DRAFT LETTER OF OFFER

"THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION"

This Draft Letter of Offer is being sent to you as an Equity Shareholder(s) of **Himachal Fibres Limited** hereinafter referred to as "Target Company" or "HFL"]. If you require any clarifications about the action to be taken, you may consult your stockbroker or investment consultant or the Manager to the Offer or Registrar to the Offer. In case you have recently sold your Equity Shares in HFL, please hand over this Draft Letter of Offer and the accompanying Form of Acceptance cum Acknowledgement, Form of Withdrawal and Transfer Deed to the member of the Stock Exchange through whom the sale was affected.

OPEN OFFER
By
Mr. Mayank Malhotra
(R/o 5D, Club Enclave, Awana, Near Magnet Resort, Barewal, Ludhiana, Punjab)
Tel No.-0161-4684000
&
M/s Brijeshwari Textiles (P) Limited
having its registered office at E-67, LGF, Masjid Moth, Greater Kailash-II, New Delhi,
Tel No.- -(011) 29225738,29226167
&
M/s Shiva Spinfab (P) Limited
having its registered office at 8L, Model Town, Ludhiana, Punjab
Tel No.-0161-4684000
&
M/s Balmukhi Textiles (P) Limited
having its registered office at E 67, LGF, Masjid Moth, Greater Kailash Part II, New Delhi
-(011) 29225738,29226167
(hereinafter collectively referred to as **"the Acquirers")**

To the shareholders of
M/s Himachal Fibres Limited ("HFL" or the "Target Company")
having its registered office at Plot No. 43-44, Industrial Area, Barotiwala, Solan, Himachal Pradesh.
Tel No 01792-253034**, Fax No. -** 0161-4684010

For the acquisition of 22,42,500 (Twenty Two Lacs Forty Two Thousand and Five Hundred only) fully paid up equity shares of Rs. 10/- each, representing 26% of the equity and voting share capital of HFL at a price of Rs. 17.50/- (Rupees Seventeen and Paisa Fifty Only) per equity shares **("Offer** or **Open Offer").**

Please Note:

1. This offer is being made by the Acquirers Pursuant to Regulation 3(1) and 4 of the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 and subsequent amendments thereto **("SEBI (SAST) Regulations")** for substantial acquisition of shares/voting rights accompanied with change in control and management of the Target Company.

2. There are no statutory approvals required to acquire equity shares that are tendered pursuant to this offer. However, the offer would be subject to all-statutory approvals as may be required and/or may subsequently become necessary to acquire at any later date.

3. If there is any upward revision of the Offer Price/size at any time upto three (3) working days prior to commencement of the tendering period, viz., 18.07.2012 in terms of the SEBI (SAST) Regulations, the same would also be informed by way of Public Announcement in the same newspaper where the original Detailed Public Statement dated 04.06.2012 had appeared. Such revised offer price would be payable for all the shares tendered any time during the Offer & accepted under the offer or if the offer is withdrawn pursuant to Regulation 23, the same would be communicated within two (2) working days by an Announcement in the same newspapers in which the original Detailed Public Statement was appeared.

4. If there is a competitive bid:
 # The Public Offer under all subsisting bids shall open and close on the same date.
 # As per the information available with the Acquirers/Target Company, no competitive bid has been announced as of the date of this Draft Letter of Offer (DLOF)

5. Shareholders, who have accepted the Offer by tendering the requisite documents in terms of the Detailed Public Announcement/Draft Letter of Offer, shall not be entitled to withdraw such acceptance during the tendering period.

6. The Offer is not subject to minimum level of acceptance by the shareholders of HFL.

7. The procedure for acceptance is set out in <u>Clause [24]</u> of this Draft Letter of Offer. A Form of Acceptance is enclosed with this DLOF.

8. The Detailed Public Statement and Draft Letter of Offer (including Form of Acceptance-cum-Acknowledgement) would also be available at SEBI's website www.sebi.gov.in.

MANAGER TO THE OFFER	REGISTRAR TO THE ISSUE
MEFCOM (financial services & solutions) **Mefcom Capital Markets Limited** Reg off.: 5th Floor, Sanchi Building, 77, Nehru Place, New Delhi- 110019 Phone: 011-46500500, Fax No: 011- 46500550 SEBI Regn. No.- MB/INM000000016 Website: www.mefcom.in Contact Person: **Mr. Anand Srivastava** Email: **anand@mefcom.in**	**Beetal Financial & Computer Services Pvt Limited** Beetal House,99,Madangir,Behind Local Shopping Centre, Near Dada Harsukh Dass Mandir,New Delhi-110062 Tel Nos.: 011-29961281/82 Fax No.: 011-29961284 Email: beetal@rediffmail.com **Contact Person : Mr. Punit Mittal**
Offer Opens On18.07.2012	**Offer Closes On:31.07.2012**

Schedule of Major Activities of the Offer

Activity	Date	Day
Publication of Detailed Public Statement in newspapers	June 04, 2012	Monday
Last date of Filing of the Draft Offer Document with the SEBI	June 11, 2012	Monday
Last date of a Competing Offer	June 25, 2012	Monday
Identified Date*	July 04, 2012	Wednesday
Last date by which Board of the Target Company shall give its recommendation	July 04, 2012	Wednesday
Date by which the Draft Letter of Offer will be dispatched to the shareholders	July 10, 2012	Tuesday
Last date for upward revision of Offer Price and/or Offer Size	July 13, 2012	Friday
Last date by which Board of the Target Company shall give its recommendation	July 17, 2012	Tuesday
Advertisement of schedule of activity for open offer, status of statutory approval in newspapers and sending the same to SEBI, Stock Exchange and Target Company	July 17, 2012	Tuesday
Date of commencement of tendering period	July 18, 2012	Wednesday
Date of closing of tendering period	July 31, 2012	Tuesday
Date by which communicating rejection/ acceptance and payment of consideration for applications accepted	August 14, 2012	Tuesday

***Identified Date** *is only for the purpose of determining the names of the Shareholders as on such date to whom the Draft Letter of Offer would be sent being all shareholders (except the promoters/promoter group of the Target Company) whose names appear on the register of members of the Target Company and also to those persons who own the shares at any time prior to the closure of the offer, but are not the registered equity shareholders and as regards the beneficial owners of the dematerialized shares, whose names appear as beneficiaries on the records of the respective depositories, at the close of business on July 4,2012*

Index of Content

KEY DEFINITIONS

Term	Description
Acquirers	Mr. Mayank Malhotra, M/s Brijeshwari Textiles (P) Limited, M/s Shiva Spinfab (P) Limited and Balmukhi Textiles (P) Limited
BSE	Bombay Stock Exchange Limited
CDSL	Central Depository Services (India) Limited
DP	Depository Participant
Escrow Account	Escrow account opened in the name and style of "MCML-HFL- OPEN OFFER ESCROW ACCOUNT" with the Escrow Bank, established in accordance with Regulation 17 of the SEBI (SAST) Regulations by the Acquirers.
Special Escrow Account	Special Escrow Account opened in the name and style of "MCML-HFL- OPEN OFFER SPECIAL ACCOUNT" with the Registrar in accordance with Regulation 21 of the SEBI (SAST) Regulations by the Acquirers.
Escrow Bank	Development Credit Bank Limited ("DCB"), New Delhi
FEMA	Foreign Exchange Management Act, 1999
FOA	Form of Acceptance cum Acknowledgement
FOW	Form of Withdrawal cum Acknowledgement
DLOF	Draft Letter of Offer
Manager to the offer/ Merchant Banker	Mefcom Capital Markets Limited having Regd. Office at 5th Floor, Sanchi Building, 77, Nehru Place, New Delhi-110 019
NSDL	National Securities Depository Limited
Offer	This "offer" being made by the Acquirers to the Shareholders of HFL (other than Acquirers and other persons in the promoter group) to purchase upto 22,42,500 equity Shares at the Offer Price of Rs. 17.50 /- per share payable in cash.
Offer Price	Price of Rs. 17.50/- (Rupees Seventeen and Paisa Fifty Only) per equity share
PA	Public Announcement
DPS	Detailed Public Statement dated 4th June, 2012.
Persons Eligible to participate in the Offer	Equity shareholders of HFL (other than Acquirers and other persons in the promoter group) whose names appear on the Register of the Members of HFL at the close of business hours on 04/07/2012 (the "Identified Date") and also to those persons who own the shares at any time prior to the closure of the offer, but are not the registered equity shareholders.
RBI	Reserve Bank of India
Target Company/HFL	Himachal Fibres Limited
Registrar	Registrar to the Offer i.e., **Beetal Financial & Computer Services Pvt Limited**. New Delhi
SEBI	Securities and Exchange Board of India
Identified Date	4th July,2012
Target Company	Himachal Fibres Ltd.("HFL")
SEBI (SAST) Regulations 2011	Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations 2011 and subsequent amendments thereof/ The "Regulations"
The Act	The Companies Act, 1956

Risk Factors relating to the transaction, the proposed offer and probable risks involved in associating with the Acquirers: -

1. The Company has made preferential allotment of 40,00,000 equity shares to the acquirer of this offer. The preferential issue has been duly authorized by a resolution passed by the Board of Directors of the Company in its meeting held on 13.02.2012 and by the special resolution passed under section 81(1A) of the Companies Act, 1956 by the members of the Company in their Extra-Ordinary General Meeting held on March 15, 2012. The Board of Directors of Himachal Fibres Limited (hereinafter referred to as "HFL/the Target Company") in their meeting held on May 21, 2012 allotted 40,00,000 equity shares of Rs. 10/- each at a premium of Rs. 6/- each aggregating to Rs 16/- per share. The proportion of 40,00,000 shares allotted on preferential basis The Company could not publish Public Announcement for the Equity Shareholders of Himachal Fibres Limited on the date of passing the special resolution for allotment of shares on preferential basis i.e. March 15, 2012 (As prescribed under the SEBI (SAST) Regulation, 2011) The company, while calculating the offer price, have considered interest @ 10% for the defaulted period hence and added it with the purchase price.

2. The Offer involves an offer to acquire 26.00% of the total equity and voting share capital of HFL from the eligible shareholders for the Offer. In the case of oversubscription in the Offer, as per the SEBI (SAST) 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.

3. In the event that either (a) a regulatory approval is not received in a timely manner, (b) there is any litigation leading to stay on the Offer, or (c) SEBI instructs the Acquirers not to proceed with the Offer, then the Offer process may be delayed beyond the schedule of activities indicated in this Draft Letter of Offer. Consequently, the payment of consideration to the public shareholders of HFL whose shares have been accepted in the Offer as well as the return of Shares not accepted by the Acquirers may be delayed. In case of the delay, due to non-receipt of statutory approvals, as per Regulation 18(11) of the SEBI (SAST) Regulations, SEBI may, if satisfied that the non-receipt of approvals was not due to willful default or negligence or failure to diligently pursue such approvals on the part of the Acquirers, grant an extension for the purpose of completion of the Offer subject to the Acquirers paying interest to the shareholders for the delay, as may be specified by the SEBI.

4. Shareholders should note that shareholders who have tendered shares in acceptance of the Open Offer shall not be entitled to withdraw such acceptance during the tendering period 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.

5. The Offer is subject to the receipt of statutory and regulatory approvals by the Acquirers under the Offer. The Acquirers may not be able to proceed with the Offer in the event the approvals are not received in terms of the regulation 23 of the SEBI (SAST) Regulations. Delay, if any, in the receipt of these approvals may delay completion of the Offer.

Risks involved in associating with the Acquirers:

6. The Acquirers intend to acquire 22,42,500 fully paid-up equity shares of Rs.10/- each, representing 26 % of the total equity and voting share capital of HFL at a price of Rs. 17.50/- (Rupees seventeen and Paisa Fifty Only) per equity share, payable in cash under the SEBI (SAST) Regulations. HFL does not have any partly paid-up equity shares as on the date of DPS. The equity shares and documents tendered in the Offer will be held in trust by the Registrar to the Offer until the completion of the Offer formalities, and the shareholders will not be able to trade such equity shares. Post this Offer, the Acquirers will have significant equity ownership & effective management control over the Target Company pursuant to regulation 3(1) & 4 of the SEBI (SAST) Regulations.

The Acquirers make no assurance with respect to the market price of the shares during the Offer period and upon the completion of the Offer and disclaim any responsibility with respect to any decision by the shareholders on whether or not to participate in the Offer. The Acquirers make no assurance with respect to the financial performance of the Target Company.

7. The Acquirers and the Manager to the Offer accept no responsibility for the statements made otherwise than in the Detailed Public Statement or this Draft Letter of Offer or in the advertisement or any materials issued by or at the instance of the Acquirers and the Manager to the Offer, and any person placing reliance on any other source of information would be doing so at its own risk.

8. The risk factor set forth above pertains to the acquisition and the Offer and not in relation to the present or future business operations of the Target Company 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 respective participation in the Offer.

2. DISCLAIMER CLAUSE

IT IS TO BE DISTINCTLY UNDERSTOOD THAT FILING OF 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 HFL TO TAKE AN INFORMED DECISION WITH REGARD TO THE OFFER. SEBI DOES NOT TAKE ANY RESPONSIBILITY EITHER FOR FINANCIAL SOUNDNESS OF THE ACQUIRERS, OR THE COMPANY WHOSE SHARES ARE PROPOSED TO BE ACQUIRED OR FOR THE CORRECTNESS OF THE STATEMENTS MADE OR OPINIONS EXPRESSED IN THE DRAFT LETTER OF OFFER. IT SHOULD ALSO BE CLEARLY UNDERSTOOD THAT WHILE ACQUIRERS ARE PRIMARILY RESPONSIBLE FOR THE CORRECTNESS, ADEQUACY AND DISCLOSURE OF ALL RELEVANT INFORMATION IN THIS DRAFT LETTER OF OFFER, THE MERCHANT BANKER IS EXPECTED TO EXERCISE DUE DILIGENCE TO ENSURE THAT ACQUIRERS DULY DISCHARGE ITS RESPONSIBILITY ADEQUATELY. IN THIS BEHALF AND TOWARDS THIS PURPOSE, THE MERCHANT BANKER, MEFCOM CAPITAL MARKETS LIMITED HAS SUBMITTED A DUE DILIGENCE CERTIFICATE DATED 09.06.2012 TO SEBI IN ACCORDANCE WITH SEBI (SUBSTANTIAL ACQUISITION OF SHARES AND TAKEOVERS) REGULATIONS, 2011 AND SUBSEQUENT AMENDMENTS THEREOF. THE FILING OF THE DRAFT LETTER OF OFFER DOES NOT, HOWEVER, ABSOLVE THE ACQUIRERS FROM THE REQUIREMENT OF OBTAINING SUCH STATUTORY CLEARANCES AS MAY BE REQUIRED FOR THE PURPOSE OF THE OFFER.

3. DETAILS OF THE OFFER

3.1 BACKGROUND OF THE OFFER

3.1(i) The offer is being made by **Mr Mayank Malhotra, M/s Brijeshwari Textiles (P) Limited, M/s Shiva Spinfab (P) Limited and Balmukhi Textiles (P) Limited** ("Acquirers") pursuant to Regulations 3(1) and 4 and other applicable provisions of SEBI (SAST) Regulations, 2011 involving substantial acquisition of the Equity Shares and voting right in the target company with change in control or management pursuant to the acquisition of 40,00,000 equity shares by way Preferential Allotment. The preferential issue has been duly authorized by a resolution passed by the Board of Directors of the Company in its meeting held on **13.02.2012** and by the special resolution passed under section 81(1A) of the Companies Act, 1956 by the members of the Company in their Extra-Ordinary General Meeting held on **March 15, 2012.** The Board of Directors of Himachal Fibres Limited (hereinafter referred to as **"HFL/the Target Company"**) in their meeting held on May 21, 2012 allotted 40,00,000 equity shares of Rs. 10/- each at a premium of Rs. 6/- each aggregating to Rs 16/- per share. The proportion of 40,00,000 shares allotted on preferential basis are as under:

S. No.	Name of Allottees	No. of Shares	% of Post Issue Paid Up Capital
1	Mayank Malhotra	200000	2.32
2	Balmukhi Textiles (P) Ltd	1250000	14.49
3	Brijeshwari Textiles (P) Limited	1250000	14.49
4	Shiva Spinfab (P) Limited	1300000	15.07
	Total	**4000000**	**46.37**

3.1 (ii) The Acquirers hereby make this Offer to the shareholders of the Target company to acquire up to 2242500 equity shares of the Target Company of Face Value of Rs.10/- each, representing in aggregate 26% of the paid up equity share capital and voting capital of the Target Company at a price of Rs.17.50/- (Rupees Seventeen and Paisa Fifty only)per fully paid up equity share("Offer Price") payable in cash subject to the terms and conditions mentioned in the DPS and in this Draft Letter of Offer that will be circulated to the shareholders in accordance with SEBI (SAST) Regulations, 2011, ("Draft Letter of Offer") whose names appear on the register of members on the Identified Date i.e. 4th July, 2012

3.1 (iii) Mr Mayank Malhotra, M/s Brijeshwari Textiles (P) Limited, M/s Shiva Spinfab (P) Limited and Balmukhi Textiles (P) Limited are the Acquirers in this open offer and Mr. Akhil Malhotra and Mr. Rajinder Kumar are Persons acting in concert (PAC's) with the Acquirers in respect of this Offer. By the above acquisition, the Acquirers will hold in aggregate 4500000 number of equity shares representing 52.17% of the total paid up capital and resultant voting rights of the target company, which resulted in triggering of SEBI (SAST) regulations, 2011.

3.2 Details of the Proposed Offer

3.2.1 The Acquirers have made a Detailed Public Statement, which was published on 4th June 2012 in the following newspapers in accordance with the Regulation 14(3) and pursuant to Regulations 3(1) and 4 of SEBI (SAST) Regulations, 2011. The Acquirers could not publish Public Announcement for the Equity Shareholders of Himachal Fibres Limited on the date of passing the special resolution for allotment of shares on preferential basis i.e. March 15, 2012 (As prescribed under the SEBI (SAST) Regulation, 2011). Taking March 15, 2012 i.e the date of passing the special resolution, as the reference date for purposes of calculation of Offer Price, including interest of Rs. 0.37 (Thirty Seven Paisa Only) per fully paid up share , calculated at the rate of 10% p.a. from May 28, 2012 (**the scheduled last date if the acquirer had made the offer within the scheduled time limit prescribed under the SEBI (SAST) Regulations, 2011**) till August 14, 2012 (the scheduled last date for Dispatch of payment consideration to the shareholders under the Offer).

Publication	Language	Date	Editions
Business Standard	English	**04.06.2012**	All Edition
Business Standard	Hindi	**04.06.2012**	All Edition
Apna Mahanagar	Marathi	**04.06.2012**	Mumbai Edition

The copy of DPS is also available on the SEBI's website http://www.sebi.gov.in

3.2.2 Pursuant to the allotment made through the preferential issue as mentioned above, the Acquirers are making this Open Offer under Regulations 3(1) & 4 of the SEBI (SAST) Regulations, 2011, to acquire up to 2242500 equity shares of the Target Company of Face Value of Rs.10/- each, representing in aggregate 26% of the paid up equity share capital and voting capital of the Target Company at a price of Rs. 17.50/- (Rupees Seventeen and Paisa Fifty only) per fully paid up equity payable in cash accordance with the regulations.

3.2.3 The equity shares of HFL to be acquired, pursuant to the Offer, shall be free from all lien, charges and encumbrances and together with all rights attached thereto, including the rights to all dividends or other distributions hereinafter declared, made or paid.

3.2.4 There are no partly paid -up shares in the Target Company.

3.2.5 Shareholders (other than Acquirers and PACs) whose names appear in the Register of Members of HFL as at the close of business hours on Identified Date i.e. Wednesday 4th July 2012 and also persons (registered or unregistered) who acquire any Equity Shares of HFL at any time prior to the closure of the Offer are eligible to participate in the offer.

3.2.6 The Manager to the Offer does not hold any Equity Shares of the Target Company as on the date of DPS. The Manager to the Offer further declares and undertakes that they will not deal on their own account in the equity shares of the Target Company during the Offer Period.

3.2.7 This is not a competitive bid.

3.2.8 The Offer is not as a result of global acquisition resulting in indirect acquisition of the target Company.

3.2.9 The Acquirers has not entered into any "Non-Compete Agreement" with the Target Company. Further there is no non compete fee given by Acquirers.

3.2.10 The Offer is not subject to any minimum level of acceptance from the shareholders i.e. it is not a Conditional Offer. The Acquirers will accept the equity shares of HFL those are tendered in valid form in terms of this offer upto maximum of 2242500 equity shares.

3.2.11 As on the date of the Detailed Public Statement the Acquirers alongwith PACs hold 45,00,000 equity shares of Rs.10/-each.

3.2.12 The Acquirers and the PACs have not acquired/been allotted any Shares of the Target Company from the date of the Public Announcement to the date of the Draft Letter of Offer.

4 OBJECT OF THE ACQUISITION/OFFER

4.1 The Offer is being made pursuant to the acquisition of 40,00,000 equity shares by way of Preferential Allotment as described in Para 3.1(i) above whereby the Acquirers alongwith PACs acquired 52.17% of the issued share capital. This has resulted in substantial acquisition of shares and change in control of the Target Company in terms of the SEBI (SAST) Regulations. Hence, this Open Offer is being made in compliances.

4.2 The Acquirers propose to increase their holdings in order to have a majority stake in HFL by acquiring shares from Non promoter shareholders. This offer is upto 26% of the paid up Capital / voting rights, i.e. 2242500 shares of HFL is made in terms of Regulations 10 and 12 of the SEBI (SAST) Regulations.

4.3 The Acquirers intend to control over the Target Company and make changes in the Board of Directors of the Target Company subsequent to the completion of this Open Offer in accordance with the SEBI (SAST) Regulations.

4.4 The Acquirers propose to continue and expand the existing business of the Target Company. The main purpose of the above mentioned acquisitions is to consolidate their shareholding in the Target Company and thereby to exercise effective management and control over the Target Company.

4.5 The Acquirers do not have any plans to dispose off or otherwise encumber any significant assets of HFL in the succeeding two years from the date of closure of the Open Offer, except in the ordinary course of business of the Target Company and except to the extent required for the purpose of restructuring and/or rationalization of the business, assets, investments, liabilities or otherwise of the Target Company. In the event any substantial asset of the Target Company is to be sold, disposed off or otherwise encumbered other than in the ordinary course of business, the Acquirers undertake that it shall do so only upon the receipt of the prior approval of the shareholders of the Target Company through special resolution in terms of regulation 25(2) of the SEBI (SAST) Regulations and subject to the provisions of applicable law as may be required.

5 BACKGROUND OF THE ACQUIRERS and PACs

5.1 Mr Mayank Malhotra

Mr Mayank Malhotra (Acquirer), S/o Sh. Akhil Malhotra, R/o 5D, Club Enclave, Awana, Near Magnet Resort, Barewal, Ludhiana, Punjab, aged 23 years is an under graduate by qualification. Tel.: 0161-4684000, Fax: 0161-4684010.

He is having a networth of Rs. 59.55 Lacs as on March 19, 2012 as certified by Mr. Jatinder Singh (Membership No. 090600), Proprietor of Jatinder Singh & Associates, Chartered Accountants, having office at 8 A, Model Town Extension, Ludhiana-141002, Tel: (0161- 2450074) vide their certificate dated March 20, 2012.

He has an overall experience of 3 years in the business of Textile Industries.

5.2 M/s Brijeshwari Textiles (P) Limited

Brijeshwari Textiles (P) Limited is a Private limited company incorporated vide certificate of Incorporation dated 7th day of September, 2005. The Company is having its registered office situated at E-67, LGF, Masjid Moth, Greater Kailash-II, New Delhi.

The current promoters of the Company are Mr Akhil Malhotra, Mr. Mayank Malhotra and Mr. Rajinder Kumar and the current shareholding pattern of the company is given as under.

Category	**Number of Shares Held**	**% to total paid up share capital**
Promoters	187000	72.06
Mutual Funds/Banks	Nil	N.A
Public	72500	27.94
Total	**259500**	**100.00**

As on date, issued and paid up equity capital of the company is Rs.2,595,000 comprising of 2,59,500 equity shares of Rs.10/-each.The equity shares of the company are not listed on any stock exchange.

The present Directors of the Company are as follows:

S. No.	**Name of the Director**	**Designation**	**Qualification and Experience in No. of years and filed of experience**	**Residential Address**	**Date of Appointment**
1	Akhil Malhotra	Director	Graduate	5-D, CLUB ENCLAVE, AWANA, NEAR MAGNET RESORT , BAREWAL, ludhiana, 141014, Punjab, INDIA	22/05/2007
2	MAYANK MALHOTRA	Director	Under Graduate	5-D, CLUB ENCLAVE, AWANA, NEAR MAGNET RESORT , BAREWAL, ludhiana, 141014, Punjab, INDIA	22/05/2007
3	RAJINDER KUMAR	Director	Graduate	8-L,MODEL TOWN,, BACKSIDE HOTEL CHEVERON, LUDHIANA, 141001, Punjab, INDIA	25/09/2008

Mr. Akhil Malhotra and Mr. Rajinder Kumar are PACs and also are in the Board of Directors of the target company. They undertake not to participate in any deliberations of the Board of Directors of the Target company or vote on any matter in relation to this open offer

There are no partly paid up equity shares in the Company and /or outstanding instruments in the nature of warrants /fully convertible debentures /partly convertible debentures, etc. which are convertible into equity at any later date.

There has been no merger/demerger or spin off in the company during the past three years.

The brief financial details of Brijeshwari Textiles (P) Limited for the past three years are given below:-

(Rs. in Lacs)

Profit & Loss statement	Year ended 31.03.09 (Audited)	Year ended 31.03.10 (Audited)	Year ended 31.03.11 (Audited)	Period ended 19.03.12 (Certified & unaudited)
Income from Operations	0.00	0.00	0.00	0.00
Other Income	0.00	0.00	0.00	0.00
Total Income	0.00	0.00	0.00	0.00
Total expenditure	0.19	0.23	0.71	0.21
EBIDT	-0.19	-023	-0.71	-0.21
Depreciation	0.00	0.00	0.00	0.00
Interest	0.00	0.00	0.00	0.00
Profit/Loss Before Tax	-0.19	-0.23	-0.71	-0.21
Tax	0.00	0.00	0.00	0.00
Profit/Loss after Tax	-0.19	-0.23	-0.71	-0.21

(Rs. in Lacs)

Balance Sheet Statement	Year ended 31.03.09 (Audited)	Year ended 31.03.10 (Audited)	Year ended 31.03.11 (Audited)	Period ended 19.03.12 (Certified & unaudited
Sources of Funds				
Paid up share capital	11.05	11.05	25.95	25.95
Reserves & Surplus	0.00	0.00	2962.71	2962.50
Secured Loans	0.00	0.00	0.00	0.00
Unsecured Loans	0.00	0.00	0.00	0.00
Deferred Current Liabilities	2459.45	3955.63	4041.36	5251.72
Total	**2470.50**	**3966.68**	**7030.02**	**8240.17**
Uses Of Funds				
Net Fixed Assets	0.00	0.00	0.00	0.00
Investments	15.89	2435.89	2745.89	355.89
Net Current Assets	2453.16	1529.11	4282.37	4882.52
Profit & Loss Account	1.45	1.68	0.00	0.00
Miscellaneous Expenditure	0.00	0.00	0.00	1.76
Total	**2470.50**	**3966.68**	**7030.02**	**8240.17**

Other Financial Data	Year ended 31.03.09 (Audited)	Year ended 31.03.10 (Audited)	Year ended 31.03.11 (Audited)	Period Ended 19.03.2012 (Certified & unaudited)
Net worth (In Rs.)	959904.00	937229.00	298690215.00	298668897.00
Dividend (%)	0.00	0.00	0.00	0.00
Earning Per Share (In Rs.)	0.00	0.00	0.00	0.00
Return on Net Worth (%)	0.00	0.00	0.00	0.00
Book Value Per Share	8.69	8.48	1151.02	1150.94

The Company has not been prohibited by SEBI from dealing in securities, in terms of directions issued u/s 11B of SEBI Act.

The Company has complied with the applicable compliances of the SEBI (SAST) Regulations/ other applicable provisions and other requirements and is in process of complying with the open offer process.

5.3 **M/s Shiva Spinfab (P) Limited (Acquirer)**

Shiva Spinfab (P) Limited is a Private limited company incorporated vide certificate of Incorporation dated 13th day of December, 2004. The Company is having its registered office situated at 8L, Model Town, Ludhiana, Punjab.

The current promoter of the Company are Mr Akhil Malhotra and Mr Mayank Malhotra and the current shareholding pattern of the company are given as under.

Category	Number of Shares Held	% to total paid up share capital
Promoters	10240	12.56
Mutual Funds/Banks	Nil	N.A
Public	71275	87.44
Total	**81515**	**100.00**

As on date, issued and paid up equity capital of the company is Rs.815,150 comprising of 81.515 equity shares of Rs.10/-each.The equity shares of the company are not listed on any stock exchange.

The present Directors of the Company are as follows:

S. No.	Name of the Director	Designation	Qualification and Experience in No. of years and filed of experience	Residential Address	Date of Appointment
1	Akhil Malhotra	Director	Graduate	5-D, CLUB ENCLAVE, AWANA, NEAR MAGNET RESORT , BAREWAL, ludhiana, 141014, Punjab, INDIA	13/12/2004
2	MAYANK MALHOTRA	Director	Under Graduate	5-D, CLUB ENCLAVE, AWANA, NEAR MAGNET RESORT , BAREWAL, ludhiana, 141014, Punjab, INDIA	16/11/2009

Mr. Akhil Malhotra is one of the PACs and also in the Board of Directors of the target company. He undertakes not to participate in any deliberations of the Board of Directors of the Target company or vote on any matter in relation to this open offer

There are no partly paid up equity shares in the Company and /or outstanding instruments in the nature of warrants /fully convertible debentures /partly convertible debentures, etc. which are convertible into equity at any later date.

There has been no merger/demerger or spin off in the company during the past three years.

The brief financial details of **M/s Shiva Spinfab (P) Limited** for the past three years are given below:-

(Rs. in Lacs)

Profit & Loss statement	Year ended 31.03.09 (Audited)	Year ended 31.03.10 (Audited)	Year ended 31.03.11 (Audited)	Period ended 19.03.12 (Certified & unaudited)
Income from Operations	0.00	0.00	0.00	0.00
Other Income	0.00	0.00	0.00	0.00
Total Income	0.00	0.00	0.00	0.00
Total expenditure	0.63	4.44	0.18	0.20
EBIDT	-0.63	-4.44	-0.18	-0.20
Depreciation	0.00	0.00	0.00	0.00
Interest	0.00	0.00	0.00	0.00
Profit/Loss Before Tax	-0.63	-4.44	-0.18	-0.20
Tax	0.00	0.00	0.00	0.00
Profit/Loss after Tax	-0.63	-4.44	-0.18	-0.20

(Rs. in Lacs)

Balance Sheet Statement	Year ended 31.03.09 (Audited)	Year ended 31.03.10 (Audited)	Year ended 31.03.11 (Audited)	Period ended 19.03.12 (Certified & unaudited)
Sources of Funds				
Paid up share capital	1.00	1.00	8.15	8.15
Reserves & Surplus	33.22	28.78	1041.74	1041.54
Secured Loans	0.00	0.00	0.00	0.00
Unsecured Loans	0.00	0.00	0.00	0.00
Deferred Current Liabilities	8980.90	9218.58	9219.55	9632.02
Total	**9015.12**	**9248.36**	**10269.44**	**10681.74**
Uses Of Funds				
Net Fixed Assets	84.87	134.87	142.87	142.87
Investments	4700.75	7304.89	7304.89	7304.89
Net Current Assets	4228.57	1807.67	2820.75	323.05
Profit & Loss Account	0.00	0.00	0.00	0.00
Miscellaneous Expenditure	0.93	0.93	0.93	0.93
Total	**9015.12**	**9248.36**	**10269.44**	**10681.74**

Other Financial Data	Year ended 31.03.09 (Audited)	Year ended 31.03.10 (Audited)	Year ended 31.03.11 (Audited)	Period ended 19.03.12 (Certified & unaudited)
Net worth (In Rs.)	3329006.00	2884647.00	1048.96	104876673.00
Dividend (%)	0.00	0.00	0.00	0.00
Earning Per Share (In Rs.)	0.00	0.00	0.00	0.00
Return on Net Worth (%)	0.00	0.00	0.00	0.00
Book Value Per Share	332.90	288.46	1286.84	1286.59

The Company has not been prohibited by SEBI from dealing in securities, in terms of directions issued u/s 11B of SEBI Act.

The Company has complied with the applicable compliances of the SEBI (SAST) Regulations/ other applicable provisions and other requirements except as mentioned above and is in process of complying with the open offer process.

5.4 **M/s Balmukhi Textiles (P) Limited (Acquirer)**

Balmukhi Textiles (P) Limited is a Private limited company incorporated vide certificate of Incorporation dated 7th day of September, 2005. The Company is having its registered office situated at E 67, LGF, Masjid Moth, Greater Kailash Part II, New Delhi.

The current promoters of the Company are Mr Akhil Malhotra, Mr Mayank Malhotra and Mr. Rajinder Kumar and the current shareholding pattern of the company are given as under.

Category	Number of Shares Held	% to total paid up share capital
Promoters	207977	90.24
Mutual Funds/Banks	Nil	N.A
Public	22500	9.76
Total	**230477**	**100.00**

As on date, issued and paid up equity capital of the company is Rs.2,304,770 comprising of 2,30.477 equity shares of Rs.10/-each.The equity shares of the company are not listed on any stock exchange.

The present Directors of the Company are as follows:

S. No.	Name of the Director	Designation	Qualification and Experience in No. of years and filed of experience	Residential Address	Date of Appointment	No. of shares held in Target Company	Other Directorships	Director Identification No. (DIN No.)
1	Akhil Malhotra	Director	Graduate	5-D, CLUB ENCLAVE, AWANA, NEAR MAGNET RESORT , BAREWAL, ludhiana, 141014, Punjab, INDIA	08/06/2007	50,000		00126240
2	MAYANK MALHOTRA	Director	Graduate	5-D, CLUB ENCLAVE, AWANA, NEAR MAGNET RESORT , BAREWAL, ludhiana, 141014, Punjab, INDIA	08/06/2007	0		01395444
3	RAJINDER KUMAR	Director	Graduate	8-L,MODEL TOWN,, BACKSIDE HOTEL CHEVERON, LUDHIANA, 141001, Punjab, INDIA	25/09/2008	0		02344471

Mr. Akhil Malhotra and Mr. Rajinder Kumar are PACs and also are in the Board of Directors of the target company. They undertake not to participate in any deliberations of the Board of Directors of the Target company or vote on any matter in relation to this open offer

There are no partly paid up equity shares in the Company and /or outstanding instruments in the nature of warrants /fully convertible debentures /partly convertible debentures, etc. which are convertible into equity at any later date.

There has been no merger/demerger or spin off in the company during the past three years.

The brief financial details of **M/s Balmukhi Textiles (P) Limited** for the past three years are given below:-

(Rs. in Lacs)

Profit & Loss statement	Year ended 31.03.09 (Audited)	Year ended 31.03.10 (Audited)	Year ended 31.03.11 (Audited)	Period ended 19.03.12 (Certified & unaudited)
Income from Operations	0.00	0.00	0.00	0.00
Other Income	0.00	0.00	0.00	0.00
Total Income	0.00	0.00	0.00	0.00
Total expenditure	0.18	0.24	0.45	0.14
EBIDT	-0.18	-0.24	-0.45	-0.14
Depreciation	0.00	0.00	0.00	0.00
Interest	0.00	0.00	0.00	0.00
Profit/Loss Before Tax	-0.18	-0.24	-0.45	-0.14
Tax	0.00	0.00	0.00	0.00
Profit/Loss after Tax	-0.18	-0.24	-0.45	-0.14

(Rs. in Lacs)

Balance Sheet Statement	Year ended 31.03.09 (Audited)	Year ended 31.03.10 (Audited)	Year ended 31.03.11 (Audited)	Period ended 19.03.12 (Certified & unaudited)
Sources of Funds				
Paid up share capital	6.00	6.00	23.05	23.04
Reserves & Surplus	0.00	0.00	3390.31	3390.16
Secured Loans	0.00	0.00	0.00	0.00
Unsecured Loans	0.00	0.00	0.00	0.00
Deferred Current Liabilities	3265.42	4090.60	4685.78	6980.79
Total	**3271.42**	**4096.60**	**8099.14**	**10393.99**
Uses Of Funds				
Net Fixed Assets	0.00	0.00	0.00	0.00
Investments	17.66	2667.66	2967.66	4492.66
Net Current Assets	3252.26	1427.20	5129.72	5899.57
Profit & Loss Account	1.50	1.74	0.00	0.00
Miscellaneous Expenditure	0.00	0.00	1.76	1.76
Total	**3271.42**	**4096.60**	**8099.14**	**10393.99**

Other Financial Data	Year ended 31.03.09 (Audited)	Year ended 31.03.10 (Audited)	Year ended 31.03.11 (Audited)	Period ended 19.03.12 (Certified & unaudited)
Net worth (In Rs.)	450465.00	426320.00	341159166.00	341144848.00
Dividend (%)	0.00	0.00	0.00	0.00
Earning Per Share (In Rs.)	0.00	0.00	0.00	0.00
Return on Net Worth (%)	0.00	0.00	0.00	0.00
Book Value Per Share	7.50	7.11	1408.23	1480.17

The Company has not been prohibited by SEBI from dealing in securities, in terms of directions issued u/s 11B of SEBI Act.

The Company has complied with the applicable compliances of the SEBI (SAST) Regulations/ other applicable provisions and other requirements and is in process of complying with the open offer process.

5.5 **Mr Akhil Malhotra (PACs)**

Mr Akhil Malhotra (Acquirer), S/o Late Sh. Bal Krishan Malhotra, R/o 5-D, Club Enclave, Awana, near Magnet Resorts,Barewal, Ludhiana, Punjab, aged 47 years is Arts Graduate by qualification. Tel.: 0161-4684000 Fax: 0161-4684010.

He is having a networth of Rs. 766.78 Lacs as on March 19, 2012 as certified by Mr. Jatinder Singh (Membership No. 090600), Proprietor of Jatinder Singh & Associates, Chartered Accountants, having office at 8 A, Model Town Extension, Ludhiana-141002, Tel: (0161- 2450074) vide their certificate dated March 20, 2012.

He has an overall experience of 24 years in the business of textile industries.

He is holding directorship in Himachal Fibres Limited, Shiva Texfabs Limited, Shiva Spinfab (P) Ltd, Shiva Spin N Knit Ltd, Shiva Cottex (P) Ltd, Yoginder Worsted Ltd, Brijeshwari Textiles (P) Ltd, Hitech Dying and Finishing Mills (P) Ltd, Balmukhi Textiles (P) Ltd, Shiva Speciality Yarns Ltd and K K Fibres Ltd.

5.6 **Mr Rajinder Kumar (PACs)**

Mr Rajinder Kumar (Acquirer), S/o Sh. Manohar Lal, House No. 3443, Sector- 32A, Ludhiana-141001, Punjab, aged 45 years is Graduate by qualification. Tel.: 0161-4684000 Fax: 0161-4684010.

He is having a networth of Rs. 64.94 Lacs as on March 19, 2012 as certified by Mr. Jatinder Singh (Membership No. 090600), Proprietor of Jatinder Singh & Associates, Chartered Accountants, having office at 8 A, Model Town Extension, Ludhiana-141002, Tel: (0161- 2450074) vide their certificate dated March 20, 2012.

He has an overall experience of 20 years in the business of Textile Industries.

He is holding directorship in Himachal Fibres Limited, Brijeshwari Textiles (P) Ltd and Balmukhi Textiles (P) Ltd.

6 DETAILS OF EARLIER ACQUISITIONS

6.1 Acquirers have not acquired any share, other than those mentioned in Clause 3.1(i) above, earlier to this Open Offer in the target Company.

8 CONTINUOUS LISTING

6.1 The Acquirers, along with its deemed PACs, collectively hold 45,00,000 Equity Shares of the Target Company as of the date of the Public Announcement comprising 52.17% of the paid up capital of the Target Company. Upon completion of the Offer, assuming full acceptance the Acquirers will directly hold 67,42,500 Equity Shares comprising 78.17% of the total voting capital of the Target Company as shown in the table below:

	As on the date of Public Announcement		After the Offer	
Particulars	**No. of Shares**	**Shareholding (%)**	**No. of Shares**	**Shareholding (%)**
Total Promoter and Promoter Group				
Acquirers				
A. Acquirers	4000000	46.38	6242500	72.38
B.Deemed PACs of the Acquirers	500000	5.79	500000	5.79
Total	4500000	52.17	6742500	78.17

7 BACKGROUND OF THE TARGET COMPANY

Himachal Fibres Limited (HFL)

Himachal Fibres Limited (Hereinafter referred to as "HFL") was originally incorporated as Private Limited company under the name Himachal Fibres (P) Limited on 20.02.1980, with the Registrar of Companies, Delhi & Haryana. The Company was converted in to Public Limited Company vide fresh certificate of incorporation dated 7th day of August, 1981 issued by the Registrar of Companies, Delhi & Haryana and the name of the company was changed to Himachal Fibres Limited. The registered office of the company is at present situated at Plot No. 43-44, Industrial Area, Barotiwala, Solan, Himachal Pradesh. The Corporate Office of the company is situated at SCO-1, Ground Floor, City Tower, Model Town, Ludhiana-141002. Tel No.: (0161) 4675499, Fax No.: (0161) 4684010.

As on the date of public announcement, the authorized share capital of the target company is Rs. 335000000 divided into 17500000 equity shares of Rs. 10/- each and 1600000 Preference Shares of Rs 100/- each aggregating to Rs 335000000. The Issued, subscribed & paid up capital of the Company is Rs. 221250000/- divided into 8625000 equity shares of Rs. 10/- each, 150000, 16.5% Cumulative Redeemable Preference Shares of Rs 100/- each and 1200000, 4% Non Cumulative Redeemable Preference Shares of Rs 100/- each. There are no partly paid up share in the company.

HFL has been engaged in the business of manufacturing of Cotton and Blended Yarns and manufacturing facilities of the company is situated at Plot No. 43-44, Industrial Area, Barotiwala, Solan, Himachal Pradesh.

The equity shares of "HFL" are at present listed on The Bombay Stock Exchange Limited (BSE) and the shares of the company are infrequently traded

7.1 PROMOTERS OF THE COMPANY

The Company was promoted by Mr. Bal Krishna Garodia and Mr. Hari Charan Garodia. Subsequently in 2009-10, pursuant to BIFR order dated 21.07.2009 Mr. Rajesh Gupta, Mr. Sanjay Goel,Mr. Harish Gupta & M/s Garg Corporation Ltd. have been inducted as strategic investors and co promoters. Further BIFR, vide its order dated 12.05.2010 has introduced Mr. Akhil Malhotra and Mr. Rajinder Kumar as two new co promoters to enable revival of the company. These two new co promoters are the present promoters of the company as previous promoters have sold of their entire or substantial shareholdings and are no more associated with the company. The details of consolidated Promoters Holding is as follow:

Year	Date of Change	Purchase	Sold	Balance	%age	Total Shares
Incorporation	**29.12.1979**	**20**	**-**	**20**	**100**	20
Public Issue	**1984**	1010045	**-**	1010065	**38.41**	2630000
Preferential	**1990**	334000		1344065	**44.73**	3005000

Issue						
31.03.1998	**N.A.**		557115	786950	**26.19**	3005000
31.03.2003*		13500		800450	**26.64**	3005000
31.03.2004			29900	770550	**25.64**	3005000
31.03.2007		115750	88450	797850	**26.55**	3005000
31.03.2008		230250	214500	813600	**27.07**	3005000
31.03.2009		231100	296700	748000	**24.89**	3005000
31.03.2010			573475	1675525	**55.76****	3005000
31.03.2011		500000***	1058975	1116550	**31.85**	3505000
31.03.2012			616550	500000	**10.81**	4625000
31.05.2012	**Preferential Issue******	4000000		4500000	**52.17**	8625000

* Detailed data prier to 2003 not available.
** Pursuant to BIFR scheme issued & paid-up capital was reduced to 50% and issued 1502500 shares to Strategic Investors/ Promoters.
*** 500000 Shares issued pursuant to BIFR scheme Mr. Akhil Malhotra and Mr. Rajinder Kumar, were introduced as new co-promoters.
**** The present trigger event for which company could not issue Public Announcement as stipulated in SEBI(SAST) Regulations, 2011.

7.2 CAPITAL STRUCTURE

7.2.i The details of Capital Structure of Company is as follows:

Particulars	Number of Shares	Face Value (Rs.)	Nominal Amount (Rs.)
Authorised Capital	33500000	10/-	33,50,00,000/-
Equity Share	17500000	10/-	17,50,00,000/-
16.5% Cummulative Redeemable Preference Shares	165000	100/-	1,65,00,000/-
4% Non-Cummulative Redeemable Preference Shares	1435000	100/-	14,35,00,000/-
Issued, subscribed and paid-up equity share capital	4625000	10/-	4,62,50,000/-
16.5% Cummulative Redeemable Preference Shares	150000	100/-	1,50,00,000/-
4% Non-Cummulative Redeemable Preference Shares	1200000	100/-	12,00,00,000/-

7.2.ii The Share capital structure as on date of Detailed Public Statement was as under:

(Face Value Rs.10/- each)

Paid up equity shares of HFL	No of Shares / Voting right	% of Shares /% of Voting Right
Fully paid up equity shares	8625000	100
Partly paid up equity shares	Nil	Nil
Total paid up equity shares	8625000	100
Total voting rights in HFL	8625000	100

7.3 There is no change in Capital structure of Target Company during the period from the date of Public Announcement till the date of Draft Letter of Offer.

BUILD UP OF THE SHARE CAPITAL:

Date of allotment	No of shares issued	Cumulative paid-up capital (Rs.)	Mode of allotment	Identity of Allottees (promoters/ex-promoters/Others	Status of Compliance
29.12.1979	20	20	Subscribers to Memorandum of Association	Subscribers to Memorandum of Association	Complied
Public issue & Others Year 1984					
	1010045		Preferential issue		
	89955		Preferential issue		
	1530000		Public issue		
Total		**2630000**	**Total**		
Public issue & Others Year 1990					
	334000		Preferential	Promoters	
	41000		Public issue	Public	
Total		**3005000**			
BIFR ORDERS 2007					
	1502500*				
Total		**3005000**		Promoters	
17.06.2010	500000	3505000	BIFR Order	Promoters	
25.05.2011	1120000	4625000	Preferential issue	Non Promoters	Complied
21.05.2012	4000000	8625000	Preferential issue via Open offer	Promoters	Complied

* As per the sanction scheme dated 21.07.2009, The share Capital was reduced to Rs.5 and consolidated two shares into one and further allowed to induct 1502500 via strategic investors/ promoters to make the total 3005000 equity Shares.

7.3.i The Company is listed on Bombay Stock Exchange only. The shares are not traded frequently in terms of Explanation (i) to Regulation 20(5).

7.4 The trading of shares of "HFL" was suspended by "BSE" from January 7, 2002 till 2008 for non comliances of listing agreement. The said suspension was revoked by BSE vide their letter dtd September 19, 2008. Since then the company has complied with all the listing requirements till date and no punitive actions have been taken against the Company.

7.5 As on date the Company has 150000 16.5% Cummulative Redeemable Preference Shares of Rs.100 each aggregating to Rs. 1,50,00,000/- and 1200000 4% Non-Cummulative Redeemable Preference Shares of Rs.100 each aggregating to Rs. 12,00,00,000/-

7.6 As on date the company has no outstanding Convertible instruments. There are no partly paid-up shares in the Target Company.

7.7 The closing price of HFL on BSE as on 03.04.2012 (last traded) was Rs. 15.00

7.8 As on the date of this Draft Letter of Offer, following shares are under Lock-in.

Sl. No	Name	Category	No. of Shares	Period of lock in
1.	M/s Garg Corporation Ltd.	Promoter	601000	Upto 01.09.2012
2.	Mr. Akhil Malhotra	Promoter	310000	Upto 16.06.2013
3.	Mr. Rajinder Kumar	Promoter	190000	Upto 16.06.2013
	Total		1101000	

8 **CHAPTER II COMPLIANCE**

8.1 Promoters, Acquirers and other major shareholders have complied with Chapter-II of SEBI (SAST) Regulations within the time limits, as specified in the regulations. The Target Company has complied with Chapter-II of SEBI (SAST) Regulations within the time limit specified in the Regulations. SEBI may take action against the Target Company for the non-compliance, if any.

9 COMPOSITION OF THE BOARD OF DIRECTORS OF HFL AS ON THE DATE OF PUBLIC ANNOUNCEMENT IS AS FOLLOWS:

Name of Director	Designation	Age	Qualification and Experience	Residential Address	Date of Appointment	Other Directorship
Sushil Kumar Singla	Director	50	Chartered Accountant 25 years	2005, Phase-1, Urban Estate, Durgi Road, Ludhiana, 141002, Punjab, India	04/06/2010	1. SHIVA TEXFABS LIMITED 2. BHAWANI INDUSTRIES LIMITED 3. YOGINDERA WORSTED LIMITED 4. SHIVA SPECIALITY YARNS LIMITED 5. GARG FURNACE LIMITED
Akhil Malhotra	Managing Director	47	Graduate	5-D, ClubEnclave, Awana, Near Magnet Resort, Barewal, Ludhiana, 140114, Punjab, India	28/05/2010	1. SHIVA TEXFABS LIMITED 2. SHIVA SPINFAB PRIVATE LIMITED 3. SHIVA SPIN-N-KNIT LIMITED 4. SHIVA COTTEX PRIVATE LIMITED 5. YOGINDERA WORSTED LIMITED 6. BRIJESHWARI TEXTILES PRIVATE LIMITED

						7. HITECH DYEING AND FINISHING MILLS PRIVATE LIMITED 8. BALMUKHI TEXTILES PRIVATE LIMITED 9. SHIVA SPECIALITY YARNS LIMITED 10. K K FIBERS LIMITED
Rajan Dhawan	Director	54	Chartered Accountant 30 years	D-12, West Nizamuddin, N Delhi, 110013,	04/06/2010	1. GEO TRADES PRIVATE LIMITED
Raj Mittal	Director	47	Chartered Accountant 20 years	327, Model Gram, Ludhiana,141001, Punjab	18/07/2007	-
Rajinder Kumar	Whole-Time Director	45	Graduate	8-L, Model Town, Backside Hotel, Cheveron, Ludhiana, 141001, Punjab	28/05/2010	1. BALMUKHI TEXTILES PRIVATE LIMITED. 2. BRIJESHWARI TEXTILES PRIVATE LIMITED
Daljeet Singh Rana	Director	49	Graduate	House No. 925, Ist Floor, Sector 12, Huda Panipat,132103, Haryana	15/03/2010	1. SHIVA TEXFABS LIMITED
Prem Prakash Thukral	Whole-Time Director	53	MBA,PGDMM	C/o- Himachal Fibres Limited, Plot No-43-44, Industrial Area, Barotiwala, Solan, 174103, Himachal Pradesh	03/02/2012	-

9.1 There are no changes in Board of Directors after Public Announcement.

9.2 There have been no merger/demerger, spin-offs involving HFL over the last three years.

9.3 The Brief audited financials of HFL are as under:

(Amount in Lacs)

Profit & Loss statement	Year ended 31.03.10 (Audited)	Year ended 31.03.11 (Audited)	Year ended 31.03.12 (Audited)
Income from Operations	8955.35	10017.31	10360.68
Other Income	16.50	45.98	24.20

Total Income	8971.85	10063.29	10384.88
Total expenditure	8175.44	9091.83	9404.88
EBIDT	796.41	971.46	980.00
Depreciation	201.30	232.45	256.05
Interest	364.24	499.00	498.64
Profit Before Tax	**230.87**	**240.01**	**225.31**
Tax	0.03	62.81	95.90
Profit after Tax	**230.84**	**177.20**	**129.41**

(Amount in Lacs)

Balance Sheet Statement	**Year ended 31.03.10 (Audited)**	**Year ended 31.03.11 (Audited)**	**Year ended 31.03.12 (Audited)**
Sources of Funds			
Paid up Share Capital	**1665.50**	**1715.50**	**1812.50**
Reserves & Surplus (excluding Revaluation Reserves)	1927.82	1927.82	2219.83
Secured Loans	3043.90	2673.93	2811.09
Unsecured Loans	1008.51	1150.00	1550.00
Current Liabilities	661.35	989.76	770.89
Deffered Tax Liabilities	0.00	-245.05	0.00
Total	**8307.08**	**8211.96**	**9164.31**
Uses of Funds			
Net Fixed Assets	2532.09	2649.92	2752.31
Investments	0.00	0.00	0.00
Net Current Assets	3540.29	3769.75	4548.99
Deferred Tax Assets	0.00	245.05	195.35
Profit & Loss a/c	2234.70	1792.29	1667.66
Total	**8307.08**	**8211.96**	**9164.31**

Other Financial Data	**Year ended 31.03.10 (Audited)**	**Year ended 31.03.11 (Audited)**	**Year ended 31.03.12 (Audited)**
Net Worth (Rs. In Lacs)	1358.62	1605.98	2169.32
Dividend (%)	0.00	0.00	0.00
Earning Per Equity Share (Rs.)	5.18	5.18	1.28
Return on Net Worth (%)	16.99%	11.03%	5.97%
Book Value Per Equity Share	-ve	6.88	16.74

Formula: Return on Net Worth= (Profit after Tax/ Net Worth)*100;
Book value of shares=Net Worth /Number of equity shares issued; EPS=Profit after Tax/ Number of equity shares issued

10 **PRE AND POST OFFER SHAREHOLDING PATTERN OF - HFL:**

Shareholder's Category	**No.of Share holders** As on date of PA	**Shareholding & voting rights**		**Equity shares/Voting Rights acquired which triggered off the Regulations**		**Equity shares /Voting Rights to be acquired in Open Offer (Assuming full acceptances**		**Share holding/ Voting rights after the acquisition and offer (Assuming full acceptance)**	
		No.	%	No.	%	No.	%	No.	%
1)Promoter/promoter group									
a)Akhil Malhotra									
b)Rajindra Kumar	1	310000	6.7	nil		-	-	310000	3.59
	1	190000	4.11	nil		-	-	190000	2.2
Total(1)	2	500000	10.81			-	-	500000	5.79

2)Acquirers				4000000	46.38	2242500	26	6242500	72.38
3) Public									
a.FIs/MFs/FIIs/Banks	4	14100	0.3	-	-				
b. Others	4	4111150	88.89	-	-				
Bodies Corporate	49	3070900	66.4	-	-				
Trusts	1	400	0.01	-	-				
Individuals	1882	1037950	22.44	-	-				
NRIs/OCBs	1	350	0.01	-	-				
HUF	4	1300	0.03	-	-				
Clearing members				-	-				
Total (4)(a+b)	1941	4125000	89.19	-	-	-2242500	-26	1882500	21.83
Grand Total (1+2+3)	**1943**	**4625000**	**100**	**4000000**	**46.38**			**8625000**	**100**

14.2 There are no other purchase or sales other than one disclosed in the above table by the promoter group.

14.3 Mr. Akhil Malhotra and Mr. Rajinder Kumar are PAC and also are in the Board of Directors of the target company. They undertake not to participate in any deliberations of the Board of Directors of the Target company or vote on any matter in relation to this open offer

15 Details of Company Secretary and Compliance Officer of Target Company:
Mr. Mukesh Singh Verma
Himachal Fibres Ltd.,
SCO-1, City Tower, Model Town, Ludhiana-141002
Phone: 0161-4675499
Fax No: 0161-4684010
Mobile: 08054711051

16 As of Identified Date the HFL had 1941 shareholders in public category.

17 STATUS OF CORPORATE GOVERNANCE, PENDING LITIGATIONS AND CONTINGENT LIABILITY OF TARGET COMPANY

17.1 (A) Status of Corporate Governance

Himachal Fibres Ltd. has been complying with the provisions of Corporate Governance and has appointed 03 Independent Directors out of total strength of 07 Directors on its Board. Company has duly 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:-

Name of Directors	Category	Member of Audit Committee	Member of Shareholder's Grievance Committee	Member of Remuneration Committee
Mr. Sushil Kumar Singla	Independent Director	Chairman	Chairman	Chairman
Mr. Akhil Malhotra	Executive Director	Member	Member	
Mr. Rajan Dhawan	Independent Director			Member
Mr. Raj Mittal	Independent Director	Member	Member	Member

(B) As per the Certificate on Corporate Governance received from the Statutory Auditors, the provisions of Clause 49 of the Listing Agreement with regard to Corporate Governance have been complied with and Compliance Certificates on quarterly basis have been filed with the Stock Exchanges within the stipulated time.

17.2 There are following Litigations pending against or by the Target Company.

Against the Company:

Sr. No	Name of Parties and Authority	Brief of the Case	Stage of Case and Next date of Hearing
1	AVS Industries V/s Himachal Fibres Ltd	Before Civil Court of TIS HAZARI New Delhi. Unsecured creditor for Rs.10,76,004 entitled for 10% of the Principal Amount i.e. Rs 1,07,600.00 as per BIFR sanctioned scheme dated 21.07.2009.	Next Hearing on 23/7/2012
2	P F Department Vs. Himachal Fibres Limited	Cases against the Company for default during the period 1997 to 2001 by the then Management (Shri B.K Garodia, MD) of the company.	12.06.2012

By the Company:

1	Himachal Fibres Limited V/s Subham Chemicals	Civil Revision Application filed by Himachal Fibres Limited against ex-parte decision of Rs. 1,35,65,326. Unsecured creditor for Rs.78,81,452.92 entitled for 10% of the Principal Amount i.e. Rs.7,88,145.00 as per BIFR sanctioned scheme dated 21.07.2009.	Next Hearing on 26/6/2012
2	Shree Sidhi Vinayak Trading Company, New Delhi Dee Kay Traders, New Delhi Online Knit Fashion, Tirupur Royal Yarn Coimbatore (P) Ltd, Tirupur Shruti International , Ludhiana Zenith Fashion, Tirupur	Company has filed Cases under section 138 of Negotiable Instrument act against the parties/entities.	Next Hearing 16/07/2012

17.3 There are no Contingent Liabilities in HFL as on date of this Draft Letter of Offer.
17.4 No penal actions have been initiated by any stock exchange against HFL as on date of this Draft Letter of Offer.

18 OFFER PRICE AND FINANCIAL ARRANGEMENTS

<u>JUSTIFICATION OF OFFER PRICE</u>

The Equity Shares of the Target Company are listed at the BSE only. The equity shares are placed under Group 'T' having a Scrip Code of "514010" & Scrip Id: HIMFIBP on the BSE.

(ii) The total trading turnover in the Equity Shares of the Target Company on the BSE based on trading volume during the twelve calendar months prior to the month of PA (March, 2011 to February, 2012).

Name of the Stock Exchange	Total number of Equity Shares traded during 12 calender months prior to the month of PA i.e May, 2011 to April, 2012	Total number of Listed shares	Annualized trading turnover (% of total listed shares)
BSE*	7350	4625000	0.16

19 <u>MINIMUM OFFER PRICE AS PER REGULATION NO. 8 (2) AND OFFER PRICE JUSTIFICATION</u>

Since there has been no active trading in the shares of Target Company as per the data maintained on the website of the BSE i.e. www.bseindia.com during twelve (12) calendar months preceding the month in which the PA was made, the equity shares of HFL are not frequently traded shares within the meaning of regulation 2(j) of the SEBI (SAST) Regulations and therefore the Offer Price has been determined taking into account the parameters as set out under regulation 8 (2) of the SEBI (SAST) Regulations, as under:

1	The Negotiated Price	Not Applicable
2.	The Volume- Weighted Average Price paid or payable for acquisitions by the Acquirers during 52 weeks immediately preceding the date of PA	Not Applicable
3	Highest price paid or payable for acquisitions by the Acquirers during 26 weeks immediately preceding the date of PA	Rs 16.00
4.	The Volume-Weighted Average Market Price of shares for a period of sixty trading days immediately preceding the date of the PA as traded on the Stock Exchange where the maximum volume of trading in the shares of the Target Company are recorded during such period	Not Applicable

5.	Other Financial Parameters	Based on the audited financial data for the year ended 31st March, 2012
a	Return on Net Worth (%)	5.47
b	Book Value per share (Rs.)	16.74
c	Earnings per share (Rs.)	2.79
d	Price Earning Multiple (with reference to the Offer price of Rs. 17.50/- per share)	6.27
e	Industry Average price earnings multiple (Industry-Textile Cotton/Blended)*	7.2

* Source: Capital Market Journal dated May 14-27, 2012

As certified by Mr. Sumat Gupta , (Membership No. 086000) Proprietor of M/s. Sumat Gupta & Co., Chartered Accountants having their office situated at B 16/17, G T Road, Miller Ganj, Ludhiana-141003, Tel.: 0161-2538968/69

In view of the parameters considered and presented in the table above, in the opinion of the Acquirers and Manager to the Offer, the Offer Price of Rs. 17.50/- including interest amount of Rs 0.36 per equity share is justified in terms of regulation 8 (2) of the SEBI (SAST) Regulations.

(iv) As on date there is no revision in Open Offer price or Open Offer size. In case of any revision in the Open Offer price or Offer Size, the Acquirers shall comply with regulation 18 of the SEBI (SAST) Regulations and all other applicable provisions of the SEBI (SAST) Regulations.

(v) If there is any revision in the Offer Price on account of future purchases / competing offers, it will be done only up to the period prior to three (3) working days before the date of commencement of the tendering period and would be notified to shareholders

19.2 There is no non-compete agreement with the Target Company.

20 FINANCIAL ARRANGEMENTS

20.1 The Acquirers has adequate resources to meet the financial requirements of the Offer in terms of Regulation 16(xiv) of SEBI (SAST) Regulations. The Acquirers has made firm arrangement for the resources required to complete the Offer in accordance with the SEBI (SAST) Regulations. The acquisition will be financed through internal resources.

20.2 The total funding requirement for the Offer (assuming full acceptance) i.e. for the acquisition of up to 2242500 Shares at Rs.17.50/- per share is Rs. 3,92,43,750/- (Rupees Three Crore Ninety two Lacs Forty Three Thousand Seven Hundred and Fifty Only) (the **"Maximum Consideration"**).

20.3 The Acquirers and Development Credit Bank Limited, a banking company incorporated under the Companies Act, 1956 and having its registered office at 301, Delta Plaza, 414,Veer Savakar Marg, Prabhadevi, Mumbai 400025 and carrying on banking activities in India through its inter–alia branch at New Delhi (hereinafter referred to as the "Escrow Bank" or "Bank") have entered into an Open Offer Escrow Agreement (the "Escrow Agreement"), 30th May 2012 in accordance with Regulation 17 of the SEBI (SAST) Regulations whereby the Acquirers has, inter-alia, made a cash deposit ("Security Deposit") of Rs 98,11,000/- (Rupees Ninety Eight Lacs Eleven thousand Only) (being more than 25% of the Consideration) in an escrow account with Development Credit Bank ("Escrow Account"). Mefcom Capital Markets Limited has been duly authorized to realize the value of the Escrow Account in terms of the regulation 17 of the SEBI (SAST) Regulations. Development Credit Bank has given a Certificate to the effect that the amount is being deposited in the aforementioned Account.

20.4 Mr. Jatinder Singh (Membership No. 090600), Proprietor of Jatinder Singh & Associates, Chartered Accountants, having office at 8 A, Model Town Extension, Ludhiana-141002, Tel: (0161- 2450074) has vide their certificate dated March 20, 2012 certified that all the Acquirers has adequate resources to meet the financial requirements of the Offer . Further they have certified that the Acquirers Company has sufficient bank balance to fulfill the obligations of this open offer.

21 Based on the above, Manager to the Offer is satisfied that firm arrangements for financial resources required to implement the Offer i.e., funds and money for payment through verifiable means are in place to fulfill the obligations of the Acquirers under the Offer and is satisfied that the Acquirers have their own adequate resources and liquid funds to meet the financial requirements of the Offer and ability to implement the Offer in accordance with the Takeover Regulations. The Acquirers has provided post dated cheques for balance amount of Rs. 2,94,32,750/-(Two crore ninty four lac thirty two thousand seven hundred fifty only) to the manager to the offer.

21.2 As on date of this Draft LOF, there is no revision in Open Offer price or Open Offer size. In case of any revision in the Open Offer price or Offer Size, the Acquirers shall comply with regulation 18 of the SEBI (SAST) Regulations and all other applicable provisions of the SEBI (SAST) Regulations.

22 **STATUTORY APPROVALS & CONDITIONS OF THE OFFER**

22.1 The Offer is subject to receiving the necessary approval(s), if any, from Reserve Bank of India, under the Foreign Exchange Management Act, 1999 and subsequent amendments thereto, for acquiring equity shares tendered by non-resident shareholders, if any.

22.2 As on the date of the DPS, there are no other statutory approvals and/ or consents required. However, the Offer would be subject to all-statutory approvals as may be required and / or may subsequently become necessary to acquire at any later date.

22.3 The Acquirers, in terms of regulation 23 of the SEBI (SAST) Regulations, will have a right not to proceed with the Offer in the event the statutory approvals indicated above are refused. In the event of withdrawal, a public announcement will be made within 2 working days of such withdrawal, in the same newspapers in which the DPS has appeared.

22.4 In case of delay in receipt of any statutory approval, SEBI may, if satisfied that delay receipt of the requisite approvals was not due to any willful default or neglect of the Acquirers or failure of the Acquirers to diligently pursue the application for the approval, grant extension of time for the purpose, subject to the Acquirers agreeing to pay interest to the shareholders as directed by SEBI, in terms of regulation 18(11) of the SEBI (SAST) Regulations. Further, if delay occurs on account of willful default by the Acquirers in obtaining the requisite approvals, regulation 17(9) of the SEBI (SAST) Regulations will also become applicable and the amount lying in the Escrow Account shall become liable to forfeiture.

22.5 No approval is required from any bank or financial institutions for this Offer.

22**.6** The instructions and provisions contained in Form of Acceptance constitute an integral part of the terms of this Offer.

23 **OTHER TERMS OF THE OFFER**

23.2 The Draft Letter of Offer ["DLOF"] and Acceptance cum acknowledgement Form will be mailed to the shareholders of HFL [except the Acquirers and PAC] whose names appear on the Register of Members of HFL and beneficial owners of the equity shares, whose names appear as beneficiaries on the records of the respective depositories i.e., National Securities Depository Limited ["NSDL"] and Central Depository Services (India) Limited ["CDSL"], at the close of business hours on Wednesday – July 4, 2012("Identified Date"). All owners (registered or unregistered) of shares of HFL [except the Acquirers and PAC] who own/hold equity shares at any time before the date of closure of the Offer are eligible to participate in the Offer.

23.3 Shareholders of HFL who have sent their equity shares for dematerialization need to ensure that the process of getting the equity shares dematerialized is completed well in time so that the credit in the Special Escrow Account should be received on or before the date of closure of the Offer, else the application would be rejected.

23.4 While tendering equity shares under the Offer, non resident shareholders (Non Resident Indians/Overseas Corporate Bodies/Foreign shareholder) will be required to submit the previous RBI approval (specific or general) that they would have been required to submit to acquire the shares of HFL. In case the previous RBI approvals are not submitted, Acquirers reserves the right to reject such shares validly tendered. While tendering the shares under the Offer, NRI/OCBs/foreign shareholders will be required to submit a Tax Clearance Certificate ("TCC") from Income Tax authorities, indicating the amount of tax to be deducted by the Acquirers under the Income-tax Act, 1961 (the "Income Tax Act") before remitting the consideration.

23.5 As per the provisions of Section 196D (2) of 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 of the Income Tax Act payable to a Foreign Institutional Investor ("FII") as defined in Section 115AD of the Income Tax Act.

23.6 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 Recognized 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 recognized stock exchange. As such, gains on transfer of the shares offered pursuant to this Draft Letter of Offer would be liable to tax as per the normal provisions of the Income Tax Act. However, the Acquirers by this Draft 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.

23.7 The securities transaction tax will not be applicable to the shares accepted in the Offer.

24 PROCEDURE FOR ACCEPTANCE AND SETTLEMENT OF OFFER

24.1 M/s Beetal Financial & Computer Services (P) Ltd, having registered office at Beetal House,99,Madangir,Behind Local Shopping Centre, Near Dada Harsukh Dass Mandir,New Delhi-110062 has been appointed as the Registrar to the Offer ("Registrar"). The Registrar has opened a Special Escrow Account with NSDL in the name and style of "MCML-HFL- OPEN OFFER ESCROW ACCOUNT" ("Special Escrow Account "). Beneficial owners holding equity shares in dematerialized form will be required to send to Registrar on or before the closure of the offer, along with their Form of Acceptance-cum-Acknowledgment, a photocopy of the delivery instruction slip in "off-market" mode, duly acknowledged by the DP, for transferring the shares in favor of "MCML-HFL- OPEN OFFER ESCROW ACCOUNT" as per the instructions given below:

Depository	National Securities Depository Limited
Depository Participant	SMC Global Securities Limited
Client ID	10001816
DP ID	IN303655
Market	Off- market
Execution date	On or before the date of Closure of Offer

24.2 Shareholders of HFL having their depository account with CDSL have to use inter-depository delivery instruction slip for the purpose of crediting their equity shares in favour of the Special Escrow Account with NSDL. Beneficiary owners (holders of shares in dematerialized form) who wish to tender their equity shares will be required to send their Acceptance Form to Registrar to the Offer i.e Beetal Financial & Computer Services (P) Ltd, along with a 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 depository participant in favour of the Special Escrow Account , to the Registrar in accordance with the instructions to be specified in the DLOF and Acceptance Form.

24.3 The equity shareholders of HFL who wish to avail of the Offer will be required to deliver the Acceptance Form with relevant documents to the Registrar on all days (excluding holidays and Sundays) at the collection centre mentioned below, in accordance with the instructions to be specified in the DLOF and Acceptance Form. The collection centre mentioned below would remain open on Monday to Friday from 10.00 am to 1.00 pm and from 2.00 pm to 4.00 pm and on Saturdays from 10.00 am to 1.00 pm.

24.4 Shareholders of HFL holding equity shares in physical form and who wish to tender their equity shares will be required to send the Acceptance Form, original share certificate/s and transfer deed/s, duly signed, to the Registrar on or before the closure of the Offer in accordance with the instructions to be specified in the DLOF and Acceptance Form.

Name & Address	**Mode of delivery**	**Phone/Fax/e-mail**
NAME : **Beetal Financial & Computer Services (P) Ltd,** Address**:** BeetalHouse,99,Madangir,Behind Local Shopping Centre, Near Dada Harsukh Dass Mandir,New Delhi-110062 Contact person: Mr. Puneet Mittal	Hand delivery/ Registered post/ courier	Phone: 011-29961281/82 Fax: 011- 29961284 Email:beetalrta@gmail.com

24.5 All owners (registered or unregistered) of shares of HFL [except the Acquirers and PAC] who own/hold equity shares at any time before the date of closure of the Offer are eligible to participate in the Offer. Unregistered owners can send their written applications to the Registrar, on a plain paper stating (a) the name, address, number of equity shares held, number of equity shares offered, distinctive numbers and folio number together with the original share certificate/s and valid transfer deeds in the case of equity shares held in physical form or (b) DP name, DP ID and client ID (collectively called "Shareholding Details") together with photocopy or counterfoil of the delivery instruction slip in "off-market" mode in the case of equity shares held in dematerialized form and (c) the original contract note issued by the broker through whom they acquired their shares. No indemnity is required from the unregistered owners of equity shares.

24.6 In case of non-receipt of the DLOF and Acceptance Form, the eligible persons / shareholders of HFL may send their consent to the Registrar, on a plain paper giving their shareholding details as above and submitting the documents as mentioned above so as to reach the Registrar on or before the date of closure of the Offer. Beneficial owners may send their written application on plain paper to the Registrar, giving their Shareholding Details as above along with beneficiary account number and either a photocopy or counterfoil of the delivery instruction in "off-market" mode, duly acknowledged by the DP, in favour of the Special Escrow Account , so as to reach the Registrar, on or before the date of closure of the Offer. Such shareholders of HFL may also obtain a copy of DLOF and Acceptance Form by writing to the Registrar to the Offer subscribing the envelope "HFL Open Offer".

24.7 The equity shares are traded in dematerialized mode hence, the minimum marketable lot is one equity share. Equity shares, if any, that are the subject matter of litigation wherein the shareholder/s is/are/may be precluded from transferring the equity shares during the pendency of the said litigation are liable to be rejected in case directions/orders from competent authority regarding these equity shares are not received together with the equity shares tendered under the Offer. The DLOF and Acceptance Form, in such cases, would be forwarded to the concerned competent authority for further action at their end. In case the equity shares are in the name of tainted persons or the transfer of the equity shares was kept in abeyance due to the inclusion of the tainted persons as declared by the Special Custodian under the Special Act, such shares will not be accepted until the equity shares are cleared by the Special Court appointed for this purpose.

24.8 Shareholders of HFL who have lodged equity shares for transfer may either download the DLOF and Acceptance Form from the SEBI's site (www.sebi.gov.in) or request for the Acceptance Form from the Registrar to the Offer. The Acceptance Form, duly completed and signed in accordance with the instructions contained therein or an application in writing on a plain paper stating the name, address, number of equity shares held, number of equity shares offered, distinctive numbers and folio number shall be sent to the Registrar to the Offer along with the acknowledgement, if any, received from HFL for having lodged the equity shares for transfer. Shareholders of HFL who are attaching the acknowledgement are requested to direct HFL in writing to retain the share certificates for onward submission to the Registrar to the Offer.

24.9 Equity shares tendered by the equity shareholders of HFL in the public offer shall be free from lien, charge or encumbrances.

24.10 The Registrar to the Offer will hold, in trust, the share certificates, equity shares lying to the credit of the Special Escrow Account , the Acceptance Form, if any and the transfer form/s on behalf of the shareholders of HFL who have accepted the Offer, till the cheques/ drafts for the consideration and/or the unaccepted equity shares/share certificates are dispatched/returned.

24.11 Payment of consideration will be made by crossed account payee cheques /demand drafts / pay orders / through ECS mode of payment and will be sent by registered post, to those shareholders / unregistered owners & at their sole risk, whose shares/ share certificates & other documents are found in order & accepted by Acquirers in part or in full except in case of joint holders, cheques / demand drafts/ pay orders/ECS Credit, in the name of first holder. It is advised that shareholders provide bank details in the Form of Acceptance cum Acknowledgement, so that same can be incorporated in the cheques/ demand drafts/ pay orders. In order to get payment through ECS mode shareholders are requested to provide their Bank Details like Account Number, Name of the Bank and its address, IFSC Code of Bank etc.

25 GENERAL CONDITIONS

25.1 Acquirers can revise the price upwards upto seven working days prior to closure of the offer and revision if any in the offer price would appear in the same news papers where the Public Announcement has appeared. The same price would be paid to all shareholders who tender their shares in the offer.

25.2 If there is any upward revision in the Offer Price till the last date of revision in terms of Regulation 20 i.e. July13, 2012 or withdrawal of the Offer in terms of Regulation 23, the same would be informed by way of a Public Announcement in the same newspapers in which this original Public Announcement is being made. In case of an upward revision in the offer price, the revised Offer Price would be payable to all the shareholders who have tendered their shares any time during the offer and have been accepted under the Offer.

25.3 The intimation of returned shares to the shareholders will be sent at the address as per the records of Target Company/ Depository as the case may be.

25.4 **"If there is competitive bid :**

- **i. The public Offers under all the subsisting bids shall close on the same date.**
- **ii. As the Offer Price can not be revised during 7 working days prior to the closing date of the Offers/ bids, it would, therefore, be in the interest of shareholders to wait till the commencement of that period to know the final Offer price of each bid and tender their acceptance accordingly."**

25.5 Neither Acquirers nor the Target Company have been prohibited by SEBI from dealing in securities, in terms of directions issued u/s 11B of SEBI Act.

25.6 In case the shares tendered in the Offer by the shareholders are more than the shares to be acquired under the Offer, the acquisition of shares from each shareholder will be on proportionate basis which would be determined in consultant with the Manager to the Offer so as to ensure that the basis of acceptance is decided in a fair and equitable manner.

25.7 Pursuant to Regulation 12 of SEBI (SAST) Regulations, Acquirers has appointed Mefcom Capital Markets. Limited, as Manager to the Offer and Beetal Financial & Computer Services (P) Ltd, as Registrar to the offer. Both of the intermediaries are registered and hold valid and effective license granted by SEBI.

25.8 The Acquirers accept full responsibility for the information contained in this Public Announcement and also for the obligation of the Acquirers as laid down in the SEBI (SAST) Regulations.

This Draft Letter of Offer will also be available on SEBI's website (www.sebi.gov.in). Eligible persons to the Offer may also download a copy of the Form of Acceptance cum Acknowledgment, which will be available on SEBI's website at (www.sebi.gov.in) from the date of opening of the Offer, i.e., Wednesday July 18, 2012.

26 DOCUMENTS FOR INSPECTION

The following documents are regarded as material documents and are available for inspection at the office of the **Manager to the Offer** at Sanchi Building 77, Nehru Place New Delhi- 110 019 between 10.30 A.M. to 5.00 P.M. on any working day, except Saturdays, Sundays and Holidays until the closure of the Offer.

a) Certified true copy of Memorandum and Articles of Association and Certificate of Incorporation of Himachal Fibres Limited.

b) Certified true copy of Memorandum and Articles of Association and Certificate of Incorporation of M/s Brijeshwari Textiles (P) Limited, M/s Shiva Spinfab (P) Limited and Balmukhi Textiles (P) Limited.

c) Copy of MOU entered into between the Acquirers and Mefcom Capital Markets Limited, Managers to the Offer dated May 28, 2012.

d) Copy of MOU entered into between the Acquirers and Beetal Financial & Computer Services (P) Ltd , Registrar to the Offer dated May 28, 2012.

f) Annual Reports of Himachal Fibres Limited. for FY 2009-10, FY 20010-11 and FY 2011-12.

g) Annual Reports of Mr Mayank Malhotra, M/s Brijeshwari Textiles (P) Limited, M/s Shiva Spinfab (P) Limited and Balmukhi Textiles (P) Limited for FY 2008-09, FY 2009-10 and FY 2010-11.

h) Copy of Certificate dated May 20, 2012 from Mr. Jatinder Singh,(Partner) Jatinder Singh & Associates, Chartered Accountants, certifying about the Net Worth and adequate liquidity in the Bank account of all the Acquirer Companies.

j) Copy of Client Master for creation of Special Escrow Account with Beetal Financial & Computer Services (P) Ltd (Beneficiary Owner ID -10001816)

k) Agreement with Development Credit Bank Limited to open an escrow account, having deposited Rs. 98,11,000 (Rupees Ninety Eight Lacs and Eleven thousand Only), being more than 25% of the total consideration as Escrow Deposit with lien marked in favour of Mefcom Capital Markets Limited.

l) Copy of Detailed Public Statement dated June 4, 2012 published in Business Standard (English) all editions and Apna Mahanagar (Marathi) Mumbai edition only – place where the equity shares of the Target Company are listed and frequently traded.

m) Certified true copy of Resolution passed in the Board Meeting of M/s Himachal Fibres Limited dated February 13, 2012

n) Certified true copy of Resolution passed in the Extra ordinary General Meeting of M/s Himachal Fibres Limited dated **March 15, 2012**

o) Copy of due diligence certificate dated June 8, 2012 issued by Mefcom Capital Markets Limited.

26. DECLARATION BY THE ACQUIRERS

Mr Mayank Malhotra (Acquirer) and the Board of Directors of Acquirer Companies, i.e., M/s Brijeshwari Textiles (P) Limited, M/s Shiva Spinfab (P) Limited and Balmukhi Textiles (P) Limited, accept full responsibility for the information contained in the Detailed Public Statement and in this Draft Letter of Offer and also for the obligations of the Acquirers as laid down in SEBI (Substantial Acquisition of Shares and Takeovers) Regulations 2011 and subsequent amendments made thereto. All information in this document is as on the date of the Public Announcement, unless stated otherwise.

Mr Mayank Malhotra

For and on behalf of Board of Directors of
M/s Brijeshwari Textiles (P) Limited,

(Director)

For and on behalf of Board of Directors of
M/s Shiva Spinfab (P) Limited

(Director)

For and on behalf of Board of Directors of
Balmukhi Textiles (P) Limited

(Director)

Place: New Delhi
Date: June 09, 2012

27. Enclosures:

1. Form of Acceptance cum Acknowledgment
2. Transfer deed for shareholders holding shares in physical form

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

(Please send this form with enclosures to the Registrars to the Offer at their address given overleaf)

OFFER
OPENS ON:18/07/2012, Wednesday
CLOSES ON:31/07/2012,Tuesday

FORM OF ACCEPTANCE - CUM – ACKNOWLEDGEMENT

From:

Tel No. Fax No.: E-mail:

To,

Beetal Financial & Computer Services Pvt Limited
Beetal House,99,Madangir,Behind Local Shopping Centre,
Near Dada Harsukh Dass Mandir,New Delhi-110062

Sub: Open offer to acquire upto 22,42,500 equity shares at Rs.17.50/- each representing 26% of the paid up capital of Himachal Fibres Limited (HFL) by Mr Mayank Malhotra, M/s Brijeshwari Textiles (P) Limited, M/s Shiva Spinfab (P) Limited and Balmukhi Textiles (P) Limited ('Acquirers') in terms of SEBI (Substantial Acquisition of Shares & Takeovers) Regulations, 2011.

Dear Sir,

I/We refer to the Draft Letter of Offer dated 09.06.2012 for acquiring the equity shares held by me/us in Himachal Fibres Limited.

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

For Shares held in Physical Form:

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

Sl. No.	**Certificate No.**	**Distinctive No(s)**		**No. of Shares**
		From	**To**	
(In case the space provided is inadequate, please attach a separate sheet with the details) **TOTAL NUMBER OF EQUITY SHARES**				

I/We note and understand that the original share certificate(s) and valid share transfer deed will be held in trust for me/us by the Registrar to the offer until the time the Acquirers pay the purchase consideration as mentioned in the Draft Letter of Offer. I/We also note and understand that the Acquirers will pay the purchase consideration only after verification of the documents and signatures.

For shares held in Demat Form:

I/We hold shares in demat form and accept the Offer and enclose photocopy of the Delivery Instruction Slip duly acknowledgement by DP in respect of my / our equity shares as detailed below:

DP Name	**DP ID**	**Client ID**	**No. of Shares**	**Name of Beneficiary**

I/We have done an off market transaction for crediting the shares to the Escrow Account named **"MCML-HFL-Open Offer Escrow A/C"** with the following particulars:

Depository	National Securities Depository Limited
Depository Participant	SMC Global Securities Limited
Client ID	10001816
DP ID	IN303655

Shareholders whose shares are held in a beneficiary account with "CDSL" should use an "Inter Depository Delivery Instruction" to transfer their shares to the Special Escrow Account with NSDL.

I/We note and understand that the shares would lie in the Special Escrow Account until the time the Acquirers make payment of purchase consideration as mentioned in the Draft Letter of Offer.

I/We authorise the Acquirers to accept the shares so offered which it may decide to accept in consultation with the Manager to the Offer and in terms of the Draft Letter of Offer and I/We authorise the Acquirers or the Manager to the Offer to send by registered post the draft/cheque, in settlement of the amount to the sole/first holder at the address mentioned below:

Address of First/Sole Shareholder_ _
_ _
_ _ _ _ _ _ _ _ _ _ _ _ _ _ _ _ _ _

Note: In case of joint holdings, all holders must sign. A corporation must affix its common seal. So as to avoid fraudulent encashment in transit, the shareholder(s) may provide details of bank account of the first/sole shareholder and the consideration cheque or demand draft will be drawn accordingly.

Name of the Bank _ Branch_ _ _ _ _ _ _ _ _ _
_ _
Account Number _
Savings/Current/Others (please specify) _

Yours faithfully,

	FULL NAME(S)	**SIGNATURE(S)**
First/Sole Shareholder		
Second Shareholder		
Third Shareholder		

Signed and Delivered:
Place:

………………………………………. TEAR HERE………………………………………………………………

(Acknowledgement Slip)

Folio No.: Sr.No.

Name Beetal Financial & Computer Services Pvt Limited
Unit: Himachal Fibres Limited
Beetal House,99,Madangir,Behind Local Shopping Centre,
Near Dada Harsukh Dass Mandir,New Delhi-110062

Received from Mr. /Ms……………………………………………………………………
Address……………………………………………………………………………………….
Form of acceptance cum acknowledgement…………………….Number of Share Certificates…………………….for…………………….shares/# Copy of Delivery Instruction Slip to (DP) for …………………….shares

Delete whichever is not applicable

Signature of official and date of receipt	Stamp of collection centre