai Lakshadeep	Marathi	Mumbai edition
Financial Express	Gujarati	Ahmedabad edition

A copy of the DPS is also available on SEBI website: www.sebi.gov.in

3.2.2 This Offer is made by the Acquirer and the PAC to all Eligible Shareholders, to acquire up to 3,654,375 (Three million six hundred and fifty four thousand three hundred and seventy five) Equity Shares, representing 25% (Twenty five percent) of the Voting Share Capital, at a price of INR 247.54 (Rupees Two hundred and forty seven and fifty four paise) per Equity Share, to be paid in cash, in accordance with Regulation 9(l)(a) of the SEBI (SAST) Regulations and subject to the terms and conditions set out in the PA, the DPS and the Letter of Offer.

3.2.3 This Offer for is being made to all the Eligible Shareholders.

3.2.4 As of the date of this Draft Letter of Offer, there are no: (i) partly paid-up Equity Shares; and (ii) outstanding convertible instruments (warrants/fully convertible debentures/ partially convertible debentures) issued by the Target Company. (*Source: BSE website and Target Company Annual Report 2013 -2014*). Further, there is no differential pricing for the Offer.

3.2.5 This Offer is not a competing offer in terms of Regulation 20 of the SEBI (SAST) Regulations. There has been no competing offer as of the date of this Draft Letter of Offer.

3.2.6 To the best of the knowledge of the Acquirer and the PAC, no statutory approvals are required by the Acquirer or the PAC to complete this Offer. However, in case of any statutory approvals being required by the Acquirer or the PAC at a later date, this Offer shall be subject to such approvals and the Acquirer or the PAC shall make the necessary applications for such approvals.

3.2.7 The Acquirer and the PAC will have the right not to proceed with this Offer in accordance with Regulation 23 of the SEBI (SAST) Regulations, in the event such statutory approvals are refused. In the event of withdrawal of this Offer, a public announcement will be made within 2 (Two) Working Days of such withdrawal, in the same newspapers in which the DPS has been published and such public announcement will also be sent to BSE, SEBI and the Target Company at its registered office.

3.2.8 This Offer is not conditional upon any minimum level of acceptance in terms of Regulation 19(1) of the SEBI (SAST) Regulations.

3.2.9 The Acquirer and the PAC have not acquired any Equity Shares after the date of PA, i.e. December 18, 2014 and up to the date of this Draft Letter of Offer.

3.3 **Object of the Primary Transaction and this Offer**

3.3.1 The Primary Transaction has resulted in an indirect acquisition of voting rights in and control by the Acquirer over the Target Company for the purposes of the SEBI (SAST) Regulations, requiring the Acquirer to make this Offer to the Eligible Shareholders in accordance with the SEBI (SAST) Regulations.

3.3.2 The Acquirer proposes to continue the existing business of the Target Company as on the date of this Draft Letter of Offer. However, as of the date of this Draft Letter of Offer, the Acquirer cannot ascertain the repercussions, if any, on the employees and locations of the Target Company's places of business.

3.3.3 In terms of Regulation 25(2) of the SEBI (SAST) Regulations, the Acquirer and PAC do not currently have any intention to alienate, restructure, dispose off or otherwise encumber any assets of the Target Company or any of its subsidiaries in the succeeding 2 (Two) years from the completion of this Offer, except in the ordinary course of business and other than as already agreed, disclosed and/or publicly announced by Target Company. The Board of Directors of the Target Company may in such ordinary course of business take decisions to alienate, restructure, dispose off or transfer of assets of the Target Company in accordance with applicable laws. The Acquirer and PAC undertake that they will not restructure, sell, lease, dispose off or otherwise encumber any substantial assets of the Target Company or any of its subsidiaries other than as stated above in the succeeding 2 (Two) years from the completion of this Offer, except with the prior approval of the shareholders of the Target Company through a special resolution, passed by way of postal ballot.

3.3.4 As on the date of this Draft Letter of Offer, the total public shareholding in the Target Company is 25% (Twenty five percent), of the total paid up equity share capital of the Target Company.

3.3.5 Since the PAC 2 has now become the subject matter of a global acquisition by the Acquirer resulting in this Offer, in terms of Regulation 7(4) of the SEBI (SAST) Regulations, if as a result of the Equity Shares accepted in the Offer, the non-public shareholding in the Target Company exceeds the maximum permissible non-public shareholding, the Acquirer and/or PAC shall be required to bring down the non-public shareholding to the level specified within the time permitted under the SCRR.

4 BACKGROUND OF THE ACQUIRER AND THE PAC

4.1 <u>Acquirer- Pfaudler US Inc</u>

4.1.1 The Acquirer was incorporated on 21 October 2014 under the laws of the State of Delaware with file number 5624857. The registered office of the Acquirer is located at 1209 Orange Street, City of Wilmington, County of New Castle, Delaware 19801, United States of America. Its telephone number is +1 302 472 9100 and fax number is +1 302 4727126. The Acquirer can conduct any business which is considered a lawful act or activity for which a corporation may be organized under the General Corporation Law of Delaware. The name of the Acquirer has never been changed since the date of its incorporation.

4.1.2 The Acquirer is party to the Transaction Document, pursuant to which there has been a change in the indirect shareholding and control of the Target Company. The relationship of the Acquirer with PAC 1 is further detailed in paragraph 3.2 of this Draft Letter of Offer (which contains information relating to PAC 1). The Acquirer does not belong to any one group.

4.1.3 Mr C. Anthony Shippam has been the President and CEO of Stewart Management Company, Wilmington, DE and Las Vegas, NV since 2002. He currently serves as the President and Director of Leni Gas & Oil, USA, and is a director of PMI North America – a subsidiary of Petroleos Mexicanos. He is also a director on the board of several funds sponsored by Deutsche Bank, Cohen & Steers, BlackRock, Salient and GreenSquare. He also serves as a director and officer on various single purpose entities. Anthony Shippam is also the Managing Partner of Stewart Law Firm, Wilmington, Delaware and Las Vegas, Nevada since 2006. Anthony Shippam has a Juris Doctor from Widener University School of Law, Wilmington, Delaware, a Master of Business Administration from Florida Institute of Technology and a B.A. – European Integration / International Business from American University. He was appointed on the board of the Acquirer on 4 November 2014.

4.1.4 Pfaudler US Holding Inc is the sole shareholder of the Acquirer and owns all 100 (One hundred) shares of face value of USD 0.01 each.

4.1.5 Neither the Acquirer nor its director and/or key managerial personnel have any interest in the Target Company.

4.1.6 The issued and paid up capital of the Acquirer is USD 1 (United States Dollar One) consisting of 100 (Hundred) shares with a face value of USD 0.01.

4.1.7 Post the issue of the PA on December 18, 2014, the Acquirer has not acquired any equity shares of the Target Company.

4.1.8 As on the date of this Draft Letter of Offer, the Acquirer holds 100% (One hundred percent) shares of PAC 2 and PAC 2 in turn holds 50.44% (Fifty point forty four percent) of the Voting Share Capital.

4.1.9 The equity shares of the Acquirer are not listed on any stock exchange.

4.1.10 The Acquirer has not been prohibited by SEBI from dealing in securities, in terms of Section 11B of the SEBI Act or under any of the regulations made under the SEBI Act.

4.1.11 As the Acquirer has been incorporated on October 21, 2014 audited accounts of the Acquirer have not been prepared as of the date of this Draft Letter of Offer. Latest financial Information of the Acquirer as certified by Cover & Rossister, Certified Public Accountants & Advisors, Delaware:

Profit & Loss Statement	**For the period ending 31 December 2014**	
	USD million	**INR million**
Income from Operations	-	-
Other Income	-	-
Total Income	-	-
Total Expenditure	**4.19**	**266.09**
Profit/(Loss) before Depreciation, Interest & Tax	**(4.19)**	**(266.09)**
Depreciation	-	-
Interest and Finance Charges	-	-
Profit/ (Loss) Before Tax	**(4.19)**	**(266.09)**
Provision for Tax	**-**	**-**
Profit/ (Loss) After Tax	**(4.19)**	**(266.09)**

Balance Sheet	**For the period ending 31 December 2014**	
	USD million	**INR million**
Sources of Funds		
Paid up Share Capital	26.35	1,675.10
Reserves and Surplus (excluding Revaluation Reserves)	**(4.19)**	(266.09)
Net worth	**22.16**	**1,409.01**
Secured Loans	51.50	3,274.44
Unsecured Loans	-	-
Total	**73.66**	**4,683.45**
Uses of funds		
Net fixed assets	**-**	**-**
Investments	66.22	4,210.50
Net current assets	7.44	472.95
Total miscellaneous expenditure not written off	-	-
Total	**73.66**	**4,683.45**

Other Financial Data	**For the period ending 31 December 2014**	
	USD	**INR**
Dividend (%)	**-**	**-**
Earnings Per Share (EPS) - Basic and Diluted	(41,850)	(2,660,877)

Notes:

1. *All amounts are in millions, except per share data.*
2. *Since the financials of the Acquirer are presented in USD, a conversion of such financials into Indian Rupees has been adopted. The USD to INR conversion has been assumed at the rate of 1 USD = Rs. 63.5813 as on December 17, 2014 (i.e. 1 (One)) working day prior to the date of the PA) (Source: www.rbi.org.in)*

4.1.12 The Acquirer confirms that as on December 31, 2014 it has no major contingent liabilities.

4.1.13 The relevant provisions of Chapter II of the Securities and Exchange Board of India

(Substantial Acquisition of Shares and Takeovers) Regulations, 1997 and Chapter V of the SEBI (SAST) Regulations are not applicable to the Acquirer with respect to the Target Company since the Acquirer has not directly acquired or sold any Equity Shares.

4.2 **PAC 1 - Pfaudler Holding S.à r.l.**

4.2.1 PAC 1 was incorporated on October 16, 2014 under the laws of Luxembourg with registration number B 191383. The registered office of the Acquirer is located at 59, Rue de Rollingergrund, L-2440, Luxembourg. Its telephone number is (+352) 28 48 06 40 -1 and fax number is (+352) 28 48 06 40 -70. PAC 1 can conduct any business which is considered a lawful act or activity for which a corporation may be organized under the laws of Luxembourg. The name of PAC 1 has not been changed since the date of its incorporation.

4.2.2 PAC 1 has entered into a loan agreement dated December 18, 2014, with the Acquirer, where it has agreed to provide a loan of up to USD 16,000,000 (United States Dollars Sixteen million) (aggregating to INR 1,017,300,800 at exchange rate of INR 63.5813 per USD as on December 17, 2014 (Source: http://www.rbi.org.in)) to fulfill the funding obligations under the Primary Transaction, the Offer and/or any other lawful purpose as may be mutually agreed upon by the Parties.

4.2.3 Mr Stefan Gerhard Lambert and Mr Wolfgang Michael Zettel are the directors of PAC 1 and are not directors on the board of the Target Company.

4.2.4 Wolfgang Zettel has a broad business background and more than 20 years of experience in the financial sector. Wolfgang Zettel is manager and co-founder of Avega S.à r.l., a Luxembourg based independent accounting firm. Previously, he was in charge of the Asia Pacific region including India as the financial director in LuK GmbH and the financial controller at Henkel KGaA. He is currently on the board of managers of PAC 1, Pfaudler Midco S.à r.l. and Pfaudler International S.à r.l. and on the board of several other holding companies. He was appointed to the board of PAC 1 on October 16, 2014.

4.2.5 Stefan Lambert has more than 20 years of experience in the financial sector. Stefan Lambert is a Managing Partner and co-founder of Avega S.a r.l., Grand Duchy of Luxembourg. Previously, he worked with General Electric Fanuc S.A. for ten years and with one of the Big Four auditing firms in Luxembourg for three years. Stefan is currently on the board of PAC 1, Pfaudler Midco S.à r.l. and Pfaudler International S.à r.l. and on the board of several other holding companies. He was appointed to the board of PAC 1 on October 16, 2014.

4.2.6 The details of the key shareholders of PAC 1 are as provided below:

Name of the Shareholder	Number of shares held	Percentage
DBAG Fund VI Konzern (Guernsey) LP	7,261,085	18.76 %
DBAG Fund VI (Guernsey) LP	30,955,165	79.99 %
DBG Advisors VI GmbH & Co KG	483,750	1.25 %
Total	**38,700,000**	100%

4.2.7 The issued and paid up capital of PAC 1 is USD 38,700,000 (United States Dollars Thirty eight million seven hundred thousand) consisting of 38,700,000 (Thirty eight million seven hundred thousand) shares of USD 1 each.

4.2.8 The relevant provisions of Chapter II of the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 1997 and Chapter V of the SEBI (SAST) Regulations are not applicable to PAC 1 with respect to the Target Company since PAC 1 has not directly acquired or sold any Equity Shares.

4.2.9 Neither PAC 1 nor its directors or key managerial personnel hold any equity shares of or have any interest in the Target Company.

4.2.10 PAC 1 is the indirect shareholder of PAC 2 (the current shareholder of Target Company).

4.2.11 Post the issue of the PA on December 18, 2014, PAC 1 has not acquired any equity shares of the Target Company.

4.2.12 The equity shares of PAC 1 are not listed on any stock exchange.

4.2.13 PAC 1 has not been prohibited by SEBI from dealing in securities in terms of Section 11 B of SEBI Act or under any of the regulations made under the SEBI Act.

4.2.14 As PAC 1 has been incorporated on 16 October 2014, audited accounts of PAC 1 have not been prepared as of the date of this Draft Letter of Offer. Financial Information of PAC 1 as certified by Deloitte Audit Société à Responsabilité Limitée located at 560, rue de Neudorf, L-2220 Luxembourg, Luxembourg has been provided below:

Profit & Loss Statement	**For the period ending 31 December 2014**	
	USD million	**INR million**
Income from Operations	-	-
Other Income	-	-
Total Income	-	-
Total Expenditure	-	-
Profit/(Loss) before Depreciation, Interest & Tax	-	-
Depreciation	-	-
Interest and Finance Charges	0.40	25.43
Profit/ (Loss) Before Tax	**(0.40)**	**(25.43)**
Provision for Tax	**-**	**-**
Profit/ (Loss) After Tax	**(0.40)**	**(25.43)**

Balance Sheet	**For the period ending 31 December 2014**	
	USD million	**INR million**
Sources of Funds		
Paid up Share Capital	38.70	2,460.60
Reserves and Surplus (excluding	(0.40)	(25.43)

Revaluation Reserves)		
Net worth	**38.30**	**2,435.16**
Secured Loans	-	-
Unsecured Loans	21.50	1,367.00
Total	**59.80**	**3,802.16**
<u>Uses of funds</u>		
Net fixed assets	-	-
Investments	38.90	2,473.31
Net current assets	20.90	1,328.85
Total miscellaneous expenditure not written off	-	-
Total	**59.80**	**3,802.16**

Other Financial Data	**For the period ending 31 December 2014**	
	USD	**INR**
Dividend (%)	**-**	**-**
Earnings Per Share (EPS) - Basic and Diluted	(0.01)	(0.66)

Notes:

1. *All amounts are in millions, except per share data.*
2. *Since the financials of PAC 1 are presented in USD, a conversion of such financials into Indian Rupees has been adopted. The USD to INR conversion has been assumed at the rate of 1 USD = Rs. 63.5813 as on December 17, 2014 (i.e. 1 (One)) working day prior to the date of the PA) (Source: www.rbi.org.in).*

4.2.15 PAC 1 confirms that as of December 31, 2014 PAC 1, it has no major contingent liabilities.

4.3 **<u>PAC 2 - Pflauder Inc, USA</u>**

4.3.1 PAC 2, a company limited by shares, was incorporated on January 31, 1994 under the laws of Delaware. The registered office of PAC 2 is located at 1209 Orange Street, City of Wilmington, County of New Castle, Delaware 19801, United States of America. Its telephone number is (585) 235-1000 and fax number is (585) 235-7923. PAC 2 was incorporated as Pfaudler (United States) Inc. on January 31, 1994 and the name was changed to Pfaudler, Inc. on March 6, 1995.

4.3.2 PAC 2 is engaged in the business of manufacturing, marketing and selling reactor vessels. Upon completion of the Primary Transaction (defined below) on December 30, 2014 at Frankfurt, Germany, PAC 2 has become part of the group of entities controlled by the Acquirer.

4.3.3 As on the date of this Draft Letter of Offer, PAC 2 is the wholly owned subsidiary of the Acquirer.

4.3.4 The equity shares of PAC 2 are not listed on any stock exchange.

4.3.5 PAC 2 is one of the promoters of the Target Company and holds 7,372,475 (Seven million three hundred, and seventy two thousand four hundred and seventy five) Equity Shares representing 50.44% (Fifty point forty four percent) of the Voting Share Capital of the Target Company. Please note that in the PA dated December 18, 2014, the number of shares held by PAC 2 in the Target Company was inadvertently disclosed to be 7,373,067 (Seven million three hundred and seventy three thousand sixty seven). As per the filings made by the Target Company with the stock exchange, PAC 2 owns 7,372,475 (Seven million three hundred and seventy two thousand four hundred and seventy five) equity shares of the Target Company which represents 50.44 % (Fifty point four four percent) of the Voting Share Capital, which has been reflected in this Draft Letter of Offer and the DPS dated January 7, 2015.

(a) Pursuant to the terms of the Transaction Document, PAC 2 has been acquired by the Acquirer and all the property, rights, privileges, immunities, powers and franchises of PAC 2 vest in Acquirer. Therefore the completion of the Primary Transaction has resulted in the change of control of PAC 2 in favour of the Acquirer. PAC 2 currently owns 7,372,475 (Seven million three hundred and seventy two thousand four hundred and seventy five) Equity Shares of the Target Company which is equivalent to 50.44% (Fifty point forty four percent) of the Voting Share Capital of the Target Company. Thereafter, PAC 2 is acting in concert with the Acquirer and will be acquiring the shares of the Target Company tendered in the Open Offer.

(b) As a result of the above, upon completion of the transactions contemplated in the Transaction Document, PAC 2 has become the wholly owned subsidiary of the Acquirer.

(c) The Transaction Document is governed by English law and all disputes will be finally settled under the Rules of Arbitration of the International Chamber of Commerce.

4.3.6 As of the date of this Draft Letter of Offer, Mr Darius Shroff, Mr Michael Reed and Mr Sudipta Sengupta are nominee directors of PAC 2 on the board of directors of the Target Company.

4.3.7 Mr Andrew C. Wills has been the Managing Director (President) of the Pfaudler Process Solutions Group since April 2009. Prior to his current role, he held the positions of Managing Director of PSG Europe, Middle East and Asia from 2006 to 2009, Managing Director Reactor Systems Group from 2005 to 2006, Vice President Global Manufacture Reactor Systems Group from 2004 to 2005 and Managing Director Robbins & Myers UK 1996 to 2004. He has also held a number of management positions in the areas of operations, sales and marketing within the Pfaudler organization. Before joining Robbins & Myers in 1989 (subsequently part of NOV from February 21 2013 until December 30 2014), he worked for Babcock Power and later Babcock Construction, initially in the design and manufacturing of steam generation plants and latterly in the construction and maintenance of both conventional and nuclear facilities. He has a BSc in Mechanical Engineering from the Open University UK and a HNC in Production Engineering. He was previously the President of the Scottish Engineering Employer's Federation. He was appointed to the board of PAC 2 on December 30, 2014.

4.3.8 The issued and paid up share capital of PAC 2 IS USD 1,000 (United States Dollars One thousand) consisting of 1,000 (One thousand) shares of common stock having par value of USD 1 (United States Dollar One).

4.3.9 As of the date of this Draft Letter of Offer, the Acquirer is the sole shareholder of PAC 2 and owns 1,000 (One thousand) shares of common stock having par value of USD 1 (United States Dollar One) which represents 100% (One hundred percent) of the paid up share capital of PAC 2.

4.3.10 As of the date of this Draft Letter of Offer, Mr Darius Shroff, Mr Michael Reed and Mr Sudipta Sengupta are nominee directors of PAC 2 on the board of directors of the Target Company. Other than this, its shareholding in the Target Company, and being a Promoter of the Target Company, neither PAC 2 nor its directors or key managerial personnel have any interest in the Target Company.

4.3.11 Post the issue of the PA on December 18, 2014, PAC 2 has not acquired any equity shares of the Target Company.

4.3.12 PAC 2 had entered into a shareholders' agreement dated October 6, 1999 with Mr Ashok Patel, an Indian promoter of the Target Company.

4.3.13 RM an affiliate of the Seller and Mr. Ashok Patel (an Indian promoter of the Target Company) have entered into a non-competition agreement dated October 6, 1999, pursuant to which Mr Ashok Patel is restricted from competing with certain businesses of RM, including products sold by the Target Company.

4.3.14 PAC 2 and the Target Company are parties to an agreement dated December 4, 2002, pursuant to which the Target Company is permitted to use PAC 2's technical know-how in certain countries.

4.3.15 PAC 2 has not been prohibited by SEBI from dealing in securities in terms of Section 11 B of SEBI Act or under any of the regulations made under the SEBI Act.

4.3.16 The key combined financial information of PAC 2, as derived from the report by KPMG dated December 8, 2014, as at and for the 12 month period ended 31 August 2014, 31 August 2013 and 31 August 2012, is as follows.

Profit & Loss Statement	**For the period ending 31 August 2012**		**For the period ending 31 August 2013**		**For the period ending 31 August 2014**	
	USD million	**INR million**	**USD million**	**INR million**	**USD million**	**INR million**
Income from Operations	114.53	7,282.22	105.49	6,706.87	118.30	7,521.67
Other Income	0.20	12.40	0.05	3.18	0.30	19.07
Total Income	**114.73**	**7,294.62**	**105.54**	**6,710.05**	**118.60**	**7,540.74**
Total Expenditure	**101.20**	**6,434.55**	**92.08**	**5,854.50**	**100.42**	**6,385.09**
Profit/(Loss) before Depreciation & Amortisation, Interest & Tax	**15.49**	**984.87**	**15.51**	**985.89**	**15.19**	**966.05**
Depreciation & Amortisation	2.16	137.21	2.19	139.37	2.10	133.52

Profit & Loss Statement	For the period ending 31 August 2012		For the period ending 31 August 2013		For the period ending 31 August 2014	
	USD million	INR million	USD million	INR million	USD million	INR million
Interest and Finance Charges	0.31	19.52	0.25	15.70	0.23	14.81
Profit/ (Loss) Before Tax	**12.01**	**763.87**	**12.45**	**791.33**	**12.79**	**813.33**
Provision for Tax	3.94	250.45	2.75	174.78	2.11	134.41
Profit/ (Loss) After Tax	**8.08**	**513.42**	**9.70**	**616.55**	**10.68**	**678.92**

Balance Sheet	For the period ending 31 August 2012		For the period ending 31 August 2013		For the period ending 31 August 2014	
	USD million	INR million	USD million	INR million	USD million	INR million
Sources of Funds						
Paid up Share Capital	32.96	2,095.45	46.19	2,937.01	46.35	2,946.93
Reserves and Surplus (excluding Revaluation Reserves)	31.54	2,005.35	37.26	2,369.17	76.14	4,841.27
Net worth	**64.50**	**4,100.80**	**83.46**	**5,306.18**	**122.49**	**7,788.20**
Secured Loans	-	-	0.13	8.46	-	-
Unsecured Loans	-	-	-	-	-	-
Pension Liabilities	0.65	41.01	0.01	0.38	0.14	8.58
Total	**65.14**	**4,141.81**	**83.59**	**5,315.02**	**122.63**	**7,796.78**
Uses of funds						
Net fixed assets	37.04	2,355.24	35.95	2,285.75	77.07	4,900.27
Investments	0.26	16.34	0.13	8.14	0.14	9.03
Net current assets	27.84	1,770.23	47.52	3,021.13	45.41	2,887.48
Total miscellaneous expenditure not written off	-	-	-	-	-	-
Total	**65.14**	**4,141.81**	**83.59**	**5,315.02**	**122.63**	**7,796.78**

Other Financial Data	For the period ending 31 August 2012		For the period ending 31 August 2013		For the period ending 31 August 2014	
	USD	INR	USD	INR	USD	INR
Dividend (%)	0%	0%	0%	0%	0%	0%
Earnings Per Share (EPS) - Basic and Diluted	8,075	513,419	9,697	616,548	10,678	678,921

Notes:
1. All amounts are in millions, except per share data.
2. Since the financials of PAC 2 are presented in USD, a conversion of such financials into Indian Rupees has been adopted. The USD to INR conversion has been assumed at the rate of 1 USD = Rs. 63.5813 as on December 17, 2014 (i.e. 1 (One)) working day prior to the date of the PA) (Source: www.rbi.org.in).
3. As per the laws of Delaware, Since the PAC 2 was a subsidiary of RM, the financial statements of PAC 2 need not be audited.

4.3.17 As per above financial information of PAC 2 as at August 31, 2014, there are no major contingent liabilities.

Certain filings to be made by the PAC 2 under relevant provisions of Chapter II of the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 1997 and Chapter V of the SEBI (SAST) Regulations have either not been complied with or have been delayed, the details of which are listed below:

Sr. No.	Regulation/ Sub-Regulation	Financial year	Year end/ dividend	Year ended/ Record date	Due date of filing	Actual Date of Compliance	Delay, if any (in No. of days)
1	8(1) & (2)	2004-05	Year end	31.03.2005	21.04.2005	No Evidence, Not complied	No Evidence, Not complied
2	8(1) & (2)	2005-06	Interim dividend	20.05.2005	10.06.2005	No Evidence, Not complied	No Evidence, Not complied
3	8(1) & (2)	"	Interim dividend	05.08.2005	26.08.2005	No Evidence, Not complied	No Evidence, Not complied
4	8(1) & (2)	"	Interim dividend	10.11.2005	01.12.2005	No Evidence, Not complied	No Evidence, Not complied
5	8(1) & (2)	"	Interim dividend	08.02.2006	01.03.2006	No Evidence, Not complied	No Evidence, Not complied
6	8(1) & (2)	"	Year end	31.03.2006	21.04.2006	No Evidence, Not complied	No Evidence, Not complied
7	8(1) & (2)	2006-07	Interim dividend	15.05.2006	05.06.2006	No Evidence, Not complied	No Evidence, Not complied
8	8(1) & (2)	"	Interim dividend	16.08.2006	06.09.2006	No Evidence, Not complied	No Evidence, Not complied
9	8(1) & (2)	"	Interim dividend	31.10.2006	21.11.2006	No Evidence, Not complied	No Evidence, Not complied
10	8(1) & (2)	"	Interim dividend	16.02.2007	09.03.2007	No Evidence, Not complied	No Evidence, Not complied
11	8(1) & (2)	"	Year end	31.03.2007	21.04.2007	No Evidence, Not complied	No Evidence, Not complied
12	8(1) & (2)	2007-08	Interim dividend	11.05.2007	01.06.2007	No Evidence, Not complied	No Evidence, Not complied
13	8(1) & (2)	"	Interim dividend	17.08.2007	07.09.2007	7-Sep-07	-
14	8(1) & (2)	"	Interim dividend	16.11.2007	07.12.2007	11-Dec-07	4
15	8(1) & (2)	"	Interim dividend	18.02.2008	10.03.2008	7-Mar-08	-
16	8(1) & (2)	"	Year end	31.03.2008	21.04.2008	18-Apr-08	-
17	8(1) & (2)	2008-09	Interim dividend	02.05.2008	23.05.2008	No Evidence, Not complied	No Evidence, Not complied
18	8(1) & (2)	"	Interim dividend	08.08.2008	29.08.2008	2-Sep-08	4
19	8(1) & (2)	"	Interim dividend	07.11.2008	28.11.2008	30-Nov-08	2
20	8(1) & (2)	"	Interim	13.02.2009	06.03.2009	1-Mar-09	-

Sr. No.	Regulation/ Sub-Regulation	Financial year	Year end/ dividend	Year ended/ Record date	Due date of filing	Actual Date of Compliance	Delay, if any (in No. of days)
			dividend				
21	8(1) & (2)	"	Year end	31.03.2009	21.04.2009	27-Apr-09	6
22	8(1) & (2)	"	Interim dividend	13.05.2009	03.06.2009	31-May-09	-
23	8(1) & (2)	2009-10	Interim dividend	13.08.2009	03.09.2009	31-Aug-09	-
24	8(1) & (2)	"	Interim dividend	31.10.2009	21.11.2009	30-Nov-09	9
25	8(1) & (2)	"	Interim dividend	10.02.2010	03.03.2010	1-Mar-10	-
26	8(1) & (2)	"	Year end	31.03.2010	21.04.2010	27-Apr-10	6
27	8(1) & (2)	"	Interim dividend	12.05.2010	02.06.2010	31-May-10	-
28	8(1) & (2)	2010-11	Interim dividend	13.08.2010	03.09.2010	31-Aug-10	-
29	8(1) & (2)	"	Interim dividend	12.11.2010	03.12.2010	27-Nov-10	-
30	8(1) & (2)	"	Interim dividend	11.02.2011	04.03.2011	24-Feb-11	-
31	8(1) & (2)	"	Year end	31.03.2011	21.04.2011	14-Apr-11	-
32	8(1) & (2)	2011-12	Interim dividend	13.05.2011	03.06.2011	2-Jun-11	-
33	8(1) & (2)	"	Interim dividend	17.08.2011	07.09.2011	12-Sep-11	5
34	8(1) & (2)	"	Interim dividend	17.11.2011	08.12.2011	10-Dec-11	2
35	8(1) & (2)	"	Interim dividend	13.02.2012	05.03.2012	8-Mar-12	3
36	8(1) & (2)	"	Year end	31.03.2012	21.04.2012	10-Apr-12	-
37	30(1) & 30(2)	2012-13	Year end	31.03.2013	07.04.2013	4-Apr-13	-
38	31(1) & 30(2)	2013-14	Year end	31.03.2014	07.04.2014	3-Apr-14	-

4.3.18 Pursuant to the Letter of Offer dated April 8, 2014 filed by M/s National Oilwell Varco, Inc along with PAC 2 to acquire 26% (Twenty six percent) of the diluted voting equity share capital of the Target Company ("**Previous Letter of Offer**"), PAC 2 received a notice under Rule 4 of SEBI (Procedure for Holding Inquiry and Imposing Penalties by Adjudicating Officer) Rules, 1995 read with Section 15-I of the SEBI Act bearing Notice No EAD-6/AK/VRP/30733/2013/14 dated November 28, 2013 ("**Notice 1**"), wherein the Adjudicating Officer of SEBI alleged that PAC 2 failed to comply with Regulations 8 (2) of the SEBI (SAST) Regulations for the period commencing from 2004 to 2012. Notice 1 called upon PAC 2 to show cause as to (a) why an inquiry should not be held in terms of Rule 4 of SEBI (Procedure for Holding Inquiry and Imposing Penalties by Adjudicating Officer) Rules, 1995; and (b) penalty not be imposed under Section 15 A (b) of the SEBI Act for the alleged non-compliance. As per Notice 1, the penalty that may be levied in such a case would be INR 100,000 (Indian Rupees One hundred thousand) for every day that the contravention continues or INR 10,000,000 (Indian Rupees Ten million).

4.3.19 In response to Notice 1, PAC 2 through its legal representatives addressed a letter dated July 11, 2014 to the Adjudicating Officer stating that Notice 1 does not contain any material to substantiate the alleged non-compliance and that SEBI did not conduct any independent findings of investigation or inquiry to level such serious allegations. With respect to twelve alleged non-compliances post 2007, information showing PAC 2's compliance with Regulation 8 (2) of the SAST Regulations was provided to SEBI. With respect to eleven alleged non-compliances prior to 2007, it was submitted that non-availability of records of compliance should not imply non-compliance and violation. Regarding, four alleged non-compliances from 2008 to 2011, it was stated that these are in the nature of absence of disproof being conflated to proof of non-compliance. It also states that PAC 2 has completely complied with Clause 35 of the Listing Agreement and therefore, alleged non-compliances under Regulation 8 (2) of the SAST Regulations are not valid.

4.3.20 Further pursuant to the Previous Letter of Offer, PAC 2 received a notice bearing Notice No EAD-6/AK/VRP/30733/2013/3 dated November 28, 2013 ("**Notice 2**") wherein, SEBI observed that a public announcement ought to have been issued in respect to the Merger Agreement dated 8 August 2012 executed between Robbins & Myers Inc and Raven Process Corp whereby /s National Oilwell Varco, Inc acquired the entire share capital of Robbins & Myers Inc. The transaction was completed and implemented on February 20, 2013. As per SEBI's observations, the public announcement ought to have been made four working days from August 8, 2012 while the public announcement was made on 22 February 2013, thereby causing a delay of approximately six and half months. SEBI alleged that this amounted to a violation of Regulation 13 (2) of SEBI (SAST) Regulations by PAC 2. The Notice 2 called upon PAC 2 to show cause as to why an inquiry should not be held in terms of Rule 4 of SEBI (Procedure for Holding Inquiry and Imposing Penalties by Adjudicating Officer) Rules, 1995 and penalty not be imposed under Section 15 A (b) of the SEBI Act for the alleged non-compliance. As per Notice 2, the penalty that may be levied in such a case would be INR 250,000,000 or 3 times the amount of profits made out of such failure whichever is higher.

4.3.21 In response to Notice 2, PAC 2 through its legal representatives addressed a letter dated March 25, 2014 to the Adjudicating Officer stating that the alleged delay was merely a technical delay. It clarified that the offer was an indirect offer in terms of Regulation 5 of SEBI (SAST) Regulations and therefore, the detailed public statement in case of indirect offers is required to be published only once the underlying transaction is completed. Further, the underlying intent of Regulation 13 (2) of SEBI (SAST) Regulations was fulfilled by intimating the BSE on August 23, 2012 and hence, the delayed public announcement made on February 21, 2013 was merely a procedural formality.

4.3.22 PAC 2 received Notice bearing Notice No EAD-6/AK/VRP/414/2013/2015 dated January 5, 2015 ("**Notice 3**") with respect to the Adjudication proceedings in Notice 1 and Notice 2. Notice 3 states that the submissions made vide the above responses to Notice 1 and Notice 2 and during the personal hearing were not taken into account by SEBI. However, SEBI granted PAC 2 with the opportunity to file final / additional submissions on or before January 12, 2015 and granted PAC 2 with an opportunity for personal hearing on January 16, 2015.

4.3.23 It is possible that SEBI may take action against PAC 2 for the abovementioned non compliances.

4.3.24 Other than as enumerated, PAC 2 has complied with the relevant provisions of Chapter II of the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 1997 and Chapter V of the SEBI (SAST) Regulations with respect to the Target Company during the last 10 (Ten) years.

4.3.25 PAC 2 has not been prohibited by SEBI from dealing in securities in terms of Section 11 B of SEBI Act or under any of the regulations made under the SEBI Act.

4.4 **Details of Selling Shareholders, if applicable**

Details of selling shareholder in this case is not applicable as this Offer is an indirect acquisition being made on account of the Transaction Document (defined below) and not as a result of any direct acquisition of Equity Shares, voting rights or control of the Target Company.

4.5 **Details of the Target Company**

4.5.1 The Target Company, a public limited company and having its registered office at Vithal Udyognagar, Anand - Sojitra Road, Karamsad - 388 325, Gujarat, India was incorporated in 1962 under the laws of India. The telephone number of the Target Company is +91 2692 661700 / 230416 / 230516 and fax number is +91 2692 661888 / 236467.

4.5.2 Target Company became a public limited company on November 14, 1963 and changed its name from Gujarat Machinery Manufacturers Private Limited to Gujarat Machinery Manufacturers Limited. in the year 1987, PAC 2 acquired 40% (Forty percent) of the total share capital of the Target Company. PAC 2 increased its shareholding in the Target Company from 40% (Forty percent) to 51% (Fifty one percent) in the year 1999. Consequently, in the year 1999, the name of the Target Company changed from Gujarat Machinery Manufacturers Limited to GMM Pfaudler Limited. The name of the Target Company has not been changed in the last 3 (three) years.

4.5.3 All the Equity Shares are currently listed on BSE (Scrip Code: 505255) (Scrip ID: GMM) (Source: BSE website.) and are currently not suspended from trading on BSE. As on the date of this Draft Letter of Offer, there are no partly paid up equity shares or any other instruments outstanding, convertible into Equity Shares at a future date.

4.5.4 The Equity Shares are frequently traded on BSE in terms of Regulation 2(l)(j) of SEBI (SAST) Regulations. (Further details provided in Part IV below (Offer Price)).

4.5.5 As of the date of this Draft Letter of Offer, the total authorised share capital of the Target Company is INR 50,000,000 (Indian Rupees Fifty million) consisting of 25,000,000 (Twenty five million) equity shares. The total paid-up share capital of the Target Company is INR 29,235,000 (Indian Rupees Twenty nine million two hundred and thirty five thousand) consisting of 14,617,500 (Fourteen million six hundred and seventeen thousand five hundred) equity shares. As on date, the Target Company does not have any outstanding partly paid-up shares.

4.5.6 The key financial information of the Target Company, as derived from its audited consolidated financial statements as at and for the 12-month period ended 31 March 2014, 31 March 2013 and 31 March 2012 and the interim unaudited standalone financial information, which has been subject to limited review by the Target Company's auditors, as at and for the period ending 30 September 2014, is as follows. The said financials have been prepared in accordance with Indian GAAP.

All figures in INR million

Profit & Loss Statement	**6 Months Ended September 30**	**Financial Year Ended March 31,**		
	2014	**2014**	**2013**	**2012**
	Standalone	**Consolidated**		
Net Income from Operations	1,045.14	2,787.86	2,128.93	2,524.36
Other Income	20.16	38.20	55.14	36.36
Total Income	**1,065.30**	**2,826.06**	**2,184.07**	**2,560.72**
Total Expenditure	**887.57**	**2,455.71**	**1,970.19**	**2,344.59**
Profit/(Loss) before Depreciation, Interest & Tax	**177.73**	**370.35**	**213.88**	**216.13**
Depreciation	43.34	88.95	72.44	63.75
Interest and Finance Charges	2.77	10.55	7.28	11.65
Profit/ (Loss) Before Tax	**131.62**	**270.85**	**134.16**	**140.73**
Tax	45.21	80.23	37.30	41.39
Profit/ (Loss) After Tax	**86.41**	**190.62**	**96.86**	**99.34**

All figures in INR million

Balance Sheet	**6 Months Ended September 30**	**As on March 31,**		
	2014	**2014**	**2013**	**2012**
	Standalone	**Consolidated**		
Sources of Funds				
Paid up Share Capital	29.23	29.23	29.23	29.23
Reserves & Surplus (excluding Revaluation Reserves)	1,207.98	1,360.42	1,163.59	1,114.56
Net worth	**1,237.21**	**1,389.65**	**1,192.82**	**1,143.79**
Non-current Liabilities	32.98	46.68	52.67	57.75
Current Liabilities	743.24	910.09	714.64	630.48
Total	**2,013.43**	**2,346.42**	**1,960.13**	**1,832.02**
Uses of funds				
Net fixed assets	357.25	422.56	456.43	455.19
Non-Current Investments	226.82	6.82	6.82	34.36
Long term loans and advances	48.83	46.92	42.83	24.02
Other Non-current Assets	-	119.35	107.86	101.92
Current Investments	110.36	109.64	103.42	50.46
Other Current Assets	1,270.17	1,641.13	1,242.77	1,166.07
Total	**2,013.43**	**2,346.42**	**1,960.13**	**1,832.02**

(In INR, except percentages)

Other Financial Data	6 Months Ended September 30	Financial Year Ended March 31,		
	2014	2014	2013	2012
	Standalone	Consolidated		
Dividend (%)		150%	140%	140%
Earnings Per Share (EPS) - Basic and Diluted	5.91*	13.04	6.63	6.80

**not annualized*

Note: All amounts are in INR millions, except per share data.

4.5.7 Details of the Voting Share Capital as of the date of this Draft Letter of Offer are as follows:

(Source: BSE website)

Paid up equity shares of Target Company	No. of Equity Shares/voting rights	Percentage of Equity Shares/ voting rights
Fully paid up Equity Shares	14,617,500	100
Partly paid up Equity Shares	Nil	Nil
Total paid up Equity Shares	14,617,500	100
Voting Share Capital	**14,617,500**	**100**

4.5.8 The shareholding of the promoters of the Target Company as of January 9, 2015 is as follows:

Sr.No.	Name of the Shareholder	No. of shares held	% of total share capital
1	Pfaudler Inc.	7,372,475	50.44
2	Millars Machinery Company Pvt. Ltd.	1,625,595	11.12
3	Ashok Jethabhai Patel	498,120	3.41
4	Uttarak Enterprise Pvt. Ltd.	406,875	2.78
5	A. J. Patel HUF	277,235	1.90
6	Ashok J. Patel (A J Patel Charitable Trust)	253,125	1.73
7	Tarak Ashok Patel	173,960	1.19
8	Uttara Ashok Patel	166,995	1.14
9	Urmi Ashok Patel	133,625	0.91
10	Panna Shailendra Patel	33,750	0.23
11	Pragna Satish Patel	16,160	0.11
12	Skyline Millars Limited	4,010	0.03
13	Palomita Shailendra Patel	1,200	0.01
TOTAL		**10,963,125**	**75.00**

4.5.9 Trading of the Equity Shares is not currently suspended on the BSE.

4.5.10 The details of the Board of Directors are set forth below:

S.No.	Name	Date of appointment	Designation	Director Identification Number
1.	Mr. P. Krishnamurthy	April 14, 2008	Non Executive & Independent Chairman	00013565
2.	Mr. Ashok J. Patel	January 1, 1988	Managing Director	00165858
3.	Dr. S. Sivaram	June 26, 2003	Non Executive & Independent Director	00009900
4.	Mr. Darius C. Shroff	October 13, 2006	Non Executive Director	00170680
5.	Mr. Tarak A. Patel	January 30, 2007	Executive Director	00166183
6.	Mr. Michael C. Reed	April 24, 2013	Non Executive Director	02246805
7.	Mr. Sudipta Sengupta	July 31, 2013	Non Executive Director	03137467
8.	Dr Amrita Patel	December 11, 2014	Non Executive and Independent Director	00065052

4.5.11 As of the date of this Draft Letter of Offer, Mr Darius Shroff, Mr Michael Reed and Mr Sudipta Sengupta are nominee directors of PAC 2 on the Board of Directors. In terms of Regulation 24(4) of the SEBI (SAST) Regulations, no directors representing the Acquirer or the PAC 2 shall participate in any deliberations of the Board of Directors or vote on any matter in relation to this Offer.

4.5.12 The Target Company has not been involved in any merger, de-merger, spin-off or hiving off during the last 3 (three) years.

4.5.13 The shareholding pattern of the Target Company before and after this Offer, is as follows:

Shareholders' category	**Shareholding & voting rights prior to the agreement/ acquisition and Offer.**		**Shares /voting rights agreed to be acquired which triggered off the SEBI (SAST) Regulations**		**Shares/voting rights to be acquired in Offer (Assuming full acceptance)**		**Shareholding / voting rights after the acquisition and offer.**	
	(A)		**(B)**		**(C)**		**(A)+(B)+(C)**	
	No.	**%**	**No.**	**%**	**No.**	**%**	**No.**	**%**
(1) Promoter group								
a. Parties to agreement, if any	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
b. Promoters other than (a)	10,963,125	75.00	Nil	Nil	3,654,375	25.00	14,617,500	100.00

Shareholders' category	Shareholding & voting rights prior to the agreement/ acquisition and Offer.		Shares /voting rights agreed to be acquired which triggered off the SEBI (SAST) Regulations		Shares/voting rights to be acquired in Offer (Assuming full acceptance)		Shareholding / voting rights after the acquisition and offer.	
above*								
Total 1 (a+b)	**10,963,125**	**75.00**	**Nil**	**Nil**	**3,654,375**	**25.00**	**14,617,500**	**100.00**
(2) Acquirers								
a. Main Acquirer	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
b. PAC	7,372,475	50.44	Nil	Nil	3,654,375	25.00	11,026,850	75.44
Total 2 (a+b)	**7,372,475**	**50.44**	**Nil**	**Nil**	**3,654,375**	**25.00**	**11,026,850**	**75.44**
(3) Parties to agreement other than(1) (a) & (2)	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
(4) Public (other than parties to agreement, acquirers & PAC)								
a. FIs/MFs/FIIs/ Banks, SFIs	127,254	0.87	Nil	Nil	(127,254)	(0.87)	Nil	Nil
b. Others	3,527,121	24.13	Nil	Nil	(3,527,121)	(24.13)	Nil	Nil
Total (4)(a+b)	**3,654,375**	**25.00**	**Nil**	**Nil**	**(3,654,375)**	**(25.00)**	**Nil**	**Nil**
GRAND TOTAL (1+2+3+4)	**14,617,500**	**100.00**	**Nil**	**Nil**	**Nil**	**Nil**	**14,617,500**	**100.00**

** includes the holding of PAC 2, which is a promoter of the Target Company*

5 OFFER PRICE AND FINANCIAL ARRANGEMENTS

5.1 Justification of Offer Price

5.1.1 The Equity Shares are listed on BSE.

5.1.2 The trading turnover of the Equity Shares, based on the trading volume in the Equity Shares on the BSE during December 01, 2013 to November 30, 2014 (12 calendar months preceding the month in which the PA ought to be issued) was as under:

Stock Exchange	Number of Equity Shares traded	Total number of listed Equity Shares	Trading turnover(as a percentage of the total listed Equity Shares)
BSE	4,140,349	14,617,500	28.32%

(Source for BSE trading information: BSE website.)

For the purpose of determining whether or not the Equity Shares are frequently traded, share trading data has been taken for the twelve month period prior to the month in which the public announcement ought to have been made under Regulation 13(2)(e) of the SEBI (SAST) Regulations.

5.1.3 Therefore, in terms of Regulation 2(l)(j) of the SEBI (SAST) Regulations, the Equity Shares are frequently traded on BSE.

5.1.4 The Offer Price of INR 247.54 (Rupees Two hundred and forty seven and fifty four paise) per Equity Share is justified in terms of Regulations 8(3) of SEBI (SAST) Regulations, in view of the following:

(a)	Highest negotiated price per Equity Share, if any, of the Target Company for any acquisition under the Primary Transaction	Not Applicable
(b)	Volume-weighted average price paid or payable for any acquisition, whether by the Acquirer or by any person acting in concert with the Acquirer, during the fifty-two weeks immediately preceding December 13, 2014 (being the earlier of the date on which the Primary Transaction is contracted, and the date on which the intention or the decision to enter into the Primary Transaction is announced in the public domain)	Not Applicable
(c)	Highest price paid or payable for any acquisition, whether by the Acquirer or by any person acting in concert with the Acquirer, during the twenty-six weeks immediately preceding December 13, 2014 (being the earlier of the date on which the Primary Transaction is contracted, and the date on which the intention or the decision to enter into the Primary Transaction is announced in the public domain)	Not Applicable
(d)	Highest price paid or payable for any acquisition, whether by the Acquirer or by any person acting in concert with the Acquirer, between December 13, 2014 (being the earlier of the date on which the Primary Transaction is contracted, and the date on which the intention or the decision to enter into the Primary Transaction is announced in the public domain) and the date of the PA.	Not Applicable
(e)	Volume-weighted average market price of the Equity Shares for a period of 60 trading days immediately preceding December 13, 2014 (being the earlier of the date on which the Primary Transaction is contracted, and the date on which the intention or the decision to enter into the Primary Transaction is announced in the public domain) as traded on the BSE.	INR 245.85 per Equity Share
(f)	Per Equity Share value, as required under Regulation 8(5) of SEBI (SAST) Regulations. *(See Note 2 below)*	INR 211.40 per Equity Share*

** Source: Report dated December 18, 2014 from Bansi S.Mehta & Co., Chartered Accountants*

Note:
In terms of regulation 8(12) of the SEBI (SAST) Regulations, in case of an indirect acquisition other than indirect acquisition referred in Regulation 5(2) of SEBI (SAST) Regulations, the offer price shall stand enhanced by an amount equal to 10% (Ten percent) per annum for the period between the earlier of the date on which the primary acquisition is contracted or the date on which the intention or the decision to make the primary acquisition is announced in the public domain, and the date of the detailed public statement, provided that such period is more than 5 (Five) Working Days.

Bansi S.Mehta & Co., Chartered Accountants, Merchant Chamber, 3rd Floor, 41, New Marine Lines, Mumbai - 400 020, in its report dated December 18, 2014, had confirmed the aforementioned computation of the offer price mentioned in the PA.

The Transaction Document was executed on December 13, 2014 and the first announcement with respect to the Primary Agreement was made on December 16, 2014. The Primary Transaction contemplated in the Transaction Document closed on December 30, 2014 at Frankfurt, Germany. The Offer Price has been enhanced by an interest component, which has been calculated from December 13, 2014 and January 7, 2015, being the date of publication of the DPS. The interest works out to INR 1.69 (Rupees One and sixty nine paise) per Equity Share. Accordingly, the Offer Price including interest works out to INR 247.54 (Rupees Two hundred and forty seven and fifty four paise). Therefore, in terms of Regulation 8(3) of the SEBI (SAST) Regulations, the Offer Price INR 247.54 (Indian Rupees Two hundred forty seven point fifty four paise) per Equity Share is justified.

Note 2:
In terms of Regulation 8(5) of the SEBI (SAST) Regulations, an indirect acquisition where:

1. *the proportionate net asset value of the Target Company, as a percentage of the consolidated net asset value of the entity or business being acquired;*
2. *the proportionate sales turnover of the Target Company, as a percentage of the consolidated sales turnover of the entity or business being acquired; or*
3. *the proportionate market capitalization of the Target Company, as a percentage of the enterprise value for the entity or business being acquired,*

is in excess of 15% (Fifteen percent), on the basis of the combined financial statements for PAC 2 and Target Company as on and for the period ended 31 August 2104 , the Acquirer is required to compute and disclose the per Equity Share value of the Target Company.

The Offer was triggered on account of the Transaction Document pursuant to which the Acquirer has acquired the entire share capital of PAC 2 , which in turn holds 50.44% (Fifty point four four percent) of the voting share capital of the Target Company.

Accordingly, the parameters set out above would have to be compared with respect to PAC 2 and the Target Company. In this regard, the calculations for the relevant parameters for PAC 2 and the Target Company have been set out above at paragraph 2.1.5, which clearly indicate that the 15% (Fifteen percent) threshold set *out above is met.*

The valuation for Target Company was agreed with the Seller in July 2014, and was based on the price for Target Company shares in July 2014 and purchase price negotiations for the Pfaudler process solutions group, resulting in a valuation of the minority stake of US$24.5m (corresponding to a stake of 49.56% or 7,245,025 shares). Considering this valuation, the implied equity value for 100% of the Equity of Target Company is US$49.5m, or US$3.39 per share (or INR 211.40 per share based on the exchange rate of 62.4422 INR/US$ as of 12 December 2014).

Calculation of the volume-weighted average market price of Equity Shares for a period of sixty trading days immediately preceding 13 December 2014 as traded on the BSE as per Regulation 8(3)(e) of the SEBI (SAST) Regulations is as follows:

Sr. No.	Date	Total Traded Equity Shares	Total Turnover (INR)	VWAP (INR)
1	September 11, 2014 to December 12, 2014	1,029,515	253,100,228	245.85

Source: www.bseindia.com

5.1.5 Bansi S.Mehta & Co., Chartered Accountants, located at Merchant Chambers, 3rd Floor, 41, New Marine Lines, Opp SNDT Women University, Mumbai-20, in its report dated December 18, 2014, has confirmed the above mentioned computation.

5.1.6 There have been no corporate actions by the Target Company warranting adjustment of any of the relevant price parameters under Regulation 8(9) of the SEBI (SAST) Regulations. (Source: BSE website)

5.1.7 There has been no revision in the Offer Price or to the Offer Size as of the date of this Draft Letter of Offer.

5.1.8 In the event of acquisition of the Equity Shares by the Acquirer and/or PAC during the Offer period, whether by subscription or purchase, at a price higher than the Offer Price, then the Offer Price will be revised upwards to be equal to or more than the highest price paid for such acquisition in terms of Regulation 8(8) of the SEBI (SAST) Regulations. However, the Acquirer and PAC shall not acquire any Equity Shares after the 3rd (Third) Working Day prior to the commencement of the tendering period of this Offer and until the expiry of the tendering period of this Offer.

5.1.9 An upward revision to the Offer Price or to the Offer Size, if any, on account of competing offers or otherwise, will be done at any time prior to the commencement of the last 3 (Three) Working Days before the commencement of the tendering period of this Offer in accordance with Regulation 18(4) of the SEBI (SAST) Regulations. In the event of such revision, the Acquirer and PAC shall: (i) make a public announcement in the same newspapers in which the DPS has been published; and (ii) simultaneously with the issue of such announcement, inform BSE, SEBI and the Target Company at its registered office of such revision.

5.2 Financial Arrangement

5.2.1 The total funding requirement for this Offer assuming full acceptance of this Offer is INR 904,603,987.50 (Indian Rupees Nine Hundred and Four Million, Six Hundred and Three Thousand, Nine Hundred and Eighty Seven and Fifty paise).

5.2.2 The Acquirer and PAC have made firm financial arrangements for fulfilling the payment obligations under this Offer, in terms of Regulation 25(1) of the SEBI Takeover Regulations, and the Acquirer and PAC are able to implement this Offer. PAC 1 and the Acquirer have entered into a loan agreement dated December 18, 2014, with the Acquirer, where it has agreed to provide a loan of up to USD 16,000,000 (United State Dollars Sixteen million) (aggregating to INR 1,017,300,800 (Indian Rupees One billion seventeen million three hundred thousand eight hundred) at exchange rate of INR 63.5813 per USD as on December 17, 2014 (Source: http://www.rbi.org.in)) to fulfill the funding obligations under the Primary Transaction, the Offer and/or any other lawful purpose as may be mutually agreed upon by the Parties.

5.2.3 In accordance with Regulation 17 of the SEBI (SAST) Regulations PAC 2, Escrow Agent, and the Manager have entered into the Offer Escrow Agreement. The PAC 2 has furnished an unconditional, irrevocable and on demand bank guarantee dated January 5, 2015 in favour of the Manager to the Offer from Deutsche Bank AG, having bank guarantee No: 796BGG1402422 for an amount of INR 226,300,000 (Indian Rupees Two hundred and twenty six million three hundred thousand) and is valid upto May 31, 2015 (the "Bank Guarantee") in terms of Regulation 17(3)(b) of the SEBI Takeover Regulations, which is more than the minimum prescribed amount of 25% of the Offer Size calculated in accordance with Regulation 17(1) of the SEBI (SAST) Regulations. The Manager to the Offer has been duly authorised to realize the value of the Bank Guarantee in terms of the SEBI Takeover Regulations. Further, the PAC 2 has opened the Offer Escrow Account with the Escrow Agent and deposited a sum of INR 9,046,040 (Indian Rupees Nine million forty six thousand forty) in the Escrow Account being equal to the amount required under Regulation 17(4) of the SEBI (SAST) Regulations (i.e. 1% (one per cent) of the Maximum Consideration). The Manager to the Offer has been authorized by the Acquirer to operate and realize the monies lying to the credit of the Escrow Account in terms of the SEBI (SAST) Regulations.

5.2.4 In case of any upward revision in the Offer Price or the Offer Size, the Bank Guarantee amount and/or the cash in the Offer Escrow Account shall be enhanced as per the revised consideration calculated at such revised offer price by the Acquirer and/or PAC, prior to effecting such revision, in terms of Regulation 17(2) of the SEBI (SAST) Regulations.

5.2.5 The source of funds to meet the obligations of the Acquirer and PAC 2 under the Offer has been met from funds made available by PAC 1 to PAC 2 by virtue of the Loan Agreement executed between PAC 1 and the Acquirer dated December 18, 2014.

5.2.6 Bansi S.Mehta & Co., Chartered Accountants, Merchant Chamber, 3rd Floor, 41, New Marine Lines, Mumbai - 400 020 has confirmed, by way of a certificate dated December 18, 2014, that the Acquirer and PAC have adequate financial resources through verifiable means available for meeting their obligations under the SEBI

(SAST) Regulations for a value up to the Maximum Consideration.

5.2.7 On the basis of the aforesaid financial arrangements and the Chartered Accountants' Certificate, the Manager is satisfied about the ability of the Acquirer and PAC to implement this Offer in accordance with the SEBI (SAST) Regulations and confirms that adequate funds are available with the Acquirer and PAC through verifiable means to implement this Offer.

6 TERMS AND CONDITIONS OF THIS OFFER

6.1 This Offer is being made by the Acquirer and the PAC to (i) all the Eligible Shareholders, whose names appear in the register of members of the Target Company as of the close of business on February 09, 2015, i.e. the Identified Date; (ii) the beneficial owners of the Equity Shares whose names appear as beneficiaries on the records of the respective Depositories, as of the close of business on February 09, 2015, i.e. the Identified Date; and (iii) those persons who acquire the Equity Shares any time prior to the date of the Closure of the Tendering Period for this Offer, March 11, 2015, but who are not the registered Eligible Shareholders.

6.2 This Offer is being made by the Acquirer and the PAC to all the Eligible Shareholders, to acquire up to 3,654,375 (Three million six hundred and fifty four thousand three hundred and seventy five) Equity Shares, representing 25% (Twenty Five percent) of the Voting Share Capital as of the 10th (Tenth) Working Day from the Closure of the Tendering Period, subject to the terms and conditions mentioned in the PA, DPS and this Draft Letter of Offer.

6.3 This Offer is not conditional upon any minimum level of acceptance in terms of Regulation 19(1) of the SEBI (SAST) Regulations.

6.4 This Offer is not a competing offer in terms of Regulation 20 of the SEBI (SAST) Regulations.

6.5 There has been no revision in the Offer Price or the Offer Size as of the date of this Draft Letter of Offer. In the event of acquisition of the Equity Shares by the Acquirer or any of the PAC during the Offer Period, whether by subscription or purchase, at a price higher than the Offer Price, then the Offer Price will be revised upwards to be equal to or more than the highest price paid for such acquisition in terms of Regulation 8(8) of the SEBI (SAST) Regulations. However, the Acquirer and the PAC shall not acquire any Equity Shares after the 3rd (Third) Working Day prior to the commencement of the Tendering Period and until the expiry of the Tendering Period.

6.6 An upward revision to the Offer Price or to the Offer Size, if any, on account of competing offers or otherwise, will be done at any time prior to the commencement of the last 3 (three) Working Days before the commencement of the Tendering Period in accordance with Regulation 18(4) of the SEBI (SAST) Regulations. In the event of such revision, the Acquirer and the PAC shall: (i) make a public announcement in the same newspapers in which the DPS has been published; and (ii) simultaneously with the issue of such announcement, inform the BSE, SEBI and the Target Company at its registered office.

6.7 The instructions, authorizations and provisions contained in the Form of Acceptance-cum-Acknowledgment constitute an integral part of the terms of this Offer.

6.8 Accidental omission to dispatch this Draft Letter of Offer to any Shareholder to whom this Offer has been made or non-receipt of this Draft Letter of Offer by any such Shareholder shall not invalidate this Offer in any way.

6.9 Each Eligible Shareholder to whom this Offer is being made is free to offer the Equity Shares in whole or in part while accepting this Offer.

6.10 The Eligible Shareholders who tender their Equity Shares in this Offer shall ensure that the Equity Shares are free and clear from all liens, charges and encumbrances. The Acquirer or the PAC shall acquire the Equity Shares that are validly tendered and accepted in this Offer, together with all rights attached thereto, including the rights to dividends, bonuses and rights offers declared thereof.

6.11 The acceptance of this Offer is entirely at the discretion of the Eligible Shareholders. The Acquirer and the PAC will not be responsible for any loss of share certificate(s) and the Offer acceptance documents during transit and the Eligible Shareholders are advised to adequately safeguard their interests in this regard.

6.12 The acceptance of this Offer must be unconditional, absolute and unqualified and should be sent with the attached Form of Acceptance-cum-Acknowledgement duly filled in, signed by the applicant Shareholder(s), which should be received by the Registrar to the Offer at the address mentioned below on or before 5:00pm on March 11, 2015, i.e. Closure of the Tendering Period. If any change or modification is made to the Form of Acceptance-cum-Acknowledgement or if any condition is inserted therein by the Shareholder, the Manager to the Offer, the Acquirer and the PAC reserve the right to reject the acceptance of this Offer by such Shareholder.

6.13 The Eligible Shareholders who have accepted this Offer by tendering their Equity Shares and requisite documents in terms of the PA, DPS and this Draft Letter of Offer, are not entitled to withdraw such acceptance during the Tendering Period for this Offer.

6.14 If the Equity Shares tendered in this Offer by the Eligible Shareholders are more than the Equity Shares to be acquired in this Offer, the acquisition of the Equity Shares from each Shareholder will be on a proportionate basis as detailed below.

6.15 To the best of the knowledge of the Acquirer and PAC, the Target Company has no Equity Shares that are currently locked-in. (*Source: BSE website*)

7 STATUTORY & OTHER APPROVALS

7.1 To the best of the knowledge of the Acquirer and the PAC, no statutory approvals are required by the Acquirer or the PAC to complete this Offer. In case of any statutory approvals being required by the Acquirer or the PAC at a later date, this Offer shall be subject to such approvals and the Acquirer and/or the PAC shall make the necessary applications for such approvals. If however such statutory approvals are not obtained within the prescribed time, the Acquirer and PAC shall follow the process set out under Regulation 23 of the SEBI (SAST) Regulations and withdraw the Offer in the manner prescribed.

7.2 NRI and OCB holders of the Equity Shares, must obtain all approvals required to tender the Equity Shares held by them in this Offer (including without limitation the approval from the RBI, since the Equity Shares validly tendered and accepted in this Offer may be acquired by a non-resident entity) and submit such approvals along with the Form of Acceptance-cum-Acknowledgement and other documents required to accept this Offer. In the event such approvals are not submitted, the Acquirer and PAC reserve the right to reject such Equity Shares tendered in this Offer. Further, if the Eligible Shareholders who are not persons resident in India (including NRIs, OCBs, FIIs and FPIs) had required any approvals (including from the RBI or the FIPB or any other regulatory body) in respect of the Equity Shares held by them, they will be required to submit such previous approvals that they would have obtained for holding the Equity Shares, to tender the Equity Shares held by them in this Offer, along with the other documents required to accept this Offer. If, the Equity Shares are held under general permission of the RBI, the non-resident Shareholder should state that the Equity Shares are held under general permission and whether on repatriable basis or non repatriable. In the event such approvals are not submitted, the Acquirer and the PAC reserves the right to reject such Equity Shares tendered in this Offer.

7.3 In case of delay in receipt of any such statutory approvals, as per Regulation 18(11) of the SEBI (SAST) Regulations, SEBI may, if satisfied, that non-receipt of such approvals was not attributable to any willful default, failure or neglect on the part of the Acquirer or the PAC to diligently pursue such approvals, grant an extension of time for the purpose of completion of this Offer, subject to the Acquirer and the PAC agreeing to pay interest to the Eligible Shareholders for delay beyond 10 (ten) Working Days at such rate, as may be specified by SEBI. Provided where the statutory approvals extend to some but not all Eligible Shareholders, the Acquirer and the PAC will have the option to pay consideration to such Eligible Shareholders in respect of whom no statutory approvals are required in order to complete this Offer.

7.4 The Acquirer and the PAC have the right not to proceed with this Offer in accordance with Regulation 23 of the SEBI (SAST) Regulations, in the event the statutory approvals indicated above are refused. In the event of withdrawal of this Offer, a public announcement will be made within 2 (two) Working Days of such withdrawal, in the same newspapers in which the DPS has been published and such public announcement will also be sent to SEBI, BSE and to the Target Company at its registered office.

8 PROCEDURE FOR ACCEPTANCE AND SETTLEMENT OF THIS OFFER

8.1 The Letter of Offer with the Form of Acceptance-cum-Acknowledgement will be mailed to the Eligible Shareholders, whose names appear on the register of members of the Target Company and to the beneficial owners of the Equity Shares whose names appear in the beneficial records of therespective Depositories, as of the close of business on February 09, 2015, i.e. the Identified Date.

8.2 The Eligible Shareholders can also download the Letter of Offer and the Form of Acceptance-cum- Acknowledgement from SEBI website at www.sebi.gov.in or obtain it from the Registrar to the Offer, and send in their acceptances to the Registrar to the Offer by filling the same.

8.3 The Eligible Shareholders who wish to accept this Offer can hand-deliver the Form of Acceptance-cum- Acknowledgement along with the other documents required to accept this Offer, at any of the collection centers mentioned below so as to reach the Registrar to the Offer during business hours on or before 5 pm on March 11, 2015, i.e. Closure of the Tendering Period, in accordance with the procedure as set out in this Draft Letter of Offer.

Collection Center	Name and Address of the Collection Center	Contact Person	Mode of Delivery	Tel No	Fax No.	Email Id
Mumbai	Link Intime India Pvt. Ltd, C-13, Panalal Silk Mills Compound, L B S Marg, Bhandup (W), Mumbai -400078.	Ganesh Mhatre	Hand Delivery & Registered Post	022-617 15400	022-259 60329	pravin.kasare@linkintime.co.in
Ahmedabad	Link Intime India Pvt. Ltd, 303, 3rd Floor, Shoppers Plaza V, Opp. Municipal Market, Behind Shoppers Plaza II, Off C G Road, Navrangpura, Ahmedabad – 380009	Hitesh Patel	Hand Delivery	079-264 6 5179	079-264 6 5179 (Telefax)	ahmedabad@linkintime.co.in
Kolkata	Link Intime India Pvt. Ltd, 59C,Chowringhee Road, 3rd Floor, Kolkata -700020	S.P. Guha	Hand Delivery	033-228 90539/40	033-228 90539/40 (Telefax)	kolkata@linkintime.co.in
New Delhi	Link Intime India Pvt. Ltd., 44 Community Centre, 2nd Floor, Nariana Industrial Area, Phase I, Near PVR, Nariana, New Delhi 110 028	Swapan Naskar	Hand Delivery	011-414 10592/93/94	011-414 10591	delhi@linkintime.co.in
Chennai	C/o SGS Corporate Solutions India Pvt. Ltd., Indira Devi Complex, II Floor, No.20, Gopalakrishna Street, Pondy Bazaar, T. Nagar, Chennai- 600 017	Solly Soy	Hand Delivery	044-28152672 044-42070906	044-28152672 (Telefax)	chennai@saspartners.com

All of the centers mentioned above will be open on all business hours from 10.00 am to 5 pm (except Public Holidays)

8.4 The Equity Shares and all other relevant documents should only be sent to the Registrar to the Offer and not to the Manager to the Offer, the Acquirer, the PAC or the Target Company.

8.5 Applicants who cannot hand deliver their documents at any of the collection centers referred to above, may send the same by registered post with acknowledgement due or by courier, at their own risk and cost, to the Registrar to the Offer at its address: Link Intime India Private Limited, Unit : GMM Pfaudler Ltd - Open Offer, C-13, Pannalal Silk Mills Compound, L.B.S. Marg, Bhandup (W), Mumbai 400078 so as to reach the Registrar to the Offer on or before 5 pm on March 11, 2015, i.e. Closure of the Tendering Period.

8.6 **Eligible Shareholders who are holding Equity Shares in physical form:**

8.6.1 The Eligible Shareholders who are holding the Equity Shares in physical form and who wish to tender their Equity Shares in this Offer will be required to duly complete, sign and send the Form of Acceptance-cum-Acknowledgement in accordance with the instructions contained therein, by sole/joint Eligible Shareholders whose name(s) appears on the Equity Share certificate(s) and in the same order and as per the specimen signature lodged with the Target Company. This order cannot be changed or altered nor can any new name be added for the purpose of accepting this Offer. Original Equity Share certificate(s) and valid transfer deed(s), duly completed and signed, in accordance with the instructions specified in the Letter of Offer and the Form of Acceptance-cum- Acknowledgement along with self attested copy of PAN Card of all the transferors are required to be submitted.

8.6.2 Valid transfer deed(s) should be duly signed as transferor(s) by the sole/joint Shareholder(s) in the same order and as per specimen signatures lodged with the Target Company and duly witnessed at the appropriate place. The transfer deed(s) should be left blank, except for the signatures and witness details as mentioned above. Attestation, where required (as indicated in the transfer deed(s)) (thumb impressions, signature difference, etc.) should be done by a Magistrate, Notary Public or Special Executive Magistrate or a similar authority holding a public office and authorized to use the seal of his office or a member of a recognized stock exchange under its seal of office and membership number or manager of the transferor's bank.

8.6.3 Notwithstanding that the signature(s) of the transferor(s) has been attested as aforesaid, if the signature(s) of the transferor(s) differs from the specimen signature(s) recorded with the Target Company or are not in the same order, such Equity Shares are liable to be rejected in this Offer.

8.6.4 For Equity Shares held in physical mode by resident Eligible Shareholders, in case of non-receipt of the duly completed Form of Acceptance-cum-Acknowledgement, but receipt of other documents including the original share certificates, valid share transfer deeds and PAN, prior to the Closure of the Tendering Period, the Acquirer may, in its sole discretion, deem the Equity Shares to have been accepted under the Offer.

8.7 **Eligible Shareholders who are holding Equity Shares in dematerialized form:**

8.7.1 Beneficial owners (holders of Equity Shares in dematerialized form) who wish to tender their Equity Shares in this Offer will be required to send their Form of Acceptance-cum- Acknowledgement along with the photocopy of the delivery instruction in “Off-market” mode or counterfoil of the delivery instructions in "Off-market" mode, duly acknowledged by the DP, in favor of the Depository Escrow Account. The Form of Acceptance-cum-Acknowledgement has to be duly completed and signed in accordance with the instructions contained therein, by the sole/joint Shareholder(s) whose name appears in the beneficiary account and in the same order therein. The Form of Acceptance-cum-Acknowledgement has to be executed by the beneficial holder of the Equity Shares only.

8.7.2 The Registrar to the Offer has opened a special depository account with Ventura Securities Limited called “**LIIPL GMM PFAUDLER LTD OPEN OFFER ESCROW DEMAT ACCOUNT**”. The Eligible Shareholders are requested to fill in the following details in the delivery instructions for the purpose of crediting their Equity Shares in the Depository Escrow Account:

Depository Participant Name	Ventura Securities Limited
DP ID	IN303116
Client ID	11552174
Account Name	LIIPL GMM PFAUDLER LTD OPEN OFFER ESCROW DEMAT ACCOUNT
Depository	National Securities Depository Limited

8.7.3 It is the sole responsibility of the Shareholder to ensure credit of its Equity Shares in the Depository Escrow Account, on or before 5 pm on March 11, 2015, i.e. Closure of the Tendering Period.

8.7.4 The Eligible Shareholders having their beneficiary account in CDSL shall use the inter-depository delivery instruction slip for the purpose of crediting their Equity Shares in favor of the Depository Escrow Account with NSDL.

8.7.5 The Form of Acceptance-cum-Acknowledgement in respect of dematerialized Equity Shares not credited to the Depository Escrow Account before the Closure of the Tendering Period is liable to be rejected.

8.7.6 For each delivery instruction, the beneficial owner should submit a separate Form of Acceptance-cum-Acknowledgement.

8.7.7 For Equity Shares held in dematerialized form by resident Eligible Shareholders, in case of non-receipt of the duly completed Form of Acceptance-cum-Acknowledgement/ photocopy of the delivery instruction/ other documents required, but receipt of the Equity Shares in the Depository Escrow Account prior to the Closure of the Tendering Period, the Acquirer may, in its sole discretion, deem the Equity Shares to have been accepted under the Offer

8.8 **Eligible Shareholders who have sent their Equity Shares for dematerialization:**

8.8.1 The Eligible Shareholders who have sent their Equity Shares for dematerialization who wish to tender their Equity Shares in this Offer will be required to send their Form of Acceptance-cum-Acknowledgement along with a copy of the dematerialization request form duly acknowledged by the Shareholder's DP, in accordance with the instructions mentioned in this Draft Letter of Offer. The Form of Acceptance-cum-Acknowledgement has to be duly completed and signed in accordance with the instructions contained therein by the sole/joint Shareholder(s) whose name appears on the share certificates and in the same order and as per the specimen signature lodged with the Target Company.

8.8.2 Such Eligible Shareholders need to ensure that the process of getting their Equity Shares dematerialized is completed in time for the credit in the Depository Escrow Account, to be received on or before 5 pm on March 11, 2015, i.e. Closure of the Tendering Period, or else their application will be rejected. Alternatively, if the Equity Shares sent for dematerialization are yet to be processed by the Shareholder's DP, the Shareholder can withdraw its dematerialization request and tender the Equity Share certificate(s) in this Offer as per the procedure mentioned in this Draft Letter of Offer.

8.9 Unregistered Eligible Shareholders can also send their application in writing to the Registrar to the Offer, on a plain paper stating the name, address, number of Equity Shares held, number of Equity Shares tendered, distinctive numbers, folio number, together with the original Equity Share certificates, valid transfer deed(s) and the original contract note(s) issued by the broker through whom they acquired their Equity Shares, either by hand delivery or by registered post, so that the same are received on or before 5 pm on March 11, 2015, i.e. Closure of the Tendering Period. Valid share transfer deeds, as received from the market, duly executed in favour of the unregistered owner(s) as the proposed transferee(s) along with self attested copy of PAN card of all the transferees, should be submitted along with the application. All other requirements for valid transfer (including matching of signatures) will be preconditions for acceptance. An additional valid share transfer deed should be duly signed by the unregistered owner(s) as transferor(s) by the sole/joint Shareholder(s) in the same order and duly witnessed at the appropriate place. The transfer form should be left blank, except for the signatures and witness details as mentioned above. Attestation, where required (as indicated in the share transfer deed) (thumb impressions, signature difference, etc.) should be done by a Magistrate, Notary Public or Special Executive Magistrate or a similar authority holding a public office and authorized to use the seal of his office or a member of a recognized stock exchange under its seal of office and membership number or manager of the transferor's bank. No indemnity is required from the unregistered Eligible Shareholders. In case the Equity Share certificate(s) and the transfer deed(s) are lodged with the Target Company/its transfer agents for transfer, then the acceptance shall be accompanied by the acknowledgment of lodgment with, or receipt by, the Target Company/its transfer agents, of the Equity Share certificate(s) and the transfer deed(s). The Eligible Shareholders should ensure that the Equity Share certificate(s) and above documents reach the designated collection centre on or before 5 pm on March 11, 2015 i.e. Closure of the Tendering Period.

8.10 The Eligible Shareholders should also provide all relevant documents, which are necessary to ensure transfer of the Equity Shares in respect of which the application is being sent. Such documents may include, but are not limited to:

8.10.1 duly attested death certificate and succession certificate/probate/letter of administration (in case of single Shareholder) if the original Shareholder is no more;

8.10.2 duly attested power of attorney if any person apart from the Shareholder has signed the application form and/or transfer deeds;

8.10.3 in case of companies, the necessary corporate authorization (including certified copy of board resolutions) and specimen signatures of authorized signatories;

8.10.4 banker's certificate certifying inward remittances of funds for acquisition of Equity Shares; and

8.10.5 any other relevant documents.

8.11 In case of non-receipt of this Draft Letter of Offer, the eligible persons may send their acceptance to this Offer to the Registrar to the Offer, on a plain paper stating the name, address, number of Equity Shares held, number of Equity Shares offered, distinctive numbers, folio number, together with the documents as mentioned above so as to reach the Registrar to the Offer on or before 5 pm on March 11, 2015, i.e. Closure of the Tendering Period, or in case of beneficial owners, send the application in writing to the Registrar to the Offer, on a plain paper stating the name, address, number of Equity Shares held, number of Equity Shares tendered, DP name, DP ID, beneficiary account number and a photocopy of the delivery instruction in "Off-market" mode or counterfoil of the delivery instruction in "Off-market" mode, duly acknowledged by the DP, in favor of the Depository Escrow Account, so as to reach the Registrar to the Offer, on or before 5 pm on March 11, 2015, i.e. Closure of the Tendering Period. In case of physical Equity Shares, original Equity Share certificate(s) and valid transfer deed(s), duly completed and signed, will also have to be submitted. The Eligible Shareholders who have lodged their Equity Shares for transfer with the Target Company must also send the acknowledgement received, if any, from the Target Company towards such lodging of the Equity Shares. Eligible Shareholders who have sent their Equity Shares for dematerialization/ re-materialization need to ensure that the process of getting Equity Shares dematerialized/ rematerialized is completed well in time so that the credit in the Depository Escrow Account is received or physical Equity Share certificates are received by the Registrar to the Offer on or before 5 pm on March 11, 2015, i.e. Closure of the Tendering Period, else their application would be rejected.

8.12 NRI and OCB holders of the Equity Shares, must obtain all approvals required to tender the Equity Shares held by them in this Offer (including without limitation the approval from the RBI, since the Equity Shares validly tendered and accepted in this Offer may be acquired by a non-resident entity) and submit such approvals along with the Form of acceptance-cum-Acknowledgement and other documents required to accept this Offer.

8.13 Further, if the Eligible Shareholders who are not personsresident in India (including NRIs, OCBs and FIIs) had required any approvals (including from the RBI or the FIPB or any other regulatory body) in respect of the Equity Shares held by them, they will be required to submit such previous approvals that they would have obtained for holding the Equity Shares, to tender the Equity Shares held by them in this Offer, along with the other documents required to accept this Offer. If, the Equity Shares are held under general permission of the RBI, the non-resident Shareholder should state that the Equity Shares are held under general permission and whether on repatriable basis or non repatriable. In the event such approvals are not submitted, the Acquirer and the PAC reserve the right to reject such Equity Shares tendered in this Offer. To the best of the knowledge of the Acquirer and the PAC, no statutory approvals are required by the Acquirer and the PAC for effecting the Primary Transaction.

8.14 In case of delay in receipt of any statutory approvals, which may be required by the Acquirer and/or the PAC at a later date, as per Regulation 18(11) of the SEBI (SAST) Regulations, SEBI may, if satisfied, that non-receipt of such approvals was not attributable to any willful default, failure or neglect on the part of the Acquirer and/or the PAC to diligently pursue such approvals, grant an extension of time for the purpose of completion of this Offer, subject to the Acquirer and the PAC agreeing to pay interest to the Eligible Shareholders for delay beyond 10 (ten) Working Days at such rate, as may be specified by SEBI from time to time. Provided where the statutory approvals extend to some but not all the Eligible Shareholders, the Acquirer and the PAC will have the option to pay consideration to such Eligible Shareholders in respect of whom no statutory approvals are required in order to complete this Offer.

8.15 Equity Shares that are subject to any charge, lien or encumbrance are liable to be rejected in this Offer. Applications in respect of the Equity Shares that are the subject of litigation, wherein the Eligible Shareholders may be prohibited from transferring their Equity Shares during the pendency of the said litigation, are liable to be rejected, if the directions/orders regarding these Equity Shares are not received together with the Equity Shares tendered in this Offer. This Draft Letter of Offer, wherever possible, will be forwarded to the concerned statutory authorities for further action by such authorities.

8.16 The Registrar to the Offer will hold in trust the Equity Shares held in physical form and in credit of the Depository Escrow Account, the Form of Acceptance-cum-Acknowledgement, if any, the transfer form(s) and other documents submitted on behalf of the Eligible Shareholders whose Equity Shares have been validly tendered and accepted in this Offer, till completion of formalities relating to this Offer. In case of Equity Shares tendered in physical form, where the original Equity Share certificates are required to be split, all the documents will be returned only upon receipt of the Equity Share certificates from the Target Company.

8.17 If the aggregate valid responses to this Offer by the Eligible Shareholders are more than the Equity Shares agreed to be acquired in this Offer, then the offers received from the Eligible Shareholders will be accepted on a proportionate basis, in consultation with the Manager to the Offer, taking care to ensure that the basis of acceptance is decided in a fair and equitable manner and does not result in non-marketable lots, provided that acquisition of the Equity Shares from a Shareholder shall not be less than the minimum marketable lot, or the entire holding if it is less than the marketable lot. The marketable lot of the Target Company is 1 (one) Equity Share.

8.18 Unaccepted Equity Share certificates, transfer deeds and other documents, if any, will be returned by registered post at the Eligible Shareholders'/unregistered Eligible Shareholders' sole risk to the sole/first Shareholder. The unaccepted Equity Shares held in dematerialized form will be credited back to the same account from which they were tendered. It will be the responsibility of the Eligible Shareholders to ensure that the unaccepted Equity Shares are accepted by their respective DPs when transferred by the Registrar to the Offer. The Eligible Shareholders holding the Equity Shares in dematerialized form are requested to issue the necessary standing instruction for the receipt of the credit, if any, in their DP account. It is advised that the de-mat account is maintained till the completion of the Offer formalities.

8.19 Payment to those Eligible Shareholders whose Equity Share are validly tendered and accepted, will be by way of a bankers’ cheque/demand draft/NEFT/RTGS/ECS. The Eligible Shareholders who opt for receiving consideration through NEFT/RTGS/ECS are requested to give the authorization for the same in the Form of Acceptance-cum-Acknowledgement and enclose a photocopy of cheque along with the Form of Acceptance-cum-Acknowledgement. In case of the Shareholder(s) holding the Equity Shares in physical form, if the bank account details are not provided, then the consideration will be dispatched in the name of the sole/first named holder at his registered address (at its own risk). The decision regarding the acquisition (in part or full), or rejection of, the Equity Shares tendered in this Offer and (i) any corresponding payment for the acquired Equity Shares and/or (ii) the Equity Share certificates for any rejected Equity Shares, will be dispatched to the Eligible Shareholders by registered post or by ordinary post as the case may be*, at the Shareholder's sole risk. The Equity Shares held in dematerialized form to the extent not acquired will be credited back to the same account from which they were tendered.

**Dispatches involving payment of a value in excess of Rs.1,500 (Indian Rupees One thousand five hundred) will be made by registered post at the Shareholder's sole risk. All other dispatches will be made by ordinary post at the Shareholder's sole risk.*

8.20 For Eligible Shareholders who do not opt for electronic mode of transfer or whose payment consideration is rejected/not credited through NEFT/RTGS/ECS, due to technical errors or incomplete/incorrect bank account details, payment consideration will be dispatched through registered/speed post at the Shareholder's sole risk.

8.21 All bankers' cheques/demand drafts will be drawn in the name of the first holder, in case of joint holder(s). In case of unregistered owners of Equity Shares, payment will be made in the name of the person stated in the contract note. It will be desirable if the Eligible Shareholders provide bank account details in the Form of Acceptance-cum-Acknowledgement for incorporation in the bankers' cheque/demand draft.

9 COMPLIANCE WITH TAX REQUIREMENTS:

9.1 Compliance with tax requirements:

General

9.1.1 As per the provisions of Section 195(1) / Section 196D of the Income Tax Act, 1961 ("**Income Tax Act**"), as amended by the Finance (No. 2) Act, 2014, any person responsible for paying to a non-resident, other than to an FII(s), as consideration for acquisition of shares, any sum chargeable to tax is required to deduct tax at source (including surcharge and education cess as applicable). Since the consideration payable to the Eligible Shareholders whose Equity Shares are validly tendered and accepted in this Offer would be chargeable to capital gains under Section 45 of the Income Tax Act or as business profits, as the case may be, the Acquirer / PAC are required to deduct taxes at source (including surcharge and education cess) at the applicable rates to such non-resident Eligible Shareholders (other than to an FII(s)).

9.1.2 In case of delay in receipt of statutory approvals as per Regulation 18(11) of the SEBI (SAST) Regulations, SEBI may, if satisfied, that non-receipt of such approvals was not attributable to any willful default, failure or neglect on the part of the Acquirer and the PAC to diligently pursue such approvals, grant an extension of time for the purpose of completion of this Offer, subject to the Acquirer and the PAC agreeing to pay interest to the Eligible Shareholders for delay beyond 10 Working Days at such rate, as may be specified by SEBI from time to time.

9.1.3 As per the provisions of Section 194A and 195 of the Income Tax Act, read the Finance (No. 2) Act, 2014, a body corporate responsible for paying to residents (if interest amount exceeds Rs. 5,000) and to non-residents (including FII(s)) (irrespective of the amount of interest) any income by way of interest, is required to deduct tax at source (including, in the case of non-residents, surcharge and education cess as applicable). Since the interest payable to the Eligible Shareholders on being directed by SEBI under Regulation 18(11) of the SEBI (SAST) Regulations will be chargeable to income tax, the Acquirer / PAC will be required to deduct tax at source under section 194A or 195 of the Income Tax Act (including, in the case of non-residents, surcharge and education cess as applicable) on such interest income.

9.1.4 In view of provisions of section 206AA of Income Tax Act, resident and non-resident Eligible Shareholders (including FII(s)) are required to submit their PAN. In case PAN is not submitted or is invalid or does not belong to the Eligible Shareholder, the Acquirer / PAC will arrange to deduct tax at the rate of 20% (twenty per cent) or at the rate in force or at the rate specified in the relevant provisions of the Income Tax Act, whichever is higher.

9.1.5 In case of ambiguity, incomplete or conflicting information or the information not being provided to the Acquirer / PAC, it would be assumed that the Eligible Shareholder is a non-resident Eligible Shareholder and taxes shall be deducted at the maximum rate, as may be applicable to the relevant category to which the Eligible Shareholder belongs under the Income Tax Act, on the entire consideration and interest if any, payable to such Eligible Shareholder.

9.1.6 Securities transaction tax will not be applicable to the Equity Shares accepted in this

Offer.

9.1.7 In the case of non – resident Eligible Shareholders, the rate of deduction of tax and the quantum of amount on which tax rate is to be applied is dependent on several factors. Since the Acquirer / PAC do not have in-house information in respect of various non-resident Eligible Shareholders, such non-resident Eligible Shareholders must specify the details requested in the Form of Acceptance-cum-Acknowledgement, including but not limited to the following information: (i) Residential status of the Eligible Shareholder; (ii) Category to which the non-resident Eligible Shareholder belongs i.e., Non Resident Indian, Overseas Corporate Body, Non-domestic company, FII(s) being a company, FII(s) other than a company or any other non-resident; (iii) Date of acquisition of Equity Shares (to be supported by evidence); (iv) Cost of acquisition (to be supported by evidence) (v) In case of an individual Eligible Shareholder, who is either a citizen of India or a person of Indian Origin, who claims to be holding shares for more than twelve months, whether shares were acquired by him / her out of convertible foreign exchange (to be supported by evidence) (vi) Whether any concession in the matter of TDS is claimed based on Certificate under Section 197 (to be supported by evidence) (vii) Whether any concession in the matter of TDS is claimed under any DTAA (to be supported by evidence).

9.1.8 Further, for the purpose of determining whether the capital gains are short-term or long-term, the Acquirer / PAC shall, if required, cross verify the details provided by the Eligible Shareholder with the information obtained from the Company.

9.1.9 Any non – resident Eligible Shareholder claiming benefit under any DTAA between India and any other foreign country should furnish 'Tax Residence Certificate' provided to him / it by the income tax authority of such other foreign country of which he / it claims to be a tax resident. In addition, such Eligible Shareholder will also be required to provide (i) nationality in case of an individual (ii) country of Incorporation / Registration in case of any Eligible Shareholder other than an individual (iii) Tax identification number / unique number by which the Eligible Shareholder is identified in the country of his / its residence (iv) period for which the Tax Residence Certificate is issued and (v) Address of the Eligible Shareholder for the period for which Tax Residence Certificate is issued, if any of these information is not contained in the 'Tax Residence Certificate'

9.1.10 In case the non – resident / resident Eligible Shareholder furnishes Certificate under Section 197, tax will be deducted at source in accordance with the Certificate under Section 197.

For all non – resident Eligible Shareholders s except FII(s)(in respect of the consideration payable under the Open Offer):

9.1.11 In computing the amount of TDS, to be eligible for (a) deduction for cost of acquisition and (b) lower rate of Tax Deduction at Source as applicable to Long Term Capital Gain the Eligible Shareholder will need to provide following documents:

(a) Document evidencing price at which shares were acquired e.g. broker invoice / contract note

(b) Document evidencing the date on which the shares were acquired e.g. broker invoice / contract note

(c) To be eligible for lower rate of tax deduction, (as envisaged in section 115E of the Income Tax Act, 1961), an individual Eligible Shareholder, who is either an Indian Citizen or a Person of Indian Origin, document evidencing twin facts namely (i) shares are held for more than twelve months and (ii) shares were acquired by the individual himself / herself using convertible foreign exchange. The document can be in the form of either (a) extract of relevant pages of demat account or (b) bank certificate.

9.1.12 In absence of the above documents, the tax will be deducted at source on the entire consideration payable to the Eligible Shareholder treating the nature of gain as short-term capital gains or business profits as the case may be. In their absence, no deduction will be made in computing taxable gain and no concessional rate of TDS (as applicable to Long Term Capital Gains) will be applied.

9.2 **For Foreign Institutional Investors (“FII(s)”) (in respect of the consideration payable under the Open Offer)**

In view of the recent change in the definition of ‘Capital Asset’ provided in section 2(14) of the Income Tax Act, shares held by all FII(s) (and their sub – account) are to be treated as ‘Capital Asset’. The Acquirers will not deduct tax at source on the consideration payable under the open offer since no tax is required to be deducted at source on income by way of ‘Capital Gain’ arising to an FII(s) (and their sub – account) from the transfer of securities as per the provisions of section 196D(2) of the Income Tax Act.

9.3 **Tax to be deducted in case of resident Eligible Shareholders**

9.3.1 In absence of any specific provision under the Income Tax Act, the Acquirer / PAC will not deduct tax on the consideration payable to resident Eligible Shareholders for acquisition of Equity Shares.

9.3.2 The Acquirer / PAC will deduct the tax at the stipulated rates on interest, if any, payable to resident Eligible Shareholder, if the amount of interest payable is in excess of Rs. 5,000.

9.3.3 The resident Eligible Shareholders claiming that no tax is to be deducted or tax to be deducted at a lower rate on interest amount, should submit along with the Form of Acceptance-cum-Acknowledgement, Certificate under Section 197 indicating the amount of tax to be deducted by the Acquirer / PAC or, in the case of resident Eligible Shareholder not being a company or firm, a self declaration in Form 15G or Form 15H, as may be applicable. The self declaration in Form 15G or Form 15H would not be valid unless the Eligible Shareholder furnishes PAN in such declaration. In case the aforesaid Certificate under Section 197 or Form 15G or 15H, if applicable, is not submitted, the Acquirer / PAC will arrange to deduct tax at the rate, as may be applicable to the category of the Eligible Shareholder under the Income Tax Act.

9.3.4 No tax will be deducted on interest amount in the case of resident Eligible Shareholder being a mutual fund as per Section 10(23D) of the Income Tax Act or a bank or an entity specified under Section 194A (3)(iii) of the Income Tax Act, if it submits a copy of the relevant registration or notification along with the Form of Acceptance-cum-Acknowledgement.

9.4 **Issue of tax deduction at source certificate**

The Acquirer / PAC will issue a certificate in the prescribed form to the Eligible Shareholders (resident and non- resident) who have been paid the consideration and interest, if any, after deduction of tax on the same certifying the amount of tax deducted and other prescribed particulars.

9.5 **Withholding taxes in respect of overseas jurisdictions**

9.5.1 Apart from the above, the Acquirer / PAC will be entitled to withhold tax in accordance with the tax laws related to Overseas Tax.

9.5.2 For this purpose, the non-resident Eligible Shareholder shall duly represent in the Form of Acceptance-cum-Acknowledgement, the quantum of the Overseas Tax to be withheld as per the relevant tax laws of the country in which the non-resident Eligible Shareholder is a tax resident and the Acquirer / PAC will be entitled to rely on this representation at their/its sole discretion.

9.5.3 Eligible Shareholders who wish to tender their Equity Shares must submit the following information along with the Form of Acceptance-cum-Acknowledgement:

(a) Documents required from non-resident Eligible Shareholders (except FII(s)):

(i) Self attested copy of PAN card

(ii) Document evidencing price at which shares were acquired e.g. broker invoice / contract note

(iii) Document evidencing the date on which the shares were acquired e.g. broker invoice / contract note

(iv) An individual Eligible Shareholder, who is either an Indian Citizen or a Person of Indian Origin, and claiming concessional rate of TDS under Section 115E, document evidencing twin facts namely (i) shares are held for more than twelve months and (ii) shares were acquired by the individual himself / herself using convertible foreign exchange. The document can be in the form of either (a) extract of relevant pages of demat account or (b) bank certificate.

(v) Certificate under Section 197, in case any concession is claimed on that basis

(vi) Tax Residence Certificate where the non resident claiming any benefit under a DTAA

(vii) In addition, such Eligible Shareholder will also be required to provide (i) nationality in case of an individual (ii) country of Incorporation / Registration in case of any Eligible Shareholder other than an individual (iii) Tax identification number / unique number by which the Eligible Shareholder is identified in the country of his / its residence (iv) period for which the Tax Residence Certificate is issued and (v) Address of the Eligible Shareholder for the period for which Tax Residence Certificate is issued, if any of these information is not contained in the 'Tax Residence Certificate'

(b) <u>Documents required from FII(s):</u>

(i) Self Attested copy of PAN Card

(ii) Self Attested copy of SEBI Registration Certificate as FII(s) (including sub–account of FII(s))

(iii) Certificate under Section 197, in case any concession is claimed on that basis(applicable only for the interest payment, if any)

(iv) Tax Residence Certificate where the FII(s) claiming any benefit under a DTAA (applicable only for the interest payment, if any). In addition, FII(s) will also be required to provide (i) nationality in case of an individual (ii) country of Incorporation / Registration in case of any Eligible Shareholder other than an individual (iii) Tax identification number / unique number by which the Eligible Shareholder is identified in the country of his / its residence (iv) period for which the Tax Residence Certificate is issued and (v) Address of the Eligible Shareholder for the period for which Tax Residence Certificate is issued, if any of these information is not contained in the 'Tax Residence Certificate' (applicable only for the interest payment, if any)

(c) <u>Documents required from resident Eligible Shareholders:</u>

(i) Self attested copy of PAN card

(ii) If applicable, self declaration form in Form 15G Form 15H (in duplicate), as applicable only for interest payment, if any.

(iii) Certificate under Section 197, in case any concession is claimed on that basis (applicable only for the interest payment, if any)

(iv) For Mutual Funds/Banks/other specified entities under Section 194A(3)(iii) of the Income Tax Act – Copy of relevant registration or notification (applicable only for the interest payment, if any)

9.6 Eligible Shareholders are advised to consult their tax advisors for the treatment that may be given by their respective assessing officers in their case, and the appropriate course of action that they should take. The Acquirer, the PAC and the Manager to the Offer do not accept any responsibility for the accuracy or otherwise of such advice.

9.7 The Acquirer / PAC will be statutorily required to apply the rates and other provisions related to tax deduction at source as applicable at the time of acceptance of shares under open offer/ payment to Eligible Shareholders.

9.8 Taxes once deducted will not be refunded under any circumstances.

10 DOCUMENTS FOR INSPECTION

10.1 The following documents are available for inspection to the Eligible Shareholders at the office of the Manager to the Offer at **ICICI Centre, H.T. Parekh Marg, Churchgate, Mumbai 400 020, India** and **ICICI Bank Tower, 3rd Floor, NBCC Place, Pragati Vihar, Bhisam Pitamah Marg, New Delhi 110003, India**, between 10 am and 5 pm on all Working Days (except Saturdays, Sundays and bank holidays) till March 11, 2015 i.e. the Closure of the Tendering Period:

10.1.1 Certified true copies of the certificates of incorporation and constitution documents of the Acquirer and the PAC;

10.1.2 Certified true copies of the certificates of incorporation, memorandum and articles of association of the Target Company;

10.1.3 Copy of the certificate dated December 18, 2014, issued by Bansi S Mehta & Co, Chartered Accountants having its office at 3rd Floor, 41, New Marine Lines, Mumbai - 400 020 Tel: 022 2200 4002, Fax: 022 2205 0147 certifying the adequacy of financial resources with the Acquirer and PAC to fulfill the Offer obligations.

10.1.4 Copy of the Report dated December 18, 2014, issued by Bansi S Mehta & Co, Chartered Accountants confirming that this indirect acquisition cannot be deemed as a direct acquisition.

10.1.5 Copy of the Report dated December 18, 2014, issued by Bansi S Mehta & Co, Chartered Accountants confirming offer price is justified in terms of the SEBI (SAST) Regulations.

10.1.6 Copy of the audited Annual reports of the Target Company for the last 3 (three) financial years;

10.1.7 Copy of the letter issued by Escrow Agent confirming the amounts kept in the escrow account and a lien in favour of the Manager to the Offer in accordance with the terms of the Offer Escrow Agreement;

10.1.8 Copy of the audited annual reports of the Acquirer and PAC for the last 3 (three) financial years;

10.1.9 Copy of the Transaction Document dated December 13, 2014;

10.1.10 Copy of the PA and DPS;

10.1.11 Copy of the recommendation made by the Target Company's committee of independent directors, as issued under Regulation 26(7) of the SEBI (SAST) Regulations;

10.1.12 Copy of the observation letter from SEBI dated [●] containing its comments on the Draft Letter of Offer

10.1.13 Copy of the agreement entered into by PAC 2, DP and the Registrar to the Offer for opening of the Depository Escrow Account for the purposes of this Offer; and

10.1.14 Copy of the Offer Escrow Agreement.

11 DECLARATION BY THE ACQUIRER AND THE PAC

11.1 The Acquirer, the PAC and their respective directors accept full responsibility for the obligations of the Acquirer and the PAC as laid down in terms of the SEBI (SAST) Regulations and for the information contained in this Draft Letter of Offer except information pertaining to the Target Company in this Draft Letter of Offer.

11.2 The Acquirer and the PAC shall be jointly and severally responsible for ensuring compliance with the provisions of the SEBI (SAST) Regulations and for their obligations laid down in the SEBI (SAST) Regulations.

11.3 The information contained in this Draft Letter of Offer is as of the date of this Draft Letter of Offer, unless expressly stated otherwise.

Signed by

On behalf of Pfaudler US Inc	**On behalf of Pfaudler, Inc.**	**On behalf of Pfaudler Holding S.à r.l.**
Sd/-	Sd/-	Sd/-
Authorised Signatory	Authorised Signatory	Authorised Signatory

Place: Mumbai
Date: January 14, 2015