

LETTER OF OFFER

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

This Letter of Offer is being sent to you as shareholder(s) of Nahar Capital and Financial Services Limited. If you require any clarification(s) about the action to be taken, you may consult your stock broker or investment consultant or Manager to the Offer/ Registrar to the Offer. In case you have sold your shares in the Company, please hand over this Letter of Offer and the accompanying Form of Acceptance-cum-Acknowledgement, Form of Withdrawal and Transfer Deed to the purchaser of the Equity Shares or the Member of Stock Exchange through whom the sale was effected.

OSWAL WOOLLEN MILLS LIMITED

(hereinafter referred to as the "Acquirer" or "OWML")

A public limited company incorporated on June 23, 1949 under the provisions of the Indian Companies Act, VII of 1913

Registered Office: G. T. Road, Sherpur, Ludhiana- 141003

Tel. No.: +91 161 2542501- 07; Fax. No.: +91 161 2542509

MAKES A CASH OFFER AT RS. 75/- (RUPEES SEVENTY FIVE ONLY) PER FULLY PAID UP EQUITY SHARE TO ACQUIRE

20,41,813 (Twenty Lacs Forty One Thousand Eight Hundred and Thirteen Only) equity shares of Face Value of Rs. 5/- each (Rupees Five Only), representing 12.19% of the Fully Paid-up Equity Share Capital

of

NAHAR CAPITAL AND FINANCIAL SERVICES LIMITED

(hereinafter referred to as the "Target" or "NCFSL")

A public limited company incorporated on March 31, 2006 under the provisions of the Companies Act, 1956

Registered Office: 375, Industrial Area- 'A', Ludhiana- 141003

Tel. No.: +91 161 2600701- 05; Fax. No.: +91 161 2222942

Note:

- The Offer is being made pursuant to and in accordance with the provisions of regulation 11(2A) of the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 1997 and subsequent amendments thereto [hereinafter referred to as "SEBI (SAST) Regulations" or the "Regulations"].**
- The Offer is subject to receiving the necessary approvals, if any, from the Reserve Bank of India under the Foreign Exchange Management Act, 1999 and the subsequent amendments thereto, for acquiring equity Shares, if tendered by non- resident shareholders.
- There are no other statutory approvals required for the purpose of this Offer. However, the Offer would be subject to all statutory approvals as may become applicable even at a later date.
- The procedure for acceptance of this Offer is set out in this Letter of Offer. A Form of Acceptance-cum-Acknowledgement and transfer deed, if applicable, along with Form of Withdrawal is enclosed with this Letter of Offer.
- If there is any upward revision of the Offer Price by the Acquirer, such upward revision will be made in terms of Regulation 26 of the SEBI (SAST) Regulations not later than Thursday, May 06, 2010 and the same would be notified by way of a Public Announcement in the same newspapers in which the original Public Announcement ("PA") appeared. Such revised offer price would be payable to all shareholders who have accepted this Offer and tendered their shares at any time during the term of the Offer to the extent to which their acceptances and tenders have been found valid and accepted by the Acquirer.
- The Acquirer may withdraw the Offer in accordance with the conditions specified in Regulation 27 of the SEBI (SAST) Regulations. In the event of such withdrawal, the same would be notified by way of a Public Announcement in the same newspapers in which the original Public Announcement appeared.
- Shareholders who have accepted the Offer by tendering the requisite documents in accordance with the procedures set forth in the Public Announcement and this Letter of Offer can withdraw the same up to 3 (Three) working days (i.e., Wednesday, May 12, 2010) prior to the Offer Closing Date (i.e., Monday, May 17, 2010).
- A copy of the Public Announcement and a copy of this Letter of Offer (including Form of Acceptance-cum-Acknowledgement and the Form of Withdrawal) is expected to be available on SEBI's website (www.sebi.gov.in) during the period the Offer is open. The Form of Acceptance-cum-Acknowledgement may be downloaded and used to accept the Offer only in jurisdictions where legally permissible.
- This document has not been filed, registered or approved in any jurisdiction outside India. Recipients of this document resident in jurisdictions outside India should inform themselves of and observe any applicable legal requirements.
- If there is a competitive bid:**
 - The public offers under all the subsisting bids shall close on the same date.**
 - As the Offer Price cannot be revised during the 7 (seven) working days prior to the closing date of the Offers/ bids, it would, therefore, be in the interest of the shareholders to wait till the commencement of that period to know the final Offer Price of each bid and tender their acceptance accordingly.**
- This Offer is not a competitive bid. There has been no competitive bid as of the date of this Letter of Offer.**
- All future correspondence, if any, should be addressed to the Manager to the Offer or the Registrar to the Offer, as shown below:

MANAGER TO THE OFFER



SOBHAGYA CAPITAL OPTIONS LIMITED

SEBI Regn. No.: MB/INM000008571

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

Tel. No.: +91 11 40777000

Fax No.: +91 11 26819439, 40777069

Contact Person: Mr. Amit Kumar / Ms. Surabhi Chaddha

Email id: ncfsl.openoffer@sobhagyacapital.com

Website: www.sobhagyacapital.com

REGISTRAR TO THE OFFER



ALANKIT ASSIGNMENTS LIMITED

SEBI Regn. No.: INR000002532

Office: Alankit House, 2E/21, Jhandewalan Extension, New Delhi – 110 055

Tel No.: +91 11 42541234, 23541234

Fax No.: +91 11 42541967

Contact Person: Mr. Mahesh Jairath

Email id: ncfsl.openoffer@alankit.com

Website: www.alankit.com

SCHEDULE OF MAJOR ACTIVITIES RELATING TO THE OFFER

Activity	Original Schedule		Revised Schedule	
	Date	Day	Date	Day
Public Announcement ("PA") Date	February 13, 2010	Saturday	February 13, 2010	Saturday
Specified Date (1)	March 01, 2010	Monday	March 01, 2010	Monday
Last date for a competitive bid (if any)	March 06, 2010	Saturday	March 06, 2010	Saturday
Last Date by which individual Letter of Offer will be dispatched to the shareholders	March 30, 2010	Tuesday	April 24, 2010	Saturday
Offer Opening Date	April 09, 2010	Friday	April 28, 2010	Wednesday
Last date for revising the Offer Price	April 19, 2010	Monday	May 06, 2010	Thursday
Last date for withdrawal of acceptances by the shareholder	April 23, 2010	Friday	May 12, 2010	Wednesday
Offer Closing Date	April 28, 2010	Wednesday	May 17, 2010	Monday
Last date of communicating rejection/ acceptance and payment of consideration for accepted tenders	May 13, 2010	Thursday	May 31, 2010	Monday

(1) Specified Date is only for the purpose of determining the names of the shareholders as on such date to whom the Letter of Offer would be sent and all owners (registered or unregistered) of the Shares are eligible to participate in the Offer anytime before the Closure of the Offer.

RISK FACTORS RELATING TO THE PROPOSED OFFER, THE TRANSACTION AND PROBABLE RISKS INVOLVED IN ASSOCIATING WITH THE ACQUIRER

A. RISK RELATING TO THE OFFER

- 1) In the event that a) there is any litigation leading to a "stay" of the Offer; or b) SEBI instructs the Acquirer not to proceed with the Offer; or c) a statutory approval(s), if any, is not received in a timely manner, then in each such case, the Offer process may be delayed beyond the schedule of activities indicated in this Letter of Offer. Consequently, the payment of consideration to shareholders of the Target whose Shares have been accepted in the Offer as well as the return of Shares not accepted by the Acquirer, may be delayed. In case of delay due to non-receipt of statutory approval(s), SEBI may, as per Regulation 22(12) of the Regulations, if satisfied that the non-receipt of approval(s) was not due to willful default or negligence of the Acquirer or failure of the Acquirer to diligently pursue the applications for such approval(s), grant an extension for the purpose of completion of this Offer, subject to the Acquirer agreeing to pay to the shareholders interest as may be specified by SEBI for any delay beyond 15 days.
- 2) The Shares tendered in the Offer will lie to the credit of the Depository Escrow Account till the completion of the Offer formalities, and the shareholders will not be able to trade such Shares. During such period there may be fluctuations in the market price of the Shares. Accordingly, the Acquirer makes no assurance with respect to the market price of the Shares both during the Offer period and upon the completion of the Offer, and disclaims any responsibility with respect to any decision by any shareholder on whether or not to participate in the Offer.
- 3) In the event of over-tendering in the Offer, the acceptance of the tendered Shares will be on a proportionate basis and will be contingent on the level of over-tendering.

B. RISK RELATING TO THE TRANSACTION

- 1) The Acquirer will have a right not to proceed with the Offer in terms of Regulation 27 of the Regulations in the event that any of the statutory approval(s) contemplated above are refused. In the event the Acquirer is allowed not to proceed with the Offer, in terms of Regulation 27 of the Regulations, the amount deposited in the Escrow Account- Cash shall be released to the Acquirer.

C. PROBABLE RISK INVOLVED IN ASSOCIATING WITH THE ACQUIRER

- 1) The Acquirer makes no assurance with respect to the market price of the shares during / after the Offer.
- 2) The Acquirer does not make any assurance with respect to the continuation of the past trend in the financial performance of the Target.

The risk factors set forth above are not intended to cover a complete analysis of all risks as perceived in relation to the Offer or in association with the Acquirer, but are only indicative. They do not relate to the present or future business or operations of the Target or any other related matters, and are neither exhaustive nor intended to constitute a complete analysis of the risks involved in the participation by shareholder(s) in the Offer. The shareholders are advised to consult their stock broker, investment consultant or tax advisor, if any, for further risks with respect to their participation in the Offer.

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1. DEFINITIONS/ ABBREVIATIONS:

Acquirer/ OWML	Oswal Woollen Mills Limited
Promoter Group/ PG	The present promoters of the Target are Mr. Jawahar Lal Oswal, Mr. Kamal Oswal, Mr. Dinesh Oswal, Nahar Spinning Mills Limited, Nahar Industrial Enterprises Limited, Nahar Poly Films Limited, J.L. Growth Fund Limited, Abhilash Growth Fund Private Limited, Nahar Growth Fund Private Limited, Monica Growth Fund Private Limited, Ruchika Growth Fund Private Limited, Neha Credit and Investment Private Limited, Vanaik Investors Limited, Vardhman Investments Limited, Atam Vallabh Financiers Limited, Nagdevi Trading and Investment Company Limited, Ludhiana Holdings Limited, Kovalam Investment and Trading Company Limited, Sankheshwar Holding Company Limited and Bermuda Insurance Brokers Private Limited and other natural persons and corporate entities forming part of the promoter group consist of Mrs. Abhilash Oswal, Mrs. Monica Oswal, Mrs. Ruchika Oswal, Mrs. Manisha Oswal, Mrs. Ritu Oswal, Ms. Neha Oswal, Mr. Abhinav Oswal, Mr. Rishab Oswal, Mr. Sambhav Oswal and Ms. Tanvi Oswal, Vanaik Spinning Mills Limited, Nahar Industrial Infrastructure Corporation Limited, Cotton County Retail Limited, Oswal Leasing Limited, Nahar Financial and Investment Limited, Ginar Investment Limited, Shri Atam Fabrics Limited, Palam Motels Limited, White Tigers Breweries and Distilleries Limited, Cabot Trading and Investment Company Private Limited, Vigil Investment Private Limited and Monte Carlo Fashions Limited
BSE	Bombay Stock Exchange Limited
CDSL	Central Depository Services Limited
Depository Escrow Account	The depository account called "Alankit- OWML- NCFSL- Open Offer Escrow Account", opened by the Registrar ("Alankit Assignments Limited") at National Securities Depository Limited (NSDL). The Depository Participant ID is IN300118 and the Beneficiary Client ID is 11356252.
Depository Participant/ DP	Alankit Assignments Limited
Eligible Person(s)	All owners (registered and unregistered) of the Shares of the Target other than <i>the Acquirer and Promoter Group are eligible to participate in the Offer any time on or before the Offer Closing Date.</i>
FEMA	Foreign Exchange Management Act, 1999
HUF	Hindu Undivided Family
Public Announcement / PA	The Public Announcement relating to the Offer made by the Acquirer as appeared in the newspapers on Saturday, February 13, 2010
Manager to the Offer / SCOL	Sobhagya Capital Options Limited
NSDL	National Securities Depository Limited
NSE	National Stock Exchange of India Limited
Offer/ Open Offer	Cash offer being made by the Acquirer to acquire up to 20,41,813 Shares of the Target, representing 12.19% of the total paid-up equity share capital of the Target at a price of Rs. 75/- (Rupees Seventy Five Only) per Share
Offer Opening Date	Wednesday April 28, 2010
Offer Closing Date/ Closure of the Offer	Monday May 17, 2010
Offer Price	Rs. 75/- (Rupees Seventy Five Only) per Share
PAC/ PACs	Person(s) acting in concert
RBI	Reserve Bank of India
Registrar to the Offer	Alankit Assignments Limited
SEBI (SAST) Regulations/ Regulations	Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 1997 and subsequent amendments thereto
SEBI/ Board	Securities and Exchange Board of India
SEBI Act	Securities and Exchange Board of India Act, 1992
Share(s)	Fully paid-up equity shares of face value Rs. 5/- each of the Target
Specified Date	Monday, March 01, 2010
Target/ NCFSL	Nahar Capital and Financial Services Limited

This Letter of Offer is being issued by Sobhagya Capital Options Limited (hereinafter referred to as the “SCOL” or the “Manager to the Offer”), on behalf of the Acquirer pursuant to Regulation 11(2A) (Consolidation of holdings) and other applicable provisions of the Regulations.

2 DISCLAIMER CLAUSE:

IT IS TO BE DISTINCTLY UNDERSTOOD THAT THE FILING OF THE LETTER OF OFFER WITH SEBI SHOULD NOT, IN ANY WAY, BE DEEMED OR CONSTRUED THAT THE SAME HAS BEEN CLEARED, VETTED OR APPROVED BY SEBI. THE LETTER OF OFFER HAS BEEN SUBMITTED TO SEBI FOR A LIMITED PURPOSE OF OVERSEEING WHETHER THE DISCLOSURES CONTAINED THEREIN ARE GENERALLY ADEQUATE AND ARE IN CONFORMITY WITH THE REGULATIONS. THIS REQUIREMENT IS TO FACILITATE THE SHAREHOLDERS OF NAHAR CAPITAL AND FINANCIAL SERVICES LIMITED TO TAKE AN INFORMED DECISION WITH REGARD TO THE OFFER. SEBI DOES NOT TAKE ANY RESPONSIBILITY EITHER FOR THE FINANCIAL SOUNDNESS OF THE ACQUIRER OR THE TARGET WHOSE SHARES/ CONTROL ARE/ 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 IS PRIMARILY RESPONSIBLE FOR THE CORRECTNESS, ADEQUACY, AND DISCLOSURE OF ALL RELEVANT INFORMATION IN THIS LETTER OF OFFER, THE MANAGER TO THE OFFER IS EXPECTED TO EXERCISE DUE DILIGENCE TO ENSURE THAT THE ACQUIRER DULY DISCHARGES IT'S RESPONSIBILITIES ADEQUATELY.

IN THIS BEHALF, AND TOWARDS THIS PURPOSE, SOBHAGYA CAPITAL OPTIONS LIMITED, THE MANAGER TO THE OFFER HAS SUBMITTED A DUE DILIGENCE CERTIFICATE DATED FEBRUARY 16, 2010 TO SEBI IN ACCORDANCE WITH THE SEBI (SUBSTANTIAL ACQUISITION OF SHARES AND TAKEOVERS) REGULATIONS, 1997 AND SUBSEQUENT AMENDMENT(S) THEREOF. THE FILING OF THE LETTER OF OFFER DOES NOT, HOWEVER, ABSOLVE THE ACQUIRER FROM THE REQUIREMENT OF OBTAINING SUCH STATUTORY CLEARANCES AS MAY BE REQUIRED FOR THE PURPOSE OF THE OFFER.

3. DETAILS OF THE OFFER:

3.1 *Background to the Offer:*

- 3.1.1 The Acquirer, as a part of the Promoter Group of the Target, is desirous of consolidating its holding in the Target, while ensuring that the public shareholding in the Target does not fall below 25%, the minimum level of public shareholding required to be maintained under the Listing Agreements entered into by the Target with the Bombay Stock Exchange Limited (“BSE”), and National Stock Exchange of India Limited (“NSE”). Therefore, pursuant to Regulation 11(2A) and other applicable provisions of the Regulations, the Acquirer is making an Open Offer (hereinafter referred to as the “Offer” or the “Open Offer”) to the shareholders of the Target to acquire up to 20,41,813 fully paid up equity shares of Rs. 5/- each of the Target (“Shares”), representing 12.19% of the total paid-up equity share capital of the Target as on the date of this PA. Upon completion of the Offer, assuming full acceptances to the Offer, the Promoter Group along with the Acquirer will hold 1,25,59,625 shares in the Target representing 75.00% of the fully paid-up equity share capital of the Target.
- 3.1.2 This Offer is pursuant to the Acquirer's desire to consolidate its holding in the Target under Regulation 11(2A) of the Regulations. The Offer is not pursuant to any agreement entered into by the Acquirer with any person to acquire any Share in the Target, which would have triggered the requirement to make a PA of an Open Offer under the Regulations.
- 3.1.3 The promoters of the Target are Mr. Jawahar Lal Oswal, Mr. Kamal Oswal, Mr. Dinesh Oswal, Nahar Spinning Mills Limited, Nahar Industrial Enterprises Limited, Nahar Poly Films Limited, J.L. Growth Fund Limited, Abhilash Growth Fund Private Limited, Nahar Growth Fund Private Limited, Monica Growth Fund Private Limited, Ruchika Growth Fund Private Limited, Neha Credit and Investment Private Limited, Vanaik Investors Limited, Vardhman Investments Limited, Atam Vallabh Financiers Limited, Nagdevi Trading and Investment Company Limited, Ludhiana Holdings Limited, Kovalam Investment and Trading Company Limited, Sankheshwar Holding Company Limited and Bermuda Insurance Brokers Private Limited and other natural persons and corporate entities forming part of the promoter group consist of Mrs. Abhilash Oswal, Mrs. Monica Oswal, Mrs. Ruchika Oswal, Mrs. Manisha Oswal, Mrs. Ritu Oswal, Ms. Neha Oswal, Mr. Abhinav Oswal, Mr. Rishab Oswal, Mr. Sambhav Oswal and Ms. Tanvi Oswal, Vanaik Spinning Mills Limited, Nahar Industrial Infrastructure Corporation Limited, Cotton County Retail Limited, Oswal Leasing Limited, Nahar Financial and Investment Limited, Girmar Investment Limited, Shri Atam Fabrics Limited, Palam Motels Limited, White Tigers Breweries and Distilleries Limited, Cabot Trading and Investment Company Private Limited, Vigil Investment Private Limited and Monte Carlo Fashions Limited (hereinafter collectively referred to as “Promoter Group” or “PG”). The Acquirer is a part of the Promoter Group of the Target. The Promoter Group's shareholding in the Target is 1,05,17,812 shares equivalent to 62.81% of the fully paid up equity share capital of the Target as on the date of the PA.
- 3.1.4 There is no Person acting in concert (hereinafter referred to as “PAC” or “PACs”) with the Acquirer in relation to this Open Offer. All purchases in this Open Offer will be made by the Acquirer only.
- 3.1.5 The Offer is being made at a price of Rs. 75/- (Rupees Seventy Five Only) for each Share (the “Offer Price”), to be paid in cash, in accordance with the provisions of the Regulations and subject to the terms and conditions mentioned in this Letter of Offer in relation to the Offer.
- 3.1.6 The Acquirer or its directors have not been prohibited by SEBI from dealing in securities, in terms of directions issued under Section 11B or any other regulations made under the SEBI Act. Based on the information currently available, the Target has not been prohibited by SEBI from dealing in securities, in terms of directions issued under Section 11B or any other regulations made under the SEBI Act.
- 3.1.7 The Acquirer does not propose to make any change in the Board of Directors after the Offer except in the ordinary course.

3.2 *The Offer:*

- 3.2.1 Oswal Woollen Mills Limited, a Public Limited Company incorporated under the Indian Companies Act, VII of 1913, having its registered office at G. T. Road, Sherpur, Ludhiana- 141003, is making an Offer to acquire up to 20,41,813 Shares, representing 12.19% of the fully paid-up equity share capital of the Target at the Offer Price of Rs. Rs. 75/- (Rupees Seventy Five Only) per Share, to all shareholders of the Target (except the Acquirer and the Promoter Group), who tender their shares and whose shares are acquired by the Acquirer. There are no partly paid Shares in the Target or any instruments convertible into Shares of the Target at a future date.
- 3.2.2 The Public Announcement of the Offer appeared on Saturday, February 13, 2010 in the following newspapers in accordance with Regulation 15(1) of the Regulations:

Newspapers	Language	Editions
Business Standard	English	All Editions
Business Standard	Hindi	All Editions
Nav Shakti	Marathi	Mumbai
Desh Sewak	Punjabi	Punjab

A copy of the Public Announcement is also available on SEBI website (www.sebi.gov.in)

- 3.2.3 The Offer Price will be payable in cash, subject to the terms and conditions mentioned in this Letter of Offer.
- 3.2.4 The Offer is not conditional upon any minimum level of acceptance by the shareholders. Accordingly, the Acquirer will accept all Shares tendered by the shareholders pursuant to the Offer at the Offer Price subject to the Shares tendered not exceeding 20,41,813 Shares. In case the number of Shares tendered for sale by the shareholders are more than the Shares agreed to be acquired by the Acquirer under the Offer, the Acquirer shall accept the offers received from the shareholders on a proportionate basis as per Regulation 21(6) of the Regulations 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.
- 3.2.4 Neither the Acquirer, nor the Promoter Group has acquired any shares of the Target since the date of the Public Announcement and up to the date of this Letter of Offer.
- 3.2.6 Any decision for the upward revision in the Offer Price by the Acquirer before the last date of revision (i.e., Thursday May 06, 2010), would be informed by way of a Public Announcement in the same newspapers in which the original Public Announcement had appeared. In case of an upward revision in the Offer Price by the Acquirer, the revised offer price will be payable to all shareholders who have accepted this Offer and tendered their Shares at any time during the tenure of the Offer to the extent their Shares are acquired by the Acquirer. The acquisition of Shares, which are validly tendered, by the Acquirer under this Offer will take place on or before Monday, May 31, 2010, in accordance with the Schedule of events set out in this Letter of Offer.
- 3.2.7 There has been no competitive bid to this Offer as on the date of this Letter of Offer.
- 3.2.8 Shares that are subject to any charge, lien or encumbrance are liable to be rejected in the Offer. Applications in respect of Shares that are the subject matter of litigation wherein the shareholders may be prohibited from transferring the Shares during the pendency of such litigation are liable to be rejected if the directions/ orders permitting transfer of these Shares are not received along with the Shares tendered under the Offer.

3.3 Object of the acquisition / Offer:

- 3.3.1 The Offer to the shareholders of the Target is made in accordance with regulation 11(2A) of the Regulations for consolidating the Promoter Group holding in the Target while ensuring that the public shareholding in the Target does not fall below 25%, the minimum level of public shareholding required to be maintained under the Listing Agreements entered into by the Target with BSE and NSE.
- 3.3.2 The main business activity of the Target is Investment and in order to justify greater commitment and support, the Acquirer (part of the Promoter Group of the Target) wishes to consolidate and enhance its stake in the Target to the extent that the holding of the Promoter Group does not exceed 75.00%.

4. BACKGROUND OF THE ACQUIRER:

4.1 Oswal Woollen Mills Limited ("Acquirer")

OWML was incorporated under the Indian Companies Act, VII of 1913 on June 23, 1949 as a public Company limited by shares. The registered and corporate office of OWML is located at G. T. Road, Sherpur, Ludhiana- 141003, Tel No.: +91 161 2542501-07, Fax. No.: +91 161 2542509.

- 4.2 The main business activity of OWML is manufacturing and trading of Woollen and cotton yarns and textiles. The securities of OWML are not listed on any stock exchange.
- 4.3 The Management as well as control of affairs of the Acquirer is with Shri. Jawahar Lal Oswal and his two sons namely Shri Kamal Oswal and Shri Dinesh Oswal. All other group companies including the Target Company are also being managed and controlled by the same three individuals and family members. Hence the Acquirer forms part of the Promoter Group of the Target.
- 4.4 OWML was promoted by Late Shri Lachman Das Oswal, Late Shri Vidya Sagar Oswal and Late Shri Ratan Chand Oswal. The present Promoters of OWML are Mr. Jawahar Lal Oswal, Mr. Kamal Oswal, Mr. Dinesh Oswal, Nahar Capital and Financial Services Limited, Atam Vallabh Financiers Limited, Ludhiana Holdings Limited, Vanaik Investors Limited, Vardhman Investments Limited, Nagdevi Trading & Investment Company Limited, Girnar Investment Limited, Abhilash Growth Fund Private Limited and Neha Credit and Investment Private Limited.
- 4.5 All the entities falling under the Promoter Group of the Target should be deemed as Persons Acting in Concert (PAC) for the purpose of the Open Offer.
- 4.6 The Shareholding pattern of OWML as on January 31, 2010 was as follow:

Name of the Shareholder	No. of equity shares held	Percentage (in %)
Promoter (A)	2,33,55,659	93.80
Promoter Group (B)	14,10,380	5.66
Total Promoter and Promoter Group (A+B)	2,47,66,039	99.46
Public & Others (C)	1,33,961	0.54
Total (A+B+C)	2,49,00,000	100.00

- 4.7 As on the date of the Public Announcement, the Acquirer does not hold any Share of the Target.

4.8 Compliance with Chapter II of the SEBI (SAST) Regulations:

The Acquirer has duly complied with the applicable provisions of the Regulations including Chapter II, as applicable from time to time.

4.9 The details of the Board of Directors of OWML as on date of the Public Announcement are as follows:

S. No.	Name (Designation)	Residential Address	Qualification	Nature of Experience	Date of Appointment
1.	Mr. Jawahar Lal Oswal (Chairman & Managing Director)	514, College Road, Civil Lines, Ludhiana- 141001	Bachelor of Commerce	45 years of experience in Textile, Woollen Industry and Investment Activities	October 01, 2007 as Managing Director
2.	Mr. Kamal Oswal (Director)	514, College Road, Civil Lines, Ludhiana- 141001	Bachelor of Commerce	26 years of experience in Textile, Sugar, Steel Industry and Financial Activities	December 29, 1993
3.	Mr. Dinesh Oswal (Director)	514, College Road, Civil Lines, Ludhiana- 141001	Bachelor of Commerce	25 years of experience in Textile Industry and Investment Activities	July 13, 1992
4.	Mr. Sandeep Jain (Executive Director)	514/2, College Road, Civil Lines, Ludhiana- 141001	Bachelor in Pharmacy	15 years of experience of Textile Industry	October 01, 2007
5.	Mr. Dinesh Gogna (Executive Director- Corporate Finance & Taxation)	House No. 30-H, BRS Nagar, Ludhiana- 141001	Bachelor of Arts, Bachelor of Law	31 years of experience in Corporate Finance and Taxation	October 18, 2006
6.	Mr. Amarjeet Singh (Director)	House No. 207- B, Ward No. 36, Dr. Ambedkar Nagar, Model Town Extension, Part II, Ludhiana- 141002	Bachelor of Arts, Bachelor of Law	63 years of experience in legal affairs and Taxation	September 30, 1981
7.	Dr. (Mrs.) H. K. Bal (Director)	House No. 2322, Phase 11, Mohali- 160065, Punjab	Master of Arts, Doctor of Philosophy	33 years of experience in Academics, Management and Administration	September 29, 2007
8.	Mr. K. S. Maini (Director)	House No. 20 SF, HIG Flats, Rani Jhansi Road, Civil Lines, Ludhiana- 141001	Master of Commerce	34 years of experience in Academics, Management and Administration	September 29, 2007
9.	Dr. O. P. Sahni (Director)	House No. 217- E, Kitchlu Nagar, Ludhiana- 141001	Master of Science, Master of Business Administration, Doctor of Philosophy	33 years of experience in Academics, Management and Administration	September 29, 2007
10.	Dr. Suresh Kumar Singla (Director)	House No. 119, Ward No. 26, Kitchlu Nagar, Ludhiana- 141001	Master of Arts, Doctor of Philosophy	30 years of experience in Academics, Management and Administration	September 29, 2007

All the Directors of the Acquirer (except Mr. Sandeep Jain) are also the directors on the Board of the Target. They have not participated in any matter(s) concerning or relating to the Offer including any preparatory steps leading to the Offer and have undertaken that they will abstain from all proceedings related to this Offer as per Regulation 22(9) of the Regulations.

As per the undertaking received from the Board of Directors of the Acquirer, they have confirmed that they shall not participate in the Open Offer made to the shareholders of the Target.

4.10 The un-audited results for the 9 months period ended December 31, 2009 and audited results for the years ended March 31, 2009, 2008 and 2007 as certified by M/s. Gupta Vigg & Co., Chartered Accountants (Mr. Vinod Khanna, Partner, Membership No.: 081585), Statutory Auditors of OWML are as below:

(Figures in Rupees Lacs.)				
Profit & Loss Statement	9 Months period ending (Un-audited)	12 Months period ending March 31		
	December 31, 2009	2009	2008	2007
Income from Operations	46,806.13	53,814.35	44,213.52	32,200.67
Other Income	1,073.02	949.16	893.90	544.96
Total Income	47,879.15	54,763.51	45,107.42	32,745.63
Total Expenditure	37,726.85	46,383.47	37,681.20	27,949.28
Profit before Depreciation, Interest & Tax	10,152.30	8,380.04	7,426.22	4,796.35
Depreciation	1,978.11	2,755.21	2,455.98	1,815.03
Interest	1,319.21	2,189.80	1,707.85	1,105.01
Profit before Tax & Extra Ordinary Items	6,854.98	3,435.03	3,262.39	1,876.31
Extra Ordinary Items	-	-	-	-
Profit Before Tax	6,854.98	3,435.03	3,262.39	1,876.31
Provision for Tax	2,370.44	1,066.21	1,134.83	473.59
Profit After Tax	4,484.54	2,368.82	2,127.56	1,402.72

(Figures in Rupees Lacs.)

Balance Sheet Statement	9 Months period ending (Un-audited)	12 Months period ending March 31		
	December 31, 2009	2009	2008	2007
Sources of Funds				
Paid-up Share Capital	2,490.00	2490.00	2490.00	2490.00
Reserves & Surplus (Excluding Revaluation Reserve)	14399.41	9,914.87	9,135.27	7,007.72
Reserves set apart for disputed liabilities	1,589.22	1,589.22	-	-
Secured Loan	24,774.53	25,901.50	27,990.87	16,613.85
Unsecured Loan	1,333.13	1,514.51	1,475.68	1,606.37
Current Liabilities	16,038.57	9,897.33	9,044.30	11,185.67
Deferred Tax Liability	1,469.90	1,550.50	1,665.00	1,276.38
Total	62,094.76	52,857.93	51,801.12	40,179.99
Uses of Funds				
Net Fixed Assets	21,138.03	20,844.40	20,326.56	18,301.00
Investments- Long Term	1,586.48	1,586.48	1,335.05	1,333.95
Investments- Current	2,356.47	4.40	4.14	1.37
Current Assets	37,013.78	30,422.65	30,129.29	20,543.67
Miscellaneous Expenses not written off	-	-	6.08	-
Total	62,094.76	52,857.93	51,801.12	40,179.99

Other Financial Data	9 Months period ending (Un-audited)	12 Months period ending March 31		
	December 31, 2009	2009	2008	2007
Net Worth (in Rs. Lacs.)	16,889.41	12,404.87	11,619.19	9,497.72
Dividend (in %)	-	-	-	-
Earning Per Share (in Rs. per Share)	18.01	9.51	8.54	5.63
Return on Networth (in %)	26.55	19.10	18.31	14.77
Book Value (in Rs. per Share)	67.83	49.82	46.66	38.14

4.11 Reasons for fall/rise in total income and Profit after Tax

Financial Year 2008-09 vis-à-vis Financial Year 2007-08

The total income of the Acquirer increased by 21.4% to Rs.54763.51 lacs in 2008-09 when compared to Rs.45107.42 lacs in 2007-08. The increase in the total income was on account of growth in sales consequent to modernization and balancing of existing production capacities and creation of additional production capacities in the company's Denim Fabric, Cotton Spinning, Woollen Worsted Spinning and Woollen Hosiery units. The company also expanded its retail outlets base. The company earned a net profit of Rs.2368.82 lacs after providing for taxes as against a net profit of Rs.2127.56 lacs in 2007-08, an increase of 11.34% over the last financial year.

Financial Year 2007-08 vis-à-vis Financial Year 2006-07

The total Income of the Acquirer increased by 37.75% to Rs.45107.42 lacs in 2007-08 when compared to Rs. 32745.63 lacs in 2006-07, the increase in the total income was on account of substantial growth in sales, commissioning of spinning plant of denim unit and expansion of retail outlets through franchisees. The company earned a net profit of Rs.2127.56 lacs after providing for taxes as against a net profit of Rs.1402.72 lacs in 2006-07, an increase of 51.67% over the last financial year due to operation efficiencies.

4.12 OWML has following contingent liability and commitments as on March 31, 2009, which are as shown below:

- i) Estimated amount of contracts remaining to be executed on Capital account (net of advances) Rs.6,04,35,331.84 (Previous year Rs.8,06,41,549.26).
- ii) M/s Madhya Pradesh Rajya Tilhan Udyog Ltd. Bhopal (M.P.) lodged a claim for recovery of Rs.14,81,940.00 (including a sum of Rs.4,80,747.64 on account of interest) being the amount deducted/retained by the company on account of its claim for quality rebate/quality allowance on the material supplied by them. The company has filed a counter suit denying the said claim and the suit is pending with the High Court at Jabalpur. After adjusting a credit balance of Rs.10,01,192.36 against the claim a sum of Rs.4,80,747.64 (Previous year Rs. 4,80,747.64) is the balance amount of claims against the company for which no provision has been made.
- iii) Leave with wages amounting to Rs.5,97,425.00 (Previous year Rs.5,71,364.00) have not been provided for in respect of company's employees at Vanaspati Unit, Chennai.
- iv) Letters of Credit outstanding in favour of foreign suppliers for raw materials, stores & spares and capital goods Rs. 2,64,16,969.01 (Previous year Rs. 11,25,19,702.36):

Raw Material Rs. 2,64,16,969.01

Capital goods Rs. –Nil–

- v) The company has given counter guarantees of Rs.12,05,272.00 (Previous year Rs. 6,57,591.00) to the Company's bankers for guarantees given by them to the company's constituents and others against fulfillment of certain obligations of the company.
- vi) The Company has contested additional demand in respect of Excise Duty and Sales Tax etc., amounting to Rs. 88,94,980.00 (Previous Year Rs. 80,91,759.00). As against this a sum of Rs. 13,27,280.00 (Previous Year Rs. 5,36,994.00) has been deposited under protest and is included in "Advances recoverable in cash or kind". The company has filed an appeal with the Appellate Authorities and is advised that the demand is not in accordance with the law. No provision, therefore, has been made in the financial accounts.
- vii) In the immediately preceding year, company had entered into derivative contracts, which are matured in this year with banks with a view of cost reduction and transformation of risk of fluctuation of rates of foreign exchange on account of payable and receivables of foreign exchange. Some of the banks in the guise of cost reduction contracts have sold exotic derivative products to the companies, which are as per expert's opinion legally void and not enforceable. Such contracts have been challenged by the company in the Civil Court by way of declaratory suit, thus the liability/gain arising out of such contracts have neither been recognized in revenue nor as an expense in the books. However, with abundant precaution to meet out such disputed liability in future, reserves have been created net of liability of Rs.1589.22 lacs to take care of such contingencies, in the year it is settled. Company intends to create similar reserve for any such contingent liability in the respective year in which the liability by the bank is crystallized on settlement dates.
- viii) The Income Tax Assessment upto the Assessment year 2006-2007 has since been completed and the assessment for the financial year relevant to the assessment year 2007-2008 is in progress.
- ix) In the Arbitration proceedings between Oswal Agro Mills Limited (OAM) and the company, the Hon'ble High Court of Delhi vide judgment and order dated. 17.04.2007 awarded to OAM a sum of Rs.57,57,130.00 alongwith simple interest @ 18% p.a. on the principal amount from 01.11.1991 till the date of award i.e 21.02.2000 and simple interest of 12% from the date of award till date of recovery. The company preferred an appeal in the Hon'ble High Court of Delhi against the judgement and order of the Hon'ble single judge of the said Court and also filed an application for stay of recovery and the Stay has been granted subject to deposit of the Awarded amount of Rs. 57,57,130.00 alongwith interest. The company deposited a sum of Rs. 1,00,97,252.00 and the same has been shown as amount recoverable. No provision for any liability which may ultimately arise as a final result of the decision of the Hon'ble Court, has been made in the accounts.
- x) (i) The company has given a corporate guarantee of Rs.2,00,00,000 (Previous year 2,00,00,000) to State Bank of Patiala (SBOP) in respect of Term loan sanctioned by SBOP in account of M/S. Nahar International Ltd (now merged with M/S. Nahar Industrial Enterprises Ltd), one of the constituents of the company.
- (ii) The company has given a corporate guarantee of Rs.24,50,00,000 (Previous year Nil) to State Bank of Patiala (SBOP) in respect of Working Capital Limits sanctioned by SBOP in account of M/S.Vanaik Spinning Mills Ltd, one of the constituents of the company.

4.13 Disclosure of earlier acquisition(s) made in the Target

OWML does not hold any Shares in the equity share capital of the Target as on the date of the PA. OWML has not made any acquisition in the Target through any mode till date of this Letter of Offer.

4.14 Significant accounting policies of the Acquirer

- 4.14.1 The accounts are prepared on accrual basis under the historical cost conventions in accordance with the applicable accounting standards issued by the ICAI and relevant presentational requirements of the Companies Act, 1956.
- 4.14.2 Material events occurring after the Balance Sheet date are taken into cognizance.
- 4.14.3 Prior period and extra ordinary items and changes in accounting policies having material impact on financial affairs of the company, if any, are disclosed.
- 4.14.4 The accounts of the company are prepared on the principles of a going concern.
- 4.14.5 Major non-recurring nature expenditure is spread over a period during which the benefits are estimated to accrue.

4.14.6 Fixed Assets & Depreciation

- (a) Tangible assets are stated at historical cost less accumulated depreciation. Depreciation on fixed assets, is charged, on diminishing balance method in case of woollen textile units and on straight line method in case of Denim Fabric and Cotton Spinning units, at the rates prescribed under Schedule XIV of the Companies Act, 1956. Depreciation on assets costing Rs. 5000/- or below is charged @100%.
- (b) Intangible assets are stated at cost less accumulated amount amortized.
- (c) Amortization: Intangible assets are amortized, on straight line method. These assets are amortized over their estimated useful life.

4.14.7 Investments

- (a) Long term investments are stated at cost. Diminution in value on account of market fluctuations are not being provided for, being temporary in nature.
- (b) Current investments have been valued at lower of cost or market price.

4.14.8 Inventories

Inventories are valued at cost or net realizable value, whichever is lower. However, to determine the cost, the following methods are adopted:-

- (a) For Raw Material on moving weighted average method except for unit No. 3 and 4 where the raw material is valued at weighted average cost.

- (b) For stores and spares on moving weighted average method
- (c) For work-in-process, cost of Raw Material plus appropriate share of manufacturing expenses/relevant overheads.
- (d) For finished goods, cost of raw material plus conversion costs, packing cost and other overheads incurred to bring the inventories to their present condition and location.
- (e) Wastage and rejections are valued at net realizable value only.

4.14.9 Excise Duty / Value Added Tax (VAT)

- (a) Excise duty payable on finished goods, if any, is accounted for on clearance of goods from the factory.
- (b) Credit of excise duty (wherever allowable under Central Excise Rules, 1944) paid on inputs or capital goods is reduced from the purchase cost of related goods and debited to advance excise duty Account.
- (c) Credit of value added tax paid on inputs or capital goods is reduced from the purchase cost of related goods and debited to input tax credit account.

Government Grants / Subsidy

Government Grants/Subsidy are recognized, when there is a reasonable assurance that

- i. The company will comply with conditions attached to them and,
- ii. The Grants/Subsidy will be received.

The Government Grants/Subsidy received for specific assets is reduced from the cost of the asset.

4.14.10 Accounting for taxes on income, fringe benefits & wealth tax

- (a) The accounting treatment followed for taxes on income is to provide for current tax and deferred tax. Current tax is the aggregate amount of income tax determined to be payable in respect of taxable income for a period. Deferred tax is the tax effect of timing differences between taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent periods.
- (b) Fringe Benefit tax is provided on the aggregate amount of fringe benefits determined in accordance with the provisions of the relevant enactments at the specified rates of tax.
- (c) Wealth tax is provided on the net taxable wealth at the rates prescribed under the Wealth Tax Act.

4.14.11 Impairment of Assets

At each balance sheet date, an assessment is made as to whether any indication exists that an asset has been impaired. If any such indication exists, an impairment loss i.e. the amount by which the carrying amount of asset exceeds its recoverable amount, is provided in the books of accounts.

4.14.12 Provisions and Contingent liabilities

- (a) Provisions are recognized for liabilities that can be measured by using a substantial degree of estimation, if:
 - i. The company has a present obligation as a result of a past event;
 - ii. A probable outflow of resources embodying economic benefits is expected to settle the obligation and
 - iii. The amount of the obligation can be reliably estimated.
- (b) Contingent liability is disclosed in the case of :
 - i. a present obligation arising from a past event when it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation or
 - ii. a possible obligation, unless the probability of outflow in settlement is remote.
- (c) Re-imbursment expected in respect of expenditure required to settle a provision is recognised only when it is virtually certain that the re-imbursment will be received.

4.14.13 Retirement Benefits

- (a) Gratuity:

The company has taken from the Life Insurance Corporation of India (LIC) a policy of group gratuity–cum life insurance to discharge its liability under the payment of gratuity Act. The amount of gratuity has been accounted for on the basis of actuarial valuation done by LIC.
- (b) Leave with wages:

Provision for leave with wages is made on the basis of leaves accrued to the employees during the financial year, except in case of company's Vanaspati Unit at Chennai where leaves are encashed by the employees on retirement and or on leaving the service.
- (c) Provident Fund:

Contribution to Provident fund is made in accordance with the provisions of the provident fund Act, 1952 and charged to Profit & Loss account.

4.14.14 Foreign Exchange Transactions

Foreign currency liabilities incurred for acquisition of fixed assets are converted at contracted rates when covered by foreign exchange forward contracts and in other cases at exchange rate prevailing on the last working day of the accounting year. The net variation arising on conversion is adjusted to the cost of fixed assets. Current Assets and Liabilities remaining unsettled at the year end are translated at contracted rates when covered by foreign exchange forward contracts and in other cases at the rates prevailing on the last day of the financial year and the resultant effect is given under the respective head of account. In the case of short term foreign currency loans, premium paid for foreign exchange forward contracts, has been provided on pro-rata basis for the period of cover and is charged under the head bank charges.

4.14.15 Expenditure incurred during construction period

In respect of new/major expansion of Units, the indirect expenditure incurred during construction period upto the date of the commencement of commercial production is capitalized on various categories of fixed assets on proportionate basis.

4.14.16 Borrowing Costs

Borrowing costs that are directly attributable to the acquisition, construction or production of qualifying assets are capitalized as part of the cost of the asset. Other borrowing costs are recognized as an expense in the period in which they are incurred.

4.14.17 Sales

Sale of goods is recognized at the point of dispatch of finished goods to the customers. The sale value is inclusive of excise duty paid on the clearance of finished goods.

4.14.18 Scrap

Scrap sale of empties and other worn out store & spare items is accounted for on sale basis.

4.14.19 Warranty/Claims

As per the nature of the company's business, the question of warranty/ claims does not arise. The routine claims on account of quality or quantity lodged with the company, other than those which are disputed one, are accounted for as and when accepted by the company.

4.15 OWML is a public limited company, not listed any stock exchange and therefore, the provisions of corporate governance are not applicable to it.

4.16 There has been no merger/ demerger, spin-off in OWML during the last 3 (Three) years.

4.17 Monte Carlo Fashions Limited is the only subsidiary of OWML, the details of which are as follows:

Monte Carlo Fashions Limited		
S. No.	Particulars	Details
1.	Percentage of shares held by OWML	98.80%
2.	Date of Incorporation	July 01, 2008
3.	Registered Office	G. T. Road, Sherpur, Ludhiana- 141003
4.	Main Objects	Trading in all kinds of yarns and textiles including readymade goods
5.	Listing Status	Unlisted

Financial highlights of Monte Carlo Fashions Limited are given below:

(Figures in Rupees Lacs.)	
Particulars	9 Months period ending March 31 2009
Total Income	-
Profit/ (Loss) After Tax	(0.08)
Paid up Share Capital	5.00
Reserves & Surplus (excluding Revaluation Reserves)	-
Earning Per Share (Rupees per share)	(0.15)

(Note: Financial Results were prepared for the first time since incorporation.)

5. CONSTITUTION OF PROMOTER GROUP OF NAHAR CAPITAL AND FINANCIAL SERVICES LIMITED (THE TARGET):

Promoter Group of the Target comprises of corporate entities and non-corporate entities. A few of the corporate entities are NBFCs registered with the RBI and there are corporate entities listed on stock exchanges.

5.1 Details of the corporate entities forming part of the Promoter as well as Promoter Group are shown below in a tabular form:

S. No.	Name of the Corporate Entity	Business Activities	RBI Registration Status (Registered/ Not Applicable)	Listing Status
Promoter Entities				
1.	Nahar Spinning Mills Limited	Manufacture of Cotton, Synthetic and blended yarns and garments	Not Applicable	BSE NSE
2.	Nahar Industrial Enterprises Limited	Operations of Spinning, Weaving and Processing and Manufacture of Sugar and Steel	Not Applicable	BSE NSE
3.	Nahar Poly Films Limited	Manufacture of BOPP Films	Not Applicable	BSE NSE
4.	Kovalam Investment & Trading Company Limited	Investing and Financing	Registered (N- 06.00576)	BSE
5.	Sankheshwar Holding Limited	Investing and Financing	Registered (14.00513)	DSE
6.	J.L. Growth Fund Limited	Investing and Financing	Registered (N- 14.03075)	Unlisted
7.	Abhilash Growth Fund Private Limited	Investing and Financing	Registered (14.01080)	Unlisted

S. No.	Name of the Corporate Entity	Business Activities	RBI Registration Status (Registered/ Not Applicable)	Listing Status
8.	Monica Growth Fund Private Limited	Investing and Financing	Registered (N- 14.03144)	Unlisted
9.	Ruchika Growth Fund Private Limited	Investing and Financing	Registered (N- 14.02948)	Unlisted
10.	Nahar Growth Fund Private Limited	Investing and Financing	Registered (14.00663)	Unlisted
11.	Neha Credit and Investment Private Limited	Investing and Financing	Registered (14.00662)	Unlisted
12.	Nagdevi Trading & Investment Company Limited	Investing and Financing	Registered (N- 14.03122)	Unlisted
13.	Vanaik Investors Limited	Investing and Financing	Registered (14.00525)	Unlisted
14.	Vardhman Investments Limited	Investing and Financing	Registered (14.00524)	Unlisted
15.	Ludhiana Holdings Limited	Investing and Financing	Registered (N- 14.03012)	Unlisted
16.	Atam Vallabh Financiers Limited	Investing and Financing	Registered (B- 14.01631)	Unlisted
17.	Bermuda Insurance Brokers Limited	Investment	Not Applicable	Unlisted
Promoter Group Entities				
1.	Oswal Leasing Limited	Investing and Financing	Registered (14.00489)	BSE DSE
2.	Vanaik Spinning Mills Limited	Manufacturing and Trading	Not Applicable	Unlisted
3.	Cotton County Retail Limited	Retailing business of garment	Not Applicable	Unlisted
4.	Nahar Industrial and Infrastructure Corporation Limited	Development of Industrial Parks	Not Applicable	Unlisted
5.	Girnar Investment Limited	Investing and Financing	Registered (14.00529)	Unlisted
6.	Palam Motels Limited	Investing and Financing	Registered (N- 14.02893)	Unlisted
7.	Shri Atam Fabrics Limited	Manufacture of Textile	Not Applicable	Unlisted
8.	Cabot Trading and Investment Company Private Limited	Trading and Investment	Not Applicable	Unlisted
9.	Vigil Investment Private Limited	Investing and Financing	Not Applicable	Unlisted
10.	White Tigers Breweries and Distilleries Limited	Investment	Not Applicable	Unlisted
11.	Monte Carlo Fashions Limited	Trading in all kinds of yarns and textiles including readymade goods	Not Applicable	Unlisted
12.	Nahar Financial and Investment Limited	Investment	Not Applicable	Unlisted

5.2 Individuals forming part of the Promoter and Promoter Group are Mr. Jawahar Lal Oswal, Mr. Kamal Oswal, Mr. Dinesh Oswal, Mrs. Abhilash Oswal, Mrs. Monica Oswal, Mrs. Ruchika Oswal, Mrs. Manisha Oswal, Mrs. Ritu Oswal, Ms. Neha Oswal, Mr. Abhinav Oswal, Mr. Rishab Oswal, Mr. Sambhav Oswal and Ms. Tanvi Oswal.

6. DISCLOSURE IN TERMS OF REGULATIONS 16(ix):

6.1 The Acquirer and the PG presently do not have any plans to dispose off or otherwise encumber any assets of the Target in the following two years from the date of Closure of the Offer, except in the ordinary course of business of the Target.

6.2 The Acquirer and the PG undertake not to dispose off or otherwise encumber any assets of the Target (except in the ordinary course of business) in the following two years from the date of Closure of the Offer, without the prior approval of the shareholders. The Target's future policy for disposal of its existing business or assets after the aforesaid period of two years, if any, will be decided by its Board of Directors in accordance with the applicable laws and regulations.

7. FUTURE PLANS/ STRATEGIES OF THE ACQUIRER WITH REGARD TO THE TARGET:

7.1 The main business activity of the Target is Investment and in order to justify greater commitment and support, the Acquirer (part of the Promoter Group of the Target) wishes to consolidate and enhance its stake in the Target to the extent that the holding of the Promoter Group does not exceed 75.00%.

7.2 The Acquirer and the PG presently do not have any plans to dispose off or otherwise encumber any assets of the Target in the following two years from the date of Closure of the Offer, except in the ordinary course of business. Further, in the following two years, the Acquirer and the PG undertake not to dispose off or otherwise encumber any assets of the Target (except in the ordinary course of business), without the prior approval of the shareholders. The Target's future policy for disposal of its existing business or assets after the aforesaid period of two years, if any, will be decided by its Board of Directors in accordance with the applicable laws and regulations.

8. DISCLOSURE IN TERMS OF REGULATIONS 21(2) & 21(3):

8.1 The Offer to the shareholders of the Target is made in accordance with Regulation 11(2A) of the Regulations for consolidating the Promoter Group's holding in the Target while ensuring that the public shareholding in the Target does not fall below 25%, the minimum level of public shareholding required to be maintained under the Listing Agreements entered into by the Target with BSE and NSE.

8.2 Pursuant to this Offer, the provisions of Regulation 21(2) of the Regulations are not attracted. Accordingly, this Open Offer is being made in terms of Regulation 11(2A) read with Regulation 21(3) of the SEBI (SAST) Regulations.

9. BACKGROUND OF THE TARGET:

9.1 Address of Corporate and Registered Office (with phone nos.)

Particulars	Details
Corporate Office	Address: 375, Industrial Area- 'A', Ludhiana- 141003 Tel No.: +91 161 2600701- 05 Fax. No.: +91 161 2222942
Registered Office	Address: 375, Industrial Area- 'A', Ludhiana- 141003 Tel No.: +91 161 2600701- 05 Fax. No.: +91 161 2222942

9.2 Brief History and Main areas of Operation

9.2.1 Nahar Capital and Financial Services Limited (the "Target") was incorporated on March 31, 2006 under the Companies Act, 1956 in the name of Nahar Capital and Financial Services Limited ("NCFSL") with the object of carrying on Investment Business, which was to be hived off from Nahar Spinning Mills Limited pursuant to the Scheme of Demerger and Arrangement.

9.2.2 Pursuant to the Scheme of Demerger and Arrangement between the Target and Nahar Spinning Mills Limited as sanctioned by the Hon'ble High Court of Punjab and Haryana vide its Order dated December 21, 2006, the investment activities of the Nahar Spinning Mills Limited was demerged to Target with effect from April 01, 2006. While passing the order Hon'ble High Court has also directed that to pursue the business of NBFC, the Target should get itself registered with Reserve Bank of India as Non-Banking Finance Company. On application by the Target, RBI has granted registration vide its registration no. N-06.00588 dated January 22, 2008 with a condition that Company shall not accept public deposits. This was notified to the Hon'ble High Court in view of their direction and the final approval to run NBFC business by the Company as mentioned in the Scheme was sanctioned by the High Court final order dated March 13, 2008. Ever since, the Target is pursuing the business of NBFC.

9.2.3 The Target made an application for the enlistment of the equity shares allotted to the shareholders pursuant to the scheme of Demerger and Arrangement on February 07, 2007 to BSE and NSE. The BSE and NSE gave its in-principle approval for the listing of equity shares of the Company vide their letter no. DCS/AMAL/AKS/IP/2284/2007-08 dated February 25, 2008 and NSE/LIST/67267-V dated February 20, 2008 respectively. The Equity Shares of the Target are listed and admitted to dealings on BSE and NSE with effect from March 11, 2008.

9.2.4 The main business activities of the Target is to carry on the business of investment in shares, debentures, stock, bonds and securities of all kinds for short term and long term purposes and to carry on businesses generally carried on by finance and investment companies.

9.3 Details of Locations

In addition to the above mentioned Registered and Corporate Office, the Target does not have any branch office.

9.4 Equity Share capital structure of the Target:

Issued and Paid up Equity Share Capital	No. of shares / voting rights (Face value Rs. 5 per share)	Percentage of Equity Shares / Voting Rights
Fully paid up Equity Shares	1,67,46,167	100%
Partly paid up Equity Shares	Nil	Nil
Total paid up Equity Shares	1,67,46,167	100%
Total voting rights in Target	1,67,46,167	100%

9.5 Build up of the current capital structure since inception

Date of Allotment	No. & (% age) of Shares issued	Cumulative paid-up capital	Mode of Allotment	Identity of allottees	Status of Compliance	Remarks, if any
March 31, 2006	1,00,000 (100%)	5,00,000	Cash	Subscribers to the Memorandum of Association and others	Complied with	-----
February 02, 2007	1,66,46,167 (99.40%)	8,37,30,835	Fresh equity shares issued by the Target pursuant to the Scheme of Demerger and Arrangement	Existing shareholders of Nahar Spinning Mills Limited	Complied with	In terms of the Scheme of Demerger and Arrangement as sanctioned by the Hon'ble Punjab and Haryana High Court vide its Order dated December 21, 2006, for every one equity share Rs. 10/- each of Nahar Spinning Mills Limited, one equity shares of Rs. 5/- each of the Target were issued and accordingly the paid up value of each existing equity share of Rs. 10/- each of Nahar Spinning Mills Limited was reduced to Rs. 5/- each
Total		1,67,46,167				Total Equity Paid up capital as on date of the PA

9.6 There has been no suspension of trading in shares of the Target.

9.7 There are no outstanding convertible instruments (warrants/ FCDs/ PCDs), etc.

9.8 Compliance with Chapter II of the SEBI (SAST) Regulations:

Target has duly complied with the applicable provisions of the Regulations including Chapter II from time to time.

9.9 There is no punitive action imposed by SEBI under SEBI (SAST) Regulations on the Target as on the date of this Letter of Offer.

9.10 The Target has conformed to the listing requirements at all times and there is no punitive action(s) imposed by the Stock Exchanges on the Target as on the date of the Letter of Offer.

9.11 The Company has not adhered to the norms relating to concentration of credit / investment laid down in para 18 of Non - Banking Financial (Non-Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2007 during the year 2007 - 2008 and 2008 - 2009. The investment was in excess of the prescribed norms on account of the implementation of the Scheme of Demerger and Arrangement sanctioned by the Hon'ble Punjab and Haryana High Court at Chandigarh vide its order dated December 21, 2006.

9.12 Composition of the Board of Directors:

S. No.	Name (Designation)	Residential Address	Qualification	Nature of Experience	Date of Appointment
1.	Mr. Jawahar Lal Oswal (Chairman)	514, College Road, Civil Lines, Ludhiana- 141001	Bachelor of Commerce	45 years of experience in Textile, Woollen Industry and Investment Activities	March 31, 2006
2.	Mr. Dinesh Oswal (Managing Director)	514, College Road, Civil Lines, Ludhiana- 141001	Bachelor of Commerce	25 years of experience in Textile Industry and Investment Activities	December 01, 2007 as Managing Director
3.	Mr. Kamal Oswal (Director)	514, College Road, Civil Lines, Ludhiana- 141001	Bachelor of Commerce	26 years of experience in Textile, Sugar, Steel Industry and Financial Activities	March 31, 2006
4.	Mr. Dinesh Gogna (Director)	House No. 30-H, BRS Nagar, Ludhiana- 141001	Bachelor of Arts, Bachelor of Law	31 years of experience in Corporate Finance and Taxation	December 29, 2007
5.	Mr. Amarjeet Singh (Director)	House No. 207- B, Ward No. 36, Dr Ambedkar Nagar, Model Town Extension, Part II, Ludhiana- 141002	Bachelor of Arts, Bachelor of Law	63 years of experience in legal affairs and Taxation	December 29, 2007

S. No.	Name (Designation)	Residential Address	Qualification	Nature of Experience	Date of Appointment
6.	Dr. (Mrs.) H. K. Bal (Director)	House No. 2322, Phase 11, Mohali- 160065, Punjab	Master of Arts, Doctor of Philosophy	33 years of experience in Academics, Management and Administration	December 29, 2007
7.	Mr. K. S. Maini (Director)	House No. 20 SF, HIG Flats, Rani Jhansi Road, Civil Lines, Ludhiana- 141001	Master of Commerce	34 years of experience in Academics, Management and Administration	December 29, 2007
8.	Dr. O. P. Sahni (Director)	House No. 217- E, Kitchlu Nagar, Ludhiana- 141001	Master of Science, Master of Business Administration, Doctor of Philosophy	33 years of experience in Academics, Management and Administration	December 29, 2007
9.	Dr. Suresh Kumar Singla (Director)	House No. 119, Ward No. 26, Kitchlu Nagar, Ludhiana- 141001	Master of Arts, Doctor of Philosophy	30 years of experience in Academics, Management and Administration	November 29, 2008
10.	Mr. Satish Kumar Sharma (Director)	House No. 152- E, Kitchlu Nagar, Ludhiana- 141001	Master of Business Administration	32 years of experience in textile Industry	December 29, 2007

All the Directors of the Target (except Mr. Satish Kumar Sharma) are also the directors on the Board of the Acquirer. They have not participated in any matter(s) concerning or relating to the Offer including any preparatory steps leading to the Offer and have undertaken that they will abstain from all proceedings related to this Offer as per Regulation 22(9) of the Regulations.

9.13 No merger/ demerger/ spin offs have taken place in the Target during the last 3 (Three) years.

9.14 The un-audited results for the 9 months period ended December 31, 2009 and audited results for the years ended March 31, 2009, June 30, 2008 and June 30, 2007 as certified by M/s. Gupta Vigg & Co., Chartered Accountants (Mr. Vinod Khanna, Partner, Membership No.: 081585), Statutory Auditors of NCFSL are as below:

(Figures in Rupees Lacs.)				
Profit & Loss Statement	9 Months period ending (Un-audited)	Year ended		
	December 31, 2009	March 31, 2009	June 30, 2008	June 30, 2007
Total Income	2,111.33	1,502.80	3,465.25	2,881.15
Total Expenditure	167.31	82.47	100.87	95.17
Profit before Depreciation, Interest & Tax	1,944.02	1,420.33	3,364.38	2,785.98
Depreciation	0.02	0.03	0.03	0.00
Interest	9.70	1.93	122.33	2.96
Profit before Tax & Extra Ordinary Items	1,934.30	1,418.37	3,242.02	2,783.02
Extra Ordinary Items	-	-	-	-
Profit Before Tax	1,934.30	1,418.37	3,242.02	2,783.02
Provision for Tax	280.00	117.00	312.00	272.00
Profit After Tax	1,654.30	1,301.37	2,930.02	2,511.02

(Figures in Rupees Lacs.)				
Balance Sheet Statement	9 Months period ending (Un-audited)	Year ended		
	December 31, 2009	March 31, 2009	June 30, 2008	June 30, 2007
Sources of Funds				
Paid-up Share Capital	837.31	837.31	837.31	837.31
Reserves & Surplus (Excluding Revaluation Reserve)	41,507.28	39,852.98	38,649.57	36,013.44
Secured Loan	103.04	-	-	-
Unsecured Loan	-	1,257.18	-	-
Deferred Tax Liability	-	-	-	-
Total	42,447.63	41,947.47	39,486.88	36,850.75

Balance Sheet Statement	9 Months period ending (Un-audited)	Year ended			
		December 31, 2009	March 31, 2009	June 30, 2008	June 30, 2007
Uses of Funds					
Investments	36,021.12	36,292.86	38,893.09	36,807.20	
Net Current Assets	6,423.75	5,650.53	588.38	36.64	
Miscellaneous Expenses not written off	2.59	3.88	5.18	6.91	
Total	42,447.63	41,947.47	39,486.88	36,850.75	

Other Financial Data	9 Months period ending (Un-audited)	Year ended			
		December 31, 2009	March 31, 2009	June 30, 2008	June 30, 2007
Net Worth (in Rs. Lacs.)	42,342.00	40,686.41	39,481.70	36,843.84	
Dividend (in %)	-	10.00	30.00	50.00	
Earning Per Share (in Rs. per Share)	9.88	7.77	17.50	14.99	
Return on Networth (in %)	3.91	3.20	7.42	6.82	
Book Value (in Rs. per Share)	252.85	242.96	235.77	220.01	

(Note: The Company has changed its accounting year from June 30 to March 31 w.e.f. last year. Hence, year ended March 31, 2009 figures are of 9 months i.e., July 01, 2008 to March 31, 2009)

9.15 Reasons For Increase/Decrease In Profitability:

Company's Activities are primarily into Investment in financial instruments and consists of two segments i.e.

1. Trading Activities - wherein investment is being made in listed stocks with short term trading perspective. Stocks, so acquired for trading purposes, are being valued at market price at the end of accounting period as per the relevant Accounting Standards. Any difference in the year opening value and the year end value of the stock in trade results into profit and / or loss, as the case may be.
2. Investment Activities - wherein investment are made in all types of financial instruments/ securities i.e. directly in equity shares, directly in bonds, Equity Mutual Funds, Debt Mutual Funds and deposits with banks and other companies. For this mode of activity the investments so made are valued at cost in the books of accounts and profits/loss are booked as investment income only at the time of actual sale thereof.

Profitability Analysis [12 months (FY 06-07 vs. FY 07-08)]

Overall Profits for the year-ended 30.06.2008 (12 months) had increased mainly due to redemption of Long Term Bonds and also due to timely sale of equity investments. In the Trading activity however company had incurred an operating loss of Rs. 195.40 lakhs in the trading activity. The income of this activity is directly linked to the performance of stock market, further the securities are valued at the end of the year at market value, which was lower than the cost price in the case of valuations as on 30.6.2008.

Profitability Analysis [9 months (FY 07-08 vs FY 08-09)]

Overall Profits in the nine months period ended 31.3.2009 were lower due to fall in the equity market but company was able to maintain a reasonable return due to redemption of Long Term Bonds. In the Trading activity however company had incurred an operating loss of Rs. 256.88 lakhs in the trading activity. The income of this activity is directly linked to the performance of stock market, further the securities are valued at the end of the year at market value, which was lower than the cost price in the case of valuations as on 31.3.2009.

Profitability Analysis [9 months (FY 08-09 audited vs current period 09-10 unaudited)]

During the current nine months period ended 31.12.2009, overall profitability (Un-audited but Certified) is better due to bouncing back of the equity stock market and also company's investment in debt securities/deposits of higher yield.

9.16 Pre and post offer shareholding pattern:

S. No.	Shareholder Category	Shareholding/ Voting rights prior to Offer		Shares/Voting rights to be acquired in the Offer (Assuming full acceptances)		Shareholding/ Voting rights after the Offer	
		(A)		(B)		(A+B)= (C)	
		No.	In %	No.	In %	No.	In %
1.	Promoter Group						
1.1	Promoters other than the Acquirer	1,05,17,812	62.81	Nil	Nil	1,05,17,812	62.81
	Total 1	1,05,17,812	62.81	Nil	Nil	1,05,17,812	62.81
2.	Acquirer						
2.1	Oswal Woollen Mills Limited	Nil	Nil	20,41,813	12.19	20,41,813	12.19
	Total 2	Nil	Nil	20,41,813	12.19	20,41,813	12.19
Total (1+2)		1,05,17,812	62.81	20,41,813	12.19	1,25,59,625	75.00
3.	Public (Other than Acquirer and Promoter)						
3.1	Mutual Funds/ Unit Trust of India	5,430	0.03	Nil	Nil	Will depend on response to the Offer	
3.2	Financial Institutions/ Banks	5,858	0.03	Nil	Nil		
3.3	Foreign Institutional Investors	94,597	0.57	Nil	Nil		
3.4	Body Corporate(s)	9,21,852	5.50	Nil	Nil		
3.5	Public (Indian)	51,31,053	30.64	Nil	Nil		
3.6	Non Resident Indian	68,526	0.41	Nil	Nil		
3.7	Trust	839	0.01	Nil	Nil		
3.8	OCB	200	0.00	Nil	Nil		
Total Public (Other than the Acquirer and Promoter) (3.1+3.2+3.3+3.4+3.5+3.6+3.7+3.8)		62,28,355	37.19	Nil	Nil		
Total (1+2+3)		1,67,46,167	100.00			1,67,46,167	100.00

The total number of shareholders (other than the Acquirer and the Promoter Group) as on January 30, 2010 is 19,111.

9.17 Details of changes in shareholding of the Promoters:

Particulars	No. of shares acquired (Net)	Capital as on date of acquisition	Resultant shareholding Percentage (in %)	Status of Compliance with provisions of Chapter II of the Regulations
Financial year 2008-09	5,51,653	1,67,46,167	61.13	Complied with
Financial year 2009-10	2,80,540	1,67,46,167	62.81	Complied with

The Target has complied with all provisions of the Regulations, other regulations under the SEBI Act and other statutory requirement(s) as applicable to the changes in the shareholding of the Promoter Group.

9.18 The Target has complied with all the provisions under Clause 49 of the Listing Agreement relating to Corporate Governance.

9.19 Details of Pending Litigation

There are no pending litigation filed by and against Nahar Capital and Financial Services Limited.

9.20 The Target has no contingent liability as on March 31, 2009.

9.21 Name and details of the Compliance Officer

Particulars	Details
Name	Ms. Manpreet Kaur
Designation	Company Secretary & Compliance Officer
Address	Nahar Capital and Financial Services Limited, 375, Industrial Area- 'A', Ludhiana- 141 003
Tel No.:	+91 161 2600710- 05
Fax No.:	+91 161 2222942
Email id.:	secnsm@owmnahar.com

10. OFFER PRICE AND FINANCIAL ARRANGEMENT:

10.1 Justification for the Offer Price:

10.1.1 The Shares of the Target are listed on BSE and NSE. The annualised trading turnover in the shares of the Target on BSE and NSE, based on trading volume during the period August 01, 2009 to January 31, 2010 (six calendar months preceding the month in which the PA is made), is as given below:

Stock Exchange	Shares Traded (August 01, 2009 to January 31, 2010)	Total Listed Shares	Annualised Trading Turnover (in % of the total Shares listed)
NSE	46,56,002	1,67,46,167	55.61
BSE	30,92,220	1,67,46,167	36.93

(Source: www.bseindia.com, www.nseindia.com)

10.1.2 The Offer Price of Rs. 75/- (Rupees Seventy Five Only) per fully paid equity Share is justified in terms of Regulation 20(4) of the Regulations being the highest of the following:

S. No.	Particulars	Price per share (in Rupees only)
1.	The Negotiated Price	Not Applicable
2.	Highest Price paid by the Acquirer, if any for acquisition including by way of allotment in a public or rights or preferential issue during the 26 weeks prior to the date of Public Announcement.	Not Applicable
3.	The Average of the weekly high and low of the closing prices of the Shares on NSE during the 26 weeks preceding the date of Public Announcement.	54.93
4.	The Average of the daily high and low prices of the Shares on NSE during the 2 weeks preceding the date of Public Announcement.	65.07

(Source: www.nseindia.com)

Calculation of Average Price as per Regulation 20(4)(c)

26 Weeks weekly high and low

Week No.	Week ending on	Weekly Closing High (Price per Share in Rs.)	Weekly Closing Low (Price per Share in Rs.)	Average (Price per Share in Rs.)	Volume during the week (in number of shares)
1.	February 11, 2010	65.10	64.20	64.65	43,809
2.	February 06, 2010	70.00	64.00	67.00	8,02,424
3.	January 29, 2010	64.95	59.40	62.18	49,835
4.	January 22, 2010	72.75	66.30	69.53	2,94,876
5.	January 15, 2010	70.90	69.75	70.33	1,63,596
6.	January 08, 2010	72.35	60.10	66.23	12,97,286
7.	January 01, 2010	55.30	54.40	54.85	27,029
8.	December 25, 2009	54.50	53.85	54.18	14,117
9.	December 18, 2009	56.05	54.70	55.38	32,460
10.	December 11, 2009	56.45	56.10	56.28	61,854
11.	December 04, 2009	59.05	57.10	58.08	1,36,598
12.	November 27, 2009	58.50	55.70	57.10	68,878
13.	November 20, 2009	59.95	55.10	57.53	1,15,690
14.	November 13, 2009	60.15	47.55	53.85	6,55,560
15.	November 06, 2009	46.80	45.05	45.93	21,047
16.	October 30, 2009	51.00	48.40	49.70	49,729
17.	October 23, 2009	54.25	50.35	52.30	80,273
18.	October 17, 2009	53.80	47.15	50.48	50,161
19.	October 09, 2009	50.05	46.90	48.48	34,147
20.	October 02, 2009	51.75	50.30	51.03	45,710
21.	September 25, 2009	52.50	50.80	51.65	36,454
22.	September 18, 2009	55.00	52.10	53.55	1,16,103
23.	September 11, 2009	57.00	52.90	54.95	3,64,992
24.	September 04, 2009	53.25	40.40	46.83	7,79,528
25.	August 28, 2009	41.70	37.00	39.35	86,345
26.	August 21, 2009	37.30	36.30	36.80	22,623

(Source: www.nseindia.com)

2 Weeks daily high and low

Day No.	Date	High (Price per Share in Rs.)	Low (Price per Share in Rs.)	Average (Price per Share in Rs.)	Volume (in Shares)
1.	February 11, 2010	65.70	64.50	65.10	6,889
2.	February 10, 2010	66.00	63.05	64.53	13,272
3.	February 09, 2010	65.70	62.65	64.18	11,088
4.	February 08, 2010	66.30	63.00	64.65	12,560
5.	February 06, 2010	64.90	63.10	64.00	7,135
6.	February 05, 2010	64.90	60.30	62.60	22,962
7.	February 04, 2010	71.00	65.00	68.00	35,472
8.	February 03, 2010	72.20	63.35	67.78	4,10,368
9.	February 02, 2010	67.35	64.20	65.78	25,411
10.	February 01, 2010	69.20	59.00	64.10	3,01,076

(Source: www.nseindia.com)

10.1.3 The Target does not have any partly paid up equity shares or other instruments convertible into Shares of the Target at a future date.

10.1.4 In the opinion of the Manager to the Offer, the Offer Price of Rs. 75.00 (Rupees Seventy Five only) per fully paid up equity Share of the Target is justified in terms of Regulation 20 (11) of the Regulations.

10.1.5 The Acquirer or the Promoter Group has not acquired any Share of the Target from the date of the PA up to the date of the Letter of Offer.

10.1.6 In compliance with Regulation 20(7) of the Regulations, the Acquirer and/or PG shall not, during the Offer Period, acquire any additional Shares in the open market or through negotiation or in any other manner otherwise than under this Offer.

10.1.7 The Offer Price shall not be less than the highest price paid by the Acquirer for any acquisition of Equity Shares of Target from the date of the Public Announcement up to 7 (Seven) working days prior to the date of Closure of the Offer. Upon any such acquisition by the Acquirer, the highest price paid for such acquisition shall be payable for all the valid applications received under the Offer.

10.2 Financial Arrangement for the Offer:

10.2.1 The Acquirer has sufficient ready liquid funds available to fulfill the financial requirements of the Offer in terms of the Regulations and to meet its obligations in full under the Offer and no borrowing from any banks and/or financial institutions is envisaged.

10.2.2 The total funds requirement for the Offer is Rs. 15,31,35,975/- (Rupees Fifteen Crores Thirty One Lacs Thirty Five Thousand Nine Hundred Seventy Five Only), assuming full acceptances of the Offer.

10.2.3 M/s. Gupta Vigg & Co. (Mr. Vinod Khanna, Partner, Membership No. 081585), having its office at K- 101, Kismat Complex, G. T. Road, Miller Ganj, Ludhiana- 141003, Punjab; Tel. No.: +91 161 2532297, the statutory auditors for the Acquirer, have, vide their certificate dated February 12, 2010, certified that the Acquirer has sufficient ready liquid funds available to fulfill its obligations arising out of the Offer.

10.2.4 The Acquirer has vide certificate dated February 12, 2010, given an undertaking to the Manager to the Offer to meet its financial obligations under the Offer.

10.2.5 By way of security for performance of the Acquirer's obligations under the Regulations, the Acquirer has created an Escrow Account ("OWML- NCFSL Open Offer Escrow Account") with the Punjab National Bank (Capital Market Service Branch, 5-Sansad Marg, New Delhi- 110001), and has deposited a sum of Rs. 7,70,00,000 (Rupees Seven Crores Seventy Lacs only) in the said Escrow Account- Cash, being in excess of 50% of the Offer Size as per Regulation 28(2) of the Regulations.

10.2.6 SCOL, as Manager to the Offer, has been duly authorized by the Acquirer to realize the value of the Escrow Account in terms of the provisions of the Regulations.

10.2.7 The Manager to the Offer is satisfied about the ability of the Acquirer to implement the Offer in accordance with the Regulations as firm financial arrangements are in place to fulfill the obligations under the Regulations.

11. TERMS AND CONDITIONS OF THE OFFER:

11.1 The Letter of Offer together with a Form of Acceptance-cum-Acknowledgement and Form of Withdrawal will be mailed on or before Saturday, April 24, 2010 to all shareholders of the Target whose names appear in the Register of Members of the Target and the beneficial owners of the Shares, whose names appear on the beneficial records of the respective depositories, in each case at the close of business hours on March 01, 2010, (the "Specified Date").

11.2 The Offer shall open on Wednesday, April 28, 2010 (the "Offer Opening Date") and will remain open until Monday, May 17, 2010 (the "Offer Closing Date").

11.3 **Shareholders holding Shares in physical form:** Shareholders holding shares in physical form and who wish to accept this Offer and tender their Shares will be required to send the Form of Acceptance-cum-Acknowledgement, original share certificate(s) and duly signed transfer deed(s) to the Registrar to the Offer, Alankit Assignments Limited, (Address: Alankit House, 2E/ 21, Jhandewalan Extension, New Delhi- 110055; Tel. No.: +91 11 42541234, 23541234; Fax No.: +91 11 42541967; E-mail id.: nfsl.openoffer@alankit.com; Contact Person: Mr. Mahesh Jairath) (hereinafter referred to as the "Registrar to the Offer") either by hand delivery on weekdays (except public holidays) or by registered post, on or before the Offer Closing Date,

i.e. no later than Monday, May 17, 2010 so as to reach the Registrar to the Offer on or before the close of business hours, i.e. no later than 5.30 p.m. in accordance with the instructions to be specified in the Letter of Offer and in the Form of Acceptance-cum-Acknowledgement.

- 11.4 **Shareholders holding shares in dematerialised form:** Beneficial Owners who wish to accept this Offer and tender their Shares will be required to send their Form of Acceptance-cum-Acknowledgement to the Registrar to the Offer in accordance with the instructions specified in the Letter of Offer and the Form of Acceptance-cum-Acknowledgement, along with a photocopy of the delivery instruction slips in "Off-market" mode or counterfoil of the delivery instructions in "Off-market" mode, in favour of "Alankit-OWML- NCFSL- Open Offer Escrow Account" duly acknowledged by their respective depository participant (the "DP").

The Registrar to the Offer has opened a special depository account with National Securities Depository Limited ("NSDL") called "Alankit- OWML- NCFSL- Open Offer Escrow Account". The Beneficial Owners are requested to fill the following details in the delivery instruction slips for the purpose of crediting their equity shares in the special depository account:

Depository Participant ("DP") Name:	Alankit Assignments Limited
DP Id.:	IN300118
Client Id.:	11356252
Account Name:	Alankit- OWML- NCFSL- Open Offer Escrow Account
Depository:	NSDL

Shareholders having their beneficiary account in Central Depository Services (India) Limited ("CDSL") shall have to use an inter-depository delivery instruction slips for crediting their equity shares in the special depository account with NSDL.

- 11.5 Shareholders who have sent their shares for dematerialization need to ensure that the process of getting their shares dematerialised is completed well in time so that the credit in the special depository account is received on or before the Offer Closing Date (i.e., no later than Monday, May 17, 2010), else their application would be rejected.
- 11.6 Locked in shares: There are no locked in shares in the Target.

12. STATUTORY APPROVALS:

The Offer is subject to the receipt of the following statutory and regulatory approval(s) and clearances required by the Acquirer to acquire Shares tendered pursuant to the Offer:

- 12.1 The Offer is subject to receiving the necessary approvals, if any, from the Reserve Bank of India under the Foreign Exchange Management Act, 1999 and the subsequent amendments thereto, for acquiring equity Shares, if tendered by non-resident shareholders.
- 12.2 As on the date of the PA, no other statutory or regulatory approval(s) are required to implement this Offer or acquire the Shares tendered pursuant to this Offer, other than those contemplated above. However, the Offer will be subject to all statutory approval(s) that may be applicable. If any other statutory approvals become applicable, the Offer would be subject to such statutory approval(s). The Acquirer will have a right not to proceed with the Offer in terms of Regulation 27 of the SEBI (SAST) Regulations in the event that any of the statutory approval(s) contemplated above are refused.
- 12.3 Subject to the receipt of statutory and other approval(s), the Acquirer shall complete all procedures relating to the Offer including payment of consideration within a period of 15 days from the Offer Closing Date to those shareholders whose Share certificates and/or other documents are found valid and in order and are approved for acquisition by the Acquirer. In case of delay due to the non-receipt of statutory approval(s), SEBI may, as per Regulation 22(12) of the Regulations, if satisfied that the non-receipt of approval(s) was not due to the willful default or negligence of the Acquirer or failure of the Acquirer to diligently pursue the applications for such approval(s), grant an extension for the purpose of completion of this Offer, subject to the Acquirer agreeing to pay to the shareholders interest as may be specified by SEBI for any delay beyond 15 days.
- 12.4 However, if the delay occurs on account of the willful default or negligence of the Acquirer in obtaining the requisite approval(s), the amount held in the escrow account shall be subject to forfeiture and be dealt with in the manner provided in Regulation 28(12) of the Regulations.
- 12.5 The Acquirer has taken No Objection Certificate from its Lead Banker for this Offer.

13. PROCEDURE FOR ACCEPTANCE AND SETTLEMENT:

- 13.1 The Shareholders who wish to avail of and accept the Offer can deliver the Form of Acceptance-cum-Acknowledgement along with all the relevant documents at the collection centre specified below in accordance with the procedure as set out in the Letter of Offer on or before the Offer Closing Date, i.e., no later than Monday, May 17, 2010. The centre mentioned herein below would be open as follows:

Timings: Monday to Saturday: 10.00 a.m. to 5.30 p.m. (except Public Holidays)

Contact Person	Address	Tel. No.	Fax. No.	Mode of Delivery
Mr. Mahesh Jairath	Alankit House, 2E/ 21, Jhandewalan Extension, New Delhi- 110055	+91 11 42541234, 23541234	+91 11 42541967	Registered Post/ Hand Delivery

- 13.2 All owners (registered or unregistered) of shares are eligible to participate in the Offer anytime before the closure of 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 number, together with the original share certificate(s), valid transfer deed(s) and the original contract note(s) issued by the broker through whom they acquired their shares so as to reach the Registrar to the Offer on or before the Offer Closing Date, i.e., no later than Monday, May 17, 2010. No indemnity is required from the unregistered owners.

- 13.3 In case of non-receipt of the Letter of Offer, the eligible persons may send their consent to the Registrar to the Offer, on a plain paper stating the name, address, number of Shares held, distinctive numbers, folio number, number of Shares offered along with documents as mentioned above so as to reach the Registrar to the Offer on or before the Offer Closing Date, i.e., no later than Monday, May 17, 2010, or in case of beneficial owners, they may send the 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, DP name, DP ID, beneficiary account number and a photocopy of the delivery instruction slips in "Off-market" mode or counterfoil of the delivery instruction slips in "Off-market" mode, duly acknowledged by the DP, in favour of "Alankit- OWML- NCFSL- Open Offer Escrow Account", so as to reach the Registrar to the Offer, on or before the Offer Closing Date, i.e., no later than Monday, May 17, 2010.
- 13.4 Shareholders can also download the Letter of Offer and Form of Acceptance-cum-Acknowledgement placed on the SEBI website (www.sebi.gov.in) and send in their acceptance by filling the same.
- 13.5 The share certificate(s), share transfer deed(s) and the Form of Acceptance-cum-Acknowledgement should be sent only to the Registrar to the Offer and not to the Manager to the Offer, Acquirer or the Target.
- 13.6 In accordance with Regulation 22(5A) of the Regulations, shareholders who have accepted the offer by tendering the requisite documents in terms of this PA and Letter of Offer can withdraw the same up to three working days prior to the Offer Closing Date. The withdrawal option can be exercised by submitting the documents as per the instructions below, so as to reach the Registrar to the Offer at the collection centre mentioned above as per the mode of delivery indicated therein on or before Wednesday, May 12, 2010.
- o The withdrawal option can be exercised by submitting the Form of Withdrawal, enclosed with the Letter of Offer.
 - o In case of non-receipt of Form of Withdrawal, the withdrawal option can be exercised by making a plain paper application along with the following details:
 - **In respect of physical shares:** names, address, distinctive numbers, folio number, number of Shares tendered.
 - **In respect of dematerialised shares:** name, address, number of Shares tendered, DP name, DP ID, beneficiary account number, photocopy of the delivery instruction slips in "Off Market" mode duly acknowledged by the DP.
 - o Shareholders can also download the Form of Withdrawal placed on the SEBI website (www.sebi.gov.in) and send in their withdrawal by filling the same.
 - o Partial withdrawal of tendered shares can be done only by the registered shareholders/ beneficial owners. In case of partial withdrawal, the earlier Form of Acceptance-cum-Acknowledgement will stand revised to that effect.
 - o In case of partial withdrawal, valid share transfer deed(s) duly signed as transferors by all registered shareholders (in case of joint holdings) in the same order and as per specimen signatures registered with the Target and duly witnessed at the appropriate place.
 - o In case of partial withdrawal of shares tendered in physical form, if the original share certificates are required to be split, the same will be returned on receipt of share certificates from the Target.
 - o The Form of Withdrawal should be sent only to the Registrar to the Offer.
- 13.7 The Registrar to the Offer will hold in trust the Shares/ Share certificates, Shares lying in credit of the special depository account and the transfer form(s), until the Acquirer completes its obligations under the Offer in accordance with the Regulations.
- 13.8 Shareholders must note that on the basis of name of the Shareholders, Depository Participant's name, DP ID, Beneficiary Account number provided by them in the Form of Acceptance-cum- Acknowledgement, the Registrar to the Issue will obtain, from the Depositories, the Shareholders' demographic details including address, bank account details, the nine digit Magnetic Ink Character Recognition ("MICR") code. These bank account details will be used to make payment to the Shareholders. Hence, Shareholders are advised to immediately update their bank account details as appearing on the records of the Depository Participant. Please note that failure to do so could result in delays in despatch of payment or electronic transfer of funds, as applicable, and any such delay shall be at the Shareholders' sole risk and neither the Acquirer, the Manager to the Offer, Registrar to the Offer nor Escrow Agent shall be liable to compensate the Shareholders for any losses caused to the Shareholder due to any such delay or liable to pay any interest for such delay.

Mode of Making Payments

- **Electronic Clearing System ("ECS"):** Payment would be done through ECS for Shareholders having an account at any of the following 68 centers: Ahmedabad, Bangalore, Bhubaneshwar, Kolkata, Chandigarh, Chennai, Guwahati, Hyderabad, Jaipur, Kanpur, Mumbai, Nagpur, New Delhi, Patna, Thiruvananthapuram (managed by RBI); Baroda, Dehradun, Nashik, Panaji, Surat, Trichy, Trichur, Jodhpur, Gwalior, Jabalpur, Raipur, Calicut, Siliguri (Non-MICR), Pondicherry, Hubli, Shimla (Non- MICR), Tirupur, Burdwan (Non-MICR), Durgapur (Non-MICR), Sholapur, Ranchi, Tirupati (Non-MICR), Dhanbad (Non-MICR), Nellore (Non-MICR) and Kakinada (Non-MICR) (managed by State Bank of India); Agra, Allahabad, Jalandhar, Lucknow, Ludhiana, Varanasi, Kolhapur, Aurangabad, Mysore, Erode, Udaipur, Gorakpur and Jammu (managed by Punjab National Bank); Indore (managed by State Bank of Indore); Pune, Salem and Jamshedpur (managed by Union Bank of India); Visakhapatnam (managed by Andhra Bank); Mangalore (managed by Corporation Bank); Coimbatore and Rajkot (managed by Bank of Baroda); Kochi/ Ernakulum (managed by State Bank of Travancore); Bhopal (managed by Central Bank of India); Madurai (managed by Canara Bank); Amritsar (managed by Oriental Bank of Commerce); Haldia (Non-MICR) (managed by United Bank of India); Vijaywada (managed by State Bank of Hyderabad); and Bhilwara (managed by State Bank of Bikaner and Jaipur). This mode of payment would be subject to availability of complete bank account details including the MICR code as appearing on a cheque leaf, from the Depositories. The payment through ECS is mandatory for Shareholders having a bank account at any of the abovementioned 68 centers, except where the Shareholder, being eligible, opts to receive payment through direct credit or RTGS.
- **Direct Credit:** Shareholders having bank accounts with Punjab National Bank, as mentioned in the Acceptance-cum-Acknowledgement Form, shall be eligible to receive payments through direct credit. Charges, if any, levied by Escrow Bank for the same would be borne by the Acquirer.
- **Real Time Gross Settlement ("RTGS"):** Shareholders having a bank account with a bank offering RTGS facility to its clients and whose purchase consideration amount exceeds Rs. 50 lacs have the option to receive the payment through RTGS. Such eligible Shareholders who indicate their preference to receive payment through RTGS are required to provide the Indian Financial System Code ("IFSC") in the Acceptance-cum-acknowledgement form. In the event the same is not provided, payment shall be made through ECS/ or by a physical instrument as may be possible. Charges, if any, levied by the Escrow Bank for the same

would be borne by the Acquirer. Charges, if any, levied by the Shareholder's bank receiving the credit would be borne by the Shareholder.

- **National Electronic Fund Transfer ("NEFT"):** Payment shall be undertaken through NEFT wherever the Shareholder's bank has been assigned the IFSC, which can be linked to a MICR, if any, available to that particular bank branch. IFSC Code will be obtained from the website of RBI as on a date prior to the date of payment, duly mapped with MICR numbers. Wherever the Shareholders have registered their nine digit MICR number and their bank account number while opening and operating the demat account, the same will be duly mapped with the IFSC Code of that particular bank branch and the payment will be made to the Shareholder through this method. The process flow in respect of payments by way of NEFT is at an evolving stage and hence use of NEFT is subject to operational feasibility, cost and process efficiency. In the event that NEFT is not operationally feasible, the payment would be made through any one of the other modes.
- For all other Shareholders, including physical Shareholders and those who have not updated their bank particulars with the MICR code, the payments will be despatched under certificate of posting for value upto Rs. 1,500 and through Speed Post/ Registered Post for payments above Rs. 1,500. Such payments will be made by way of a crossed account payee cheque, pay order or demand draft/ warrants drawn on Punjab National Bank and payable at par at places where acceptance forms are received. Bank charges, if any, for cashing such cheques, pay orders or demand drafts or warrants at other centres will be payable by the Shareholders. All cheques/ pay orders/ demand drafts/ warrants 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.

13.9 If the aggregate of the valid responses to the Offer exceeds the Offer size of 20,41,813 Shares, then the Acquirer shall accept the valid applications received on a proportionate basis in accordance with Regulation 21(6) of the SEBI (SAST) Regulations.

13.10 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/ unregistered owners. Unaccepted Shares held in dematerialized form will be credited back to the beneficial owners' depository account with the respective depository participant as per the details furnished by the beneficial owner in the Form of Acceptance-cum-Acknowledgement.

13.11 Compliance with tax and other regulatory requirements:

13.11.1 While tendering Shares under the Offer, Non-resident Indians (NRIs), Overseas Corporate Bodies (OCBs) and other non-resident shareholders will be required to submit the RBI's approval (specific or general) that they would have obtained for acquiring the Shares of the Target. **In the event that the previous RBI approval(s) (if any) are not submitted, the Acquirer reserves the right to reject such tendered Shares.**

13.11.2 While tendering their Shares under the Offer, NRIs, OCBs and other non-resident shareholders will be required to submit a No Objection Certificate ("NOC") or Tax Clearance Certificate or Certificate for Deduction of Tax at Lower Rate from the Income Tax Authorities under the Income Tax Act, 1961 indicating the amount of tax to be deducted by the Acquirer before remitting the consideration, failing which the Acquirer will arrange to deduct tax at the maximum marginal rate as may be applicable to the relevant category to which the shareholder belongs under the Income Tax Act, 1961, on the entire consideration amount payable to such shareholder.

13.11.3 As per the provisions of Section 196D (2) of the Income Tax Act, 1961, no deduction of tax at source will be made from any income by way of capital gains arising from the transfer of securities referred to in Section 115AD of the Income Tax Act, 1961 to a Foreign Institutional Investor as defined in Section 115AD of the Income Tax Act, 1961. However, the interest payment for delay in payment of consideration, if any, will not be governed by this provision. For interest payments, if any, NRIs, OCBs and other non-resident shareholders will be required to submit a No Objection Certificate or Tax Clearance Certificate ("TCC") or Certificate for Deduction of Tax at Lower Rate from the Income Tax Authorities under the Income Tax Act, 1961 indicating the amount of tax to be deducted by the Acquirer before remitting the consideration, failing which the Acquirer will arrange to deduct tax at the maximum marginal rate as may be applicable to the relevant category to which the shareholder belongs under the Income Tax Act, 1961, on the entire consideration amount payable to such shareholder. In case of resident shareholders, tax will be deducted on the interest component exceeding Rs. 5,000/- at the applicable current prevailing rates. If the resident shareholder requires that no tax is to be deducted or tax is to be deducted at a lower rate than the prescribed rate, such shareholders will be required to submit a No Objection Certificate or Tax Clearance Certificate ("TCC") or Certificate for Deduction of Tax at Lower Rate from the Income Tax Authorities under the Income Tax Act, 1961 indicating the amount of tax to be deducted by the Acquirer or a self-declaration in form 15G or Form 15H as may be applicable.

13.11.4 All resident shareholders would be required to submit their Permanent Account Number ("PAN") for Income Tax purposes, as applicable.

13.11.5 Clauses relating to payment of interest will become applicable only if the Acquirer becomes liable to pay interest for delay in release of purchase consideration.

13.11.6 Payment to those shareholders whose Share certificates and/or other documents are found valid and in order and are approved by the Acquirer will be made by way of fund transfer/ crossed account payee cheque/ demand draft/ pay order/ warrants. The decision regarding the acquisition (in part or full), or rejection of, the Shares tendered pursuant to this Offer and (i) any corresponding payment for the acquired Shares and/or (ii) Share certificates for any rejected Shares or Shares withdrawn, will be dispatched to the shareholders by registered post or by ordinary post as the case may be [*], at the shareholder's sole risk. Shares held in dematerialised form to the extent not acquired or shares withdrawn will be credited back to the respective beneficiary account with their respective DP as per the details furnished by the beneficial owners in the Form of Acceptance-cum-Acknowledgement.

[*] Dispatches involving payment of a value in excess of Rs. 1,500/- 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.

13.12 All cheques/ demand drafts/ pay orders/ warrants will be drawn in the name of the first holder, in case of joint holder(s). In case of unregistered owners of shares, payment will be made in the name of the person stated in the contract note. It will be desirable if the shareholders provide bank account details in the Form of Acceptance-cum-Acknowledgement for fund transfer or incorporation in the cheque/ demand draft/ pay order.

13.13 The Acquirer reserves the right to withdraw the Offer pursuant to Regulation 27 of the Regulations. Any such withdrawal will be notified in the form of a Public Announcement in the same newspapers in which the original PA appeared.

14. DOCUMENTS FOR INSPECTION

The following documents are regarded as material documents and are available for inspection at the office of Sobhagya Capital Options Limited, B- 206, Okhla Industrial Area, Phase-I, New Delhi- 110020 from 10.00 am to 5.00 pm on any day except Saturdays, Sundays, and Public/ Bank Holidays, until the Offer Closing Date.

- 14.1 Certificate of Incorporation and Memorandum & Articles of Association of the Acquirer.
- 14.2 Certificate dated February 12, 2010 from statutory auditors of the Acquirer, M/s. Gupta Vigg & Co. (Mr. Vinod Khanna, Partner, Membership No. 081585), certifying the financial data of the Acquirer based on un-audited results for the 9 months period ended December 31, 2009 and audited results for the years ended March 31, 2009, 2008 and 2007.
- 14.3 Certificate dated February 12, 2010 from statutory auditors of the Acquirer, M/s. Gupta Vigg & Co. (Mr. Vinod Khanna, Partner, Membership No. 081585) certifying that the Acquirer has sufficient ready liquid funds available to fulfill its obligations arising out of the Offer.
- 14.4 Annual reports of the Acquirer for the financial years ending March 31, 2009, 2008 and 2007.
- 14.5 No Objection Certificate dated February 10, 2010 from State Bank of Patiala (i.e., Lead Banker of the Acquirer) for acquiring shares of the Target proposed under this Offer.
- 14.6 Certificate of Incorporation and Memorandum & Articles of Association of the Target.
- 14.7 Certificate dated February 12, 2010 from statutory auditors of the Target, M/s. Gupta Vigg & Co. (Mr. Vinod Khanna, Partner, Membership No. 081585), certifying the financial data of the Target based on un-audited results for the 9 months period ended December 31, 2009 and audited results for the years ended March 31, 2009, June 30, 2008 and June 30, 2007.
- 14.8 Annual reports of the Target for the financial years ending March 31, 2009, 2008 and 2007.
- 14.9 Copy of Escrow Agreement dated February 11, 2010 entered between Oswal Woollen Mills Limited (the "Acquirer"), Sobhagya Capital Options Limited (the "Manager to the Offer") and Punjab National Bank.
- 14.10 Letter from Escrow Bank dated February 12, 2010 confirming cash deposit of 7,70,00,000 (Rupees Seven Crores Seventy Lacs Only) made in the Escrow Account ("OWML- NCFSL Open Offer Escrow Account") and lien marked in favor of the Manager to the Offer.
- 14.11 Copy of agreement with the Depository Participant for opening a special depository account for the purpose of the Offer.
- 14.12 Copy of the Public Announcement dated February 13, 2010.
- 14.13 Copy of Agreement between the Acquirer and the Registrar to the Offer for the purpose of the Offer
- 14.14 Copy of Memorandum of Understanding between the Acquirer and Manager to the Offer.

15. DECLARATION BY THE ACQUIRER:

The Acquirer accepts full responsibility for the information contained in this Letter of Offer and for their obligations under SEBI (SAST) Regulations. The Acquirer along with the other promoters of the Target would be severally and jointly responsible for ensuring compliance with the Takeover Regulations.

By Order of the Board,

For Oswal Woollen Mills Limited (the "Acquirer")

-sd-
(Gayathri B Prakash)
Authorised Signatory

Dated: April 21, 2010
Place: Ludhiana

Enclosed:

1. Form of Acceptance-cum-Acknowledgement
2. Form of Withdrawal
3. Transfer deed for shareholders holdings shares in physical form

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OFFER

Opens on: Wednesday, April 28, 2010

Closes on: Monday, May 17, 2010

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION
(Please send this form with enclosures to the Registrar to the Offer)

FORM OF ACCEPTANCE-CUM-ACKNOWLEDGEMENT

From:

Name: _____ **Status:** Resident / Non-resident

Full Address: _____

Tel No. _____ **Fax No.** _____ **E-mail:** _____

To,

Alankit Assignments Limited

Alankit House

2E / 21 Jhandewalan Extension

New Delhi- 110055

Telephone: +91 11 42541234, 23541234

Facsimile: +91 11 42541967

E-mail: ncfsl.openoffer@alankit.com

Sub: Open Offer under Regulation 11(2A) of the SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 1997 and subsequent amendments thereto to acquire upto 20,41,813 shares being 12.19% of fully paid up equity share capital of Nahar Capital and Financial Services Limited ("Target") by Oswal Woollen Mills Limited ("Acquirer") at a price of Rs. 75.00 (Rupees Seventy five only) per fully paid up equity share

Dear Sir,

I/We, refer to the Letter of Offer dated April 21, 2010 constituting an offer to acquire the equity shares held by me/us in Nahar Capital and Financial Services Limited. Capitalized terms used but not defined herein have the meaning ascribed to them in the Letter of Offer.

I/We, the undersigned, have read the Letter of Offer and understood its contents including the terms and conditions mentioned therein.

For equity shares held in physical form

I/We hold equity shares in the physical form, accept the Offer and enclose the original share certificate(s) and duly signed transfer deed(s) in respect of my/our equity shares as detailed below:

Sr. No.	Ledger Folio No.	Certificate No.	Distinctive Nos.	No. of equity shares
1				
2				
3				
Total Number of equity shares				

(In case of insufficient space, please use additional sheet and authenticate the same)

I/We, confirm that the Offer is hereby accepted by me/us and that the equity shares which are being tendered herewith by me/us under this Offer are free from liens, charges and encumbrances of any kind whatsoever.

I/We, note and understand that the original share certificate(s) and valid share transfer deed(s) will be held in trust by the Registrar to the Offer until the time the Acquirer makes payment of the Offer Price as mentioned in the Letter of Offer.

I/We, also note and understand that the Acquirer will pay the consideration only after documents are found valid and approved by the Acquirer.

For equity shares held in dematerialised form

I/We, hold equity shares in dematerialised form, accept the Offer and enclose a photocopy of the delivery instruction slips duly acknowledged by the DP in respect of my/our equity shares as detailed below:

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

Acknowledgement Receipt – Nahar Capital and Financial Services Limited Open Offer

Received from Mr./Ms./M/s. _____

Form of Acceptance cum Acknowledgement for Nahar Capital and Financial Services Limited Open Offer as per details below:-

Folio No. _____ No. of Certificates Enclosed _____ Certificate No. _____

Total No. of equity shares enclosed _____ Copy of Delivery Instruction to DP _____
(Delete whichever is not applicable)

Date of Receipt: _____

Stamp of collection center:

Signature of Official:

I/We, have done an off market transaction for crediting the equity shares to the “Alankit - OWML - NCFSL - Open Offer Escrow Account” whose particulars are:

DPID: **IN300118**

Client ID: **11356252**

We note and understand that the equity shares would remain in the said account i.e. “Alankit - OWML - NCFSL - Open Offer Escrow Account” until the Acquirer makes payment of the Offer Price as mentioned in the Letter of Offer.

If my/our equity shares are held in a beneficiary account with CDSL, I/we enclose a copy of the 'Inter-Depository Delivery Instruction Slips' for the transfer of my/our equity shares to the Special Depository Account with NSDL.

I/We authorise the Acquirer:

1. To acquire the equity shares so tendered by me/us in acceptance of the Offer in terms of and subject to the Letter of Offer.
2. To the extent that the equity shares tendered by me/us are not acquired (in terms of and subject to the Letter of Offer), to return to me/us share certificate(s) and in the case of dematerialised equity shares to credit such equity shares to my/our depository account, in each case at my/our sole risk and specifying the reasons thereof.
3. If the equity shares so tendered are withdrawn by me/us (in terms of and subject to the Letter of Offer), to return to me/us share certificate(s) and in the case of dematerialised equity shares to credit such equity shares to my/our depository account, in each case at my/our sole risk.

I/We authorise the Acquirer or the Manager to the Offer or the Registrar to the Offer to send by Registered post / ordinary post (as described in the Letter of Offer) the crossed account payee cheque / demand draft / pay order as purchase consideration to the sole/first holder at the address mentioned above and if full address not given the same will be forwarded at the address registered with Nahar Capital and Financial Services Limited.

Yours faithfully
Signed and delivered

	1st Shareholder	2nd Shareholder	3rd Shareholder
Full Name			
PAN allotted under Income Tax Act, 1961			
Signature			

Note: In case of joint holdings, all shareholders must sign. A body corporate must affix its company stamp.

Place:
Date:

In order to avoid fraudulent fund transfer/ encashment of cheque / demand draft/pay order/warrant in transit, the applicants are requested to provide details of bank account of the sole/first shareholder and the crossed account payee cheque / demand draft/pay order/warrant will be drawn accordingly.

Name of Bank	
Branch Address	
Type of Account	
Account Number	
9 digit MICR code	

Enclosure(Please tick as appropriate)

- Power of Attorney
 Corporate authorisation in case of companies along with Board Resolution and Specimen Signatures of Authorised Signatories
 Death Certificate / Succession Certificate
 RBI approvals for acquiring shares of Nahar Capital and Financial Services Limited hereby tendered in the Offer, in case of non resident shareholders
 Others(please specify)

All future correspondence, if any, should be addressed to Registrar to the Offer at the following address:

Alankit Assignments Limited
Alankit House
2E / 21 Jhandewalan Extension
New Delhi- 110055
Telephone: +91 11 42541234, 23541234
Facsimile: +91 11 42541967
Contact Person: Mr.Mahesh Jairath
E-mail: ncfsl.openoffer@alankit.com

INSTRUCTIONS

1. **In the case of demat shares, the shareholders are advised to ensure that their shares are credited in favour of the special depository account, before the Closure of the Offer. The Form of Acceptance-cum-Acknowledgement of such demat shares not credited in favour of the special depository account, before the Closure of the Offer will be rejected.**
2. Shareholders should enclose the following:-
 - i. **Shareholders holding Shares in dematerialized form:-**

Beneficial owners should enclose

- Form of Acceptance-cum-Acknowledgement duly completed and signed in accordance with the instructions contained therein, as per the records of the Depository Participant (DP).
- Photocopy of the delivery instruction slips in "Off-market" mode or counterfoil of the delivery instruction slips in "Off-market" mode, duly acknowledged by the DP.
- For each Delivery Instruction Slips, the beneficial owner should submit separate Form of Acceptance-cum-Acknowledgement.

In case of non-receipt of the aforesaid documents, but receipt of the shares in the special depository account, the Offer shall be deemed to be accepted.

- ii. **Shareholders holding Shares in physical form:-**

Registered Shareholders should enclose:

- Form of Acceptance cum Acknowledgement duly completed and signed in accordance with the instructions contained therein, by all shareholders whose names appear on the share certificates.
- **Original Share Certificate(s).**
- **Valid Share transfer deed(s)** duly signed as transferors by all registered shareholders (in case of joint holdings) in the same order and as per specimen signatures registered with **Nahar Capital and Financial Services Limited** and duly witnessed at the appropriate place. A blank Share Transfer deed is to be enclosed along with this Letter of Offer.

In case of registered shareholders, non-receipt of the aforesaid documents, but receipt of the share certificates along with the duly completed transfer deed, the Offer shall be deemed to be accepted.

Unregistered owners should enclose:

- **Form of Acceptance-cum-Acknowledgement duly completed and signed in accordance with the instructions contained therein.**
- **Original Share Certificate(s).**
- **Original broker contract note.**
- **Valid Share transfer deed(s) as received from the market.**

The details of buyer should be left blank failing which the same will be invalid under the Offer. The details of the Acquirer as buyer will be filled by the Acquirer upon verification of the Form of Acceptance-cum-Acknowledgement and the same being found valid. All other requirements for valid transfers will be a pre-condition for valid acceptance.

3. The share certificate(s), share transfer deed(s) and the Form of Acceptance-cum-Acknowledgement should be sent only to the Registrar to the Offer and **not** to the Manager to the Offer or the Acquirer or **Nahar Capital and Financial Services Limited**.
4. **Shareholders having their beneficiary account in CDSL have to use "INTER-DEPOSITORY DELIVERY INSTRUCTION SLIPS" for the purpose of crediting their shares in the favour of the special depository account with NSDL.**
5. **Non resident shareholders should enclose a copy of the permission received from RBI for the equity shares held by them in Nahar Capital and Financial Services Limited . If, the shares are held under General Permission of RBI the non resident shareholder should state that the shares are held under General Permission and whether on repatriable basis or non repatriable basis.**
6. **Non resident shareholders should enclose No Objection certificate/Tax Clearance Certificate from the Income Tax Authorities under Income-Tax Act, 1961, indicating the tax to be deducted by the Acquirer before remittance of consideration otherwise tax will deducted at maximum marginal rate as may be applicable to the category of the shareholder on the consideration payable by the Acquirer.**

7. **Payment Consideration:** Shareholders must note that on the basis of the name of the Shareholders. Depository Participant's Name, DP ID, Beneficiary Account Number provided by them in the Form of Acceptance cum Acknowledgement, the Registrar to the Offer will obtain from the Depositories, the shareholder's details including address, bank account and branch details. These bank account details will be used to make payment to the shareholders. Hence shareholders are advised to immediately update their bank account details as appearing on the records of the Depository Participant. Please note that failure to do so could result in delays of payment or electronic transfer of funds, as applicable and any such delay shall be at the shareholder's sole risk and neither the Acquirer, the Manager to the Offer, Registrar to the Offer nor the Escrow Bank shall be liable to compensate the Shareholders for any loss caused to the Shareholders due to any such delay or liable to pay any interest for such delay. Physical shareholders are requested to fill up their bank account details in the Form of Acceptance cum Acknowledgement.

Contact Person	Address	Tel. No.	Fax. No.	Mode of Delivery
Mr. Mahesh Jairath	Alankit House, 2E/ 21, Jhandewalan Extension, New Delhi- 110055	+91 11 42541234, 23541234	+91 11 42541967	Registered Post/ Hand Delivery

SHAREHOLDERS ARE REQUESTED TO NOTE THAT THE ACCEPTANCE FORMS/SHARES THAT ARE RECEIVED BY THE REGISTRAR TO THE OFFER AFTER THE CLOSE OF THE OFFER I.E. BY 5.30 P.M. ON MONDAY MAY 17, 2010 SHALL NOT BE ACCEPTED UNDER ANY CIRCUMSTANCES AND HENCE ARE LIABLE TO BE REJECTED.

OFFER

Opens on: Wednesday, April 28, 2010
Last date of Withdrawal: Wednesday, May 12, 2010
Closes on: Monday, May 17, 2010

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION
(Please send this form with enclosures to the Registrar to the Offer)

FORM OF WITHDRAWAL

From:

Name: _____ **Status:** Resident / Non-resident

Full Address: _____

To,
Alankit Assignments Limited
Alankit House
2E / 21 Jhandewalan Extension
New Delhi- 110055
Telephone: +91 11 42541234, 23541234
Facsimile: +91 11 42541967
E-mail: ncfsl.openoffer@alankit.com

Sub: Open Offer under Regulation 11(2A) of the SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 1997 and subsequent amendments thereto to acquire upto 20,41,813 shares being 12.19% of fully paid up equity share capital of Nahar Capital and Financial Services Limited ("Target") by Oswal Woollen Mills Limited ("Acquirer") at a price of Rs. 75.00 (Rupees Seventy five only) per fully paid up equity share

Dear Sir,

I/We, refer to the Letter of Offer dated April 21, 2010 constituting an offer to acquire the equity shares held by me/us in Nahar Capital and Financial Services Limited. Capitalised terms used but not defined herein have the meaning ascribed to them in the Letter of Offer.

I/We, the undersigned, have read the Letter of Offer and understood its contents including the terms and conditions mentioned therein.

I/We, hereby consent unconditionally and irrevocably to withdraw my/our equity shares from the Offer and I/We further authorize the Acquirer to return to me/us, the tendered Share Certificate(s)/share(s) at my/our sole risk.

I/We, note that upon withdrawal of my/our equity shares from the Offer, no claim or liability shall lie against the Acquirer/Manager to the Offer/Registrar to the Offer.

I/We, note that this Form of Withdrawal should reach the Registrar to the Offer on or before the last date of withdrawal i.e. Wednesday, May 12, 2010.

I/We, note that the Acquirer/Manager to the Offer/Registrar to the Offer shall not be liable for any postal delay/loss in transit of the equity shares held in physical form and also for the non-receipt of equity shares held in the dematerialized form in the DP account due to inaccurate/incomplete particulars/instructions.

I/We, also note and understand that the Acquirer will return the original share certificate(s), share transfer deed(s)/equity shares in dematerialized form only on completion of verification of the documents, signatures and beneficiary position as available with the depositories from time to time.

For equity shares held in physical form

The particulars of tendered original share certificate(s) and duly signed transfer deed(s) are detailed below:

Sr. No.	Ledger Folio No.	Certificate No.	Distinctive Nos.	No. of equity shares
1				
2				
3				
Total Number of equity shares				

(In case of insufficient space, please use additional sheet and authenticate the same)

Acknowledgement Receipt – Nahar Capital and Financial Services Limited Open Offer

Received from Mr./Ms./M/s. _____
Form of Withdrawal for Nahar Capital and Financial Services Limited Open Offer as per details below:-

Copy of depository instruction slips from DPID _____ Client ID _____
Copy of acknowledgement slip issued when depositing dematerialized equity shares
Copy of acknowledgement slip issued when depositing physical equity

Date of Receipt: _____
Stamp of collection center: _____

Signature of Official: _____

For equity shares held in dematerialised form

I/We hold equity shares in dematerialized form and had executed an off-market transaction for crediting the equity shares to the “**Alankit - OWML - NCFSL - Open Offer Escrow Account**”. Please find enclosed a photocopy of the depository delivery instruction slips duly acknowledged by the DP. The particulars of the account from which my/our equity shares have been tendered are as follows:

DPName	DPID	Client ID	Name of the Beneficiary	No. of equity Shares

I/We note that the equity shares will be credited back only to that depository account, from which the equity shares have been tendered and necessary standing instructions have been issued in this regard.

I/We confirm that the particulars given above are true and correct.

In case of dematerialized equity shares, I/We confirm that the signatures have been verified by the DP as per their records and that the same have been duly attested.

Yours Faithfully,
Signed and delivered

	1st Shareholder	2nd Shareholder	3rd Shareholder
Full Name			
PAN allotted under Income Tax Act, 1961			
Signature			

Note: In case of joint holdings, all shareholders must sign. A body corporate must affix its company stamp.

Place:
Date:

All future correspondence, if any, should be addressed to Registrar to the Offer at the following address:

Alankit Assignments Limited
Alankit House
2E / 21 Jhandewalan Extension
New Delhi- 110055
Telephone: +91 11 42541234, 23541234
Facsimile: +91 11 42541967
Contact Person: Mr.Mahesh Jairath
E-mail: ncfsl.openoffer@alankit.com

INSTRUCTIONS

1. **Shareholders are advised to ensure that the Form of Withdrawal should reach the Registrar to the Offer at the Collection Centre mentioned in the Letter of Offer as per the mode of delivery indicated therein on or before the last date for withdrawal i.e. no later than 5.30 p.m. on Wednesday, May 12, 2010.**
2. Shareholders should enclose the following:-
 - i. **Shareholders holding Shares in dematerialized form:-**

Beneficial owners should enclose:

 - Duly signed and completed Form of Withdrawal.
 - Acknowledgement slip in original/ Copy of the submitted Form of Acceptance-cum-Acknowledgement in case delivered by Registered A.D.
 - Photocopy of the delivery instruction slips in "Off-market" mode or counterfoil of the delivery instruction slips in "Offmarket" mode, duly acknowledged by the DP.
 - ii. **Shareholders holding Shares in physical form:-**

Registered Shareholders should enclose:

 - Duly signed and completed Form of Withdrawal.
 - Acknowledgement slip in original/ Copy of the submitted Form of Acceptance-cum-Acknowledgement in case delivered by Registered A.D.
 - In case of partial withdrawal, Valid Share transfer deed(s) duly signed as transferors by all registered shareholders (in case of joint holdings) in the same order and as per specimen signatures registered with Nahar Capital and Financial Services Limited and duly witnessed at the appropriate place.

Unregistered owners should enclose:

 - Duly signed and completed Form of Withdrawal.
 - Acknowledgement slip in original/ Copy of the submitted Form of Acceptance-cum-Acknowledgement in case delivered by Registered A.D.
3. The withdrawal of Shares will be available only for the share certificates/the Shares that have been received by the Registrar to the Offer/special depository account.
4. The intimation of returned Shares to the shareholders will be at the address as per the records of Nahar Capital and Financial Services Limited/ Depository as the case may be.
5. The Form of Withdrawal should be sent only to the Registrar to the Offer.
6. In case of partial withdrawal of Shares tendered in physical form, if the original share certificates are required to be split, the same will be returned on receipt of share certificates from Nahar Capital and Financial Services Limited. The facility of partial withdrawal is available only to registered shareholders.
7. Shareholders holding Shares in dematerialised form are requested to issue the necessary standing instruction(s) for receipt of the credit in their DP account.
8. The Form of Withdrawal and other related documents should be submitted at the collection centre mentioned in the Letter of Offer.

BOOK POST / U.P.C.

If undelivered please return to:

ALANKIT ASSIGNMENTS LIMITED

Office : Alankit House

2E/21, Jhandewalan Extension, New Delhi- 110055