

## PUBLIC ANNOUNCEMENT FOR THE ATTENTION OF THE SHAREHOLDERS OF

## KAILASH AUTO FINANCE LIMITED

("KAF" / "Target Company")

Registered Office: 84/105 G T Road, Kanpur, Tel No.: 0512-2521575 Fax No.: 0512-2521574

## CASH OFFER FOR ACQUISITION OF EQUITY SHARES FROM SHAREHOLDERS

Cash offer of Rs.3/- (Rupees Three Only) Per Share for Acquisition of Up to 7,61,180 (Seven Lac Sixty One Thousand One Hundred and Eighty Only) Equity Shares from Public Shareholders of the Target Company

This Public Announcement ("PA") is being issued by the Manager to the Offer, Comfort Securities Private Limited ("CSPL"), on behalf of M/s. Padma Impex Private Limited (herein referred to as "PA" or "Acquirer") pursuant to and in compliance with Regulation 10 & 12 of Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 1997 and subsequent amendments thereof ("SEBI (SAST) Regulations").

## 1. BACKGROUND OF THE OFFER

1.1 This Open Offer is being made by M/s. Padma Impex Private Limited, having the registered office at 34-A, Metcalf, 5th floor, Room No. 4F, Kolkata - 700013 and the Corporate Office at C-Wing/103, County Park, Datta Pada Road, Opp. Tata Steel (SSL), Borivili (East), Mumbai - 400066. Tel No. 022-28701316; E-mail: padma.impex@rediffmail.com. (hereinafter referred to as "the Acquirer") to the equity Shareholders of M/s. Kailash Auto Finance Limited (hereinafter referred to as "KAF" or "the Target Company").

1.2 The Acquirer has entered into Share Purchase Agreement (SPA) dated 12th May, 2010 ("SPA" or "Agreement") to acquire 26,16,517 fully paid equity shares/voting rights and management control (Sale Shares) of KAF representing 68.74% of the issued and paid up equity share capital of KAF. Mr. Kailash Gupta, who is the existing promoter of KAF and Other Promoter group as detailed below, ("the Sellers"), for a consideration of Rs.3/- (Rupees Three Only) per equity share to be paid in cash amounting to an aggregate consideration of Rs. 78,49,551/- (Rupees Seventy Eight Lacs Forty Nine Thousand Five Hundred and Fifty One Only) The share will be acquired through open-market mode. The details of the same are herein

Name of Acquirer	No. of Equity Shares Agreed to be Acquired	% of the Voting Equity Share Capital of the KAF	Name of the Sellers	No. of Shares to be Sold by Sellers	% of the Voting Share Capital of the KAF
M/s. Padma Impex Private Limited	26,16,517	68.74	Kailash Gupta	8,67,837	22.80
			Kailash Gupta HUF*	38,425	1.00
			Rekha Gupta*	9,17,439	24.11
			Ishwar Chandra Gupta*	8,500	0.22
			Atul Goel*	11,600	0.30
			Vineet Chandra / Rekha Gupta*	58,081	1.53
			Raghav Gupta*	64,876	1.70
			Shalini Gupta*	20,250	0.43
			Anuja Gupta*	25,961	0.68
			Mittar Sen Goyal*	3,100	0.08
			Angoon Devi*	1,100	0.03
			Shalini Gupta*	7,200	0.09
			Aradhana Motors Pvt. Ltd.*	4600	0.12
			Comm. Engg & Body Builders Co. Ltd.*	86,650	2.28
			Commercial Automobiles Ltd.*	3,23,867	8.51
			Commercial Instalments Pvt. Ltd.*	48,438	1.27
			Commercial Motors Finance Ltd.*	27,343	0.72
			Kailash Auto Builders Ltd.*	25,925	0.68
			Kailash Motors Ltd.*	1,050	0.03
			Shivam Motors Ltd.*	49,375	1.30
			Tirupati Services Ltd.*	32,200	0.85
<b>Total</b>	<b>26,16,517</b>	<b>68.74</b>		<b>26,16,517</b>	<b>68.74</b>

\* The Kailash Gupta holds authority to sell the stake of other promoters and promoter group by virtue of their power of Attorney.

1.3 Pursuant to the proposed substantial acquisition of equity shares and consequent change in control of the Target Company contemplated under the SPA, this mandatory offer ("the Offer" or "Open Offer") is being made by the Acquirer in compliance with Regulations 10 & 12 and other applicable provisions of SEBI (SAST) Regulations, 1997 ("the Regulations" or "the Takeover Code").

1.4 The Promoter of KAF is Mr. Kailash Gupta and along with promoter group by virtue of power of attorney holding as on the date of PA is 26,16,517 equity shares representing 68.74% of the total paid up capital.

1.5 During the Financial Year (2009-2010) the Acquirer has not acquired any share of KAF.

1.6 The Acquirer does not hold any equity shares of KAF as on the date of PA. On SPA becoming effective, the voting rights of the Promoter would be 26,16,517 equity shares representing 68.74% of the total issued and paid up capital of KAF during the financial year 2010-11. In compliance with Regulations 10 & 12 of the SEBI (SAST) Regulations, 1997 relating to the acquisition of the above shares by the Acquirer, will result into acquisition of more than the maximum permissible limit of 15% in a financial year as per the Regulations.

## 1.7 The salient features of the SPAs are:

- At the time of execution of this agreement
- The Sellers hold 26,16,517 fully paid up equity shares of KAF representing 68.74% of the total issued and paid up equity capital of KAF.
- The Sellers have agreed to sell and the Acquirer has agreed to purchase 26,16,517 fully paid up equity shares of Rs. 10/- each ("Sale Shares") representing 68.74% of the present issued and voting share capital of the KAF. The consideration for the Sale Shares is Rs. 3/- (Rupees Three Only) per share for cash aggregating Rs. 78,49,551/- (Rupees Seventy Eight Lacs Forty Nine Thousand Five Hundred and Fifty One Only). On acquisition of above shares Acquirer would become the promoter of the company and consequently the Seller shall cease to be promoter of the Company.
- If the Acquirer or the Sellers, in pursuance of the SPA, fail to comply with the provisions of the Regulations, the SPA shall not be acted upon by the Acquirer or the Sellers.
- There is no non-compete fee agreement between the Acquirer and the Sellers.
- The SPA, by its own terms, shall be effective only upon the certification by the Manager to the Offer that the formalities related to the offer have been duly completed.
- If the provisions of the Takeover Code are not complied with, the SPA shall not be acted upon either by the Sellers or the Acquirer.

## 2. THE OFFER

- M/s. Padma Impex Private Limited, is making an open offer to the public shareholders (i.e. Shareholders other than the Acquirer and Sellers of M/s. Kailash Auto Finance Limited) to acquire up to 7,61,180 (Seven Lac Sixty One Thousand One Hundred and Eighty) Equity Shares of the face value of Rs.10/- each of the Target Company representing 20.00% of the Subscribed Equity Share capital and 20.00% of Voting Capital of KAF. This offer is being made pursuant to Regulation 10 & 12 of the Regulations at a price of Rs. 3.00 (Rupee Three Only) per fully paid up equity share ("Offer Price") payable in cash in terms of Regulation 20 & 21 of the Regulations. ("the Offer" or "Open Offer")
- The Acquirer does not hold any equity shares/voting rights in the target company as on the date of Public Announcement other than to be acquired under the SPA, those as mentioned in paragraph 1.2 above. After the proposed acquisition of shares through the SPA, the Acquirer shareholding would be 26,16,517 equity shares representing 68.74% of the voting capital. Assuming full acceptance to the Offer, the Acquirer shareholding would further increase to 33,77,697 equity shares representing 88.75% of the voting capital.
- The Acquirer has not acquired any equity shares of the Target Company during the twelve months preceding the date of the PA.
- This Offer is being made to all the shareholders (other than the Parties to the SPA) of the Target Company and is not conditional or any minimum level of acceptance by the shareholders of the Target Company.
- This is not a competitive bid.
- The Offer is subject to the terms and conditions mentioned hereinafter and the terms and conditions that will be set out in the Letter of Offer in relation to the Offer ("the Letter of Offer" or "LOF").
- The Offer is subject to receipt of the statutory approvals mentioned in paragraph 7.1 of the PA and other terms and conditions as set out in the LOF to be sent to the shareholders (other than the Parties to the SPA) of the Target Company. In terms of Regulation 27 of the Regulations, if the statutory approvals are refused, the offer would be stand withdrawn.
- The Equity Shares of the Target Company will be acquired free from all liens, charges and encumbrances and together with the rights attached thereto, including all rights to dividend, bonus and rights offer declare thereof.
- The Manager to the Offer does not hold any equity shares of the Target Company as on the date of PA. They declare and undertake not to deal in the share of Target Company during the period commencing from the date of their appointment as Manager to the Offer till the expiry of 15 days from the date of closure of the Offer.
- The Offer is not as a result of global acquisition resulting in indirect acquisition of KAF.
- M/s. Padma Impex Private Limited is the sole acquirer and there are no PACs for the purpose of this offer.
- This is not a competitive bid.
- This Offer will result in the change of control of the Target Company.
- The Acquirer is permitted to revise this Offer upwards up to seven working days prior to the date of closure of the Offer i.e. 31st July, 2010. In the event of such revision, an announcement will be made in the same manner as above. The SPA has appeared and the revised offer price would be paid for all the equity shares tendered anytime during the Offer. In case of revision in the Offer price, the Acquirer would raise the amount of Escrow Account to ensure compliance with Regulation 28 of the SEBI (SAST) Regulations.

## 3. OFFER PRICE

- The Equity shares of the Target Company are listed only at Bombay Stock Exchange Limited, Mumbai (BSE). The shares are listed under Group T having a Scrip Code of "511357" and Scrip ID "51 KALASH". The scrip of the Company has not suspended but there has been no trading in the shares of Target Company on BSE during six calendar months preceding the month in which this PA is made. The Equity Shares of KAF are deemed to be infrequently traded in the meaning of explanation (i) to Regulation 20(5) of the Regulations.
- The Offer Price of Rs. 3.00/- (Rupees Three Only) per Equity Share is justified in terms of Regulation 20(5) of the Regulations, in view of the following:

S.NO.	PARTICULARS	PRICE (IN RS. PER SHARE)
(a)	Negotiated price under the Shares Purchase Agreement	Rs. 3.00
(b)	Highest price paid by the Acquirers for acquisitions, if any, including by way of allotment in a Public or Rights or Preferential Issue, during the 26 week period prior to the date of the Public Announcement.	Not Applicable
(c)	Average of high/low of the closing price for every week for the last 26 weeks	Not Applicable
(d)	The average high/low for the last two weeks	Not Applicable
(e)	Other Financial Parameters as at:	31-Dec-09   31-Mar-09
(i)	Return on Net Worth (%)	**   **
(ii)	Book Value Per Share	**   **
(iii)	Earning Per Share	2.62   4.98

\*\* Negative return on Net Worth & Book Value

- In view of the parameters considered and presented in table above, in the opinion of the Acquirer and Manager to the Offer, the Offer Price of Rs. 3.00/- (Rupee Three Only) per share being the highest of the prices mentioned above is justified in terms of Regulation 20(5) & 20(11) of the Regulations.
- The Fair Market Value of KAF is Rs. 25.00 (Rupees Two and Fifty paise Only) as certified vide Valuation certificate dated 12th May, 2010 by Mr. Anil Bansal (Membership No. 043919) of M/s. Anil Bansal & Associates, Chartered Accountants having its office situated at 306, Kedia Chambers, S V Road, Malad (W), Mumbai - 400064. Email ID: anilbansal306@rediffmail.com, Tel. No. 022-28810283.

## 4. INFORMATION ABOUT THE ACQUIRER

- M/s. Padma Impex Pvt. Ltd. (PIL), was incorporated on 8th July, 1988 in the name and style as Lahanuka Commercial Private Limited as a Private Limited Company under the Companies Act 1956. The name of the Company was changed to "Padma Impex Private Limited." vide Special Resolution adopted by members of the Company in their general meeting and fresh certificate to this effect was issued by the Registrar of Companies, West Bengal, Kolkata on 22nd September 1999. The CIL of the Company is U51900WB1999PT0044746. The Registered office of PIL is situated at 34-A, Metcalf, 5th floor, Room No. 4F, Kolkata - 700013. Tel No. (033) 22110400 Fax No. (033) 22119547 and the Corporate Office at C-Wing/103, County Park, Datta Pada Road, Opp: Tata Steel (SSL), Borivili (East), Mumbai - 400066. Tel No. 022-28701316; E-mail: padma.impex@rediffmail.com.
- PIL has been incorporated with the objective of carrying on the business as traders, exporters, agents, representatives, dealers, stockists, importers or distributors of tea, coffee, jute and jute goods, textile, cotton, cellulose or synthetic fibre, silk yarn, wool and woolen goods, handicrafts, marble and other stones, coke and coal and other allied products, steel plastic, rubber, chemicals, engineering goods, metals, minerals electronic cloth, dresses, garments, transport vehicles, good products, books, reading and educative materials, paper and paper products, tobacco and tobacco products.
- The Authorized Share Capital of PIL is Rs. 100.00 lacs comprising of 1,00,000 Equity Share of Rs.100/- each. The Issued, Subscribed and Paid up Equity Share Capital is Rs. 89.00 lacs comprising of 89,000 fully paid up equity shares of Rs. 100/- each.
- M/s Padma Impex Pvt. Ltd. (PIL) has not been prohibited by SEBI from dealing in securities, in terms of directions issued under Section 11B of the SEBI Act, 1992, as amended (the "SEBI Act") or under any other regulation made under the SEBI Act. The Company has complied with the disclosure requirements mentioned under Chapter II of the SEBI (SAST) Regulations.
- The Acquirer has not entered into any non-compete agreement with the Sellers.

The present Board of Directors of PIL are Mr. Rakesh Bansal, Ms. Bina Mehta and Mr. Samar Vishwanath Singh.

The shares of PIL are not listed on any Stock Exchange.

## 4.8 Financial Information

Particulars	Audited 31/01/2010	Audited 31/03/2009	Audited 31/03/2008	Audited 31/03/2007
<b>Profit &amp; Loss Account as on</b>				
Income from Operations	8.61	1.95	19.05	99.80
Other Income	4.81	1.95	1.46	(10.44)
<b>Total Income</b>	<b>13.42</b>	<b>1.95</b>	<b>20.51</b>	<b>89.36</b>
Total Expenditure	(10.10)	(0.86)	(19.99)	(100.91)
PBDIT	3.32	1.10	0.52	(11.55)
Depreciation	(0.02)	(0.03)	(0.16)	(0.36)
Interest	-	-	-	-
Profit/(Loss) Before Tax	3.30	1.07	0.36	(11.91)
FBT adjustment	-	-	(0.07)	(0.04)
Adjustment for deferred Tax	-	-	(0.11)	0.04
Provision for tax	-	(0.30)	(0.11)	(0.14)
<b>Profit After Tax (PAT)</b>	<b>3.30</b>	<b>0.77</b>	<b>0.12</b>	<b>(12.05)</b>
<b>Balance Sheet as on</b>	<b>31/01/2010</b>	<b>31/03/2009</b>	<b>31/03/2008</b>	<b>31/03/2007</b>
<b>Sources of Funds</b>				
Capital Account	89.00	75.00	75.00	75.00
Reserves and Surplus (Excluding Revaluation Reserve)	38.82	14.51	13.74	13.63
<b>Net worth</b>	<b>127.82</b>	<b>89.51</b>	<b>88.74</b>	<b>88.63</b>
Secured Loans	-	-	-	-
Unsecured Loans	12.05	90.00	-	-
Deferred Payment credit	0.02	0.02	0.02	-
<b>Total</b>	<b>139.89</b>	<b>179.53</b>	<b>88.76</b>	<b>88.63</b>
<b>Application of Funds</b>				
Net Fixed Assets	0.03	0.04	0.07	0.95
Investments	0.25	2.52	-	-
Deferred Tax Asset (Net)	-	-	-	-
Current Assets Loan and Advances	143.83	180.52	91.98	96.60
Current Liabilities	4.22	3.55	3.30	8.92
Net Current Assets	139.60	176.97	88.68	87.68
Balance in P&L Account & General Reserve	-	-	-	-
Total Misc. Exp. Not Written Off	-	-	-	-
<b>Total</b>	<b>139.89</b>	<b>179.53</b>	<b>88.76</b>	<b>88.63</b>
<b>Other Financial Data</b>	<b>31/01/2010</b>	<b>31/03/2009</b>	<b>31/03/2008</b>	<b>31/03/2007</b>
Dividend (%)	-	-	-	-
Earning Per Share (in Rs.)	3.71	1.03	0.16	(16.06)
Return on Net Worth (%)	2.58	0.86	0.135	(13.60)
Book Value Per Share** (in Rs.)	143.63	119.35	118.32	118.17

Notes: \*EPS = Profit after tax / number of outstanding equity shares at the close of the year/period.

\*\*Return on Net Worth = Profit after Tax / Net Worth

\*\*\*Book Value per Share = Net Worth / No. of equity shares

The Net Worth of Padma Impex Pvt. Ltd. (PIL), as on January 31, 2010 is Rs. 127.82 Lacs (Rupees One Crore Twenty Seven Lacs Eighty Two Thousand Only) as certified vide certificate dated 12th May, 2010 by Mr. Praveen Kumar Choudhary (Membership No. 105628) of M/s. PKC & Associates, Chartered Accountants having its office situated at 223, Naraji Market, S V Road, Malad (W), Mumbai - 400064. Email ID: pradepc21@yahoo.co.in, Tel. No. 022 - 28449591.

## 5. INFORMATION ABOUT THE TARGET COMPANY

- KAF was originally incorporated on 14th November, 1984, at Kanpur, Uttar Pradesh State, under the Companies Act, 1956 in the name and style "Shivam Commercial Services Ltd." The name of the Company was changed to "Kailash Auto Finance Limited" vide Special Resolution adopted by members of the Company in their general meeting held on 22nd March 1992 and fresh certificate to this effect was issued by the Registrar of Companies, Uttar Pradesh on 8th April 1992. The Registered Office of Kailash Auto Finance Limited is situated at 84/105 G T Road, Kanpur, Tel. No. 0512-2521575 and Fax No. 0512-2521574 and the Head Office of the company is situated at 124, Napier Town, Jabalpur - 480502 Ph. Nos. (0761) 2451941-45 Fax No. (0761) 2407009. E-mail: cal\_corporate@rediffmail.com
- KAF is engaged in the business of financiers and trading on hire purchase, purchasing, selling, hiring or letting on hire all kinds of plant and machinery, vehicles and other articles.
- At Present, the authorized Capital of KAF as on date is Rs. 1500.00 Lacs, divided into 1,00,00,000 Equity Shares of Rs.10/- each and 5,00,00,000 Preference Shares of Rs.100/- each & issued subscribed and paid up Capital is 38,05,900 Equity Shares of Rs. 10/- each aggregating to Rs. 380.59 Lacs.
- The Equity shares of KAF are listed only on Bombay Stock Exchange Limited, Mumbai i.e. BSE.
- At Present, the Board of Directors of Target Company are:

NAME	DESIGNATION	DATE OF APPOINTMENT
Mr. Kailash Gupta	Director	29-02-2008
Mrs. Shalini Gupta	Director	15-04-2006
Mr. Rahul Agarwal	Director	15-04-2006
Mr. Rajesh B Dhirwani	Director	24-03-2008

At Present, the Target Company does not have any subsidiary.

The brief audited financials of the Target Company are as follows:

Particulars	Unaudited 31/12/2009	Audited 31/03/2009	Audited 31/03/2008	Audited 31/03/2007
<b>Profit &amp; Loss Account as on</b>				
Income from Operations	160.14	388.70	262.88	161.47
Other Income	132.16	5.96	26.38	109.31
<b>Total Income</b>	<b>292.31</b>	<b>394.26</b>	<b>289.26</b>	<b>270.78</b>
Total Expenditure	145.30	141.81	125.56	189.94
PBDIT	147.00	252.44	163.69	80.84
Depreciation	1.86	3.15	3.32	4.57
Interest	33.23	87.19	86.08	141.27
Profit/(Loss) Before Tax	111.91	182.09	74.29	(65.00)
Provision for Tax	(12.26)	(7.59)	41.64	1.68
<b>Profit After Tax (PAT)</b>	<b>99.65</b>	<b>189.68</b>	<b>34.25</b>	<b>(66.69)</b>
<b>Balance Sheet as on</b>	<b>31/12/2009</b>	<b>31/03/2009</b>	<b>31/03/2008</b>	<b>31/03/2007</b>
<b>Sources of Funds</b>				
Capital Account	389.16	389.16	389.16	389.16
Reserves and Surplus (Excluding Revaluation Reserve)	113.77	113.77	113.77	113.77
Misc. Assets/Losses Carried Forward	(625.59)	(725.24)	(914.92)	(947.37)
<b>Net worth</b>	<b>(122.65)</b>	<b>(222.31)</b>	<b>(411.98)</b>	<b>(444.44)</b>
Secured Loans	-	-	-	-
Unsecured Loans	220.25	488.56	773.72	396.92
Deferred Payment credit	-	-	-	0.22
<b>Total</b>	<b>97.59</b>	<b>266.26</b>	<b>361.73</b>	<b>447.42</b>
<b>Application of Funds</b>				
Net Fixed Assets	7.31	64.76	64.63	74.23
Investments	2.80	44.07	44.07	44.07
Deferred Tax Asset (Net)	20.30	20.30	-	-
Net Current Assets	67.17	137.10	253.02	329.11
<b>Total</b>	<b>97.59</b>	<b>266.26</b>	<b>361.73</b>	<b>447.42</b>
<b>Other Financial Data</b>	<b>31/12/2009</b>	<b>31/03/2009</b>	<b>31/03/2008</b>	<b>31/03/2007</b>
Dividend (%)	Nil	Nil	Nil	Nil
Earning Per Share (in Rs.)	2.62	4.98	0.86	(1.75)
Return on Net Worth (%)	-	-	-	-
Book Value Per Share (in Rs.)	-	-	-	-

\*\* The Company had negative net worth during these fiscal

As certified by Mr. Anil Agrawal (Membership No. 079554) Chartered Accountants having his office situated at 342, Marathahalli, Jabalpur. Email ID: anilagrwal342@yahoo.co.in, Tel. No. 0761-4006995.

5.8 There are no outstanding instruments in the nature of warrants / fully convertible debentures/partly convertible debentures etc. which are convertible into equity at any later date. There has been no merger/de-merger or spin off in the Company during the past three years.

5.9 The Shareholding pattern of the KAF, as on the date of this Public Announcement is as follows:

SHAREHOLDER CATEGORY	NUMBER OF EQUITY SHARES OF THE TARGET COMPANY	PERCENTAGE OF EQUITY SHARE CAPITAL
Promoter	26,81,715	70.46
Public	11,24,185	29.54
<b>Total</b>	<b>38,05,900</b>	<b>100.00</b>