REVISED PUBLIC ANNOUNCEMENT

REVISED PUBLIC ANNOUNCEMENT TO THE SHAREHOLDERS OF PENNAR INDUSTRIES LIMITED IN CONTINUATION OF THE PUBLIC ANNOUNCEMENT THAT APPEARED IN THE NEWSPAPERS ON 14th December 2005

*This revised Public Announcement is being issued by **Karvy Investor Services Limited**, on behalf of M/s Thapati Trading Private Limited and M/s Palguna Consultants Private Limited pursuant to Regulation 11(1) and as required under the Securities And Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations 1997 [SEBI (SAST) Regulations 1997] and subsequent amendments thereto.*

I. The Offer

1. This offer is being made to the Equity share holders of Pennar Industries Limited (hereinafter referred to as "PIL") by M/s Thapati Trading Private Limited, (TTPL) M/s Palguna Consultants Private Limited (PCPL) (hereinafter collectively referred to as "Acquirers") and Persons who are Acting in Concert with the Acquirers (hereinafter collectively referred to as "PACs"), namely, Mr. J. Nrupender Rao, Mr. P. Bhaskara Rao, Mrs. J. Rajyalakshmi, Mr. J. Aditya N. Rao, Ms. Avanti Rao, Ms. Ch. Arathi, Mr. Ch. Sridhar, M/s JNR Associates, Mrs. P. Anasuya, Mr. Ch. Anantha Reddy, M/s Pennar Chemicals Ltd., M/s Exel Engineering Ltd., Mr. Vijay Chandra Puljal, Mrs. P. Jayanti, Ms. P. Bhavana, Ms. P. Kalpana and M/s Vivekananda Enterprises.
2. The Acquirers have acquired 1,34,88,457 Equity Shares of Rs.5/- each at a price of Rs.6.50 per share aggregating Rs. 876.75 Lacs representing 17.66% of the paid-up equity capital of M/s Pennar Industries Limited (hereinafter referred to as "PIL" / " Target Company") on *8th December 2005* from Industrial Development Bank of India Limited (hereinafter referred to as "IDBI"). This acquisition has necessitated the Public Announcement (hereinafter referred to as "PA") for the Open Offer.
3. This revised PA is being made to revise the offer size upwards to acquire up to 1,84,71,496 fully paid-up Equity Shares of Rs.5/- each representing upto 20% of the voting rights of the Target Company (after taking into consideration 1,60,00,000 outstanding warrants) at a price of Rs.6.75 per fully paid-up equity share from its shareholders whose names appear in the register of members or who are beneficial owners of its equity shares as on the Specified Date (i.e. **12th January 2006, Thursday**). There are no partly paid up equity shares of the Target Company.
4. This is not a conditional offer and the same is not subject to any minimum level of acceptance.
5. (a) The old equity shares of the Target Company were listed on the Stock exchanges at Hyderabad and Mumbai. The trading in the shares of the company was suspended by both the exchanges with effect from 8th August 2005 in view of the reorganization of the equity capital pursuant to the Scheme of Reconstruction and Arrangement (Scheme) approved by the Hon'ble High Court of Andhra Pradesh at Hyderabad. Please refer to para III (5) for further details. The company has issued new share certificates in respect of the equity shares of the face value of Rs.5/- each to the shareholders in lieu of the cancelled old share certificates for equity shares of Rs.10/- each. The Equity capital has been restructured in terms of the Scheme. The trading in the shares of the target company was suspended by both the exchanges to facilitate the implementation of the Scheme. The Target Company has received the listing and trading permission from BSE for 1,66,49,119 Equity shares and 1,66,49,119 Preference shares of Rs 5/- each issued in lieu of the Equity shares of Rs 10/- each. Vide BSE's Letter No. DCS/SMG/RCG/2006/513228 dated January 6, 2006. The acquirers confirm and undertake that all the shares tendered in the open offer irrespective of whether they are listed or not, shall be considered for the basis of acceptance. Further, the Promoters of the acquirer companies confirm and undertake that they shall take necessary steps to ensure that the Target Company complies with the requirements of the Stock Exchanges to enable all the shares to be listed on these Exchanges at the earliest.

(b) The old equity shares of the company were frequently traded on BSE and as per Regulation 20(4), the Offer Price per equity share of Rs.10/- each is Rs.13.46 and as adjusted for a face value of Rs.5/- per share is Rs.6.73.

(c) Since the new equity shares issued by the company pursuant to the Scheme were yet to be listed at the time of the PA, the Offer Price of Rs.6.75 (Rupees Six and Paise Seventy five Only) per equity share was the highest of the following prices :-

(i) The acquisition price of Rs.6.50 per equity share for the shares acquired by the Acquirers from IDBI.

(ii) The highest price paid by the PACs with the Acquirers for the shares acquired during the twenty six week period prior to the date of PA i.e. 14th December 2005 was Rs.5/- per share for 13,95,400 Equity shares of Rs 5/- each acquired through preferential allotment pursuant to the scheme.

(d) As the new equity shares issued consequent to the reorganization of the equity capital pursuant to the Scheme were yet to be listed on the exchanges at the time of the PA, the price based on the parameters set out in clause (c) of Regulation 20(5) had been determined based on the certified financial data for the period from 1st April 2005 to 31st October 2005 as under:-

(i) Return on Networth : Not Applicable (Negative Net worth)

(ii) Book Value per share :- *Negative* Rs 6.98

(iii EPS :- Rs 0.94 (Not annualized and not weighted)

(iv) The price earning ratio based on the offer price Rs 6.75 (Rupees Six and Paise Seventy five Only) works out to a multiple of 7.18

(e) For the year ended 31st March 2005 the net worth was negative and hence return on net worth is not applicable, the EPS was Rs.(-) 4.18 and the Book Value was Negative Rs. 49.23.

6. The offer price of Rs.6.75 per equity share of Rs.5/- each is higher than the price in (b), (c) and (d) above. The Offer Price of Rs.6.75 per equity share being higher than the prices paid by the Acquirers / PAC's for the acquisitions referred to above is justified in terms of the Regulations.
7. The Acquirers are newly incorporated Private Limited Companies and have not acquired any shares of the Target Company other than the acquisition referred to above.
8. As on date of this revised PA, TTPL and PCPL do not hold any shares in the Target Company other than the acquisition referred to above which has triggered the Regulations. The PACs hold 15492165 equity shares of Rs.5/- each representing 20.29% of the paid up equity capital of the Target Company and 1,50,31,200 warrants of the Target Company as on the date of the PA
9. This is not a competitive bid.

II. Information about the Acquirers and Persons Acting in concert with them

1. M/s Thapati Trading Private Limited was incorporated on 25th November 2005. Mr. J. Nrupender Rao and Mr. P. Bhaskara Rao have promoted TTPL. The registered office of TTPL is situated at 3rd floor, Saptagiri Towers, Begumpet, Hyderabad. The main objects and other objects of the company inter alia include

– to carry on the business of Manufacturers, Representatives, Importers, Exporters, Stock Agents, Stockists, Distributors, all kinds of manufactured goods and commodities.

– To purchase, sell, subscribe, underwrite, acquire, invest, exchange, take-up, hold or otherwise to deal in shares, stock bonds, debentures, warrants, entitlements, premium notes, obligations or securities issued or guaranteed by the companies, corporations, mutual funds, Government undertakings, Government authorities, banks, financial institutions, foreign institutional investors, foreign companies or by any other body or authority in India or abroad either by original subscription, tender, conversion, offer, renunciation, purchase or otherwise and to subscribe for the same either conditionally or unconditionally and to guarantee the subscription thereof and to exercise, enforce and enjoy all rights and powers conferred by or incidental to the ownership thereof.

2. M/s Palguna Consultants Private Limited was incorporated on 25th November 2005. Mr. J. Nrupender Rao and Mr. P. Bhaskara Rao have promoted PCPL. The registered office of PCPL is situated at 3rd floor, Saptagiri Towers, Begumpet, Hyderabad. The main objects of the company inter alia include

– to act as an export house to design, develop, manufacture computer software and to market and to provide data processing service of all kinds including computer consultancy system analysis programming and computer maintenance in India or abroad.

– to underwrite, acquire, take up and hold shares, stocks, debentures, debenture stock, bonds, obligations and securities issued or guaranteed by any company constituted or carrying on business in India or in any foreign country and debentures, debenture stock, bonds, obligations and securities issued or guaranteed by any Government, Sovereign Rules, Commissioner public body or authority, supreme, municipal, local or otherwise whether in India or any foreign country.

3. TTPL and PCPL belong to the Promoter Group of the Target Company. The other companies belonging to the group are Pennar Aluminium Company Limited and Pennar Chemicals Limited.
4. The Directors of TTPL and PCPL are Mr. J. Nrupender Rao and Mr. P. Bhaskara Rao who are also on the Board of Directors of the Target Company. Mr. J. Nrupender Rao is the Executive Chairman of the Target Company.
5. TTPL has an authorised capital of Rs.500 lacs comprising 50,00,000 equity shares of Rs.10/- each. The paid-up equity capital is Rs.5 lacs and the share application money is Rs.441.96 lacs. It being a newly incorporated company, the past financial data including ratios are not applicable.
6. PCPL has an authorised capital of Rs.500 lacs comprising 50,00,000 equity shares of Rs.10/-each. The paid-up equity capital is Rs.10 lacs and the share application money is Rs.442.26 lacs. It being a newly incorporated company, the past financial data including ratios are not applicable.
7. Both the acquirer companies being private limited companies, the equity shares of these companies are not listed on any stock exchanges.
8. Mr. J. Nrupender Rao, Mrs. J Rajyalakshmi, Mr. J Aditya N Rao, Mrs. Avanti Rao, Mrs. Ch. Arathi, Mr. Ch Sridhar and M/s J N R Associates, Plot no. 381, Road No. 10, Jubilee Hills, Hyderabad – 500 034, Phone No. 040 – 23607193, Mr. P. Bhaskara Rao and Mrs. P Anasuya Plot No. 510, Gowtham Nagar Colony, Malkajgiri, Hyderabad – 500 047 Phone No. 040 – 27054207, Mr Ch Ananth Reddy, Flat No. 202, Padmavathi Apartments, Sadat Manzil, Ameerpet, Hyderabad-16 Phone No. 040 23403470, Pennar Chemicals Ltd.,3rd Floor Saptagiri Towers, Begumpet Hyderabad 500 016, 040 27762723, Exel Engineering Ltd., 3rd floor Saptagiri Towers, Begumpet, Hyderabad 500 016 Phone No. 27765388, Mr. Vijay Chandra Puljal, Mrs. P Jayanthi, Ms. P Bhavana, Ms. P Kalpana and M/s Vivekananda Enterprises, Flat No. 206, My Home Fernhill Apts, Somajiguda, Hyderabad 500082 Phone No. 040-23413087 are the Persons Acting in Concert with the Acquirers (PACs).
9. Mr. J. Nrupender Rao and Mr. P. Bhaskara Rao are the Directors on the Board of both the Acquirer companies. Mr. Vijay Chandra Puljal and Mr. Ch. Anantha Reddy are the Shareholders, Directors of the Target Company and are also the PACs with the Promoters of the Target Company.
10. The PACs other than those referred to in para **II(9)** are shareholders as well as Promoters or PACs of the Promoters of the Target Company.
11. The principal areas of business and relevant experience of the PACs is described below:-

Mr. J. Nrupender Rao, (60 yrs) B.Tech from Indian Institute of Technology, Kharagpur and M. S. Operations Research & Industrial Engineering from Purdue University, USA has 38 years of experience in various disciplines of manufacturing industry. He had worked in different managerial levels with organizations like National Cash Register, USA, Union Carbide India, Nagarjuna Steels Limited. As an entrepreneur, he co-promoted ITW Signode (then Nagarjuna Signode) in 1980 along with Nagarjuna Steels Limited and Signode Corporation of USA. He later promoted Pennar Steels Limited in 1985 for the manufacture of Cold Rolled Steel Strips. In the FY 1997-98 NSL Limited of the Nagarjuna Group merged into Pennar Steels Limited and the merged entity was renamed as Pennar Industries Limited (PIL). PIL is now a multi location, multi product Company. Mr. J. Nrupender Rao has also promoted M/s Pennar Aluminum Company Limited and M/s Pennar Chemicals Limited. **Mr. P. Bhaskara Rao,** (57 yrs) M. Tech has about 35 years of experience in senior positions in various companies such as KCP Ltd., NSL Ltd., Coromandel Fertilizers Ltd., HIP Alloys Ltd., Progressive Aluminium Limited, Pennar Aluminium Company Ltd. and Pennar Profiles Ltd. **Mr. Ch. Anantha Reddy** (58 yrs) B.Tech from REC, Warangal has about 30 years of experience in senior positions in various companies such as Hindustan Aeronautics Limited, Nagarjuna Steels Limited, ITW Signode and Pennar Industries Limited. **Mr. Vijay Chandra Puljal** (55 yrs) MSc in Agricultural Sciences has about 30 years experience in industry. **Pennar Chemicals Limited (PCL)** PCL is a part of the Pennar Group of Industries. PCL was incorporated in the year 1992 with technical collaboration with ELF Antar France (now known as Total France) had setup manufacturing facilities at Mallapur near Hyderabad. PCL manufactures ELF AC 13S - Combustion Improver and ACS 82 - Storage stabilizer. PCL markets Kerosene additive – VAL 2S 1750, PC 30 - Lubricity Improver and RV 100 - Cetane Improver. The Company has registered office at Hyderabad with branches all over India. PCL has also signed the MOU with Cummins Diesel Sales & Service (India) Limited for use of additives in their DG Sets using alternate Fuel. PCL has more than 250 Customers all over India. The Promoters of the company are Ms. J. Rajya Lakshmi, Ms. J.Avanthi, Ms. Ch. Aarti and Mr. J. Aditya N. Rao. As per the audited accounts for the year ended 31st March 2005 PCL's net worth was Rs.432.13 lakhs, Return on Net worth was 15%, Book Value was Rs.43.21 per share, EPS was Rs.6.48 per share. **Exel Engineering Ltd.** (EEL) was incorporated on 15th March 1984. Since then the Company is involved in business relating to financial services, investments and trading. . Its Promoters are Mr. J. Nrupender Rao and Mr. Vijay Chandra Puljal, who also form part of the promoters of Pennar Industries Ltd. The Directors of the company are Mr. A. Rajender, Mr. A. Srinivasa Rao, Mr.M. Rajeshwara Rao. None of the members of the Board of Directors are on the Board of Directors of the Target Company. . As per the audited accounts for the year ended 31st March 2005 EEL's Book Value was negative, EPS was Rs.(-ve) 1.09 per share. **JNR Associates** and **Vivekananda Enterprises** are two partnership firms involved in investments, **Mr. Ch. Sridhar,** is a MTech and an MBA from the University of Illinois. He has ten years experience in industry and is a director of Saven Technologies Limited, J Rajyalakshmi, Ch. Arathi, Avanthi Rao, J Aditya N Rao, P Anasuya, P Jayanthi, P Bhavana and P Kalpana are family members of the above mentioned persons and constitute part of the promoters group and are not involved in any business activities.

12. Mr. C.V.Koteswara Rao, Partner, M/s Ramasamy Koteswara Rao & Co., Chartered Accountants, Flat No.222, Amrutha Ville Apartments, Left Wing, Opp. Yashoda Hospital, Rajbhavan Road, Somajiguda, Hyderabad – 500 082 (Phone Nos.040 – 23394982/23394985, Fax No.040 – 23430633, Membership No.28353), vide certificate dated 23rd January 2006 has certified the Net Worth as on 14th December 2005 of Mr. J Nrupender Rao to be Rs.135.82 lacs, of Mr. P Bhaskara Rao to be Rs.114.65 lacs, of M/s Vivekananda Enterprises to be Rs.0.72 lacs, of M/s JNR Associates to be Rs.1.25 lacs, of M/s Exel Engineering Ltd to be Rs.16.63 lacs, of Mr. Vijay Chandra Puljal to be Rs.19.03 lacs, of Smt. J Rajyalakshmi to be Rs.60.25 lacs, of Mr. J Aditya N Rao to be Rs.71.37 lacs, of Smt. Ch Arathi to be Rs.59.06 lacs, of Mr. Ch Sridhar to be Rs.20.69 lacs, of Smt. Avanti Rao to be Rs.71.52 lacs, of Smt. P Anasuya to be Rs.35.72 lacs, of Smt. P Jayanthi to be Rs.7.11 lacs, of Ms. P Bhavana to be Rs.34.86 lacs and of Ms. P Kalpana to be Rs.27.31 lacs.
13. Mr. Ravi Rambabu, Partner, M/s Rambabu & Co., Chartered Accountants, Flat No.32, Pancom Chambers, Rajbhavan Road, Somajiguda, Hyderabad – 500 082 (Phone Nos.040 – 23311587/ 23318152, Fax No.040 – 23397182, Membership No.18541), has certified that the Net Worth of M/s Pennar Chemicals Limited is Rs.483.11 lacs as on 14th December 2005. Vide Certificate dated 15th December 2005 and that of Mr. Ch Anatha Reddy is Rs 76.40 lacs as on 14th December 2005 vide Certificate dated 23rd January 2006.

III. Information about the Target Company

1. The Target Company, M/s Pennar Industries Limited was incorporated on 8th August 1975 as M/s Pennar Steels Limited and obtained certificate of commencement of business on 16th December 1975. It obtained a fresh certificate of incorporation consequent on change of name to M/s Pennar Industries Limited vide certificate dated 30th September 1998.
2. The registered office of the Target company is situated at 1-10-75/1/1-6, 3rd Floor, Saptagiri Towers, S. P. Road, Begumpet, Hyderabad – 500 016.
3. The total paid-up capital of the Target Company as on the date of the Public Announcement comprises the following :-

– 7,63,57,479 equity shares of Rs.5/- each fully paid-up aggregating Rs.3817.87 lacs.
– 60,000, Series A, 14% Cumulative Redeemable Preference Shares of Rs.100/- each.
– 4,40,000, Series A, 15% Cumulative Redeemable Preference Shares of Rs.100/- each.
– 1,66,49,119, Series B, 0.01% Cumulative Redeemable Preference Shares of Rs.5/- each
– 93,73,862, Series B1, 0.01% Cumulative Redeemable Preference Shares of Rs.5/- each.

There are no partly paid-up equity shares of the Target Company. However, there are 1,60,00,000 share warrants of Rs.5/- each convertible into equity shares of Rs.5/- each at a premium of Rs.1.50 per share issued to the promoters that are outstanding. Out of these 72,50,0000 warrants are eligible for conversion in one or more tranches into equity shares of Rs.5/- each at a premium of Rs.1.50 per share during the financial year 2005-2006. The balance 87,50,000 warrants are eligible for conversion in one or more tranches into equity shares of Rs.5/- each at a premium of Rs.1.50 per share during the financial year 2006-2007.

4. Pennar Industries Limited set up a Cold Rolled Steel Complex at Isnapur, Hyderabad with a capacity of 30000 MT per annum in 1988. The capacity was expanded during 1996 to 60000 MT per annum. Merger of NSL Limited of the Nagarjuna Group into Pennar Industries Limited was effected during the FY 1997-98 as it was considered desirable to achieve economies of scale and a diversified product mix. Merger resulted in increasing production capacity to 142000 TPA; and addition of new products – Cold Rolled Formed Profiles (CRFS), Pressed Components, Pre-engineered building systems, and Road Safety Systems. The company also acquired in 1999 the cold rolled formed sections plant at Tarapur from Tube Investments Company, Madras.
5. The lenders of the Company sanctioned a Debt Restructuring package to PIL under the aegis of Corporate Debt Restructuring (CDR) Forum. In order to implement the CDR package, the members of the Company and its secured lenders approved a Scheme of Reconstruction and Arrangement ("Scheme").

Later, the Hon'ble High Court of Andhra Pradesh at Hyderabad sanctioned the said Scheme vide order dated July 1, 2005. The following were part of the Scheme :-

(a) Conversion of the old Equity Shares of Rs.10/-each into new equity shares of Rs.5/- each and new 0.01% Cumulative Redeemable Preference Shares of Rs.5/- each redeemable at par in three annual installments commencing from 2013-14 and ending in 2015-16.

(b) Conversion of Funded Interest Term Loans of Financial Institutions into equity and preference shares.

(c) Contribution towards equity by promoters, their friends and relatives, associates and strategic / financial investors to the extent of Rs.1500 lacs.

The net worth of the Company had been eroded as on 30th June 2002. The Company made a reference to the Board for Industrial and Financial Reconstruction (BIFR) as per the provisions of the Sick Industrial Companies (Special Provisions) Act, 1985 and was registered as a sick company vide registration No.87/2003.

6. The brief financials of the Target Company for the financial year 2004-2005 and for 7 month period ended 31-10-2005, based on the certified accounts are as under:

Rs. In Lacs

	31.03.2005	31.10.2005
Paid up Equity Capital	1664.91	3817.87
14% Cumulative Redeemable Preference Shares	48.30	42.00
15% Cumulative Redeemable Preference Shares	390.50	359.00
Reserves and Surplus (Excluding Revaluation Reserves)	(5107.14)	(4380.32)
Secured Loans	21502.38	19385.52
Un Secured Loans	2204.23	996.14
Sales and Other Income	37007.49	26516.99
PBIDT	2221.54	1621.64
Financing Cost	2370.10	598.53
Depreciation	550.81	302.48
Net Profit	(699.36)	720.64

IV. Reason for the Acquisition and offer and future plan about Target Company, if any.

1. The Acquirers have acquired 1,34,88,457 Equity shares of Target Company representing 17.66% of its paid- up Equity Capital from IDBI on 8th December 2005. Consequently they had announced an open offer in terms of the Regulations with the objective of consolidation of holdings. The aforesaid acquisition as well as the acquisition through the open offer will not result in change in control or management. This revised PA is being made to revise the offer size upwards to acquire up to 1,84,71,496 equity shares of Rs.5/- each.
2. The Acquirers do not intend to dispose of or otherwise encumber any assets of the Target Company in the succeeding two years except in the ordinary course of business of the Target Company.
3. The Acquirers and PACs have not made any future plans in respect of the target company for the purposes of this open offer. The future plans of the target Company have been chalked out by the Board of Directors of the Target Company of which the PACs are already the members. The acquisition of shares by the acquirers from IDBI and in this Open offer is for the purpose of consolidation of holdings of the promoters.
4. The Acquirers undertake that they shall not sell, dispose of or otherwise encumber any substantial asset of the target company except with the prior approval of the shareholders.

V. Statutory Approvals / Other Approvals required for the offer

1. The Offer is not subject to receipt by Acquirers of approval of term lending banks/financial institutions of the target company for the proposed acquisition.
2. Approval from Reserve Bank of India ("RBI") for acquiring equity shares from the NRI Shareholders and FIPB for acquiring equity shares from the Foreign Shareholders is required, if any.
3. To the knowledge of the Acquirers, no other statutory approvals are required to acquire the shares that may be tendered pursuant to the Offer. If any statutory approvals become applicable at a later date, the offer would be subject to such statutory approvals. In case the statutory approvals are not obtained, the Acquirers will not proceed with the Offer.
4. Acquirers will make the requisite application to RBI as well as FIPB to obtain permission for the acquisition of shares from NRIs and Foreign Nationals.
5. In case of delay in receipt of statutory approval, SEBI has power to grant extension of time to Acquirers for payment of consideration to shareholders, subject to Acquirers agreeing to pay interest for the delayed period as directed by SEBI in terms of Regulation 22(12) of SEBI (SAST) Regulations. Further, if the delay occurs on account of wilful default by Acquirer in obtaining the requisite approval, Regulation 22(13) of SEBI (SAST) Regulations will also become applicable.
6. In case approvals from RBI and FIPB for making payments to the NRIs and Foreign Nationals are unduly delayed, the Acquirers reserve the right to proceed with payment to the resident shareholders whose shares have been accepted by the Acquirers in terms of the Offer, pending payment to the Non - Resident shareholders and Foreign Nationals, subject to the payment instruments payable to Non - Resident shareholders, Foreign Nationals being kept in the safe custody with the Registrars to the Offer.
7. Acquirer will not proceed with the offer in the event of the statutory approval indicated above is refused in terms of Regulation 27 of SEBI (SAST) Regulations.

VI. Option to the acquirer in terms of Regulation 21(3)

Regulation 21(3) is not applicable in this case.

VII. Financial Arrangements

1. The total amount of funds required to make the payment of consideration for the shares tendered during the open offer (assuming full acceptances) for the increased offer size will be Rs.**1246.83** lacs.
2. The Acquirers had opened an escrow account with **IDBI Bank, Basheerbagh Branch** and had deposited a sum of Rs.**282.18** lacs prior to the PA. They have further deposited cheques under clearing for a sum of Rs.30 lacs in the escrow account and the total amount deposited therein represents 25% of the total consideration payable under the offer.
3. The Manager to the Offer, M/s Karvy Investor Services Limited have been empowered to operate the Escrow Account and a lien on the account has been marked in favour of the Manager to the Offer and they are empowered to realize the value of the escrow account.
4. The Acquirers and PACs have adequate and firm financial resources to fulfil the obligations under the open offer. The sources of the funds required by the Acquirers for fulfilling their obligations under the offer are borrowings against their investments**.**
5. Mr. C. V. Koteswara Rao, Partner, M/s. Ramasamy Koteswara Rao & Co., Chartered Accountants, Flat no. 222, Amrutha Ville Apartments, Left Wing, Opp.Yashoda Hospital, Rajbhvan Road, Somajiguda, Hyderabad-500 082 (phone no.040-23394982/23394985, fax no.040-23430633, Membership No.28353) vide Certificate dated 14th December 2005 have certified that the Acquirers have adequate financial resources for fulfilling all the obligations under the offer. We confirm that acquirers have made firm arrangement for funds for payment through verifiable means to fulfil the offer obligations.
6. Mr. C. V. Koteswara Rao, Partner, M/s. Ramasamy Koteswara Rao & Co., Chartered Accountants, Flat no. 222, Amrutha Ville Apartments, Left Wing, Opp.Yashoda Hospital, Rajbhvan Road, Somajiguda, Hyderabad-500 082 (phone no.040-23394982/23394985, fax no.040-23430633, Membership No.28353) vide Certificate dated 23rd January 2006 have certified that the net worth of M/s Thapati Trading Private Limited as on 14.12.2005 was Rs.442.58 lacs.
7. Mr. C. V. Koteswara Rao, Partner, M/s. Ramasamy Koteswara Rao & Co., Chartered Accountants, Flat no. 222, Amrutha Ville Apartments, Left Wing, Opp.Yashoda Hospital, Rajbhvan Road, Somajiguda, Hyderabad-500 082 (phone no.040-23394982/23394985, fax no.040-23430633, Membership No.28353) vide Certificate dated 23rd January 2006 have certified that the net worth of M/s Palguna Consultants Private Limited as on 14.12.2005 was Rs.447.89 lacs.

VIII. Other terms of the offer

1. The Offer being announced is not a conditional offer and is not subject to any minimum level of acceptance.
2. All share holders except the acquirers and the persons acting in concert who own the shares of the Target company any time before the closure of the offer are eligible to participate in the offer.
3. All the equity shares of the Target Company, irrespective of whether they are listed or unlisted shall be considered for the basis of acceptance.
4. The Letter of Offer ("LoO") together with the Form of Acceptance cum Acknowledgement will be mailed to the shareholders of PIL (except the Acquirers and PACs) whose names appear on the Register of Members of and to the beneficial owners of the shares of PIL whose names appear on the beneficial records of the respective depositories at the close of the business on **12th January 2006, Thursday** (the Specified Date).
5. The acceptance of the offer made by the Acquirers is entirely at the discretion of equity shareholders of Pennar Industries Limited (PIL) and each shareholder of PIL to whom this offer is made, is free to offer his shareholding in PIL, in whole or in part, while accepting the offer.
6. Any Equity Shares of PIL that are subject matter of litigation or are held in abeyance due to pending court cases, wherein the shareholders of PIL may be precluded from transferring the equity shares during pendency of the said litigation are liable to be rejected in case directions/orders to the contrary regarding these equity shares are not received together with the equity shares tendered under the offer. The Letter of Offer in some of these cases, wherever possible would be forwarded to the concerned statutory authorities for further action at their end.
7. Accidental omission to dispatch the letter of offer or any further communication to any person to whom the letter of offer is made or the non-receipt of the letter of offer by any such person shall not invalidate the offer in any way.
8. The instructions, authorizations and provisions contained in the form of acceptance and form of withdrawal constitute an integral part of the terms of this offer.
9. The Letter of Offer together with the Form of Acceptance cum Acknowledgement and Form of Withdrawal will be mailed to the shareholders of PIL (except the Acquirers and PACs) whose names appear on the Register of Members of PIL and to the beneficial owners of the shares of PIL whose names appear on the beneficial records of the respective depositories at the close of the business on **January 12th, 2006, Thursday** (the Specified Date).
10. Shares that are subject to any charge, lien or encumbrance are liable to be rejected.
11. The acceptance of the Offer must be unconditional and should be sent in the Form of Acceptance along with the other documents duly filled in and signed by the applicant shareholder(s) which should be received by the Registrar to the Offer at the address mentioned below on or before **March, 27th, 2006, Monday**. If any change or modification is made in the Form of Acceptance, the same is liable to be rejected.
12. Acquirers will not be responsible in any manner for any loss of equity share certificate(s) and offer acceptance documents during transit and the equity shareholders of PIL are advised to adequately safeguard their interest in this regard.
13. The Offer is not subject to any minimum level of acceptance and the Acquirers will acquire all the paid-up equity shares of PIL that are validly tendered in terms of this Offer up to a maximum of 1,84,71,496 Equity Shares of Rs 5/- each. Thus, the Acquirers will proceed with the Offer even if it is unable to obtain acceptance to the full extent of the equity shares of PIL for which this Offer is made. In the event of the offer receiving a response of more than 100%, the Acquirers shall accept the shares on a proportionate basis.
14. The Acquirers reserve the right of upward revision of price at any time up to seven working days prior to the closure of the Offer, as per Regulation 26 of the Regulations. If there were any upward revision in the Offer Price before the last date of revision (i.e. **March 16th, 2006, Thursday**) the same would be informed by way of Public Announcement in the same newspapers in which this Revised Public Announcement is made. Such revised Offer Price would be payable to all shareholders who tender their shares at any time during the Offer and which are accepted under the Offer.
15. Shareholders who wish to tender the shares will be required to send the Form of Acceptance cum Acknowledgement, Original Share Certificate (s) and Transfer Deed (s) duly signed to the Registrar to the Offer at Karvy Computershare Private Limited, "Karvy House", 46, Avenue 4, Street No.1, Banjara Hills, Hyderabad – 500 034, either by hand delivery during normal business hours Monday to Friday 10.00 A.M to 5.00 p.m. (excluding Bank Holidays) or by Registered Post on or before the close of the offer i.e. **March 27th, 2006, Monday** in accordance with the instructions specified in the Letter of Offer and the Form of Acceptance cum Acknowledgement.
16. Beneficial Owners and Shareholders holding shares in the dematerialized form, will be required to send their Form of Acceptance cum Acknowledgement to the Registrar to the Offer either by hand delivery during normal business hours or by Registered Post on or before the close of the offer i.e. **March 27th, 2006, Monday** along with photocopy of the delivery instructions in " Off Market" mode or counterfoil of the delivery instruction in "Off Market" mode, duly acknowledged by the Depository Participant ("DP"), in favour of the Escrow Depository Account.

DP Name	KARVY STOCK BROKING LIMITED
DP ID	IN 300394
Beneficiary ID	15912766
Name of Account	**"PIL - Escrow Account – Open Offer"**

Shareholders having their beneficiary account in Central Depository Services India Limited (CDSL) have to use inter-depository delivery instruction slip for the purpose of crediting their shares in favour of the special depository account with NSDL.

For further details please refer to the Letter of Offer.

17. All owners of shares, registered or unregistered (except the Acquirer and Other Promoters), who own the shares at any time prior to the closure of the offer are eligible to participate in the offer. Unregistered owners can send their application in writing to the Registrar to the Offer, on a plain paper stating the Name, Address, Number of Shares held, Number of Shares Offered, Distinctive Numbers, Folio No., together with the Original Share Certificate(s), valid transfer deed(s) and a copy of the contract note issued by the broker through whom they acquired their shares. No indemnity is required from the unregistered owners.
18. In case of non-receipt of the Letter of Offer, eligible persons may send their acceptance to the Registrar to the Offer, on a plain paper stating the Name, Address, No. of shares held, Distinctive Nos., Folio No., No. of shares offered, along with documents as mentioned above, so as to reach the Registrar to the Offer on or before the close of the Offer, i.e. **March 27th, 2006, Monday**.
19. The Registrar to the Offer will hold in trust the shares/share certificates, shares lying in credit of the special depository account, Form of Acceptance cum Acknowledgement, if any, and the transfer form(s) on behalf of the shareholders of the Target Company, who have accepted the offer, until the cheques/ drafts for the consideration and/ or the unaccepted shares/ share certificates are dispatched/ returned.
20. Unaccepted Share Certificates, transfer forms and other documents, if any, will be returned by Registered Post at the shareholders/ unregistered owners sole risk to the sole/ first shareholder. Shareholders whose shares are held in dematerialized form to the extent not accepted will be intimated by post for the non-acceptance.
21. In case the shares tendered in the offer by the shareholders of PIL are more than the shares to be acquired under the offer, the acquisition of the shares from each shareholder will be as per the provision of Regulation 21(6) of the Regulations on a proportionate basis irrespective of whether the shares are held in physical or dematerialized form.
22. Eligible persons to the Offer may also download a copy of the Letter of Offer and Form of Acceptance cum Acknowledgement, which will be available on SEBI's website at http://www.sebi.gov.in from the offer opening Date i.e. **March 8th, 2006, Wednesday** and apply in the same.
23. Shareholders who have sent their shares for demat need to ensure that the process of getting shares demated is completed well in time so that the credit in the Escrow Depository Account should be received on or before the date of closure of the Offer, i.e. **March 27th, 2006, Monday** else the application would be rejected.

24. Procedure for withdrawal of application

i) In accordance with Regulation 22(5A) of the SEBI (SAST) Regulations 1997, shareholders shall have the option to withdraw acceptances tendered up to three working days (i.e.**March 22nd, 2006, Wednesday)** prior to the Offer Closing Date i.e. **March 27th, 2006, Monday.**

ii) Shareholders who wish to withdraw their shares from the Offer will be required to send the Form of Withdrawal duly completed & signed along with the requisite documents.

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

– **In case of physical shares**: by stating Name, Address, Distinctive numbers, Folio number, Number of shares tendered.

– **In case of dematerialized shares**: by stating Name, Address, Number of shares tendered, DP Name, DP ID, beneficiary account number, photocopy of the delivery instruction in "Off Market" mode duly acknowledged by the DP in favor of the special depository account.

– **In either case:** a copy of the acknowledgement received from the Registrar to the Offer upon tendering of the Shares,

So as to reach the Registrar to the Offer either by hand delivery or by registered post on or before **March 22nd, 2006, Wednesday.**

24. **Shares subject to Lock in**

The Acquirers shall acquire all the shares tendered by the shareholders even if they are subjected to lock in period. However, these shares shall continue to be under lock in for the residual period in the hands of the acquirers. The event in which these shares may be rejected/returned is in case of invalid applications and/ or the shares being rejected due to proportionate acceptance.

25. In case of non-receipt of the aforesaid documents, but receipt of the shares in the Special Depository Escrow Account, the Acquirer may deem the Offer to have been accepted by the Shareholder.
26. Schedule of the Activities pertaining to the Offer is given below:

	Original Schedule		Revised Schedule	
Activity	**Date**	**Day**	**Date**	**Day**
Public Announcement (PA) Date	14th December 2005	Wednesday	Not Applicable	Not Applicable
Specified Date	12th January 2006	Thursday	12th January 2006	Thursday
Last date for a competitive bid	3rd January 2006	Tuesday	3rd January 2006	Tuesday
Date by which Letter of Offer will be dispatched to the shareholders	21st January 2006	Saturday	27th February 2006	Monday
Offer opening Date	6th February 2006	Monday	8th March 2006	Wednesday
Last date for revising the offer price/ number of shares	18th February 2006	Saturday	16th March 2006	Thursday
Last date for withdrawal by shareholders	22nd February 2006	Wednesday	22nd March 2006	Wednesday
Offer closing Date	25th February 2006	Saturday	27th March 2006	Monday
Date by which the acceptance /rejection would be intimated and the corresponding payment for the acquired shares and /or the share	11th March 2006	Saturday	10th April 2006	Monday

General

1. Shareholders who have accepted the offer by tendering the requisite documents, in terms of the Public announcement / Letter of offer, can withdraw the same upto three working days prior to the date of the closure of the offer"
2. If there is any upward revision in the offer price before the last date of revision (i.e.**16th March 2006, Thursday**) or withdrawal of the offer, the same would be informed by way of public announcement in the same newspaper where the original public announcement appeared. Such revised Offer Price would be payable to all the shareholders who have tendered their shares at any time during the offer and which have been accepted under the offer.
3. **"If there is competitive bid:**

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

ii. As the offer price can not be revised during 7 working days prior to the closing date of the offers / bids, it would, therefore, be in the interest of shareholders to wait till the commencement of that period to know the final offer price of each bid and tender their acceptance accordingly"

4. The acquirers and the target Company have not been prohibited by SEBI from dealing in securities, in terms of direction issued u/s 11B of SEBI Act or under any other regulations made under the SEBI Act.
5. The Acquirers and Directors of the Acquirer Companies accept the responsibility for the information contained in the Public Announcement and also for the obligations of acquirer laid down in the SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 1997 and subsequent amendments thereto.
6. For further details please refer to the Letter of Offer and the Form of Acceptance. This public announcement is also available on SEBI website (www.sebi.gov.in)
7. Attention of the shareholders is drawn to the fact that the Letter of Offer alongwith the Form of Acceptance will also be available at SEBI's web site http://www.sebi.gov.in/ and downloading the form of acceptance from the web site for applying in the offer is one of the alternatives available to them.

Issued by; Manager to the Offer
Karvy Investor Services Limited
46, Avenue 4, Street No1
Banjara Hills, Hyderabad – 500 034.
Phone Nos.: 040 – 23320251/23374714
Fax No.: 040 – 23374714
Email: mbd@karvy.com
Contact person: Mr. T. R. Prashanth Kumar

Registrars to the Offer
KARVY
Karvy Computershare Private Limited
46, Avenue 4, Street No1
Banjara Hills, Hyderabad – 500 034.
Phone Nos.: 040 –23312454 / 23320751
Fax No: 040 – 23431551
Email: murali@karvy.com
Contact person: Mr. Murali Krishna

Legal Advisors to the Offer
LVV Iyer & Associates
Corporate Lawyers
302A, 3rd, Floor, 'Technopolis',
Lane next to Pantaloons,
Begumpet, Hyderabad – 500 016,
Phone : Off: 040 – 27765828, Fax : 040 – 27766534
Email : iyerassociates@sify.com

On behalf of **Thapati Trading Private Limited, Palguna Consultants Private Limited, Mr. J. Nrupender Rao, Mr. P. Bhaskara Rao, Mrs. J Rajyalakshmi, Mr. J Aditya N Rao, Mrs. Avanti Rao, Mrs. Ch. Arathi, Mr. Ch Sridhar, M/s J N R Associates, Mrs. P Anasuya, Mr. Ch Ananth Reddy, Pennar Chemicals Ltd, Exel Engineering Ltd., Mr. Vijay Chandra Puljal, Mrs. P Jayanthi, Ms. P Bhavana, Ms. P Kalpana and M/s Vivekananda Enterprises.**

Place: Hyderabad, Date: 17th February 2006