LETTER OF OFFER

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

This document ('Letter of Offer' or 'LoF') is sent to you as a shareholder(s) of Cheslind Textiles Limited ('CTL' or the 'Target Company'). If you require any clarifications about the action to be taken, you may consult your stock broker or investment consultant or Manager to the Offer or Registrar to the Offer. In case you have recently sold your shares in CTL, please hand over this Letter of Offer, the accompanying Form of Acceptance-cum-Acknowledgement and Form of Withdrawal and Transfer Deed to the member of stock exchange through whom the said sale was effected.

CASH OFFER

by

The Acquirer

RSWM Limited hereinafter referred to as "RSWM"

Registered Office: Kharigram P.O. Gulabpura, Distt. Bhilwara – 311 021 Rajasthan, India

Tel: +91 1483 223144 Fax: +91 1483 223361

for

the acquisition of up to 4,618,787 fully paid-up equity shares representing 20% of the paid-up equity share capital

of

Cheslind Textiles Limited

Registered Office: B. Muduganapalli, Bagalur – 635103, Hosur Taluk, Krishnagiri District, Tamil Nadu, India

Telephone : +91-80-25538622 , Fax : +91-80-25538559

at Rs. 25/- per Equity Share payable in cash

Attention:

(1) This Offer is being made pursuant to the Regulation 10 and 12 of SEBI (SAST) regulations, 1997**.** (2) The Offer is not subject to a minimum level of acceptance by the shareholders of CTL. (3) Approval of RBI under FEMA, if required, for acquiring Shares tendered and accepted under the Offer by non-resident shareholders of CTL shall be obtained. However, with reference to the above, the open offer will stay on even if RSWM does not get statutory approval of RBI under FEMA. As on date, there are no other statutory or regulatory approvals required, other than those indicated above. (4) The Acquirer will make the application for requisite approval to the RBI, if required, on closure of the Offer for acquisition of the Shares tendered and accepted under the Offer. (5) If there is any further upward revision of the Offer Price by the Acquirer till the last date for revision viz. July 5, 2007 or withdrawal of the Offer subject to compliance with regulation 27 of SAST 1997, the same would be informed by way of a public announcement in the same newspapers in which the Public Announcement had appeared. Such revised Offer Price would be payable for all the Shares tendered anytime during the Offer and accepted under the Offer. (6) Shareholders, who have accepted the Offer by tendering the requisite documents in terms of the Public Announcement / Letter of Offer, can withdraw the same up to three working days prior to the closure of the Offer i.e by July 11, 2007 **(7) If there is a competitive bid: (i) the public offers under all the subsisting bids shall close on the same date; (ii) as the Offer Price cannot be revised during seven working days prior to the closing date of the offers / bids, it would, therefore, be in the interest of shareholders to wait till the commencement of that period to know the final offer price of each bid and tender their acceptance accordingly. (8) No competitive bid has been announced as on the date of this Letter of Offer.** (9) A copy of the Public Announcement and Letter of Offer (including Form of Acceptance-cum-Acknowledgement and Form of Withdrawal) is also available on SEBI's website (www.sebi.gov.in).

MANAGER TO THE OFFER	
ICICI Securities Primary Dealership Limited ICICI Bank Tower, 3rd Floor, NBCC Place, Pragati Vihar,Bhisham Pitamah Marg, New Delhi-110003, India Tel: +91-1124369967, Fax: +9124369967 Contact Person: Mr. Sumit Bagri Email: CTL_offer@isecltd.com	BEETAL FINANCIAL & COMPUTER SERVICES (P) LTD. **Beetal Financial & Computer Services Pvt. Ltd.** Beetal House, 3rd Floor, 99, Madangir Behind Local Shopping Centre Near Dada Harsukhdas Mandir, New Delhi 110 062, India Tel: +91 11 2996 1281 Fax: +91 11 2996 1284 E-mail: beetal@rediffmail.com Contact Person: Mr. Punit Mittal

Schedule of the Major Activities of the Offer

	Activity	Old Schedule	New Schedule
1	Date of publication of Public Announcement	22-Mar-07 (Thursday)	22-Mar-07 (Thursday)
2	Specified date (for the purpose of determining the names of shareholders to whom the Letter of Offer would be sent)	20-Apr-07 (Friday)	20-Apr-07 (Friday)
3	Last date for announcement of a competitive bid	12-Apr-07 (Thursday)	12-Apr-07 (Thursday)
4	Date by which Letter of Offer will be posted to shareholders	2-May-07 (Wednesday)	20-June-07 (Wednesday)
5	Date of Opening of the Offer	14-May-07 (Monday)	25-June-07 (Monday)
6	Last date for revising the offer price / number of Shares	23-May-07 (Wednesday)	5-July-2007 (Thursday)
7	Last date for withdrawing acceptance from the Offer	29-May-07 (Tuesday)	11-July-2007 (Wednesday)
8	Date of Closure of the Offer	2-June-07 (Saturday)	14-July-2007 (Saturday))
9	Date of communicating rejection / acceptance and payment of consideration for applications accepted	9-June-07 (Saturday)	25-July-2007 (Wednesday))

RISK FACTORS

Risks related to the proposed Offer

1. The Offer involves an offer to acquire up to 20% of fully paid-up equity share capital of CTL from the Eligible Persons for the Offer. In the case of oversubscription in the Offer, as per the Regulations, acceptance would be determined on a proportionate basis and hence there is no certainty that all the Shares tendered by the shareholders in the Offer will be accepted.

2. In the event that either (a) a statutory and regulatory approval is not received in a timely manner, (b) there is any litigation leading to a stay of the Offer, or (c) SEBI instructing the Acquirer not to proceed with the Offer, then the Offer process may be delayed beyond the schedule of activities indicated in this Letter of Offer. Consequently, the payment of consideration to the shareholders of the CTL whose Shares have been accepted in the Offer as well as the return of the Shares not accepted by the Acquirer may be delayed. In case of the delay, due to non-receipt of the statutory approvals, as per Regulation 22(12) of the Regulations, SEBI may, if satisfied that the non-receipt of approvals was not due to the wilful default or negligence or failure to diligently pursue on the part of the Acquirer, grant an extension for the purpose of completion of the Offer subject to the Acquirer paying interest to the shareholders, as may be specified by the SEBI. Further, shareholders should note that after the last date of withdrawal i.e. July 11, 2007. The shareholders who have lodged the Shares would not be able to withdraw them even if the acceptance of Shares under the Offer and dispatch of consideration gets delayed. The tendered shares and documents would be held by the Registrar to the Offer, till such time as the process of acceptance of tenders and the payment of consideration is completed.

The Offer is subject to the receipt of statutory and regulatory approvals by the Acquirer under the Offer. The Acquirer may not to be able to proceed with the Offer in the event the approvals are not received in terms of Regulation 27 of the Regulations. Delay, if any, in the receipt of these approvals may delay completion of the Offer.

3. The Shares tendered in the Offer will be held in trust by the Registrar to the Offer, till the completion of the Offer formalities. 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 the shareholders of CTL on whether to participate or not to participate in the Offer.

4. The transaction is subject to completion risks as would be applicable to similar transactions.

Risks involved in associating with the Acquirer

5. The Acquirer proposes to acquire ownership and control of CTL by the direct acquisition of 48.17% of fully paid-up equity share capital of CTL from the Promoter Group of CTL pursuant to the Share Purchase Agreement. The Acquirer makes no assurance with respect to the financial performance of the Target Company.

6. The Acquirer is involved in legal proceedings that have been initiated against them. For more details, see para 3.1.4 "Status of Corporate Governance and pending Litigation matters". The Pending litigations will not have any impact on the current open offer.

The risk factors set forth above pertain to the acquisition and the Offer and not in relation to the present or future business operations of the Target Company or its subsidiary or other related matters, and are neither exhaustive nor intended to constitute a complete analysis of the risks involved in participation or otherwise by a shareholder in the Offer. Shareholders of the Target Company are advised to consult their stockbroker or investment consultant, if any, for further risk with respect to their participation in the Offer.

Table of Contents

Definitions

Acquirer	RSWM Limited
Act	The Companies Act, 1956
BSE	Bombay Stock Exchange Limited
Business Hours	Monday to Saturdays – 10.00 a.m. to 5.00 p.m. (Closed on Sundays and public holidays)
CDSL	Central Depository Services (India) Limited
CSE	The Calcutta Stock Exchange Association Limited
DP	Depository Participant

Eligible Persons for the Offer	Registered shareholders of CTL appearing in the Register of Members as on the Specified Date and unregistered shareholders who own the equity shares of CTL, anytime before the closure of the Offer, except the parties to the share purchase agreement dated March 19, 2007.
FEMA	Foreign Exchange Management Act, 1999
Form of Acceptance	Form of Acceptance-cum-Acknowledgement
Letter of Offer	This Letter of Offer dated June 14, 2007
Manager / Manager to the Offer	ICICI Securities Primary Dealership Limited
MSE	Madras Stock Exchange
NRIs	Non-Resident Indians
NSDL	National Securities Depository Limited
NSE	National Stock Exchange of India Limited
Offer / Public Offer / Open offer	Offer for acquisition of up to 4,618,787 fully paid-up equity shares of face value of Rs. 10 each of CTL representing 20% of the equity share capital at a price of Rs. 25/- per Share, payable in cash
Offer Price	Rs. 25 per Share
Promoter Group of CTL	As listed in the Annexure 1
TIDCO	Tamil Nadu Industrial Development Corporation Limited
Public Announcement / PA	Announcement of the Offer made by the Acquirer on March 22, 2007
RBI	Reserve Bank of India
Registrar / Registrar to the Offer / Beetal	Beetal Financial & Computer Services Pvt. Ltd.
Regulations	Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 1997 and subsequent amendments thereto up to the date of Public Announcement
SEBI	The Securities and Exchange Board of India
Share(s) / Equity Share(s)	Fully paid-up equity share(s) of face value of Rs. 10 each of CTL to be acquired pursuant to the Offer not exceeding 4,618,787 Equity Shares
Share Purchase Agreement / SPA	The Agreement, dated March 19, 2007, signed by RSWM Ltd. and Promoter Group of CTL excluding TIDCO. RSWM proposes to acquire 20% of the fully paid-up equity share capital of CTL together with management control, subject to fulfilment of certain terms and conditions as per the Share Purchase Agreement
Specified Date	April 20, 2007, being not later than the thirtieth day from the date of PA for the purpose of determining the names of the shareholders of the Target Company to whom the Letter of Offer will be sent.
Target Company / CTL	Cheslind Textiles Limited

1. DISCLAIMER CLAUSE

IT IS TO BE DISTINCTLY UNDERSTOOD THAT FILING OF THE DRAFT LETTER OF OFFER WITH SEBI SHOULD NOT IN ANY WAY BE DEEMED OR CONSTRUED THAT THE SAME HAS BEEN CLEARED, VETTED OR APPROVED BY SEBI. THE DRAFT LETTER OF OFFER HAS BEEN SUBMITTED TO SEBI FOR A LIMITED PURPOSE OF OVERSEEING WHETHER THE DISCLOSURES CONTAINED THEREIN ARE GENERALLY ADEQUATE AND ARE IN CONFORMITY WITH THE REGULATIONS. THIS REQUIREMENT IS TO FACILITATE THE SHAREHOLDERS OF CTL 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 OF THE COMPANY WHOSE SHARES ARE 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 ITS RESPONSIBILITY ADEQUATELY. IN THIS BEHALF, AND TOWARDS THIS PURPOSE, THE MANAGER TO THE OFFER, ICICI SECURITIES PRIMARY DEALERSHIP LIMITED, HAS SUBMITTED A DUE DILIGENCE CERTIFICATE DATED April 5, 2007 TO SEBI IN ACCORDANCE WITH THE SEBI (SUBSTANTIAL ACQUISITION OF SHARES AND TAKEOVERS) REGULATIONS, 1997 AND SUBSEQUENT AMENDMENTS THEREOF. THE FILING OF THE LETTER OF OFFER DOES NOT, HOWEVER, ABSOLVE THE ACQUIRER FROM THE REQUIREMENT OF OBTAINING SUCH STATUTORY CLEARANCES AS MAY BE REQUIRED FOR THE PURPOSE OF THE OFFER.

2. DETAILS OF THE OFFER

2.1 Background of the Offer

RSWM has, vide a share purchase agreement dated March 19, 2007 ('Share Purchase Agreement') executed with the promoter and promoter group (therein and hereinafter collectively referred to as the 'Present Promoters') of CTL, agreed to acquire 11,125,217 equity shares of Rs. 10 each representing 48.17% of the fully paid up equity voting capital of CTL at a price of Rs. 25/- per share aggregating to a consideration of Rs. 2781 Lacs. The promoter group also includes Tamilnadu Industrial Development Corporation Limited (TIDCO) which is not a party to this agreement. A no objection Certificate is required to be taken by the promoter of CTL for transferring the control to RSWM. The promoters have already taken the no objection certificate. The no objection certificate was issued by TIDCO on February 8 2007.

2.2 In terms of the Share Purchase Agreement, the acquisition of the shares and the payment of the consideration for the same shall be completed upon completion of the Public Offer under the SEBI (SAST) Regulations, 1997. TIDCO will also be eligible to participate in the instant offer.

The SPA contains a clause to the effect that in case of non-compliance of any provisions of SAST regulations, the agreement for such sale shall not be acted upon by the promoter group of CTL and the acquirer.

RSWM does not hold any equity shares carrying voting rights in the Target Company and has not acquired/sold any shares of CTL in the preceding twelve months.

As per regulation 23(1)(c) of the Regulations, except with the approval of the shareholders in a general meeting, after the date of public announcement of the offer, the board of directors of the target company shall not during the offer period, enter into any material contracts.

The board of directors of the Acquirer, in its meeting on March 19th, 2007 has unanimously approved and authorised Mr. Riju Jhunjhunwala, Managing Director, to execute the SPA with the Promoter Group of CTL.

Salient features of the SPA, *inter alia,* are:

1) Acquisition of 48.17% of the fully paid-up equity share capital of CTL for a consideration of Rs. 2781 Lacs.

2) RSWM and the Promoter group of CTL have agreed that the fundamental objective for the sale and purchase of the Shares in terms of the SPA is to enable RSWM to acquire majority shares i.e. 50+% in the CTL through acquisition of the Shares including acquisition of other/further shares under the Open Offer/the open market as the case may be, subject to the provisions of the Takeover Code.

3) RSWM has full legal right, power and authority to enter into, execute and deliver this agreement and to perform the obligations, undertakings and transactions recorded and set forth herein, and this agreement has been duly and validly executed and delivered by RSWM.,

4) After completion of open offer, the sellers shall cause their nominees on the board of directors of the Company (Mr. T. N. Arvind Reddy, Mr. T. N. Anand Reddy, Mr. K. Jagdeesh Reddy and Dr. T. N. Vijayanarayana Reddy) to tender letters of resignation (irrevocably and unconditionally releasing and acquitting, as of the Closing Date**,** the Company from any and all obligations to such nominees) and complete any formalities and procedures as may be required to give effect to their resignations as directors or alternate directors (as appropriate)."

2.2.1 As per the SPA, the Acquirer would acquire control over CTL. In view of the above, the Offer is being made under Regulation 10 and 12 of the Regulations for substantial acquisition of shares and control. The Acquirer confirms to acquire 4,618,787 fully paid-up equity shares of CTL representing 20% of the fully paid-up equity share capital.

2.2.2 RSWM is making a mandatory open offer to acquire up to 4,618,787 fully paid-up equity shares of the face value of Rs. 10 each, representing in the aggregate 20% of the paid-up equity share capital of CTL at a price of Rs. 25/- per share payable in cash subject to the terms and conditions mentioned hereinafter. The offer is made pursuant to the SEBI (SAST) Regulations, 1997 and subsequent amendments made thereto and is being made to Eligible Persons for the Offer.

2.2.3 The Offer is not conditional upon any minimum level of acceptance, i.e. the Acquirer will acquire all the fully paid-up equity shares of CTL that are tendered in terms of the Offer up to 4,618,787 Shares representing in the aggregate 20% Shares of the outstanding share capital, subject to the conditions specified in this Public Announcement, Letter of Offer and Form of Acceptance-cum-Acknowledgement. During the Offer period, the Acquirer may purchase additional shares of CTL in accordance with the Regulations.

2.2.4 Neither the Acquirer, nor their directors, has been prohibited by SEBI from dealing in securities in terms of directions issued u/s 11B of the SEBI Act or under any of the regulations made under the SEBI Act.

CTL and its Promoters (Sellers) have not been prohibited by SEBI from dealing in securities in terms of directions issued u/s 11B of the SEBI Act or under any of the regulations made under the SEBI Act.

2.2.5 As on the date of the Public Announcement, ICICI Securities Primary Dealership Limited, the Manager to the Offer did not hold any shares of CTL.

2.2.6 ICICI Securities Primary Dealership Limited shall not deal in the shares of the Target Company during the period commencing from the date of its appointment in terms of Regulation 13 till the expiry of the fifteen days period from the date of Closure of the Offer.

2.3 Details of the proposed Offer

2.3.1 The Public Announcement, published on March 22, 2007, was published in all the editions of the following newspapers in accordance with Regulation 15 of the Regulations:

Newspapers	Language	Editions
The Economic Times	English	All Editions
Nav Bharat	Hindi	All Editions
Dinamalar	Tamil	Chennai Edition

The Public Announcement published on March 22nd, 2007 is also available on the SEBI website, www.sebi.gov.in.

2.3.2 Pursuant to and subject to the terms and conditions of this Letter of Offer, the Acquirer is hereby making an Offer to the Eligible Persons for the Offer to acquire from them up to 4,618,787 Shares (representing 20% of the fully paid-up equity share capital of CTL) at a price of Rs. 25/- (Rupees twenty five) per Share, payable in cash. Any upward revision in the Offer with respect to the Offer Price will be announced in the abovementioned newspapers and the revised Offer Price would be payable by the Acquirer for all the Shares tendered anytime during the Offer.

2.3.3 The Shares will be acquired by the Acquirer, free from all liens, charges and encumbrances and together with all rights attached thereto, including the right to all dividends, bonus and rights declared hereafter.

2.3.4 As on March 22nd, 2007, there are no partly paid-up equity shares in the Target Company.

2.3.5 The Acquirer has not acquired any Shares since the date of the Public Announcement and up to the date of this Letter of Offer.

2.4 Object of the Offer

2.4.1 The Offer to the shareholders of CTL is for substantial acquisition of Shares with change in control / management of CTL, and is made in accordance with Regulation 10 and 12 read with other applicable provisions of the Regulations.

2.4.2 The Acquirer and CTL are in the same line of business. Pursuant to the SPA, the Acquirer would have a significant share of Indian cotton and blended yarn business. The economies of scale would also result in significant cost advantages. The present acquisition of shares of the target company would create synergies and help the acquirer expand its capacities and enhance its product portfolio in combination with CTL operations. The acquirer has plans to carry out modernization of the plant of CTL as may be required and ultimately to integrate the operations of the Target Company and the Acquirer. Thus substantial acquisition of shares and voting rights accompanied with change in control and management is the reason and rationale for the acquisition.

3. BACKGROUND OF THE ACQUIRER

3.1 RSWM, an LNJ Bhilwara Group Company is a public limited company incorporated on October 17, 1960 under the Companies Act, 1956 to carry on business of manufacturing synthetic cotton yarn, cellulosic blended grey dyed yarn and fabric, cotton melange yarn, garments, etc. with more than 4 decades of experience in manufacturing and marketing of yarns and fabrics. RSWM was originally promoted by Mr L.N. Jhunjhunwala. He has more than 50 years of experience in the textile industry; The Company continues to be under the promotership of Mr. L.N. Jhunjhunwala. RSWM belongs to the widely known "LNJ Bhilwara Group".

The registered office of RSWM is located at Kharigram, P.O. Gulabpura, Distt. Bhilwara, Rajasthan –311 021. The corporate office of RSWM is located at Bhilwara Towers, A-12, Sector-1, Noida-201301. The shares of RSWM are listed on Bombay Stock Exchange Limited ('BSE'), National Stock Exchange Limited ('NSE') and Calcutta Stock Exchange Association Ltd. ('CSE') The Company has made application to Calcutta Stock Exchange for delisting of its equity shares on December 8, 2003. The Company has been sending regular reminders to CSE, the last reminder was sent on Mar 27, 2006. The approval for delisting is still awaited.

The issued and paid up share capital of the company is Rs. 6065 Lacs, constituting of 231 Lacs equity shares of Rs 10 each aggregating Rs. 2315 Lacs and 25 Lacs optionally convertible redeemable preference shares of Rs. 150 each aggregating Rs. 3750 Lacs. The shareholding pattern as on March 16, 2007 is as follows

Shareholder	No. of shares	% holding
Promoters' Shareholding		
Indian Promoters	7,091,426	30.63
Foreign Promoters	4,934,770	21.32
Persons Acting in Concert	-	-
Total Promoters' shareholding	**12,026,196**	**51.95**
Non-promoters' shareholding		
Institutional Shareholders	2803107	12.11
Private Corporate Bodies	3151953	13.62
NRIs/OCBs	594834	2.57
Indian Public	4553545	19.67
Any Other	19054	0.08
Total non-promoter shareholding	**11,122,493**	**48.05**
Total	**23,148,689**	**100.00**

3.1.1 As on the date of PA, the Board of Directors of RSWM is as follows:

Name of Director	Experience	Field	Qualifications	Date of Appointment	Residential Address
Mr. L. N. Jhunjhunwala	59 Years	Industry: Textile, Graphite electrodes, Power	B.A. Maths. (Hons)- Gold Medalist, Calcutta University	17.10.1960	63, Friends Colony (East) New Delhi – 110 065
Mr. Ravi Jhunjhunwala	27 Years	Industry: Textile, Graphite electrodes, Power	B.Com.(Hons), MBA	18.05.1979	63, Friends Colony (East) New Delhi – 110 065

Mr. Shekhar Agarwal	25Years	Industry: Textile,	B.Tech (Mech) IIT, M.Sc. (Chicago)	13.02.1984	7, Sadhna Enclave New Delhi – 110017
Mr. Riju Jhunjhunwala	7 Years	Industry: Textile, Power	Graduate in Business Management Studies	23.10.2003	63, Friends Colony (East) New Delhi – 110065
Mr. J. C. Laddha	34 Years	Industry: Textile	FCA	01.01.1990	RSWM Ltd, Lodha, P.O., Banswara - Rajasthan – 327 001
Mr. A.K. Churiwal	28 Years	Industry: Textile	B.A. (Hons)-Calcutta University	23.10.2003	Elgin Chambers, 4th Floor, 1 A, Ashutosh Mukherjee Road, Kolkata – 700 020.
Dr. Kamal Gupta	38 Years	Finance, Accounting & corporate laws	FCA, FICWA, Ph.D.	26.12.1987	House No.N-23 Sector - XI Noida - 201 301 (U. P.)
Mr. R.P. Khaitan	37 Years	Industry: Electronics	B.Com	10.11.2004	W-58, Greater Kailash Part-2, New Delhi-110048
Mr. D. N. Davar	49 Years	Industry: Banking and Financial Institutions	M.A.(Eco.), CAIIB	10.11.2004	B-5/82, Safdarjung Enclave, New Delhi – 110 029.
Mr Pradeep Dinodia	29 Years	Accounting & Taxation	B.A. (Economics Hons.) LL.B. F.C.A	09.03.2005	A-9A, Maharani Bagh New Delhi – 110 065
Mr. Sudip Bhattacharyya	34 Years	Industry: Banking and Financial Institutions	M.A. Economics, C.A.I.I.B	25.09.2006	1402, Wallace Apartment-1, Sleater Road (West), Mumbai-400007
Mr. S. K. Srivastava	42 Years	Industry: Insurance	M.A., LLB	29.10.1999	'Kuber' 3/136, Vivek Khand - III Gomti Nagar Lucknow – 226 010

None of the directors of RSWM were on the Board of the Target Company as on the date of the PA.

3.1.2 The audited financial information of RSWM, is given below, in compliance with the provisions of Clause 4.1.9 of the standard letter of offer format as prescribed by SEBI:

(Rs. Lacs)

Profit & Loss Statement	**FY2004**	**FY2005**	**FY2006**	**FY2007**
Income from operations	63341	73394	95960	104200
Other Income	602	806	745	988
Total Income	63943	74200	96705	105188
Total Expenditure	56422	67399	86672	93511
Profit Before Depreciation Interest and Tax	7521	6801	10033	11677
Depreciation	4281	3246	4308	3134
Interest	1402	1188	1824	2071
Profit/(Loss) Before Tax	1838	2367	3901	6472
Provision for Tax	-007	258	1193	2065
Profit/(Loss) After Tax	1845	2109	2708	4407

Balance Sheet Statement	**FY2004**	**FY2005**	**FY2006**	**FY2007**
Sources of funds				
Paid up equity share capital	1988	2192	2315	2315
Share Warrants			188	188
Paid up preference share capital	250	-	3750	3750
Reserves and Surplus (excluding revaluation reserves)	15762	17742	20550	24165
Net worth	18000	19934	26803	30715
Deferred Tax Liability	2470	2568	3477	4764
Deferred Income	-	-	-	297
Secured loans	22388	37866	44405	87249
Unsecured loans	013	1020	014	4
Total	42871	61388	74699	122732
Uses of funds				
Net fixed assets	24107	35348	43067	84062
Investments	2623	4076	2678	4646
Net current assets	15895	21823	28789	33815
Deferred Tax Asset	-	-	-	-
Total miscellaneous expenditure not written off	246	141	165	209
Total	42871	61388	74699	122732

Other Financial Data	**FY2004**	**FY2005**	**FY2006**	**FY2007**
Dividend (%)	0.20	0.22	0.30	0.30
Earning Per Share (Rs.)	9.19	9.79	11.70	19.04
Return on Networth (%)	10.25	9.24	10.10	14.35
Book Value Per Share (Rs.)	89.50	90.94	115.78	132.68

Source: Annual Reports of RSWM for the years ended March 31, 2004, 2005, 2006 and 2007

Auditors to the Report: 1) M/S S. Bhargava Associates Chartered Accountants,1, Pareek College Road, Bani Park, Jaipur Road Rajasthan – 302 00

2) M/s A. L. Chechani & Co. Chartered Accountants, 15-17, Heera Panna Market, Pur Road, Bhilwara, Rajasthan – 311 001

3.1.3 Significant Accounting Policies for the year ended March 31, 2007

1. GENERAL

The financial statements are prepared on historical cost convention and on the accounting principles of going concern, in accordance with Generally Accepted Accounting Principles ("GAAP"), comprising of the mandatory Accounting Standards, Guidance Notes, etc. issued by the Institute of Chartered Accountants of India and the provisions of the Companies Act, 1956, on accrual basis, as adopted consistently by the Company.

2. REVENUE RECOGNITION

a) Sales revenue is recognised when property in the goods with all significant risk and rewards as well as the effective control of goods usually associated with ownership are transferred to the buyer, at a price and includes excise duty and exchange fluctuation in the case of export.

b) Promotional Benefits, Export Incentives and Export Growth Incentives are accounted for on accrual basis when virtual certainty and their probable use within reasonable time in the normal course of business, is established.

c) Claims and refunds due from Government authorities and parties, through receivable / refundable are not recognised in the accounts, if the amount thereof is not ascertainable. These are accounted for as and when ascertained or admitted by the concerned authorities / parties in favour of the Company.

d) Claims lodged with insurance companies are recognised as income on acceptance by the Insurance Company. The Excess / Shortfall of claims passed are adjusted in the year of receipt.

e) The 10% Capital Subsidy under TUFS from Ministry of Textiles on specified processing machinery has been treated as Deferred Income which is recognized on a systemic and rational basis in proportion of the applicable depreciation over the useful life of the respective assets and is adjusted against the depreciation in the Profit and Loss Account.

3. INVENTORY VALUATION

a) Inventories are valued at historical cost and net realisable value whichever is lower. Historical cost is determined on FIFO / Weighted Average basis on relevant categories of Inventories and net realizable value, after providing for obsolete, slow moving and defective Inventories, wherever necessary on a consistent basis.

b) Cost of raw materials includes duties net of Cenvat Credit available. Finished goods include "excise duty" thereon.

4. INVESTMENTS

Long Term Investments are stated at cost. In case of diminution in value other than temporary, the carrying amount is reduced to recognize the decline. Current Investments are carried at cost or fair value whichever is lower.

5. FIXED ASSETS, INTANGIBLE ASSETS AND CAPITAL WORK IN PROGRESS

a) Cost of Fixed Assets comprises of its purchase price including import duties and other non-refundable taxes or levies, foreign exchange fluctuation on loans against Fixed Assets up to 31.3.2003, expenditure incurred in the course of construction or acquisition, Start-up, Reconditioning, Commissioning, test runs & experimental production and other attributable costs of bringing the assets to its working conditions for the purpose of use for the business.

b) Borrowing cost directly attributable and / or funds borrowed generally and used for the purpose of acquisition / construction of an asset that necessarily takes a substantial period of time to get ready for its intended use are capitalised, at its capitalisation rate to expenditure on that assets, for the period, until all activities necessary to prepare qualifying assets for its intended use are complete.

c)Assets retired from active use and held for disposal are stated at the lower of their net book value and / or realizable value and are shown separately.

d)Expenditure incurred on acquisition of Intangibles are accounted for as Intangible Assets on completion, being identifiable non-monetary assets without physical substance, at the acquisition cost, in accordance with AS 26 on Intangible Assets.

6. DEPRECIATION AND AMORTISATION

Depreciation on fixed assets and amortisation on Intangible Assets has been provided as follows:-

a) On fixed assets existing on 30.09.87, on straight line method at the rates specified in circular No.1/86 of 21st May, 1986, issued by the Department of Company Affairs.

b) On other fixed assets acquired and put to use after 01.10.87 on straight-line method at the revised rates and in the manner specified in Schedule XIV to the Companies Act, 1956, as amended, vide notification No.GSR-756 (E) dated 16th December, 1993 issued by the Department of Company Affairs.

c) On Plant and Machinery in the Power Generation Divisions on Straight Line Method at the rates specified in Schedule XIV to the Companies Act, 1956 considering the same as "Continuous Process Plant".

d) Leased assets are depreciated over the operating period of lease.

e) Intangible Assets are amortised over their estimated / contracted useful life on the straight-line basis, commencing from the date, the asset is available for use.

7. IMPAIRMENT OF FIXED ASSETS

Factors giving rise to any indication of Impairment of the carrying amounts of the Company's Assets are appraised at each Balance Sheet date by the Management to determine and provide / reverse an impairment loss following Accounting Standard (AS) 28 "Impairment of Assets"

8. FOREIGN EXCHANGE

a)Foreign exchange transactions relating to Imports and Exports are recognised at the applicable forward cover rate or exchange rates prevailing on the date of transactions / negotiation of documents.

b) Borrowings in Foreign Currency have been recorded initially at the prevailing exchange rate on the date of availment. The Gain / Loss on Renewal / Payment / Forward contract booking is accounted for in the Profit and Loss Account for the period. Premium or discounts arising on amount covered under Forward Contracts / Fixed Rate Contracts are amortised as expenses or income over the life of such contracts. The exchange gain / loss on open exposure are recognised at the exchange rates prevailing at the closer of the year.

c)Exchange gain or loss on derivatives, not intended for trading or speculation, is recognised separately and amortized as expense or income over the life of such contracts. The exchange difference on such contracts including cancellations / renewals is recognised in the reporting period.

9. MISCELLANEOUS EXPENDITURE

a)Preliminary, Share and Debenture issue Expenses are amortised equally over a period of five years or earlier on annual appraisal / impairment / redemption.

b)Premium on prepayment / resetting of interest liability on term loans has been considered as Deferred Revenue Expenditure after adjusting the amounts relatable to current financial year and is carried forward to be amortised over remaining period of respective term loans.

c)Other Deferred Revenue Expenses are amortized over a period of five years or earlier on annual appraisal or cessation of benefit.

10. REPLENISHMENT

Indigenous raw materials had to be used on occasions, for exports, to be subsequently replenished under Duty Free Entitlement Schemes of the Government of India. Therefore, the cost of such indigenous raw materials has been accounted for at its equivalent imported / duty free prices by adjusting the value of such entitlements granted for neutralization of the import duties and levies.

11. RETIREMENT BENEFITS

Contribution to Provident and Superannuation fund are accounted on actual liabilities basis. Provision / Contribution to Gratuity fund and Leave Encashment benefit fund, on retirement are made on the basis of actuarial valuation certificate from a registered actuary.

12. TAXES ON INCOME

a) Taxes on Income are computed using tax deferral Assets or Liability method where taxes accrue in the same period, the respective revenues and expenses arises. The differences that result between the profit offered for income tax and the profit as per financial statements are identified and Deferred Tax Liability is recognised for timing difference, that originate in one accounting period and reverse in another, based on the tax effect of the prevailing enacted regulations in force.

b) Deferred Tax Assets are recognised subject to prudence, only, if there is virtual certainty that they will be realized and are subject to appropriate reviews at each balance sheet date. For the purpose of measurement of Deferred Tax Liability or Assets, the applicable tax rates and enacted regulations expected to apply in the year in which the temporary differences are expected to be recovered or settled are applied and due consideration of the relief available under the provisions of Chapter VI A of the Income Tax Act, are appropriately considered.

c) The Minimum Alternate Tax credits available has been adjusted against the Deferred Tax Liability / Current Tax payable as per provision of the Income Tax Act.

13.PROVISIONS AND CONTINGENT LIABILITIES / ASSETS

a) Provisions are made when the present obligation of a past event gives rise to a probable outflow, embodying economic benefits on settlement, and the amount of obligation can be reliably estimated.

b) Contingent Liability is disclosed after careful evaluation of facts, uncertainties and possibility of reimbursement, unless the possibility of an outflow of resources embodying economic benefits in remote.

c) Provisions and Contingent Liabilities / Assets are reviewed at each Balance Sheet date and adjusted to reflect the Current best estimates.

14. OTHERS

Besides debit / credit in previous year adjustment account, amounts related to previous years, arisen / settled during the year have been debited / credited to respective heads of accounts.

3.1.4 Status of Corporate Governance and pending Litigation matters

Corporate Governance

RSWM Limited has seven. independent directors on its Board and has constituted the Audit Committee, Shareholders' Grievance Committee and Remuneration Committee as required under Clause 49 of the Listing Agreement with the requisite number of independent directors in each committee. The details are as follows:-

Board of Directors	Category	Member of Audit Committee	Member of Remuneration Committee	Member of Shareholders' Grievance Committee
Mr. A.K. Churiwal	Independent		Yes	
Dr. Kamal Gupta	Independent	Yes	Yes	Yes
Mr. R.P. Khaitan	Independent			
Mr. D. N. Davar	Independent	Yes	Yes	
Mr Pradeep Dinodia	Independent			
Mr. Sudip Bhattacharyya	Independent (Nominee Director – Exim Bank)			
Mr. S. K. Srivastava	Independent (Nominee Director – LIC)			

RSWM has complied with all the provisions as stipulated in Clause 49 of the Listing Agreement.

Pending Litigation

Pending Litigations/disputes against RSWM Limited

S.No.	Applicant Vs Opponent	Case Details	Relief Asked For (Rs Lacs)	Court	Present Status
(A)	EXCISE AND CUSTOMS				
1	Central Excise V/s RSWM	Provisional assessment of grey fabric for the financial year 2004-05 finalised by the D.C Central excise, Bhilwara without adjusting Short/ excess duty paid on various invoices for captive consumption.	23.56	Dy. Commissioner, Central Excise Bhilwara.	Commissioner (Appeal) remanded the matter back to DC vide OIA No. 361(HKS) CE/JPR-II/2006 dated 13.06.06.
2	Central Excise V/s RSWM	The Department has issued a show cause notice on the assessment finalised by the DC Central Excise without adjusting excess/short duty on each invoice 2003-04.	9.25	CESTAT, New Delhi	Deputy commissioner has not allowed adjustment of duty invoice wise. In similar case, supreme court has decided matter in favour of assessee. Appeal/Stay filed before CESTAT on 05.10.06. Stay granted vide Stay Order no.1142/06, SM (BR) Dated 13.11.06 till the disposal of the appeal.
3	Central Excise V/s RSWM	We have filed rebate claim of yarn export under Rule 5. The deputy Commissioner Bhilwara allowed the rebate but department filed an appeal against the order. The	5.07	CESTAT, New Delhi	The Commissioner (Appeal) has allowed our appeal vide OIA No. 149(HKS) CE/JPR-II/2006/14.03.06, but the Deptt. has filed an appeal

		Commissioner (Appeal) allowed our appeal, but deptt. has filed second appeal before the CESTAT, New Delhi.			with the CESTAT against the above order.
4	Central Excise V/s RSWM	The Department has finalised the assessment on total profit percentage of Kgm unit as a whole @ 8.48% whereas we have submitted working of profit @ 1.92% of spinning division only. The Commissioner (Appeal) allowed our appeal, but deptt. filed the second appeal before the CESTAT.	27.4	CESTAT, New Delhi	The Commissioner (A) allowed our appeal vide OIA No. 926-928(HKS) CE/JPR-II/2005/16.12.05, but the Deptt. has filed an appeal with the CESTAT against the above order.
5	Central Excise V/s RSWM	We have taken credit of modvat on panel and electrical items but the same was disallowed by the department.	19.64	CCE (Appeal), Jaipur CESTAT, New Delhi	Hearing awaited
6	Central Excise V/s RSWM	On clearance of Dyed yarn (received from BMD on payment of duty) we have charged specific rate of Central Excise duty @ Rs. 9/- per kg. on Text. yarn & @ Rs. 2.50 per kg. on Spun yarn. The department has raised objection that Process house (Previous company) had taken modvat credit U/R 57Q about 2-3 years ago and therefore we are not eligible to charge specific duty during 01.03.2000 to 09.06.2000.	5.73	CESTAT, (New Delhi)	CESTAT Waived the pre-deposit of duty amount vide it's Stay order dtd.29.11.04 recd on 16.12.04. Personal hearing on principal issue fixed on 30.06.05. Personal hearing did not take place on 30.06.05.
7	Central Excise V/s RSWM	Job Charges difference credit note issued against quality claim but department not accepted for calculating assessable value and raised demand (For the period from March'01 to April'02.)	17.02	CESTAT , (New Delhi)	Duty Rs.8.51 Lacs deposited on 02.11.04. Stay Granted by CESTAT vide Stay order No.352/05 dated.14.07.05.
(B)	COMMERCIAL				
1	RSEB V/s JPL	Different amount for revision in power from mar 83 to June 84	15.13	RAJ.High Court Jaipur	Hearing awaited
2	RIICO V/s JPL	Extra compensation demanded for land by RIICO.	27.86	RAJ.High Court Jaipur	Stay granted in our favour.
3	Municipal Board V/s RSWM	We have filed writ petition for challenging of demand on octroi which was earlier decided in our favour by the supreme court. But again demand has been raised on us	33.91	RAJ.High Court Jodhpur	Writ allowed on 1.9.2006 in our favour.
4	DIC V/s RSWM	The SLSC granted subsidy on	15.00	RAJ.High	Stay granted in our

		expansion of Mill No. 1 & 2 and subsidy paid on the same. Subsequently, D I C has raised recovery demand in respect of state subsidy paid to us on the basis that expansion has to be considered on the basis of licenced capacity not on the basis of actual installed capacity.		Court Jodhpur	favour.
5	State Govt V/s RSWM	The state government is levying electrical inspection fees on installation of various electrical equipments in the factory. We had taken a view that since we are not taking electricity from State Government hence not payable and filed a writ petition in the High Court.	17.00	RAJ.High Court Jodhpur	Stay granted in our favour
6	State Govt V/s RSWM	The state govt has raised demand of electrical inspection fee on various electrical equipment installed in the factory. We are of that since we are not using the power from state government there is no need for certification of equipment.	12.30	RAJ.High Court Jodhpur	We have challenged the same on plea that the provisions are ultra vire the constitution.
(C)	SALES TAX				
1	ACCT, Spl Circle, Bhilwara V/s RSWM(Year 1998-99)	We have purchased diesel against ST 17 form @ 3% as raw material during the year 1998-99. In the Asst.1% differential tax imposed by AA on diesel vide order dated 16.09.2000. Then we have filed an appeal before DC (A), Ajmer had decided in our favour on 31.03.2001. The second appeal filed by deptt before the Tax Board,Ajmer The Tax Board had decided in our favour on 26.03.2003. Now department filed revision petition before the Rajasthan HC,JDR	12.21	RAJ.High Court, Jodhpur	In similar cases the Supreme Court has decided the matter in favour of dealers. Hearing awaited.
2	ACCT, Spl Circle, Bhilwara V/s RSWM (2001-2002)	'---------do--------(2001-02)	9.11	RAJ.High Court, Jodhpur	In similar cases the Supreme Court has decided the matter in favour of dealers. Hearing awaited.
3	ACCT, Spl Circle, Bhilwara V/s RSWM (Year	The Assessing Authority has raised demand on sales of electrical scrap and polythene	3.47	Rajasthan High Court, Jodhpur	Hearing awaited.

	1987-89)	waste, coal ash, sale of dye machine to Bhilspin, packing material on fabrics and purchased of fibre U/s 5C and sold it through branches during the year 1987-89 etc.			
4	CTO Tirupur V/s RSWM	Sales assessed @8% as against actual payable @2% being cotton yarn assessed on the rates applicable at PV yarn rates.	60.31	Supreme Court	Matter Disposed off by the Supreme Court. The Supreme Court remanded the matter to assessing authority for final decision in the matter.
5	CTO Tirupur V/s RSWM	Sales assessed @8% as against actual payable @2% being cotton yarn assessed on the rates applicable at PV yarn rates.	4.40	Appellate AC	Stay has been granted in our favour.
(D)	LABOUR AND PERSONNEL				
1	Nathu Singh v/s JPL	Termination of labour due to misconduct.	5.71	Labour Court Jaipur	
(E)	RECOVERY SUIT				
1	Debtors V/s RSWM	The party had supplied roofing sheets but there had been quality and colour scheme problem which had also resulted in delay in completion of the project we had returned part of the goods and also retained money on this account. The party had filed a recovery suit on us.	35.94	High Court,Pune	The party has not appeared in the court on hearing date and the case is likely to be decided in our favour. We also learnt that the party had gone in liquidation
(F)	TC-CESS DEMAND				
1	Textile Committee Cess. (T C Cess)	TC Cess is demanded on processing charges, which has been disputed by the company on ground that job charges are part of the fabric turnover and cess on two stages can not be levied.	30.17	Textile Committee Cess Appellate Tribunal, Mumbai	Pending
2	Textile Committee Cess. (T C Cess)	TC Cess demanded for part periods, on the basis of annual report of JPL which is disputed and time barred	49.49	Textile Committee Cess Appealate Tribunal, Mumbai and High court Jaipur	Stay granted by Raj. High Court Jaipur
3	Central Excise V/s RSWM, Kharigram	The department has raised duty demand on processed fabric on sale price. by not acknowledging the Lease Agreement under Section 11 (a) of the Central Excise.	525.99	Supreme Court	CESTAT decided in our favour but the department has filed appeal against the same in the Supreme court which has been admitted for hearing. No Liability envisaged on

					this account.
	Grand Total		**965.67**		

3.1.5 Mr. Surender Kumar Gupta, Company Secretary is the Compliance Officer. The correspondence address is as below:

RSWM Ltd., Bhilwara Towers, A-12, Sector 1, Noida – 201 301 (U.P.)

3.1.6 Mergers, demergers and / or spin-offs involving RSWM during the last three years

During the last three years, Mordi Textiles and Processors Limited and Jaipur Poyspin Limited amalgamated with the Company in the financial year 2005-06 as per Scheme of Amalgamation approved by concerned Hon'ble High Courts under section 391 and 394 of the Companies Act, 1956.

3.2 Details of companies promoted by the Acquirer in last 3 years

Brief Details of Companies Promoted by Acquirer:-

a.	Name of Company	**HEG Limited**
b.	Date of Incorporation	27th October, 1972
c.	Nature of Business	Manufacture and Export of graphite electrode and direct reduced iron and sponge iron.
d.	Financials: **(Rs in lacs)**	

	Year ended 31.03.2004 (Audited)	**Year ended 31.03.2005 (Audited)**	**Year ended 31.03.2006 (Audited)**
Total Income	48127	45828	59170
Profit after tax	5102	4115	3893
Equity Share Capital	4031	4031	4031
Reserves & Surplus (Excluding Revaluation Reserve)	22770	25507	28022
Earning Per Share (Rs)	12.66	10.21	9.66
Net Asset Value Per Share (Rs)	66.49	73.28	78.39

The Company is not a Sick industrial undertaking.

a.	Name of Company	**Maral Overseas Limited**
b.	Date of Incorporation	25st January, 1989
c.	Nature of Business	Manufacture and Export of Cotton Combed hosiery yarn, cotton knitted fabrics and cotton knitted garment.
d.	Financials: **(Rs in lacs)**	

	Year ended 31.03.2004 (Audited)	Year ended 31.03.2005 (Audited)	Year ended 31.03.2006 (Audited)
Total Income	24585	25357	25093
Profit after tax	-2319	108	49.4
Equity Share Capital	2053	2053	2176
Reserves & Surplus (Excluding Revaluation Reserve)	6254	5957	6497
Earning Per Share (Rs)	-11.30	0.53	0.23
Net Asset Value Per Share (Rs)	39.32	38.66	39.62

The Company is not a Sick industrial undertaking.

a.	Name of Company	**BSL Limited**
b.	Date of Incorporation	26th October 1970
c.	Nature of Business	Manufacture of fabrics made of man-made fibres, woollen worsted blended fabrics and woollen blended yarn.
d.	Financials:	**(Rs in lacs)**

	Year ended 31.03.2004 (Audited)	Year ended 31.03.2005 (Audited)	Year ended 31.03.2006 (Audited)
Total Income	13216	14973	17334
Profit after tax	53	113	186
Equity Share Capital	733	733	733
Reserves & Surplus (Excluding Revaluation Reserve)	3865	3915	4017
Earning Per Share (Rs)	0.72	1.54	2.54
Net Asset Value Per Share (Rs)	60.08	62.73	64.81

The Company is not a Sick industrial undertaking.

a.	Name of Company	**Bhilwara Spinners Limited**
b.	Date of Incorporation	7th June, 1980
c.	Nature of Business	Manufacture and Export of synthetic blended yarn
d.	Financials:	**(Rs in lacs)**

	Year ended 31.03.2004 (Audited)	Year ended 31.03.2005 (18 months) (Audited)	Year ended 31.03.2006 (6 months) (Audited)

Total Income	10319	16894	5469
Profit after tax	(298)	921	(147)
Equity Share Capital	678	679	679
Reserves & Surplus (Excluding Revaluation Reserve)	(542)	379	231
Earning Per Share (Rs)	(4.39)	13.54	(2.18)
Net Asset Value Per Share (Rs)	2.00	15.57	13.41

The Company is not a Sick industrial undertaking.

a.	Name of Company	**Malana Power Company Limited**
b.	Date of Incorporation	20th May, 1997
c.	Nature of Business	Generation and Distribution of hydro electric energy
d.	Financials:	**(Rs in lacs)**

	Year ended 31.03.2004 (Audited)	Year ended 31.03.2005 (Audited)	Year ended 31.03.2006 (Audited)
Total Income	6570	5414	7234
Profit after tax	1519	1568	1564
Equity Share Capital	6678	7488	13093
Reserves & Surplus (Excluding Revaluation Reserve)	2692	5750	17629
Earning Per Share (Rs)	2.27	2.25	1.37
Net Asset Value Per Share (Rs)	4.47	3.86	2.14

The Company is not a Sick industrial undertaking.

a.	Name of Company	**Indo Canadian Consultancy Services Limited**
b.	Date of Incorporation	9th January, 1995
c.	Nature of Business	Consultancy Services
d.	Financials:	**(Rs in lacs)**

	Year ended 31.03.2004 (Audited)	Year ended 31.03.2005 (Audited)	Year ended 31.03.2006 (Audited)
Total Income	231	310	427
Profit after tax	26	33	81
Equity Share Capital	35	35	35

Reserves & Surplus (Excluding Revaluation Reserve)	9	42	122
Earning Per Share (Rs)	0.74	0.95	2.33
Net Asset Value Per Share (Rs)	0.88	1.20	1.13

The Company is not a Sick industrial undertaking.

a.	Name of Company	**BMD Private Limited**
b.	Date of Incorporation	22nd August, 1996.
c.	Nature of Business	Manufacturing automotive furnishing fabric.
d.	Financials:	**(Rs in lacs)**

	Year ended 31.03.2004 (Audited)	Year ended 31.03.2005 (Audited)	Year ended 31.03.2006 (Audited)
Total Income	4774	6748	6911
Profit after tax	1090	1175	1154
Equity Share Capital	1320	1320	1320
Reserves & Surplus (Excluding Revaluation Reserve)	2047	3026	4030
Earning Per Share (In Rs)	8.26	8.90	8.74
Net Asset Value Per Share (In Rs)	25.51	32.93	40.53

The Company is not a Sick industrial undertaking.

a.	Name of Company	A.D. Hydro Power Limited
b.	Date of Incorporation	June 16, 2003
c.	Nature of Business	Generation and Distribution of Power
d.	Listed At Stock Exchange	Not Listed
e.	Financials:	

	Year ended 31.03.2004 (Audited)	**Year ended 31.03.2005 (Audited)**	**Year ended 31.03.2006 (Audited)**
Total Income	N.A	N.A	N.A
Profit after tax	N.A	N.A	N.A
Equity Share Capital	5	5	19105
Reserves & Surplus (Excluding Revaluation Reserve)	Nil	Nil	Nil
Earning Per Share (Rs)	N.A.	N.A.	N.A.
Net Asset Value Per Share (Rs)	96.18	553.17	0.80

As the project of the company is under implementation stage, therefore, no profit and loss account has been prepared, figures regarding total income, Profit after tax & Earnings per share is not applicable.

The Company is not a Sick industrial undertaking.

3.3 Disclosure in terms of Regulation 16(ix)

The Acquirer would, pursuant to acquisition of shares as envisaged in the SPA, get control over the Target Company. The Acquirer does not intend to dispose of or otherwise encumber any assets of the Target Company, in the succeeding two years, except to the extent that may be required (i) in the ordinary course of business of the Target Company and/or (ii) for the purposes of restructuring, rationalising and/or streamlining various operations, assets, liabilities, investments, businesses or otherwise of the Target Company. Notwithstanding the immediately preceding sentence, it will be the responsibility of the board of directors of CTL to make appropriate decisions in these matters, in accordance with the requirements of the business of CTL and in line with opportunities or changes in the economic scenario from time to time. Such approvals and decisions will be governed by the provisions of the relevant regulations or any other applicable laws at the relevant time. Further, the Acquirer undertakes not to sell, dispose off or otherwise encumber any substantial assets of CTL, except with the prior approval of shareholders of CTL, as may be required under law.

3.4 Future plans/strategies of the Acquirer with regard to the Target Company

The Offer to the shareholders of CTL is for substantial acquisition of Shares with change in control / management of CTL, and is made in accordance with Regulation 10 and 12 read with other applicable provisions of the SEBI (SAST) Regulations, 1997. RSWM has not appointed any Director on the Board of CTL. Any appointment of director on the board of the target company by the acquirer would be governed by the provisions of regulation 22(7).

The present acquisition of shares of the target company would create synergies and help the acquirer expand its capacities and enhance its product portfolio in combination with CTL operations. The acquirer has plans to carry out modernisation of the plant of CTL as may be required and ultimately to integrate the operations of the Target Company and the Acquirer.

Notwithstanding the above, it will be the responsibility of the board of directors of CTL to make appropriate decisions in these matters, in accordance with the requirements of the business of CTL and in line with opportunities or changes in the economic scenario from time to time. Such approvals and decisions will be governed by the provisions of the relevant regulations or any other applicable laws at the relevant time.

4. Disclosure in terms of Regulation 21(2) of the Regulations

4.1 Pursuant to this Offer, the Acquirers would ensure that they would comply with provisions of Regulation 21(2) of the Regulations.

5. BACKGROUND OF CTL

5.1 Cheslind Textiles Limited (CTL) is a public limited company under the Companies Act which was incorporated on July 26, 1989 and having its registered office at B. Muduganapalli, Bagalur – 635 103, Hosur Taluk, Krishnagiri District, Tamil Nadu. CTL is in the business of manufacture of cotton yarn and knitted fabrics. The shares of CTL are listed on BSE, NSE and MSE. The closing price of CTL equity shares on the NSE on March 21st, 2007 (last available market price) was Rs. 21.40 (*Source:* ***www.nseindia.com***)

The persons/entities who promoted the target company are as follows

1) Mr. R. Surender Reddy

Mr. R Surender Reddy, a Graduate in arts, is one of the main promoters of the company. He was a Member of Parliament and is on the Board of several textile and finance companies.

2) Mr. T.N. Arvind Reddy

Mr. T N Arvind Reddy is an Engineering Graduate from the College of Engineering, Madras and holds an MBA Degree from the University of Pittsburg. U.S.A. Since 1974, he has held various positions in Madanapalle Spinning Mills Limited.

3) Mr. T.N. Anand Reddy

Mr. T N Anand Reddy is an Engineering Graduate from Indian Institute of Technology, Madras and holds a post graduate degree in process engineering from the Technical University of West Berlin. He was working for Schlumberger Oilfield Services in various countries like Europe, USA and Nigeria. He was also in charge of the overseas marketing of Madanapalle Spinning Mills Limited.

4) Madanapalle Spinning Mills Limited

5) Tamilnadu Industrial Development Corporation Limited

5.2 CTL is a 100% Export Oriented Unit for combed cotton yarn, having state-of-the-art manufacturing facility, at Bagalur, Tamilnadu and Pondicherry. The Company is engaged in the manufacture of cotton yarn and knitted fabrics.

5.3 The issued and paid-up equity share capital of the CTL consists of 23093935 fully paid-up equity shares of the face value of Rs. 10 each, aggregating to approximately Rs. 2309 Lacs. There are no partly paid up equity shares.

5.4 The shareholding pattern of CTL as on the cut off date which is March 16th, 2007 is as below:

Shareholder	No. of shares	% holding
Promoters' Shareholding		
Selling Promoters (Promoter Group of CTL)	**11125217**	48.17
Persons Acting in Concert	Nil	Nil
TIDCO	**2062500**	8.93
Total Promoters' shareholding	**13187717**	**57.10**
Non-promoters' shareholding		
Institutional Shareholders	9000	0.04
Private Corporate Bodies	1683567	7.29
NRIs/Foreign Companies	998812	4.33
Indian Public	7124324	30.85
Any Other		
- Clearing Members	90415	0.39
- Trusts	100	0.00
Total non-promoter shareholding	**9906218**	**42.90**
Total	**23093935**	**100.00**

The change in the shareholding pattern of promoters in the target company

	Indian Promoters %	**Persons Acting in Concert**	**TIDCO %**	**Total Promoters' shareholding (%)**
31.03.1997	43.33	-	10.31	53.64
31.03.1998	44.83	-	9.89	54.72
31.03.1999	45.09	-	9.89	54.98
31.03.2000	45.42	-	9.89	55.31
31.03.2001	44.37	-	9.89	54.26

31.03.2002	43.88	-	8.93	52.81
31.03.2003	44.26	-	8.93	53.19
31.03.2004	48.47	-	8.93	57.40
31.03.2005	46.74	-	8.93	55.67
31.03.2006	48.16	-	8.93	57.09
31.03.2007	48.22	-	8.93	57.15

Note: As on 31.12.2001 the Promoter's shareholding was declared as 31.28% by the company to the Stock Exchanges and as on 31.03.2002 it was declared as 43.88 %.

This is to clarify that there was no major sale or purchase of shares by any of the promoters during the period requiring compliance with any provisions of SEBI (SAST) Regulations. The change in shareholding is only on account of erroneous filing on 30.9.2001 and 31.12.2001

5.5 The build-up of capital structure of CTL since incorporation is given below:

Date of Allotment	**No. of Shares (face value of Rs.10/- each unless otherwise specified)**	**%age**	**Cumulative Paid up Capital (in Rs) (Equity Share Capital unless otherwise specified)**	**Mode of Allotment**	**Identity of the Allottee**	**Status of Compliance**
04.08.1989	70	100%	700	Subscription to the M/A	Subscribers to the M/A	Complied
26.10.1991	832330	99.99%	8324000	Private Placement	1. Mr. A.K. Nair 2. Mr. V.S. Velayutham 3. Subadra Textiles P Ltd.	Complied
10.04.1993	17917600	95.56%	187500000	Public Issue of Shares	Public	Complied
08.10.1995	1250000 (Rs.1/- paid up)	0.66%	188750000	Preferential Allotment	Promoters, Directors and their relatives, friends and associates.	Complied
19.03.1997	8,43,900	4.28%	197189000	Preferential Allotment	Zieglertex Postfach, FCB	Complied
14.11.1997	349400 (1st call Rs.3/-)	0.53%	198237200	Preferential Allotment	Promoters, Directors and their relatives, friends and associates.	Complied
29.11.1997	116500 (1st call Rs.3/-)	0.18%	198586700	-do-	-do-	Complied
01.12.1997	69000 (1st call	0.10%	198793700	-do-	-do-	Complied

	Rs.3/-)					
22.12.1997	138000 (1st call Rs.3/-)	0.21%	199207700	-do-	-do-	Complied
12.01.1998	140000 (1st call Rs.3/-)	0.21%	199627700	-do-	-do-	Complied
14.02.1998	21400 (1st call Rs.3/-)	0.03%	199691900	-do-	-do-	Complied
17.02.1998	278200 (1st call Rs.3/-)	0.42%	200526500	-do-	-do-	Complied
31.03.1998	137500 (1st call Rs.3/-)	0.21%	200939000	-do-	-do-	Complied
27.10.1998	2,00,000 Cumulative Redeemable Preference Shares (CRPS) of Rs.100/- each	-	Equity 200939000 CRPS 20000000	Preferential Allotment	General Insurance Corporation of India – 100000 shares United India Insurance Co. Limited – 100000 shares	Complied
22.09.1999	69000 (2nd call Rs.6/)	0.21%	Equity 201353000 CRPS 20000000	Preferential Allotment	Promoters, Directors and their relatives, friends and associates.	Complied
23.09.1999	253700 (2nd call Rs.6/)	0.75%	Equity 202875200 CRPS 20000000	-do-	-do-	Complied
27.09.1999	46500 (2nd call Rs.6/)	0.14%	Equity 203154200 CRPS 20000000	-do-	-do-	Complied
28.09.1999	96200 (2nd call Rs.6/)	0.28%	Equity 203731400 CRPS 20000000	-do-	-do-	Complied
01.10.1999	121062 (2nd call Rs.6/)	0.36%	Equity 204457772 CRPS 20000000	-do-	-do-	Complied
07.10.1999	278200 (2nd call Rs.6/)	0.81%	Equity 206126972 CRPS 20000000	-do-	-do-	Complied

13.10.1999	51563 (2nd call Rs.6/)	0.15%	Equity 206436350 CRPS 20000000	-do-	-do-		Complied
01.01.2000	21400 (2nd call Rs.6/)	0.06%	Equity 206564750 CRPS 20000000	-do-	-do-		Complied
27.03.2000	300000 Cumulative Convertible Preference Shares (CCPS) of Rs.100/- each	-	Equity 206564750 CRPS 20000000 CCPS 30000000	Preferential Allotment	1) Swiss Technology Venture Capital Fund (P) Limited.		Complied
31.03.2000	312375 (2nd call Rs.6/)	0.90%	Equity 208439000 CRPS 20000000 CCPS 30000000	Preferential Allotment	Promoters, Directors and their relatives, friends and associates.		Complied
24.11.2000	15005 CCPS of Rs.100/- each	-	Equity 208439000 CRPS 20000000 CCPS 31500500	Preferential Allotment	Alliance Management and Fiscal Services Limited.		Complied**
26.09.2001	2250035	9.74%	Equity 230939350 CRPS 2,00,00,000*	315,005 CCPS converted into 2250035 Equity Shares @ Rs 14 per share	1) Swiss Technology Venture Capital Fund (P) Ltd. 2) Promoter Group Of CTL	2142,857 equity shares (9.28%) 107,178 equity shares (0.46%)	Complied
21.02.2007	-	-	230939350	As on date Paid-up capital	-		-

* The CRPS were redeemed on 27.10.2003, 3.11.2003 and 5.3.2004.

** The trading of shares of Cheslind Textiles Limited was suspended at BSE from 14 February 2003 to 22 April 2004. The trading was suspended on account of delay in allotment of CCPS to Alliance Management and Fiscal Services Limited and suspension of trading was revoked on April 23, 2004.

Alliance Management and Fiscal Services Limited is not a part of the Promoter Group neither is a person acting in concert with the promoters of the Company.

Swiss Technology Venture Capital Fund ("STVCF") is a Private Equity Fund sponsored by Federal Office for foreign Economic Affairs of Swiss Government. It is neither a part of the Promoter Group nor a person acting in concert with the promoters of the Company. STVCF has not furnished any declarations to Cheslind Textiles Limited in terms of the provisions of Regulation 7(1) under Chapter II of SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 1997. For the non-compliance of regulation 7 by Swiss technology Venture Capital Fund, suitable action will be initiated by SEBI at a later stage.

Note: M/A – Memorandum of Association
CRPS – Cumulative Redeemable Preference Shares.
CCPS – Cumulative Convertible Preference Shares

5.6 The Target Company has not complied with all the provisions of the Listing Agreement. The trading of shares of the target company was suspended at BSE from 14 February 2003 to 22 April 2004. The trading was suspended on account of delay in allotment of CCPS to Alliance Management and Fiscal Services Limited and suspension of trading was revoked on April 23, 2004. The company has complied with all the provisions of the listing agreement since April 23, 2004.

5.7 As on date of Public Announcement, , the board of directors of CTL comprised of the following:

Name	**Experience**	**Qualification**	**Field**	**Date of Appointment**	**Telephone**	**Residence Address**
Mr. T. N. Arvind Reddy	32 Years	Engineering, MBA	Textile Industry	26.10.1991	Ph:080-25520620	No. 862A, 13th Main, 3rd Block, Koramangala, Bangalore – 560 034
Mr. A. K. Nair	56 Years	MA, LLB	Textile Industry	26.07.1989	022-66336451	Athiyarath, 37, Green Garden Apts, Mumbai – 400 088
Mr. K. Jagdeesh Reddy	14 Years	BE, MBA	Textiles and Exports	24.11.1995	080-25327744	Flat No. B1, Chartered Court, 51/B, Richmond Road, Bangalore – 560 025
Dr. T. N. Vijayanarayana Reddy	35 Years	Engineering	Textile industry	25.04.2000	080-25281867	No. 18, I Main Road, Defence Colony, Indiranagar, Bangalore – 560 038
Mr. Prem Saigal	37 years	CA	Independent Director. Presently, on the Boards of 1) IL&FS Technologies Ltd. 2) Manipal Health care Pvt ltd 3) DSP Merrill Lynch Ltd	10.04.1993	011 23730077	184, Jor Bagh, New Delhi

Mr. S. Senthil Kumar (TIDCO Nominee)	18 years	BE	Development Manager in Tamilnadu Industrial Development Corporation Ltd.	24.05.2005	044-28523911	No. 34, Rajapuranicker Street, Varadarajanpet, Choolaimedu, Chennai – 600 094
Mr. H. Shivaram (IFCI Nominee)	26 years	LLB	Accounts and Legal at IFCI	16.09.2005	080-22234986	No. 429, 1st A Main, 16th Cross, J P Nagar, 4th Phase, Bangalore
Mr. T. N. Anand Reddy	26 years	Engineering	Textile Industry.	26.10.1991	080-25533582	538, 1st Cross, 8th Main, 4th Block, Koramangala, Bangalore – 560 034

5.8 The audited financial details of CTL are as under, in compliance with the provisions of Clause 6.14 of the Standard Letter of Offer format as prescribed by SEBI:

(Rs. Lacs)

Profit and Loss Statement				
	FY2004	**FY2005**	**FY2006**	**FY2007**
				9 months Unaudited
Income from operations	11771	13756	12644	9433
Other income	825	(338)	119	578
Total Income	**12596**	13418	12764	**10011**
Total Expenditure	10244	12039	10820	8460
Profit before Depreciation, Interest and Taxes	**2352**	**1379**	**1943**	**1551**
Depreciation	755	762	804	651
Interest	502	556	561	562
Profit Before Tax	**1095**	**062**	**578**	**337**
Provision for Tax	023	169	226	074
Profit After Tax	**1072**	**(107)**	**352**	**263**

(Rs. Lacs)

Balance Sheet Statement	**FY2004**	**FY2005**	**FY2006**	**FY2007**
				9 months
Sources of Funds				
Paid-up Equity Share Capital	2309	2309	2309	2309
Reserves and surplus (excluding revaluation reserves)	4103	3860	3934	4187
Net worth	**6412**	**6169**	**6243**	**6496**
Secured Loans	6556	5993	7351	7089
Unsecured Loans	498	703	425	357
Total Loans	**7054**	**6696**	**7776**	**7446**
Total	**13466**	**12865**	**14019**	**13942**
Uses of Funds				
Net fixed Assets (excluding revaluation reserves)	10037	9815	9963	9211
Capital Work in Progress	101	37	225	1028
Investments	0.02	0.02	0.02	0.02

Net Current Assets	3387	3136	3873	3766
Total Miscellaneous Expenditure Not Written-Off	41	141	307	252
Deferred Tax Assets (Net)	(100)	(264)	(349)	(315)
Total	**13466**	**12865**	**14019**	**13942**

Other Financial Data	**FY2004**	**FY2005**	**FY2006**	**FY2007**
				9 months
Dividend per Share (%)	12.5	5	10	-
Earnings per Share (Rs.)	4.49	(0.48)	1.46	1.09
Return on Net worth (%)	16.72	-1.73	5.64	4.05
Book Value per Share (Rs.)	27.75	26.7	27.0	28.1

Source: Annual Reports of the company

5.9 The equity shareholding in CTL before the Offer and after the Offer (assuming full acceptance of the Offer) is given in the table below:

	Shareholders' Category	Shareholding /Voting Rights prior to the Offer (A)		Shares / Voting Rights agreed to be acquired which triggered off the Regulations (B)		Shareholding / Voting Rights to be acquired in the Open Offer (Assuming full acceptances) (C)		Shareholding / Voting Rights after the Acquisition and Offer (D)	
		No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%
1	**Promoters' Shareholding**								
a	Promoter Group of CTL (Please refer Annexure-1 for the names of promoters and shares sold by them in terms of Share Purchase Agreement dated March 19, 2007)	11125217	48.17	0	0	-	-	-	-
b	TIDCO	2062500	8.93					2062500	8.93**
	Total 1	**13187717**	**57.10**	**0**	**0**	**-**	**-**	**2062500**	**8.93****
2	Acquirer (RSWM Limited)	0	0	11125217	48.17	4618787	20	15744004	68.17
	Total 2	**0**	**0**	**11,125,217**	**48.17**	**4618787**	**20**	**15744004**	**68.17**
3	Parties to Agreement other than 1a and 2 above	0	0	0	0	0	0	0	0
	Total 3	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
4	Public (other than parties to Agreement, Acquirer)								
	a) FIs / MFs / FIIs/ Banks / SFIs/PCB	1692567	7.33	-	-	*	*	*	*
	b) Others	8213651	35.57	-	-	*	*	*	*
	Total 4 (a+b)	**9906218**	**42.90**	**0**	**0**	**0**	**0**	**5287431**	**22.90**
	Grand Total (1+2+3+4)	**23093935**	**100**	**11,125,217**	**48.17**	**4618787**	**20**	**23093935**	**100**

Source: The above figures are based on the information as on March 16th 2007

Note *: The entire 20% shares of the Target Company envisaged to be acquired by the Acquirer would be from the categories of the shareholders mentioned in 4(a) , 4(b) and TIDCO above and therefore the post offer holding of these shareholders are not ascertainable at this stage and would depend on the quantum of acceptance received from them. However the post issue holding of the promoters including the TIDCO might exceed 75%. In that case, Acquirers of CTL would bring down their shareholding in the given time frame to bring the total shareholding to 75%.

The Acquirer shall ensure strict compliance with the provisions of Regulation 21(2) of the Regulations. Post Open Offer, the shareholding of the present promoters of CTL excluding TIDCO will be Nil.

** The Shareholding of TIDCO could change in the event TIDCO also offers its shares in the open offer.

5.10 As on March 16th 2007, there were 16279 shareholders in CTL. Out of the same, 16230 shareholders are in public category

5.11 The trading of shares of the target company was suspended at BSE from 14 February 2003 to 22 April 2004. The trading was suspended on account of delay in allotment of CCPS to Alliance Management and Fiscal Services Limited and suspension of trading was revoked on April 23, 2004.

5.12 Status of Corporate Governance & Pending Litigation

Corporate Governance

Cheslind Textiles Limited has 4 independent directors on its Board and has constituted the Audit Committee, Shareholders' Grievance Committee and Remuneration Committee as required under Clause 49 of the Listing Agreement with the requisite number of independent directors in each committee. The details are as follows:-

Board of Directors	Category	Member of Audit Committee	Member of Remuneration Committee	Member of Shareholders' Grievance Committee
Mr. T. N. Arvind Reddy	Promoter - Executive			
Mr. A. K. Nair	Independent – Non executive		Yes	
Mr. K. Jagdeesh Reddy	Promoter – Non executive		Yes	Yes
Dr. T. N. Vijayanarayana Reddy	Promoter – Non executive	Yes		Yes
Mr. Prem Saigal	Independent – Non executive			
Mr. S. Senthil Kumar (TIDCO Nominee)	Independent – Non executive	Yes		Yes
Mr. H. Shivaram (IFCI Nominee)	Independent – Non executive	Yes		Yes
Mr. T. N. Anand Reddy	Promoter – Executive			

Pending Litigations

Major Pending Litigations/disputes against Cheslind Textiles Limited

Labour Cases

S No	Applicant	Dispute	Brief particulars	Current status
1.	CTL	Provident Fund	PF dues in respect of apprentices upto period 2004-05 (when company's standing orders were certified) amounts to Rs.21.44 lac	The case is pending before Madras High Court for disposal.

2.	CTL	ESI	ESI dues in respect of apprentices and contractors upto period 2003-04 is quantified at Rs.12.8 lac.	The matter is pending before appropriate authorities at Salem

Present Status of Cases against the Company (Major legal cases)

S No	NATURE OF THE DISPUTE	EXTENT OF THE LIABILITY	BRIEF PARTICULARS OF THE DISPUTES	CURRENT STATUS
.	Generation Tax	Rs.114.23 lac	Various industries affected by Tamil Nadu Tax on Consumption act imposing Generation Tax of Re.0.10 per unit on self generation of power filed a writ petition in the High Court of Madras during August ’03 and the petitions were dismissed during October ’03 by the single Judge of High Court of Madras. However, Cheslind Textiles name was not mentioned in the list of petitions dismissed and hence Cheslind Textile has not recognized the liability on Generation tax in the books of account. Aggrieved by the above order of the single Judge, many mills have filed their review petitions before the bench of High Court of Madras and the same were dismissed by the bench of High Court of Madras during July 2006. In both the above orders of High Court of Madras, there is no mention about payment of interest for the delayed period. However, the court has allowed to pay the arrears of Generation Tax in Equated Monthly Installments (EMI) ranging from 20-30. After the judgement by the bench of High Court of Madras many mills have started paying Generation Tax. However, about 100 mills have filed SLP in Supreme Court and the first hearing is posted for 28.02.2007. Regarding the interest on arrears of Generation Tax few of Tamil Nadu Electricity Board offices issued notice for payment interest @ 18% p.a. and the mills have approached high Court of Madras and court has given a conditional stay with payment of interest @9% p.a. on arrears upto 31.08.2004. The interest from 01.09.2004 is not applicable as the “Belated Payment Surcharge (BPSC) cannot be levied on Electricity Tax as per Regulation 4(11) of Tamil Nadu Electricity Supply Code 2004 issued by Tamil Nadu Electricity Regulatory Commision.”	Status quo

2.	Pondicherry Electricity Tax	The contingent liability for the year 2005-06 and 2006-07 (upto Feb 2007) is Rs.17.38 lac.	Assessment with Commercial Tax Officer, Pondicherry, in respect of year 2000-01 has been completed with no demand on CTL. This was on the basis of doubled yarn doubled at Pondicherry and returned to Bagalur unit was since exported (and not sold in DTA). It may be noted that for subsequent years, up to and including 2004-05 there were no domestic sales of doubled yarn and hence no liability may arise on subsequent assessments also.	Status quo
3.	Entry Tax	The Contingent liability amounts to Rs.11.39 lac.	CTL had approached the Madras High Court and filed a writ petition on 11.04.2003 and an interim injunction was granted in WPMP No.17175 of 2003 on 11.04.2003.	As per the communication from our advocate, the Court has struck down the provision and declared the levy of Entry Tax to be invalid and unconstitutional. Now, the order is awaited.
4.	Income Tax	The Contingent liability amounts to Rs.21.77 lac.	Cheslind Textiles Limited's appeal on Income tax in respect of assessment year 2003-04 is in process and result is awaited, (CIT Appeal No.23/AC-11(4)/CIT(A)/06-07 dt. 25.10.2006 since been received on 01.03.2007, wherein CTL appeal was dismissed and the company is contemplating filing Appeal with ITAT)	The appeal is being filed with ITAT.
5.	Sales Tax	-	The assessment of the financial 2004 – 05, in respect of AP Sales Tax was completed during July 2006. However, a notice dt. 05.02.2007 was issued by CTO, Madanapalle Circle, Andhra Pradesh for submission of details of additions / deletions to various fixed assets during the financial year 2004 - 05. The company is yet to file its reply. However, since the additions / deletions related to Bagalur plant / Pondicherry plant there will not be any sales tax impact for company's sales tax assessments in Andhra Pradesh.	-

5.13 CTL has confirmed that the pending litigations will not affect the current open offer

5.14 Mr. R. Santhosh, Company Secretary, CTL, is the compliance officer. The correspondence address is as below: No. 147, 12th Main, 3rd Block, Koramangala, Bangalore – 560 034

5.15 There are no outstanding convertible instruments (warrants / FCDs / PCDs etc) for calculating voting rights of Target Company. There will be no change in the offer size from the one mentioned in the Public Announcement. The target Company is in compliance with Regulation 21(5).

5.16 CTL and its Promoters have not been prohibited by Securities and Exchange Board of India from dealing in securities in terms of directions issued under section 11B of the SEBI Act.

5.17 For the non-compliance of regulation 6 for the year 1997 & regulation 8 for the years 1998 -2001 by the promoters of the target company and for the non-compliance of regulation 6 for the year 1997 & regulation 8 for the years 1998 -2001 by the target company, suitable action may be initiated by SEBI as a later stage.

6. OFFER PRICE AND FINANCIAL ARRANGEMENTS

6.1 Justification of Offer Price

6.1.1 The shares of CTL are listed on BSE, NSE, and MSE. The Public Announcement by the Acquirer, pursuant to Regulation 10 and 12 and other applicable provisions of Chapter III of, and in compliance with, the Regulations was made on March 22, 2007. The annualised trading turnover during the preceding six calendar months ended 28 February on BSE & NSE is detailed in the table below.

Name(s) of stock exchange(s)	Total number of shares traded during six calendar months ended 28th Feb 2007	Annualised trading turnover (in terms % of total listed shares)
NSE	2,982,263	25.83%
BSE	2,296,729	19.89%
MSE	-	-

Source: www.bseindia.com, Bloomberg

6.1.2 The Offer Price of Rs. 25/- per Share is justified in terms of Regulation 20(11) of the Regulations, as it is more than the highest of the following:

a	Negotiated price under the Agreement referred to in Regulation 20(4)(a)	Rs 25/-
b	Highest price paid by the Acquirer for acquisition, if any, including by way of allotment in a public or rights or preferential issue during the 26-week period prior to the date of the Public Announcement	N.A.
c	The average price calculated as per Regulations 20(4)(c) during the 26-week period prior to the date of the Public Announcement on NSE, where it is most frequently traded	17.93
d	The average price calculated as per Regulations 20(4)(c) during the 2-week period prior to the date of the Public Announcement on NSE, where it is most frequently traded	20.44

The details of the price and volume data on the NSE are as under:

26-week Weekly High / Low

		CLOSING PRICE AT NSE			
Week Number	Week Ending	High (Rs.)	Low (Rs.)	Average (Rs.)	Volume (Number of Shares)
1	21-Mar-07	20.0	16.6	18.3	711,181
2	14-Mar-07	21.3	20.0	20.6	162,906
3	7-Mar-07	20.8	20.0	20.4	81,886
4	28-Feb-07	19.7	18.7	19.2	79,021
5	21-Feb-07	19.0	17.6	18.3	59,889
6	14-Feb-07	17.9	17.4	17.6	220,268
7	7-Feb-07	17.6	16.5	17.0	979,753
8	31-Jan-07	16.9	16.1	16.5	48,132
9	24-Jan-07	16.1	15.7	15.9	39,413
10	17-Jan-07	16.4	15.7	16.1	56,109
11	10-Jan-07	16.0	15.9	16.0	53,082
12	3-Jan-07	16.0	15.3	15.6	74,804
13	27-Dec-06	15.9	15.5	15.7	26,681
14	20-Dec-06	15.6	15.3	15.5	14,512
15	13-Dec-06	15.9	15.2	15.6	26,116
16	6-Dec-06	17.3	16.3	16.8	11,059

17	29-Nov-06	17.4	16.6	17.0	19,839
18	22-Nov-06	17.3	16.9	17.1	17,667
19	15-Nov-06	17.3	17.1	17.2	70,270
20	8-Nov-06	22.9	20.7	21.8	77,898
21	1-Nov-06	21.5	19.5	20.5	91,473
22	25-Oct-06	19.9	19.3	19.6	70,223
23	18-Oct-06	19.3	18.5	18.9	70,223
24	11-Oct-06	18.9	18.1	18.5	253,082
25	4-Oct-06	21.0	18.3	19.6	277,920
26	27-Sep-06	21.8	20.8	21.3	252,946

Source: NSE

The average price calculated as per Regulations 20(4) (c) during the 26-week period prior to the date of the Public Announcement on NSE, where it is most frequently traded is Rs. 17.93

2-week Daily High / Low

		INTRA-DAY PRICE AT NSE			
Day Number	Date	High (Rs.)	Low (Rs.)	Average (Rs.)	Volume (Number of Shares)
1	21-Mar-07	21.9	21.2	21.6	41,543
2	20-Mar-07	22.2	21.2	21.7	306,804
3	19-Mar-07	22.7	20.8	21.8	280,305
4	16-Mar-07	21.6	20.6	21.1	25,525
5	15-Mar-07	21.8	18.7	20.2	57,004
6	14-Mar-07	21.0	19.9	20.5	36,403
7	13-Mar-07	21.3	18.9	20.1	87,557
8	12-Mar-07	19.1	18.1	18.6	18,893
9	09-Mar-07	18.5	18.0	18.2	7,808
10	08-Mar-07	18.9	17.6	18.3	12,245

Source: NSE

The average price calculated as per Regulations 20(4)(c) during the 2-week period prior to the date of the Public Announcement on NSE, where it is most frequently traded is Rs 20.44

"The offer price is justified in terms of Regulation 20 (4) and 20 (5) of SEBI (SAST) Regulations"

In compliance with Regulation 20(7), the Acquirer has not acquired any shares in the open market or through negotiation or otherwise, after the date of public announcement at a price higher than the offer price stated in the Letter of Offer.

6.1.3 The shares of CTL are infrequently traded on Madras Stock Exchange within the meaning of explanation (i) to Regulation 20(5) of the Regulations.

6.1.4 The financial parameters based on the audited financials for the year ended March 31, 2006 for CTL are:

(a) Return on Average Net-worth of 5.64 %
(b) Book Value per share of Rs 27.00
(c) Earnings per Share (EPS) of Rs. 1.46 and
(d) P/E multiple: 11.64 and Industry P/E multiple of 12.05
(Source: Capital Market (February 12 - February 25, 2007), Annual Report of CTL)

7. Financial Arrangement for the Offer

7.1 The total fund requirement for implementation of the Offer at Rs. 25/- per share is Rs. 1155 Lacs assuming that full acceptance for the Offer is received.

7.2 The Acquirer has made firm financial arrangements to implement the Offer and meet their obligations in full under the Offer. The Offer obligation shall be met from the internal accruals.

7.3 M/s. Jain Vijay & Associates, Chartered Accountants, vide its letter dated 20th March, 2007 has certified that RSWM has made adequate arrangements to meet the financial obligations under this Offer.

7.4 The Manager to the Offer confirms that it is satisfied about the ability of the Acquirer to implement the Offer in accordance with the SEBI (SAST) Regulations, 1997 as firm arrangements for funds and money for payment through verifiable means are in place to fulfil the Offer obligations.

7.5 In accordance with Regulation 28 of the SEBI (SAST) Regulations, 1997, RSWM has created a lien of 25% of the offer size of Rs 1155 lacs in favour of ICICI Securities Primary Dealership against a fixed deposit amounting Rs. 290 Lacs standing in the name of RSWM with Yes Bank Limited, Chanakyapuri, New Delhi. This fixed deposit receipt is duly discharged in favour of ICICI Securities Primary Dealership

8. TERMS AND CONDITIONS OF THE OFFER

8.1 The Offer to the shareholders of CTL to acquire up to 4,618,787 fully paid-up equity shares representing 20% of the paid-up equity share capital of CTL at Rs. 25/- per Share is being made pursuant to Regulation 10 and 12 read with other applicable provisions of Chapter III of, and in compliance with, the Regulations.

8.2 CTL has furnished the list of members as on the Specified Date. The Letter of Offer together with the Form of Acceptance-cum-Acknowledgement and Form of Withdrawal will be mailed to the shareholders of CTL whose names appear on the list of Members of CTL and beneficial owners of the shares of CTL, whose names appear as beneficiaries on the records of the respective Depositories, at the close of the Business Hours on April 20, 2007 (the Specified Date), except to the parties to the Share Purchase Agreement. Accidental omission to dispatch this Letter of Offer to any person to whom this Offer is made or the non-receipt or delayed receipt of this Letter of Offer by any such person will not invalidate this Offer in any way.

8.3 Equity shares of CTL, if any, that are subject matter of litigation or are held in abeyance due to pending court cases, wherein the shareholder(s) of CTL may be precluded from transferring the shares during pendency of the said litigation are liable to be rejected in case directions / orders releasing these shares are not received together with the shares tendered under the Offer. The Letter of Offer in some of these cases, wherever possible, would be forwarded to the concerned statutory authorities for further action at their end.

8.4 The shares will be acquired by the Acquirer, free from all liens, charges and encumbrances and together with all rights attached thereto, including the right to all dividends, bonus and rights declared hereafter.

8.5 The Offer is not conditional on any minimum level of acceptance i.e. the Acquirer will acquire all the Shares that are tendered in terms of the Offer up to 4,618,787 Shares, subject to the conditions specified in the Public Announcement published on March 22, 2007 and this Letter of Offer (in Section 6) and Form of Acceptance-cum-Acknowledgement.

8.6 If there is any further upward revision of the Offer price by the Acquirer till the last date for revision viz. July 5, 2007 or withdrawal of the Offer, the same would be informed by way of a public announcement in the same newspapers in which the Public Announcement published on March 22, 2007 had appeared. Such revised Offer Price would be payable for all the shares tendered anytime during the Offer and accepted under the Offer.

8.7 Shareholders who wish to tender their Shares should submit documents in accordance with the procedure specified in Section 9 of this Letter of Offer and the Form of Acceptance-cum-Acknowledgement.

8.8 Shareholders who hold shares in physical form and who wish to tender their Shares will be required to send the Form of Acceptance-cum-Acknowledgement, original share certificate(s) and transfer deed(s) duly signed to the Registrar to the Offer – Beetal Financial & Computer Services Pvt. Ltd., either by hand delivery to the collection centres during business hours (Monday to Saturday between 10.00 a.m. and 5.00 p.m.) or by registered post at Beetal Financial & Computer Services Pvt. Ltd., BEETAL HOUSE, 3rd Floor 99, Madangir, B/H L.S.C, New Delhi 110 062, India so that the same are received on or before the close of the Offer i.e July 14, 2007 in accordance with the instructions specified in the Letter of Offer and in the Form of Acceptance-cum-Acknowledgement.

8.9 The Registrar has opened a special depository account with Abhipra Capital Limited, as the Depository Participant in National Securities Depository Limited ('NSDL'), styled '**Beetal – Escrow A/c – Cheslind Offer'. The** DP ID is IN300206 **and** Beneficiary Client ID is 10924467. Shareholders holding their beneficiary account in Central Depository Services India Limited ('CDSL') will have to use an inter-depository delivery instruction slip for the purpose of crediting their Shares in favour of the special depository account with NSDL. Beneficial owners should ensure to credit their shares in favour of the special depository account before the closure of the Offer.

8.10 Locked-in Shares

As per publicly available information there are no locked in shares. However, no discrimination would be made with regard to locked in shares.

8.11 Eligibility for Accepting the Offer

The present Offer is being made to Eligible Persons for the Offer, whose names appear as on the Specified Date and also to those persons, who own the shares at any time prior to the closure of the Offer but are not registered shareholders.

8.12 Marketable Lot

The marketable lot for the shares of CTL is 1 (one) share as the shares of CTL can be traded on the secondary market only in dematerialised form.

8.13 Statutory Approvals and Conditions of the Offer

The Offer is subject to the statutory and regulatory approvals mentioned in page 2 above. As on date, there are no other statutory and regulatory approvals required, other than those indicated above.
To the best of the knowledge of the Acquirer, as on the date of the Public Announcement, there are no other statutory or regulatory approvals required to implement the Offer, other than those indicated above. If any other statutory or regulatory approvals become applicable, the Offer would be subject to such statutory or regulatory approvals. The Acquirer will have a right not to proceed with the Offer in the event the statutory approvals indicated above are refused in terms of Regulation 27 of the Regulations.

In case of delay in receipt of statutory or regulatory approvals, SEBI has the power to grant extension of time to the Acquirer for payment of consideration to the shareholders of CTL, subject to the Acquirer agreeing to pay interest for the delayed period as directed by SEBI in terms of Regulation 22(12) of the Regulations. Further, if the delay occurs on account of wilful default by the Acquirer in obtaining the requisite approvals, Regulation 22(13) of the Regulations will also become applicable.

9. PROCEDURE FOR ACCEPTANCE AND SETTLEMENT OF THE OFFER

9.1 Shareholders of CTL who wish to avail of this Offer should forward the undermentioned documents by hand delivery or registered post to the Registrar at their Office – Beetal Financial & Computer Services Pvt. Ltd. who are acting as the Registrar to the Offer (the 'Registrar to the Offer'), either by hand delivery during business hours (Monday to Saturday between 10.00 a.m. and 5.00 p.m.) or by registered post so that the same are received on or before the closure of the Offer, i.e July 14, 2007. **Shareholders are advised to ensure that the Form of Acceptance-cum-Acknowledgement and other documents are complete in all respects otherwise the same is liable to be rejected. In the case of dematerialised 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 dematerialised shares not credited in favour of the special depository account before the closure of the Offer is liable to be rejected.

Physical shares tendered under the Offer and subsequently withdrawn by the shareholders or rejected due to technical defects will be returned to the shareholders by registered post.

9.2 Registered shareholders (holders of shares in physical form) 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 CTL and duly witnessed at the appropriate place(s)

9.3 Beneficial owners (holders of shares in dematerialised form) should enclose:

- Form of Acceptance-cum-Acknowledgement duly completed and signed in accordance with the instructions contained therein by all the beneficial holders of shares, as per the records of the DP
- Photocopy of the delivery instruction slip in 'Off-market' mode or counterfoil of the delivery instruction slip in 'Off-market' mode, duly acknowledged by the DP

The details of the special depository account are as follows:

Name of the Depository Participant	Depository Identification No. (DP ID)	Client Identification No. (Beneficial Client ID)
Abhipra Capital Ltd.	IN300206	10924467

9.4 Unregistered shareholders should enclose:

- Form of Acceptance-cum-Acknowledgement or an application on plain paper, duly completed and signed in accordance with the instructions contained therein
- Original share certificate(s)
- Copy of the original contract note issued by the broker through whom the shares were acquired
- Proof of lodgement of shares for transfer and acknowledgement thereof by CTL or its registrar and share transfer agent (if the share certificates have already been lodged for transfer)
- Valid share transfer deed(s) duly signed by a registered holder and an additional valid transfer deed duly signed by the unregistered shareholder as the transferor

No indemnity is required from the unregistered owners.

9.5 Owners of shares who have tendered their shares for transfer should enclose:

- Form of Acceptance-cum-Acknowledgement duly completed and signed in accordance with the instructions contained therein
- Copy of the letter sent to CTL for transfer of shares
- Valid share transfer deed(s) including valid transfer deed(s) duly signed by the unregistered shareholder as the transferor

9.6 Shareholders who have sent their physical shares for dematerialisation may participate in the Offer by submitting the Form of Acceptance-cum-Acknowledgement along with a copy of the dematerialisation request form duly acknowledged by the Depository Participant. Shareholders who have sent their physical shares for dematerialisation need to ensure that the process of getting shares dematerialised is completed well in time so that the credit in the special depository account should be received on or before the closure of the Offer, i.e. July 14, 2007 else the application would be rejected.

9.7 Valid share transfer deed/ form(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 CTL and duly witnessed at the appropriate place.

9.8 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 the Target Company.

9.9 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 acceptance of the Offer with name, address, number of shares held, distinctive numbers, folio numbers, number of shares offered, along with documents as mentioned above, so as to reach the Registrar to the Offer on or before the closure of the Offer, i.e. July 14, 2007 or in case of beneficial owners they may send their application in writing to the Registrar to the Offer on a plain paper stating acceptance of the Offer with name, address, number of shares held, number of shares offered, DP name, DP ID, beneficiary account number and a photocopy of the delivery instruction slip in 'Off-market' mode or counterfoil of the delivery instructions slip in 'Off-market' mode, duly acknowledged by the DP, in favour of the special depository account, so as to reach the Registrar to the Offer, on or before the closure of the Offer, i.e July 14, 2007

9.10 Alternatively, the Letter of Offer and Form of Acceptance-cum-Acknowledgement will be available on SEBI's website: www.sebi.gov.in, from the date of opening of the Offer. The eligible persons can download the Form of Acceptance-cum-Acknowledgement from the SEBI's website and apply in the same.

9.11 While tendering the Shares under the Offer, NRIs/ OCBs/ foreign shareholders will be required to submit the previous RBI Approvals (specific or general) that they would have obtained for acquiring the shares of CTL. In case the previous RBI approvals are not submitted, the Acquirer reserves the right to reject such Shares tendered.

9.12 As per the provisions of Section 196D (2) of the Income Tax Act, 1961 ('the Income Tax Act'), no deduction of tax at source shall be made from any income by way of capital gains arising from the transfer of securities referred to in Section 115AD payable to a Foreign Institutional Investor ('FII') as defined in Section 115AD of the Income Tax Act. However, 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 Income Tax authorities under the Income Tax Act indicating the amount of tax to be deducted by the Acquirer before remitting the consideration. In case the aforesaid NOC or Tax Clearance Certificate or Certificate for Deduction of Tax at Lower Rate is not submitted, the Acquirer will arrange to deduct tax at the maximum marginal rate as may be applicable to the category of shareholders on the entire consideration amount payable to such shareholders.

a) If any of the above stated documents (as applicable) are not enclosed along with the Form of Acceptance-cum-Acknowledgement, the Shares tendered under the Offer are liable to be rejected.

b) As per Section 10(36) of the Income Tax Act, any income arising from the transfer of a long-term capital asset, being an equity share for which the transactions of purchase and sale of such share are entered into on a recognised stock exchange, is exempt from tax. However, gains on transfer of shares tendered under the Offer would not be eligible for the exemption under section 10(36), as the transfer would not be effected through a recognised stock exchange. As such, gains on transfer of the shares offered pursuant to this letter of offer would be liable to tax as per the normal provisions of the Income Tax Act. This position has been intimated to the Acquirer by the tax advisers of the Acquirer. However, the Acquirer by this Letter of Offer, is not providing any tax advice to the shareholders and the shareholders are requested to seek their own advice on such matters.

9.13 The Form of Acceptance-cum-Acknowledgement along with the share certificate(s), signed transfer deed and other documents should be submitted at any of the collection centres below in accordance with the procedure as set out in the Letter of Offer. All the centres mentioned herein below would be open on all working days as follows :

Business Hours: Monday to Saturday 10.00 a.m. to 5.00 p.m. The centres will be closed on Sundays and any other public holidays.

	Centre List For Open Offer		
Area	**Address**	**Contact Person**	**Tel No**
Ahmedebad	Beetal Financial & Computer Services Pvt. Ltd.		
	C/O Ss Enterprises ,Above Aavoji Showroom,	Mr Hitesh	079-65134328

	Opp Tailor Point, Zaveri Vad Naka		079-65134329
	Relief Road ,Ahmedebad 380001		
Chennai	Beetal Financial & Computer Services Pvt. Ltd.		
	C/O Skystock Financial Services Pvt Ltd	Mr B Srinivas	044- 26570390
	C/O Shanker Traders		
	No 66 A Redhills Road,Vijayalakshmipuram		
	Ambattur Chennai-600053		
Kolkata	Beetal Financial & Computer Services Pvt. Ltd.		
	C/O Dynamic Financial Consultants	Mr Bhaskar	033-25333706
	196, A G Arabinda Sarani,		033-25334691
	Kolkata 700004		
Mumbai	Beetal Financial & Computer Services Pvt. Ltd.	Mr. Philips	022-22651498
	Office No. 5, Agra Building,		022-32623359
	121, M.G.Road, Fort University,		
	Mumbai-400 001		
New Delhi	Beetal Financial & Computer Services Pvt. Ltd.	Mr. Punit Mittal	011-29961281-83
	Beetal House, 3rd Floor, 99, Madangir		
	B/H Local Shopping Centre,		
	New Delhi-110 062		

9.14 Applicants who cannot hand deliver their documents at the collection centres referred to above, may send the same by Registered Post, at their own risk and cost, to the Registrar to the Offer at its address given below:

Beetal Financial & Computer Services Pvt. Ltd.
Beetal House, 3rd Floor, 99, Madangir
Behind Local Shopping Centre
Near Dada Harsukhdas Mandir, New Delhi 110 062, India
Tel: +91 11 2996 1281
Fax: +91 11 2996 1284
E-mail: beetal@rediffmail.com
Contact Person: Punit Mittal

9.15 The payment of consideration will be made by the Acquirer in cash through crossed account payee cheque, demand draft or pay order sent by Registered Post for amounts exceeding Rs. 7,500 and UCP otherwise to those shareholders / unregistered owners, which would be dispatched to the shareholders / unregistered owners at their own risk, whose shares / share certificates and other documents are found in order and accepted by the Acquirer. In case of joint registered holders, cheques / demand drafts / pay orders will be drawn in the name of the sole / first named holder / unregistered owner and will be sent to him / her. **It is desirable that shareholders provide bank details in the Form of Acceptance-cum-Acknowledgement, so that the same can be incorporated in the cheque / demand draft / pay order.**

9.16 In case the Shares tendered in the Offer are more than the shares to be acquired under the Offer, the acquisition of Shares from each shareholder will be in accordance with Regulation 21(6) of the Regulations, on a proportionate basis.

9.17 Unaccepted share certificate(s), transfer deed(s) and other documents, if any, will be returned by Registered Post at the shareholders' / unregistered owners' sole risk to the sole / first named shareholder / unregistered owner. Except that, in case the share certificates tendered have to be split, the Acquirer will arrange to split the share certificates and send the balance share certificates (for Shares not accepted in the Offer) by Registered Post at the shareholders' / unregistered owners' sole risk to the sole / first named shareholder / unregistered owner. Unaccepted Shares held in dematerialised 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 or otherwise.

9.18 The Registrar to the Offer will hold in trust the Share(s) / share certificate(s), shares lying in credit of the special depository account, Form of Acceptance-cum-Acknowledgement and the transfer deed(s), if any, on behalf of the shareholders / unregistered owner(s) of CTL who have accepted the Offer, till the Acquirer completes the Offer obligations in terms of the Regulations latest by July 25, 2007. Upon completion of the above, the Registrar to the Offer will debit the special depository account to the extent of Shares accepted by the Acquirer and give instruction to credit the beneficial account of the Acquirer.

9.19 The Acquirer shall complete all procedures relating to the Offer latest by July 25, 2007. In case of delay in receipt of statutory approvals, SEBI has the power to grant extension of time to the Acquirer for payment of consideration to the shareholders, subject to the Acquirer agreeing to pay interest for the delayed period as directed by SEBI in terms of Regulation 22(12) of the Regulations. Further, if the delay occurs on account of wilful default by the Acquirer in obtaining the requisite approvals, Regulation 22(13) of the Regulations will also become applicable.

9.20 In terms of Regulation 22(5A) of the Regulations, shareholders desirous of withdrawing their acceptances tendered in the Offer can do so up to three working days prior to the closure of the Offer, i.e. by July 11, 2007. The withdrawal option can be exercised by submitting the Form of Withdrawal as per the instructions below, so as to reach the Registrar to the Offer – Beetal Financial & Computer Services Pvt. Ltd., Beetal House, 3rd Floor, 99, Madangir, Behind Local Shopping Centre, Near Dada Harsukhdas Mandir, New Delhi 110 062, India, Tel: +91 11 2996 1281, Fax: +91 11 2996 1284 either by hand delivery on all days (excluding Sundays and public holidays): Mondays to Saturdays 10.00 a.m. to 5.00 p.m. or by Registered Post, on or before July 11, 2007.

The withdrawal option can be exercised by submitting the Form of Withdrawal along with the copy of acknowledgement slip in original issued at the time of submission of the Form of Acceptance cum Acknowledgement. In case of non-receipt of the Form of Withdrawal, the withdrawal option can be exercised by making an application on plain paper along with the following details:

- In case of physical shares: name, address, distinctive numbers, folio number, share certificate number, number of shares tendered, date of tendering the shares;

- In case of dematerialised shares: name, address, number of shares tendered, DP name, DP ID, date of tendering the shares, beneficiary account number and a photocopy of the delivery instructions in 'off-market' mode or counterfoil of the delivery instruction in 'off-market' mode, duly acknowledged by the DP, in favour of 'Beetal – Escrow A/c – Cheslind Offer'.

10. DOCUMENTS FOR INSPECTION

The following material documents are available for inspection at the office of the Manager to the Offer, ICICI Securities Primary Dealership Limited, ICICI Bank Tower, 3rd Floor, NBCC Place, Pragati Vihar, Bhisham Pitamah Marg, New Delhi-110003, New Delhi, India from 10.30 a.m. to 1.00 p.m. on any working day, except Saturdays, Sundays and holidays, until the closure of the Offer:

a) Certificate of Incorporation, Memorandum of Association and Articles of Association of RSWM
b) Certificate dated March 20th, 2007 from M/s Jain Vijay & Associates, Chartered Accountants, certifying that RSWM Limited has adequate resources to meet the financial obligations relating to the Offer
c) Certificate of Incorporation, Memorandum of Association and Articles of Association of CTL
d) Audited annual reports of RSWM for the financial years ended March 31, 2004, 2005 ,2006 and 2007
e) Audited annual reports of CTL for the financial years ended March 31, 2004, 2005 and 2006
f) Copy of Public Announcement published on March 22, 2007

g) Copy of the letter no. CFD/DCR/TO/AG/95616/07 dated June 7, 2007 from SEBI in terms of proviso to Regulation 18(2) of the Regulations
h) Letter from Yes Bank confirming the amount placed in fixed deposit receipt, towards the proposed Offer, with a lien in favour of ICICI Securities Primary Dealership Limited, Manager to the Offer
i) Copy of agreement with the Depository Participant for opening a special depository account for the purpose of the Offer
j) Copy of Board Resolutions/letters from the Acquirer authorising the Offer
k) Share Purchase Agreement dated March 19, 2007 between RSWM and the Promoter Group of CTL
l) The no objection certificate from TIDCO issued on Feb 8, 2007

11. DECLARATION BY THE ACQUIRER

The Acquirer and the Board of Directors of the Acquirer respectively accept full responsibility for the information contained in this Letter of Offer and Form of Acceptance-cum-Acknowledgement and Form of Withdrawal. The Acquirer shall be jointly and severally responsible for ensuring compliance with the Regulations. All information contained in this document is as on the date of the Public Announcement, unless stated otherwise. Mr. P.S. Puri, President (Corporate Finance) has been severally authorised by the board of directors of RSWM Limited to be the authorised signatory to the Letter of Offer.

For and on behalf of the Acquirer

Sd/-
Authorised Signatory
RSWM Limited

Place: Noida
Date: June 14, 2007

Attached:
1. Form of Acceptance-cum-Acknowledgement
2. Form of Withdrawal

Annexure 1 : Promoter Group of CTL

S.No	DPID	Client Id/Folio	Name	Shares	% to Equity
GROUP A Represented by Mr. T. N. Anand Reddy					
1	IN301926	30016901	T N ANAND REDDY	1051450	4.55
2	IN301926	30033944	T N ADITI REDDY	585065	2.53
3	IN301926	30033952	T N NIKHIL REDDY	584965	2.53
4	IN301926	30016919	T N RAJINI REDDY	401550	1.74
5	IN301926	30016896	T N ANAND REDDY	362234	1.57
6	IN301926	30032373	T N VIJAYANARAYANA REDDY	258882	1.12
7		60874	T N SAKUNTLAMMA	195000	0.84
8	IN300095	10233870	T N GAUTHAM REDDY	177533	0.77
9		60875	S SRILATHA REDDY	150000	0.65
10	IN301926	30032365	S SREELATHA REDDY	122281	0.53
11	IN301926	30032380	T N SAKUNTHALAMMA	121081	0.52
12		CTL065445	T N RAJINI REDDY	40214	0.17
13	IN300610	10095133	SAILAJA REDDY	40000	0.17
14	IN300095	10716547	T N RAMAKRISHNA REDDY	39733	0.17
15		46261	S SREELATHA REDDY	20000	0.09
16		46260	T N RAMAKRISHNA REDDY	20000	0.09
17		6	T N ANAND REDDY	5000	0.02
18		61203	T N GAUTHAM REDDY	600	0.00
			Group A Sub Total	**4175588**	**18.08**
GROUP B Represented by Mr. T. N. Arvind Reddy					
1	IN300394	11592212	K ARUNA REDDY	892749	3.87
2	IN301926	30069053	T N ARVIND REDDY	849004	3.68
3	IN301926	30026550	T N GEETA REDDY	586500	2.54
4	IN301926	30026527	D ANURADHA REDDY	341080	1.48
5	IN301926	30026543	T N ARVIND REDDY	327682	1.42
6	IN301926	30191027	K JAGDEESH REDDY	298950	1.29
7		46249	D GEETA REDDY	268060	1.16
8		46248	D SHYAMALA REDDY	268060	1.16
9	IN300610	10211013	K JAGDEESH REDDY	107314	0.46
10	IN301926	30029172	T N PRITHVI REDDY	149814	0.65
11	IN301926	30026568	T N RAJASHEKAR REDDY	149814	0.65
12		100007	K JAGADISH REDDY	70000	0.30
13	IN300394	11592237	K JAYABHARATH REDDY	38900	0.17
14		60821	K JAGDEESH REDDY	18600	0.08
15	IN300394	11592204	K JAYABHARATH REDDY	11424	0.05
16		46009	D SHYAMALA REDDY	1900	0.01
17	IN301926	30026519	ERA ELECTRONICS (INDIA) PVT LTD	863	0.00

18		46010	D GEETA REDDY	500	0.00
19		41474	K JAGDEESH REDDY	200	0.00
			Group B Sub Total	**4381414**	**18.97**
GROUP C Represented by Mr.Keshav Bhupal					
1	IN301926	30170870	ASHOK AIYAPPA	882550	3.82
2	IN301022	10423419	PRONOTHI SRIHARI	251822	1.09
3	IN301926	30032331	VARALAKSHMI BHUPAL	196000	0.85
4	IN301926	30217849	SHRUTHI FINLEASE PVT LTD	174375	0.76
5	IN301926	30032349	KESHAV BHUPAL	105250	0.46
6	IN301022	10425336	R SURENDER REDDY	53072	0.23
7		61094	SOMANADRI BHUPAL	52000	0.23
8	IN301022	10423398	R. INDIRA REDDY	50518	0.22
9	IN301022	10399935	R RAGHURAM REDDY	49500	0.21
10	IN301022	10423402	R. JAYAMALA DEVI	38071	0.16
11		CTL065440	ASHOK AIYAPPA	13357	0.06
12	IN301022	21337867	SRIHARI RANGASWAMY	701700	3.04
			Group C Sub Total	**2568215**	**11.12**
			GRAND TOTAL	**11125217**	**48.17**

Annexure 2: The following is the status of compliance with Chapter II of the Regulations by the Acquirer and Target Company with regard to itself, promoters and major shareholders within the time specified in the Regulations and delay if any with regard to the same.

A Status of compliance with the provisions of Chapter II of the Takeover Regulations (as applicable) for promoters of the Acquirer is as follows:

Sl. No.	**Regulation / Sub-regulation**	**Due date for compliance as mentioned in the regulation**	**Actual date of compliance**	**Delay, if any (in no. of days) Col. 4 - Col. 3**	**Remarks**
1	**2**	**3**	**4**	**5**	**6**
1	6(3)	20.04.1997	18.04.1997	-	
2	8(2)	10.10.1997	01.10.1997	-	
3	8(2)	21.04.1998	15.04.1998	-	
4	8(2)	02.09.1998	18.08.1998	-	
5	8(2)	21.04.1999	07.04.1999	-	
6	8(2)	11.10.1999	27.09.1999	-	
7	8(2)	21.04.2000	06.04.2000	-	
8	8(2)	31.05.2000	11.05.2000	-	
9	8(2)	21.04.2001	06.04.2001	-	
10	8(2)	26.09.2001	07.09.2001	-	
11	8(2)	21.04.2002	05.04.2002	-	
12	8(2)	24.09.2002	16.09.2002	-	
13	8(2)	21.04.2003	05.04.2003	-	
14	8(2)	07.10.2003	18.09.2003	-	
15	8(2)	21.04.2003	08.04.2004	-	
16	8(2)	15.11.2004	10.11.2004	-	
17	7(1A)	14.06.2004	14.06.2004	-	Preferential Issue
18	7(1A)	14.06.2004	14.06.2004	-	Preferential Issue
19	8(2)	21.04.2005	12.04.2005	-	
20	8(2)	26.09.2005	23.09.2005	-	

B. Status of compliance with the provisions of Chapter II of the Takeover Regulations (as applicable) for the Acquirer Company

Sl. No.	**Regulation / Sub-regulation**	**Due date for compliance as mentioned in the regulation**	**Actual date of compliance**	**Delay, if any (in no. of days) Col. 4 - Col. 3**	**Remarks**
1	**2**	**3**	**4**	**5**	**6**
1	6(2)	20.05.1997	27.02.1998 & 31.03.2003	282	Delay regularised under regularisation Scheme
2	6(4)	20.05.1997	27.02.1998 & 31.03.2003	282	-Do-
3	8(3)	19.10.1997	31.03.2003	1989	-Do-
4	8(3)	30.04.1998	31.03.2003	1796	-Do-
5	8(3)	11.09.1998	31.03.2003	1632	-Do-
6	8(3)	30.04.1999	16.04.1999	-	

7	8(3)	20.10.1999	07.10.1999	-	
8	8(3)	30.04.2000	19.04.2000	-	
9	8(3)	10.06.2000	27.02.2002	596	Delay regularised under regularisation Scheme
10	8(3)	30.04.2001	16.04.2001	-	
11	8(3)	05.10.2001	28.09.2001	-	
12	8(3)	30.04.2002	10.04.2002	-	
13	8(3)	03.10.2002	23.09.2002	-	
14	8(3)	30.04.2003	09.04.2003	-	
15	8(3)	16.10.2003	07.10.2003	-	
16	8(3)	30.04.2004	09.04.2004	-	

C Status of compliance with the provisions of Chapter II of the Takeover Regulations (as applicable) for the promoters of the Target Company is as follows:

Sr. No.	**Regulation/ Sub-Regulation**	**Due date of compliance as mentioned in the Regulation**	**Actual Date of Compliance**	**Delay, if any (in no. of days) (Col.4 – Col.3)**	**Remarks**
1.	6(2)	20.04.1997			
2.	6(4)	20.04.1997			
3.	7(1) & (1A)	NA			
4.	8(1)	21.04.1998	NA	NA	NA
5.	8(2)	21.04.1998			
6.	8(2)	12.10. 1998			
7.	8(1)	21.04.1999	NA	NA	NA
8.	8(2)	21.04.1999			
9.	8(2)	20.08.1999			
10.	8(1)	21.04. 2000	NA	NA	NA
11.	8(2)	21.04.2000			
12.	8(2)	05.10.2000			
13.	8(1)	21.04. 2001	NA		
14.	8(2)	21.04.2001			
15.	8(2)	17.10.2001	10.10.2001		
16.	8(1)	21.04. 2002	NA	NA	NA
17.	8(2)	21.04.2002	19.04.2002		
18.	8(2)	17.10.2002	12.10.2002		
19.	8(1)	21.04. 2003	NA		
20.	8(2)	21.04.2003	18.04.2003		
21.	8(2)	17.10.2003	22.03.2004	There is a delay of about 5 months	
22.	8(1)	21.04. 2004	NA	NA	NA
23.	8(2)	21.04.2004	19.04.2004		
24.	8(2)	01.10.2004	24.09.2004		
25.	8(1)	21.04. 2005	NA	NA	NA
26.	8(2)	21.04.2005	20.04.2005		
27.	8(2)	07.10.2005	04.10.2005		
28.	8(1)	21.04. 2006	NA	NA	NA
29.	8(2)	21.04.2006	15.04.2006		
30.	8(2)	05.10.2006	04.10.2006		

D. Status of compliance with the provisions of Chapter II of the Takeover Regulations (as applicable) for Target Company is as follows

Sr.No.	**Regulation/ Sub-Regulation**	**Due date of compliance as mentioned in the Regulation**	**Actual Date of Compliance**	**Delay, if any (in no. of days) (Col.4 – Col.3)**	**Remarks**
1.	**6(1)**	20.05.1997			
2.	6(3)	20.05.1997			
3.	7(3)	NA	NA	NA	NA
4.	8(3)	30.04.1998			
5.	8(3)	21.10.1998			
6.	8(3)	30.04.1999			
7.	8(3)	29.08.1999			
8.	8(3)	30.04.2000			
9.	8(3)	14.10.2000			
10.	8(3)	30.04.2001			
11.	8(3)	26.10.2001	12.10.2001		
12.	8(3)	30.04.2002	24.04.2002		
13.	8(3)	26.10.2002	16.10.2002		
14.	8(3)	30.04.2003	**21.04.2003**		
15.	8(3)	26.10.2003	**23.03.2004**	There is a delay of about 5 months	
16.	8(3)	30.04.2004	**23.04.2004**		
17.	8(3)	10.10.2004	**25.09.2004**		
18.	8(3)	30.04.2005	**21.04.2005**		
19.	8(3)	16.10.2005	**07.10.2005**		
20.	**8(3)**	30.04.2006	29.04.2006		
21.	8(3)	14.10.2006	07.10.2006		

Information was sought from the target company on the compliance status of the existing promoters as well as the target company with respect to regulation 6, 7 and 8 of SAST (1997) for the period 1997 to 2006. However, the target company informed that they do not have the data of the compliance status with regulation 6, 7 and 8 during the period 1997-2000. Information in this regard has been sought from BSE, NSE and MSE (where the target company is listed). Information is awaited from the stock exchange.