LETTER OF OFFER

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

This letter of offer is being sent to you as an Equity Shareholder(s) of Bajaj Hindusthan Sugar and Industries Limited (BHSIL). 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 BHSIL, please hand over this Letter of Offer and the accompanying Form of Acceptance, Form of Withdrawal and Transfer Deed to the member of the stock exchange through whom the sale was affected.

CASH OFFER
by
Bajaj Hindusthan Limited

"The Acquirer"
hereinafter referred to as "BHL"

Registered Office: Bajaj Bhawan, 2nd Floor, Jamnalal Bajaj Marg, 226, Nariman Point, Mumbai 400 021, India.
Tel. No.: +91-22-2202 3626 • Fax No.: +91-22-2202 2238.

To acquire 2,36,00,000 fully paid up equity shares of the face value of Re.1/- each representing 20% of the issued and expanded paid up equity share capital of

Bajaj Hindusthan Sugar and Industries Limited
(Formerly — The Pratappur Sugar and Industries Limited)

"Target Company"
hereinafter referred to as "BHSIL"

Registered Office: Bajaj Bhawan, 2nd Floor, Jamnalal Bajaj Marg, 226 Nariman Point, Mumbai - 400 021, India.
Tel. No.: +91-22-2202 3626 • Fax No.: + 91-22-2202 2238

At Rs.52.89 (Rupees Fifty Two and paise Eighty Nine only) per Equity Share (the "Offer Price")

1. The Offer is being made by Bajaj Hindusthan Limited (the "Acquirer"), pursuant to and in compliance with the provisions of Regulations 11(1) read with 14(2) of the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 1997 (the **"Regulations"**).
2. The Offer is subject to the Acquirers obtaining approval from the RBI under Foreign Exchange Management Act, 2000 for acquiring equity shares tendered by NRI/OCB shareholders. As on the date of this letter of offer, there are no other approvals, statutory or otherwise required under the Companies Act, 1956, Monopolies and Restrictive Trade Practices Act, 1969 and/or any other applicable laws and from any bank/financial institutions for the said acquisition required to implement this Offer.
3. **Shareholders who have accepted the Offer by tendering the requisite documents, in terms of the Public Announcement/letter of offer, can withdraw the same upto three working days (i.e., Wednesday, March 19, 2008) prior to the date of the closure of the Offer (i.e. Wednesday, March 26, 2008).**
4. The Acquirers are permitted to revise the Offer Price of Equity Shares upward any time up to seven working days prior to the date of the closing of the Offer. If there is any upward revision in the Offer Price of Equity Shares by the Acquirers till the last date of revision viz., Thursday, March 13, 2008 or in case of withdrawal of the Offer, the same would be informed by way of a Public Announcement in the newspapers mentioned in Clause **11.2** of this letter of offer and the same revised price would be payable by the Acquirers to all shareholders who tendered their Equity Shares at any time during the Offer and which are accepted by the Acquirers under the Offer.
5. The Offer is not subject to minimum level of acceptance.
6. The procedure for acceptance is set out in Clause **10** of this letter of offer.
7. **There has been no competitive bid.**
8. **As the Offer Price cannot be revised during seven working days prior to the date of closing of the Offer/bids, it would therefore, be in the interest of the shareholders to wait till the commencement of that period to know the final Offer Price of each offer/bid and tender their acceptance accordingly.**
9. The Public Announcement, this 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	REGISTRAR TO THE OFFER
ANAND RATHI behind every successful investor **Anand Rathi Financial Services Limited** **(Formerly known as Anand Rathi Securities Limited)** 11th Floor, Times Tower, Kamala City, Senapati Bapat Marg, Lower Parel, Mumbai - 400013 Tel : +91-22-4047 7000 Fax : +91-22-4047 7070 Email : bhsil@rathi.com Website : www.rathi.com **Contact Person :** Mr. Venkata Raveendra. R / Mr. Jitendra Verma	INTIME SPECTRUM REGISTRY LIMITED **Intime Spectrum Registry Limited** C-13, Pannalal Silk Mills Compound, LBS Marg, Bhandup (West), Mumbai - 400 078 Tel : +91 22 2596 0320 Fax : +91 22 2596 0329 Website : www.intimespectrum.com **Contact Person :** Ms. Awani Thakkar

Schedule of Major Activities of the Offer

Activity	Original Date and Day	Revised Date and Day
Public Announcement (PA) Date	December 20, 2007, Thursday	December 20, 2007, Thursday
Specified Date*	December 28, 2007, Friday	December 28, 2007, Friday
Last date for a competitive bid	January 10, 2008,Thursday	January 10, 2008,Thursday
Date by which letter of offer will be posted to the shareholders	January 28, 2008,Monday	February 27, 2008, Wednesday
Offer Opening Date	February 07, 2008, Thursday	March 07, 2008, Friday
Last date for revising the offer price/number of shares	February 19, 2008, Tuesday	March 13, 2008, Thursday
Last date for withdrawal by shareholders	February 25, 2008, Monday	March 19, 2008, Wednesday
Offer Closing Date	February 29, 2008, Friday	March 26, 2008, Wednesday
Date by which the acceptance/rejection would be intimated and the corresponding payment for the acquired shares and/or the share certificate for the rejected shares will be dispatched	March 12, 2008, Wednesday	April 07, 2008, Monday

* *Specified date is only for the purpose of determining the names of the shareholders as on such date to whom the letter of offer would be sent and all owners (registered or unregistered) of the shares of the Target Company (except Acquirer) are eligible to participate in the Offer anytime before the closing of the Offer*.

RISK FACTORS

The risk factors set forth below pertain to the Offer and are 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 analyzing all the risks with respect to their participation in the Offer.

Risks Related to the Proposed Offer

1. The Offer is subject to the Acquirers obtaining approval from the RBI under Foreign Exchange Management Act, 2000 for acquiring equity shares tendered by NRI/OCB shareholders. As on the date of this letter of offer, there are no other approvals, statutory or otherwise required under the Companies Act, 1956, Monopolies and Restrictive Trade Practices Act, 1969 and or any other applicable laws and from any bank/ financial institutions for the said acquisition required to implement this Offer. If any other statutory approvals become applicable prior to completion of the Offer, the Offer would be subject to such statutory approvals. In terms of Regulation 27 of the Regulations, the Acquirer may not be able to proceed with the Offer in the event the approvals indicated above are not received. Delay, if any, in the receipt of these approvals may delay completion of the Offer.

2. The Equity Shares tendered in the Offer will be held in trust by the Registrar to the Offer till the completion of the Offer formalities, and the shareholders will not be able to trade such Equity Shares. During such period there may be fluctuations in the market price of the Shares of BHSIL. Accordingly, the Acquirer make no assurance with respect to the market price of the Equity Shares both during the Offer period and upon the completion of the Offer, and disclaim any responsibility with respect to any decision by any shareholder of BHSIL on whether to participate or not to participate in the Offer.

3. The Offer involves an offer to acquire upto 20% fully paid-up and expanded equity share capital of the face value of Re. 1/- each of BHSIL from eligible persons for the Offer. In the case of over subscription in the Offer, as per the regulations, acceptance would be determined on proportionate basis and hence there is no certainty that all the shares tendered by the shareholders in the Offer will be accepted.

4. The Acquirer and the Manager to the Offer accept no responsibility for statements made otherwise than in the Public Announcement or the Letter of Offer or in the advertisement or any materials issued by, or at the instance of the Acquirer and the Manager to the Offer, and anyone placing reliance on any other source of information would be doing so at his/her/their own risk.

Probable risk involved in associating with the Acquirer

1. Pursuant to this Offer the Acquirer propose to consolidate its holding in BHSIL under Regulation 11(1) read with 14(2) of the Regulations The Acquirer does not warrant any assurance with respect to the future financial performance of the Target Company.
2. The acquisition by the Acquirer of Equity Shares validly tendered by the Shareholders may result in the public shareholding levels in the Target Company to fall below the mandatory minimum public shareholding levels for continuous listing of 25%. Although, the Acquirer has undertaken to increase the public shareholding level to the desired minimum level of 25% within the stipulated period to facilitate continuous listing of Equity Shares of the Target Company, any failure on the part of the Acquirer in this regard may result in delisting of the Equity Shares of the Target Company.
3. The Acquirer makes no assurance with respect to the market price of the Equity Shares both during the Offer period and upon the completion of the Offer, and disclaims any responsibility with respect to any decision by any Shareholder on whether to participate or not to participate in the Offer.

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1. DEFINITIONS

Acquirer or BHL	Bajaj Hindusthan Limited
BHSIL	Bajaj Hindusthan Sugar and Industries Limited
BSE	Bombay Stock Exchange Limited
CDSL	Central Depository Services (India) Limited
CSE	The Calcutta Stock Exchange Association Limited
DP	Depository Participant
Eligible Shareholders	All public shareholders (other than the Acquirer) of BHSIL whose names appear in the register of members of BHSIL as of, Friday December 28, 2007 and also persons who acquire any Equity Shares of BHSIL at any time prior to the closure of the Offer.
Escrow Account	Escrow account opened in the name and style of "**BHSIL-ESCROW ACCOUNT-OPEN OFFER**" with the Escrow Bank, established in accordance with Regulation 28 of the SEBI (SAST) Regulations by the Acquirer.
Escrow Bank	**Standard Chartered Bank,** 90, M.G. Road, Fort, Mumbai - 400 001
FEMA	Foreign Exchange Management Act, 1999
Form of Acceptance	Form of Acceptance cum Acknowledgement
Form of Withdrawal	Form of Withdrawal cum Acknowledgement
LoO or letter of offer	The letter of offer
Manager to the Offer	Anand Rathi Financial Services Limited or ARFSL [Formerly known as Anand Rathi Securities Limited or (ARSL)]
NSDL	National Securities Depository Limited
Offer or The Offer	The offer for acquisition of 2,36,00,000 fully paid up equity shares of the face value of Re.1/- each representing 20% of the expanded issued and paid up share capital of the Target Company at a price of Rs.52.89 (Rupees Fifty two and paise eighty nine only) per Equity Share payable in cash
Offer Price	Rs.52.89 (Rupees Fifty two and paise eighty nine only) per Equity Share
Public Announcement/PA	Announcement of the Offer by the Acquirer, made by the Manager to the Offer on behalf of the Acquirer on Thursday, December 20, 2007
RBI	Reserve Bank of India
Registrar to the Offer	Intime Spectrum Registry Limited
Regulations	Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 1997 and subsequent amendments thereto
SEBI	Securities and Exchange Board of India
SEBI (SAST) Regulations	Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 1997 and subsequent amendments thereto
SEBI Act	Securities and Exchange Board of India Act, 1992
Specified Date	Friday, December 28, 2007
Target Company	BHSIL
The Act	The Companies Act, 1956

2. DISCLAIMER CLAUSE

IT IS TO BE DISTINCTLY UNDERSTOOD THAT FILING OF LETTER OF OFFER WITH SEBI SHOULD NOT IN ANY WAY BE DEEMED OR CONSTRUED THAT THE SAME HAS BEEN CLEARED, VETTED OR APPROVED BY SEBI. THE LETTER OF OFFER HAS BEEN SUBMITTED TO SEBI FOR A LIMITED PURPOSE OF OVERSEEING WHETHER THE DISCLOSURES CONTAINED THEREIN ARE GENERALLY ADEQUATE AND ARE IN CONFORMITY WITH THE REGULATIONS. THIS REQUIREMENT IS TO FACILITATE THE SHAREHOLDERS OF BHSIL TO TAKE AN INFORMED DECISION WITH REGARD TO THE OFFER. SEBI DOES NOT TAKE ANY RESPONSIBILITY EITHER FOR FINANCIAL SOUNDNESS OF THE ACQUIRER, OR 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 ACQUIRER IS PRIMARILY RESPONSIBLE FOR THE CORRECTNESS, ADEQUACY AND DISCLOSURE OF ALL RELEVANT INFORMATION IN THIS LETTER OF OFFER, THE MERCHANT BANKER IS EXPECTED TO EXERCISE DUE DILIGENCE TO ENSURE THAT ACQUIRER DULY DISCHARGE ITS RESPONSIBILITY ADEQUATELY. IN THIS BEHALF AND TOWARDS THIS PURPOSE, THE MERCHANT BANKER, ANAND RATHI FINANCIAL SERVICES LIMITED HAS SUBMITTED A DUE DILIGENCE CERTIFICATE DATED JANUARY 1, 2008 TO SEBI IN ACCORDANCE WITH 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.

The Acquirer and the Manager to the Offer accept no responsibility for statements made otherwise than in the letter of offer or in the advertisement or any material issued by, or at the instance of Acquirer and the Manager to the Offer, and anyone placing reliance on any other source of information would be doing so at his/her own risk.

3. DETAILS OF THE OFFER

The offer is made by BHL under Regulation 11(1) read with 14(2) of SEBI (SAST) Regulations for consolidation of holdings in BHSIL.

3.1 Background of the Offer

3.1.A **Bajaj Hindusthan Limited,** a Company under the meaning of the Companies Act, 1956 and having its registered office at 2nd Floor, Bajaj Bhawan, Jamnalal Bajaj Marg, 226, Nariman Point, Mumbai 400 021, is the Acquirer in the present Offer (hereinafter referred to as **"BHL" or "The Acquirer"**) No other entity/person is acting/deemed to be acting in concert with the Acquirer for the purpose of this Offer.

3.1.B As on the date of the Public Announcement the Acquirer, the holding company of the Target Company held 3,05,30,270 equity shares of the face value of Re.1/- each representing 50.05% in the present outstanding paid up equity share capital of the Target Company and is the promoter of the Target Company.

3.1.B (a) On July 18, 2006, the Target Company, under a Preferential Offer in accordance with Section 81(1A) of the Companies Act 1956 and the applicable provisions of the Securities and Exchange Board of India (Disclosure and Investor Protection) Guidelines, 2000 (hereinafter referred to as "SEBI (DIP) Guidelines") allotted to the Acquirer an aggregate of 38,00,000 Equity Warrants, each carrying a right for the Acquirer to apply for and be allotted one equity share of the then face value of Rs.10/- each, at a price of Rs.500/- per share, as fixed by the Board of Directors of the Target Company, which was more than the minimum issue price of Rs.362.75 determined in accordance with the provisions of Clause 13.1.1 of the SEBI (DIP) Guidelines, with reference to the relevant date being May 19, 2006 as approved by the shareholders at the Extraordinary General Meeting held on June 19, 2006 ("Equity Warrants -I").

3.1.B (b) Subsequently the equity shares of Target Company were sub-divided from one equity share of the face value of Rs.10/-each into ten equity shares of face value of Re.1/- each. The entitlement relating to Equity Warrant – I, accordingly stood revised from one share of Rs.10/- each per warrant at a price of Rs.500/- per share to ten equity shares of Re.1/- each per warrant at a price of Rs.50/- per share aggregating to 3,80,00,000 equity shares of Re.1/- each, which could be exercised by the Acquirer anytime during a period of 18 months from the date of allotment of Warrants, i.e. anytime on or before January 17, 2008.

3.1.B (c) Acquirer has paid the required 10% value amounting to Rs.19 Crore on Equity Warrants – I prior to the date of Allotment of Equity Warrants – I.

3.1.B (d) Upon exercise of its rights on 9,00,000 Equity Warrants – I and payment of the balance amount out of the total value of Rs.45 crore on these 9,00,000 warrants, the Target Company has allotted 90,00,000 equity shares of the face value of Re.1/- each on February 9, 2007.

3.1.B (e) Upon exercise of its rights on remaining 29,00,000 Equity Warrants – I and payment of the balance amount out of the total value of Rs.145 crore on these 29,00,000 warrants, the Target Company has allotted 2,90,00,000 equity shares of the face value of Re.1/- each on December 26, 2007.

3.1.C (a) On February 9, 2007, the Target Company, under another Preferential Offer in accordance with Section 81(1A) of the Companies Act, 1956 and the applicable provisions of the SEBI (DIP) Guidelines, allotted to the Acquirer an aggregate of 2,80,00,000 Equity Warrants, each carrying a right for the Acquirer to apply for and be allotted one equity share of the face value of Re.1/- each, also at a price of Rs.50/- per share, as fixed by the Board of Directors of the Target Company. This price was also more than the minimum issue price of Rs.48.25 per share, determined in accordance with the provisions of Clause 13.1.1 of the SEBI (DIP) Guidelines, with reference to the relevant date being November 29, 2006 as approved by the shareholders at the Extraordinary General Meeting held on December 29, 2006 ("Equity Warrants-II") (both Equity Warrants – I and Equity Warrants – II hereinafter collectively referred to as the "Equity Warrants")

3.1.C (b) Acquirer has paid the required 10% value amounting to Rs.14 Crore on Equity Warrants – II prior to the date of Allotment of said Equity Warrants – II.

3.1.C.(c) Upon exercise of its rights on 2,80,00,000 Equity Warrants – II and payment of the balance amount out of the total value of Rs.140 crore on these 2,80,00,000 equity warrants, the Target Company has allotted 2,80,00,000 equity shares of the face value of Re.1/- each on December 26, 2007.

3.1. D The aggregate 5,70,00,000 equity shares of Re.1/- each allotted to the Acquirer on December 26, 2007 has resulted into increase in holding of Acquirer from 50.05% of the paid up capital to 74.18% of the expanded paid up equity share capital. This allotment has also resulted in the Acquirer acquiring more than 5% equity shares or voting rights in a financial year. This requires the Acquirer to make an Open Offer pursuant to Regulation 11(1) read with 14(2) of the SEBI (SAST) Regulations.

The voting rights of the acquirer before and after allotment are given below:-

Category	Voting rights (%) before allotment	Voting rights (%) after allotment
Promoter	50.05	74.18
Others	49.95	25.82
Total	**100.00**	**100.00**

3.2 Details of the Offer

BHL and BHSIL both have not been prohibited by SEBI from dealing in securities, in terms of direction issued u/s 11B of SEBI Act or under any of the regulations made under the SEBI Act.

3.2.1 The Acquirer has made a Public Announcement, which was published on December 20, 2007 in the following newspapers in accordance with the Regulation 15 and pursuant to Regulations 11(1) read with 14(2) of SEBI (SAST) Regulations.

Publication	Language	Date	Editions
Financial Express	English	20.12.2007	All Editions
Jansatta	Hindi	20.12.2007	All Editions
Mumbai Lakshdeep	Marathi	20.12.2007	Maharashtra

3.2.2 The Acquirer is making an Open Offer in terms of regulation 11(1) read with 14(2) of the SEBI (SAST) Regulations to the shareholders of BHSIL to acquire upto 2,36,00,000 equity shares of the face value of Re. 1/- each representing 20% of the total (post exercise of all equity warrants) expanded share/voting capital of BHSIL at a price of Rs.52.89 (Rupees Fifty two and paise eighty nine only) per fully paid up equity shares (“Offer Price”), payable in cash subject to the terms and conditions mentioned hereinafter, to all public shareholders (other than the Acquirer) of BHSIL whose names appear in the register of members of BHSIL as of, specified Date i.e. Friday, December 28, 2007 and also persons who acquire any Equity Shares of BHSIL at any time prior to the closure of the Offer**.**

3.2.3 The Manager to the Offer holds 7,300 Equity Shares of the Target Company on behalf of his client due to outstanding payment of client against the purchase order for BHSIL scrip as on the date of this Letter of Offer.

3.2.4 There are no “Persons Acting in Concert” with the Acquirer within the meaning of Regulation 2(1)(e) of the SEBI (SAST) Regulations and subsequent amendments thereto in relation to the Offer.

3.2.5 This is not a competitive bid.

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

3.2.7 The Acquirer as on the date of the letter of offer holds 8,75,30,270 equity shares representing 74.18% of the total voting capital of the Target Company pursuant to exercising their entitlement to subscribe for equity shares. Upon completion of Offer, assuming full acceptance, the Acquirer will directly hold 11,11,30,270 equity shares representing 94.18% of the total expanded Voting Capital of Target Company.

3.2.8 The Acquirer has not entered into any “Non-Compete Agreement” with the Target Company.

3.2.9 The Offer is not subject to any minimum level of acceptance from the shareholders i.e. it is not a Conditional Offer. The acquirer will accept the equity shares of BHSIL those are tendered in valid form in terms of this offer upto maximum of 2,36,00,000 equity shares.

3.3 Object of the Acquisition/Offer

3.3.1 The Offer is being made consequent upon the allotment of equity shares to the Acquirer in terms of the warrants issued to them which are more particularly described in para 3.1.B. and 3.1.C above resulting into consolidating of holding by the Acquirer in the Target Company without change in control or management thereof.

3.3.2 The Acquirer is the holding company of BHSIL and has undertaken and completed a strategic growth plan to increase the sugarcane processing capacity of BHSIL from 3,200 Ton per day in the year 2005 to 40,000 ton per day and also setting up of a new distillery of 160 Kilo Llitres per day. To meet the funding requirements of BHSIL for the said expansion plans, BHL has provided fund by way of subscription of equity shares of BHSIL upto an amount of Rs.330 crore and accordingly subscribed to equity warrants on preferential basis as mentioned in para 3.1.B and 3.1.C above.

4. BACKGROUND OF THE ACQUIRER

Bajaj Hindusthan Limited ("Acquirer or BHL")

4.1 The Open Offer is being made solely by Bajaj Hindusthan Limited ("BHL"), a Company incorporated as The Hindusthan Sugar Mills Limited under The Indian Companies Act VII, of 1913 as a public limited company, vide registration No.1797 of 1931-32 on November 24, 1931 with the Registrar of Companies, Bombay. Subsequently name and company registration number has been changed and the company is presently known as Bajaj Hindusthan Limited and its present Corporate Identity Number (CIN) is L15420MH1931PLC001797 having the Registered Office situated at Bajaj Bhawan, 2nd Floor, Jamnalal Bajaj Marg, 226, Nariman Point, Mumbai 400021, India. Tel. No.: +91-22-22023626, Fax No.: +91-22-22022238.

The Acquirer is the holding company of the Target Company.

4.2 The promoters/promoter group of the Acquirer Company are certain Bajaj group companies viz. M/s. Bachhraj & Co. Private Ltd., M/s. Bajaj Auto Ltd. and M/s. Jamnalal & Sons Ltd., etc., Employee Welfare Funds of Bajaj Group Companies and members of Bajaj family. The promoters' shareholdings are all effectively controlled directly or indirectly by members of the Bajaj Group (which consists of the members of the Bajaj family and entities owned and controlled by them). The Bajaj Group, referred as the promoter group under the Indian Security Laws, holds a majority stake in BHL. Mr. Shishir Bajaj, Chairman & Managing Director and Mr. Kushagra Bajaj, Joint Managing Director are in charge of the day to day affairs of the company. Mr. I.D. Mittal is also an Executive Director of the Company. The other non-executive directors on the Board are Mr. D.S. Mehta, Mr. Niraj Bajaj. Mr. M.L. Apte, Mr. Suresh A. Kotak, Mr. R.V. Ruia, Mr. Alok Krishna Agarwal and Mr. D.K. Shukla (representative of LIC).

4.3 Chapter II Compliance

BHL, the Acquirer, has acquired 19,80,000 equity shares of Rs.10/- each on August 30, 2005 pursuant to a Share purchase agreement entered on August 30, 2005 and acquired 1,73,027 equity shares of Rs.10/- each pursuant to the open offer made for the above acquisition of 19,80,000 equity shares which was transferred in the name of BHL on April 29, 2006.

BHL has acquired 90,00,000 equity shares of the face value of Re.1/- each on February 09, 2007 upon exercise of part of warrant issued to BHL on preferential basis. BHL has complied with the applicable provisions of the SEBI (SAST) Regulations/other applicable provisions and requirements. BHL has further acquired 5,70,00,000 equity shares of Re.1/- each on December 26, 2007 upon exercise of remaining warrant issued to BHL on preferential basis. BHL has complied with the applicable provisions of the SEBI (SAST) Regulations/other applicable provisions and other requirements and is in process of complying with the open offer process.

4.4 BHL is the largest sugar and industrial alcohol manufacturing company in India. It processes sugarcane, a principal raw material to produce sugar and industrial alcohol. The main products being produced by the Acquirer are plantation white sugar, refined sugar and industrial alcohol, primarily ethanol and the bye-products are molasses and bagasse. The Acquirer has an operating history of over seven decades of manufacturing and marketing of sugar and related products.

4.5 The issued, subscribed and paid up capital of BHL as on June 30, 2007 is Rs.14,14,07,111/- consisting of 14,14,07,111 equity shares of the face value of Re.1/- each fully paid up. The Equity Shares of BHL are listed on Bombay Stock Exchange Limited (BSE) and The National Stock Exchange of India Limited (NSE); BHL's Global Depository Receipts (GDRs) and Foreign Currency Convertible Bonds (FCCBs) are listed on Luxembourg Stock Exchange, Luxembourg and London Stock Exchange, London.

4.6 Details of Directors of Acquirer and their addresses as on date of Public Announcement are:

Name	Title	Date of Appointment	Experience and Qualification	Residential Address
Mr. Shishir Bajaj	Chairman	28/01/1986	Mr. Shishir Bajaj, aged 59 years, joined the Company in 1974. He has been on the Board of the Company since January, 1986 and was appointed as Managing Director of the Company with effect from July 1, 1988. Mr. Shishir Bajaj has been holding the position of Managing Director of the Company since then. He became Chairman of the Company in the year 1999. He has a degree in MBA from New York University majoring in finance.	Mount Unique, Flat No. 100, 13th Floor, Peddar Road, Mumbai - 400 026
Mr. Kushagra Bajaj*	Joint Managing Director	24/04/2007	Mr. Kushagra Bajaj, aged 31 years, joined Bajaj Hindusthan Limited in 2001 as Chief Executive and belongs to the Promoter, the Bajaj group. He has been on the Board of the Company since April 24, 2007 and was appointed as Joint Managing Director of the Company with effect from April 24, 2007. He has a Bachelor of Science degree in Economics, Political Philosophy and Finance from Carnegie Mellon University, Pittsburgh, USA and has a Master degree in Marketing from Northwestern University, Chicago, USA. He is responsible for overall operations of the Company.	100 Mount Unique, 62A Peddar Road, Mumbai - 400 026
Mr. I.D. Mittal	Chief Executive Director	19/10/2002	Mr. I. D. Mittal, aged 63 years, a Mechanical Engineer, joined the Company in July 2002 and was inducted on the Board of the Company in October 2002. He has over 42 years of experience in sugar industry in India. Mr. Mittal has a diploma in mechanical engineering from Roorkee University.	1/72 Vishwas Khand-I, Gomti Nagar, Lucknow - 226 010, U.P

Name	Title	Date of Appointment	Experience and Qualification	Residential Address
Mr. Niraj Bajaj	Director	29/10/1999	Mr. Niraj Bajaj, aged 53 years, is a member of our board of Directors since October 1999. He started his career with Bajaj Auto Ltd and Bajaj Electricals Ltd before joining Mukund Ltd in March 1983 as Senior Marketing Manager. He presently, holds the position of Chairman and Managing Director in Mukund Ltd. He has served with distinction on several industry organizations, including as : President of Alloy Steel Producers' Association of India, President of the Indian Steel Development Association, Chairman of Indo-Russian Federation, Joint Business Council. He is currently a Member of the Managing Committee of ASSOCHAM and Vice President of Indian Merchants' Chamber. He has a degree of commerce and an MBA from Harward Business School.	Mount Unique, 13^{th} Floor, 62A, Peddar Road, Mumbai - 400 026
Mr. Dhirajlal S. Mehta	Director	28/01/1986	Mr. Dhirajlal S. Mehta, aged 72 years, a member of our board of Directors since January 1986. Mr.Mehta has more than 33 years of professional experience in corporate law, taxation, finance and investment . One of his most prestigious assignments was as a member of the working group to re-draft the Companies Act,1956. He was a member of the Economic Affairs Committee of the Confederation of Engineering Industry and Taxation Sub-Committee of Federation of Indian Chambers of Commerce and Industry.He has an honours degree in commerce from Mumbai University and is an alumnus of Sydenham College. Mr. Mehta is a member of both the Institute of Chartered Accountants of India and the Institute of Company Secretaries of India.	301/302, Gora Gandhi Apartment, 3, Laburnum Road, Gamdevi, Mumbai - 400 007
Mr. Madhav L. Apte	Director	13/07/1970	Mr. Madhav L. Apte, aged 75 years, is a former sheriff of Mumbai, a former president of the Maharashtra Chamber of Commerce, the Bombay Chamber of Commerce, the Cricket Club of India and the Indian Sugar Mills Association, a former member of the Indian Cotton Mills Federation and a former chairman ot the Textiles Committee. He has a degree in B.A.	24/B Woodlands, Peddar Road, Mumbai - 400 026
Mr. Suresh A. Kotak	Director	27/12/2002	Mr. Suresh Kotak, aged 74 years, having vast business experience specially in the field of cotton, agricultural commodities, etc. is associated with the Company as Director since December 2002. He is actively associated with several other business organizations and is member of various national and international trade bodies. He has a degree in B.Com.	Shakti Villa, 14, Laburnum Road, Gamdevi, Mumbai - 400 007
Mr. R.V.Ruia	Director	16/04/2001	Mr. R. V. Ruia, aged 47 years is an industrialist. He is actively associated with the day-to-day affairs of Dawn Apparels Limited, subsidiary of the Dawn Mills Co. Ltd. as its Director. Mr. Ruia joined the Board of Bajaj Hindusthan Ltd. in April 2001. He has a degree in B.Com.	211, Samudra Mahal, Dr. A.B. Road, Mumbai - 400 018
Mr. Alok Krishna Agarwal	Director	24/04/2007	Mr. Alok Krishna Agarwal, aged 44 years is founder managing partner of Juris Consultus, New Delhi. In 1988 he was admitted to Bar Council in India. He is an associate member of Bar Council of Delhi, Superme Court Bar Association, International Bar Association, Indo American Chamber of commerce & FICCI. Mr. Agarwal has more than 25 years of Professional Experience in Corporate, Commercial, Constitutional, Taxation and Service Law Matters. He has an honours Degree in Law.	A 56, Gulmohar Park, New Delhi - 110 049
Mr.D.K.Shukla	Director	30/10/2001	Mr. D.K.Shukla, aged 65 years, serves as a representative for the Life Insurance Corporation of India ("LIC") where he was previously a director of personnel. He has degree in B.A. and M.S.W.	HP2, Palakmati Park, Nehru Nagar, Bhopal - 462 002 Madhya Pradesh

* Mr. Kushagra Bajaj, Joint Managing Director of BHL is on the Board of BHSIL (Target Company) as non-executive Chairman.

* In terms of Regulation 22(9) of SEBI (SAST) Regulations Mr. Kushagra Bajaj Director of the Target Company and Acquirer Company will rescue himself and has not participated in any matter(s) concerning or 'relating' to the offer including any preparatory steps leading to the offer.

4.7 Brief particulars of the audited financial Information of BHL for the 12 months period ended on September 30, 2004; September 30, 2005; September 30, 2006 and Unaudited financial results for 9 months period ended on June 30, 2007 are as follows:

(Rs. in Lac)

Profit and Loss Statement	**Year – I (12 Months* Ended) 30.09.2004**	**Year – II (12 Months* Ended) 30.09.2005**	**Year – III (12 Months* Ended) 30.09.2006**	**Current Year (9 Months** Ended) 30.06.2007**
Income from operations	49,215	84,612	144,724	128,071
Other Income	1,767	868	3,951	9,167
Total Income	50,982	85,480	148,675	137,238
Total Expenditure	39,926	63,602	113,634	133,841
Profit before depreciation, interest and Tax	11,056	21,878	35,041	3,397
Depreciation	1,909	3,509	7,239	9,172
Interest	1,359	1,321	(215)	3,004
Profit/(Loss) before Extraordinary Item &Taxation	7,788	17,048	28,017	(8,779)
Extra ordinary items	4,124	–	–	–
Less: Withdrawn from General Reserve	(4,124)	–	–	–
Profit/(Loss) before Tax	7,788	17,048	28,017	(8,779)
Provision for Tax	1,686	3,009	8,934	(4,482)
Profit/(Loss) after Tax	6,102	14,039	19,083	(4,297)
Balance Sheet Statement	**Year – I**	**Year – II**	**Year – III**	**Current Year**
Sources of Funds				
Paid up share capital	873	1,163	1,414	1,414
Reserves and Surplus (Excluding revaluation reserves)	12,900	60,261	135,453	131,163
Secured Loans	32,024	38,179	44,017	183,025
Unsecured Loans	193	12,825	106,591	70,934
Deferred Tax (Net)	4,243	4,534	12,996	8,418
Grand Total	**50,233**	**116,962**	**300,471**	**394,954**
Uses of Funds				
Net fixed assets	42,326	107,974	223,656	277,232
Investments	7	507	20,581	35,511
Net current assets	7,900	8,481	56,234	82,211
Total misc. expenditure not written off.	–	–	–	–
Grand Total	**50,233**	**116,962**	**300,471**	**394,954**
Computation of Net Worth :	**Year-I**	**Year-II**	**Year-III**	**Year-IV**
Paid up share capital	873	1,163	1,414	1,414
Reserves and Surplus	12,900	60,261	135,453	131,163
Less:				
Capital Redemption Reserve	5	5	5	5
Debenture Redemption Reserve	2,250		11,875	11,875
Reserve for Molasses Storage Tanks	179	196	232	276
Net Worth	**11,339**	**61,223**	**124,755**	**120,421**
Other financial data	**Year – I**	**Year – II**	**Year – III**	**Year-IV**
Dividend	40%	50%	60%	–
Earning per share (Basic) (Rs.)	6.99	14.61	14.27	-3.04
Return on net worth	0.54	0.23	0.15	-0.04
Book value per share (Rs.)	12.98	63.72	93.31	85.16
Price Earning Multiple	10.61	14.53	22.74	(55.74)
No. of Shares	**87,328,460**	**96,083,579**	**133,702,948**	**141,407,111**

* Audited Results

** Results for 9 months period ended 30.6.2007 duly certified by the Auditors

Notes:

1. Company's financial years are as under:-

Year - I : 1st October, 2003 to 30th September, 2004.

Year - II : 1st October, 2004 to 30th September, 2005.

Year - III : 1st October, 2005 to 30th September, 2006.

Year - IV : Nine months period from 1st October, 2006 to 30th June, 2007.

2. As required by Merchants Bankers, financial data has been presented in Rupees Lakh instead of Rupees in Crore, as published in financial results.

3. In Year-IV, all financial data has been taken from the published financial results, which has been subjected to a Limited Review by us under Clause 41 of the Listing Agreement, which is much less in scope than a Statutory Audit.

4. For Year-IV, the Company has changed its Accounting Policy during the 9 months period ended 30th June, 2007, as under:

(a) Exchange Gains on FCCB/ECB have not been considered in the published financial results for the period ended 30th June, 2007, which has been subjected to a Limited Review under Clause 41 of the Listing Agreement. As a result, the loss for the period is higher by Rs.5606 Lakh.

(b) Stock of by-products viz: Molasses and Waste (Bagasse), which were upto 30th September, 2006, not considered for the purpose of valuation of inventory have as on 30th June, 2007, been included and valued, resulting in the loss being lower by Rs.6126 Lakh.

(c) The financial results of the current period have been recomputed to incorporate the changes in Accounting Policies mentioned in Para 4(a) and 4(b) above, so as to make the current period figures comparable with those of the previous years. The net impact of the changes in Accounting Policies is that the loss for the period ended 30th June, 2007, is higher by Rs.520 Lakh.

5. Provision for Taxation includes Deferred Tax, Fringe Benefit Tax and Wealth Tax, wherever applicable.

6. Reasons for increase in the Reserve and surplus in the year 2006

The Reserves and Surplus has increased from Rs.60,261 lakhs in the year 2005 to Rs.1,35,453 lakhs in the year 2006, primarily on account of profits earned by the Company for the Financial Year 2005-06 of Rs.20,527 lakhs and net increase in Securities Premium Account by Rs.57,136 lakhs due to issue of equity shares at premium on account of GDR/FCCB conversion. The increase in the Reserves & Surplus is thus contributed by (i) operational income by the Company and (ii) GDR/FCCB subscribers.

7. Source of other Income

Dividend, Surplus on Sale of Assets, Lease and Management Fees, Gain due to Foreign Exchange Fluctuation (Net of provision), Scrap/ store/Manure sales, Profit from sale of investment, provisions no longer required/credit balance appropriated and Miscellaneous receipts.

4.8 Reasons for the fall/rise in the total income and net income

(A) For the period of 12 Months ended 30.06.2007 vs. for the period of 9 Months ended on 30.09.2006

Total Income in absolute terms, decreased by 7.7% as the amount is for the period of 9 months as against 12 months in the year ended on 30.09.2006.

In the 9 months ended on 30.06.07, there is a loss as compared to Profit for the year ended on 30.09.2006. This is due to higher raw material (cane) prices and poor realizations of sugar and by-products.

(B) For the period of 12 Months ended on 30.09.2006 vs. for the period of 12 Months ended on 30.09.2005

Total Income in absolute terms increased by 74% and Net Income (Profit before tax) has increased by 64.3%. It was mainly due to better realization of sugar and by products. Increase in crushing capacity of sugar by 65.63% due to commissioning of three new sugar plants. Commissioning of a new distillery has also contributed to increase in sales.

(C) For the period of 12 Months ended on 30.09.2005 vs. for the period of 12 Months ended on 30.09.2004

Total Income in absolute terms increased by 67% and Net Income (Profit before tax) has increased by 118.9%. It was mainly due to better realization of sugar and by product. And increase in crushing capacity/production of sugar by 33.33% due to commissioning of a new sugar plant and increase in production/sales of industrial alcohol.

4.9 Significant Accounting Policies of the Company

1. System of Accounting:

(i) The Company follows the mercantile system of accounting and recognises income and expenditure on an accrual basis except in case of significant uncertainties and interest on delayed payment by parties.

(ii) Financial statements are based on historical cost.

2. Revenue recognition:

(i) Revenue is recognised when the significant risk and rewards of ownership of the goods have been passed to the buyers. Sale of goods is exclusive of sales tax. Sales exclude captive consumption of molasses.

(ii) Sugar sold under levy quota for each season, is accounted at the price as notified by the Govt. as available till such time pending final notification for each season. The difference in price pending final notification is accounted on an estimation by the management taking into account factors affecting the calculation of levy sugar price.

(iii) Export incentive in the nature of Duty Draw back or "Duty Entitlement Pass Book" under "Duty Exemption Scheme" is accounted for in the year of Export.

3. Fixed Assets and Depreciation:

A. Fixed Assets:

(i) Fixed assets are carried at cost of acquisition or construction cost, less accumulated depreciation (except free hold land) and amortisation.

(ii) Expenditure during construction period incurred on the projects under implementation is treated as Pre-operative Expenses pending allocation to the assets, and is included under "Capital Work in Progress". These expenses are apportioned to fixed assets on commencement of commercial production. Capital Work in Progress is stated at the amount expended upto the date of Balance Sheet.

B. Depreciation:

(i) Depreciation on all the assets has been provided as under:-

(a) On Fixed assets: On straight-line method basis at the rates and in the manner specified in Schedule XIV to the Companies Act, 1956.

(b) Other assets: On written down value basis at the rates and in the manner specified in Schedule XIV to the Companies Act, 1956.

(ii) Depreciation on assets added, sold or discarded during the year has been provided on pro-rata basis.

(iii) Intangible assets represented by computer software is being amortised over a period of five years.

4. Investments:

All long term investments are stated at cost of acquisition. Diminution in value of such long term investments is not provided for except where determined to be of permanent nature.

5. Inventories:

(i) Stock of Raw Materials is valued at cost or net realisable value whichever is lower. Cost is arrived at on FIFO Basis.

(ii) Stock of Materials-in-Process and finished goods are valued at cost or net realisable value whichever is lower. *

(iii) Stores, Spares and Packing material are valued at cost. Cost is arrived at on Weighted Average Basis.

(iv) Obsolete stores and spares when identified and technically determined, are valued at estimated realisable value.

(v) By-products - Molasses and Bagasse are valued at estimated realisable value.

(vi) Trial run inventories are valued at cost or estimated realisable value whichever is lower.

6. Research and Development:

Revenue expenditure on Research and Development is charged against the profit for the year.

Capital expenditure on Research and Development is shown as an addition to Fixed Assets.

7. Government Grants:

Government grants/subsidies received towards specific fixed assets have been deducted from the Gross value of the concerned fixed assets and grant/subsidies received during the year towards revenue expenses have been reduced from respective expenses. Capital Subsidies under Sugar Promotion Policy, 2004 is recognised to the extent the claims are accepted and settled.

8. Foreign Currency Transactions:

Foreign Currency transactions are recorded at the rates of exchange prevailing on the date of transaction. Monetary foreign currency assets and liabilities outstanding at the close of the financial year are revalorised at the exchange rates prevailing on the balance sheet date. Exchange differences arising on account of fluctuation in the rate of exchange is recognised in the Profit & Loss Account.

9. Retirement benefits:

(i) Gratuity: Payment for present liability of future payment of gratuity is being made to an approved Gratuity Fund, which fully covers the same under Cash Accumulation Policy of the Life Insurance Corporation of India (LIC). The additional liability arising out of the difference between actuarial valuation and the fund balance with the LIC, if any, is accrued at the year end.

(ii) Superannuation: Contribution to Superannuation fund is being made as per the Scheme of the Company.

(iii) Provident Fund contributions are made to Company's Provident Fund Trust.

(iv) Contribution to Employees' Pension Scheme 1995 is made to Government Provident Fund Authority.

(v) Leave Encashment: Liability for accrued unencashed leave is provided on actual basis.

(vi) Compensation to employees under Voluntary Retirement Scheme is charged to Profit and Loss Account in the year of payment.

10. Borrowing Cost:

(i) Borrowing cost attributable to acquisition and construction of assets are capitalised as part of the cost of such assets upto the date when such assets are ready for intended use and other borrowing costs are charged to profit & loss account.

(ii) Expenses on issue of shares, debentures and foreign currency convertible bonds (FCCBs), premium on redemption of FCCBs, which is being provided entirely on issuance as well as exchange rate difference arising on revalorisation of such premium are charged to "Securities Premium Account" in accordance with Section 78 of the Companies Act, 1956.

11. Provision for Current and Deferred Tax:

(i) Provision for Current tax is made with reference to taxable income computed for the accounting period for which the financial statements are prepared by applying the tax rates relevant to the respective 'Previous Year'.

(ii) Deferred Tax resulting from 'timing difference' between book and taxable profit for the year is accounted for using the current tax rates. The deferred tax asset is recognized and carried forward only to the extent that there is a reasonable certainty that the assets will be adjusted in future. However, in case of deferred tax assets (representing unabsorbed depreciation or carry forward losses) are recognised, if and only if there is a virtual certainty that there would be adequate future taxable income against which such deferred tax assets can be realised.

4.10 Details of earlier acquisitions in Target Company

Date of acquisition	No. of shares	Percentage of outstanding paid up share capital of the Target company	Cumulative Percentage	Mode of acquisition	Compliance with SEBI (SAST) Regulations and other statutory requirements
30.08.2005*	19,80,000	55%	55%	Share purchase agreement	Complied
29.04.2006**	1,73,027	4.81%	59.81%	Received from the shareholders pursuant to open offer	The aforesaid acquisition of more than 15% paid up share capital/ voting rights required to make an open offer to the shareholders of the Target company and the Acquirer received 4.81% pursuant to open offer.
09.02.2007	90,00,000	16.07%	54.52%	Allotment pursuant to exercise of rights attached to a part of warrants allotted on preferential basis	Complied with
26.12.2007	5,70,00,000	48.31%	74.18%	Allotment pursuant to exercise of rights attached to all the remaining warrants allotted on preferential basis	Compliance in progress.

* Date of share purchase agreement

** 1,73,027 (4.81%) equity shares of Rs.10/- each received under the open offer kept in an escrow account transferred in the name of BHL on 29.04.2006 upon completion of all open offer formalities.

Except as mentioned above there is no other acquisition by Acquirer or any change in promoter shareholding.

4.11.1 The status of Corporate Governance and pending Litigation matter

(A) Status of Corporate Governance compliances

Acquirer has been complying with the provisions relating to the corporate governance. Bajaj Hindusthan Limited has five (5) 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 Shareholders Grievance Committee	Member of Remuneration Committee (non-mandatory)
Mr. Shishir Bajaj	Promoter/Executive		Yes	
Mr. Kushagra Bajaj	Promoter/Executive			
Mr. Niraj Bajaj	Promoter/Non-Executive			
Mr. D. S. Mehta	Non-Promoter/ Non-Executive		Yes	Yes
Mr. M. L. Apte	Independent			Yes
Mr. R. V. Ruia	Independent	Yes	Yes	
Mr. D. K. Shukla	Independent (Representative for LIC)	Yes		Yes
Mr. Suresh A. Kotak	Independent	Yes		Yes
Mr. I. D. Mittal	Non-Promoter/Executive			
Mr. Alok Krishna Agarwal	Independent			

The provisions of Clause 49 of the Listing Agreement with the Stock Exchange dealing with Corporate Governance has been complied with Certificate on Corporate Governance received from the Statutory Auditors had been published in the Annual Report for the year ended on September 30, 2007 and Compliance Reports on quarterly basis have been filed with the Stock Exchanges within the stipulated times.

(B) Pending Litigation and contingent Liabilities of Acquirer Company

The following is the list of material litigation by and against the Company as on date of Letter of Offer treated as contingent liabilities against which no provisions have been made:

Cases filed against the Company:

1. Civil Suits

(i) One Special Leave Petition (4791 of 2002) pending before Hon'ble Supreme Court of India against the writ petition No.1494 of 1980 dismissed by the Hon'ble High Court of Lucknow pertaining to land acquisition matter for 104.82 acre of land for its one of the sugar mills. Company has filed its affidavit. The sugar mill on this land is operational since over last 35 years.

(ii) In all other 16 civil suits relating to various land ownership, possession, compensation related matters, 10 civil suits seeking injunction and restraining the Company from completing construction at factories, 1 civil suit for irregularity in cane purchases process, are pending at various District Courts, Civil Courts, High Courts, Collectors' Office, Tehsildar's Office, etc. Estimated liability: Rs.32.26 Lacs.

(iii) Government of Uttar Pradesh & certain other farmer associations have filed a Special Leave Petition (SLP) against the order of Allahabad High Court dated 19.12.2007 quashing State Advised Price fixed by the Government of Uttar Pradesh for the year 2006-07. The said SLP is pending consideration before the Supreme Court of India. BHL is a co-respondent in the said SLP.

2. Cases involving Criminal Offences:

7 cases have been filed against the Company in various judicial forums involving criminal offences relating to accident, encroachment, trespassing, etc. The cases are pending at various stages. Estimated liability – Rs.0.76 Lacs.

3. Labour Matters

In all, 68 cases have been filed against the Company in various courts for matters relating to reinstatement, continuity of service, salary arrears, workmen compensation, minimum wages, and gratuity, etc. The cases are pending at various stages. Estimated liability - Rs.253.42 Lacs.

4. Misc. Matters

(i) 12 civil suits relating to recoveries, supplies, compensation, injunctions, etc. are pending at various District Courts, and High Courts. Estimated liability: Rs.54.36 Lacs.

(ii) 3 matters relating to incorrect credit, wrongful deduction, etc. are pending at various District Consumer Forums. Estimated liability: Rs.1.18 Lacs.

(iii) 11 matters relating to misc. matters pertaining to pesticides act, insurance claims, securities, public interest litigations, etc. are pending at various District Courts, High Courts and the Supreme Court. The cases are pending at various stages. Estimated liability: Rs.12.20 Lacs.

5. Environment Matters:

(i) A public interest litigation was filed in Supreme Court alleging discharge of untreated waste in Gomti River. UPPCB has filed an affidavit before Supreme Court that no untreated waste is discharged in river Gomti by the units of Company. The matter has been remanded to its jurisdictional Court at Lucknow for periodical review.

(ii) 2 cases have been filed with respect to Kinauni unit regarding discharge of toxic and untreated effluents in river Hindon. The matter is pending before Allahabad High Court.

Cases filed by the Company:

1. Civil Suits

(i) 10 civil suits relating to land matters, encroachments, appeals against injunctions, etc. are pending at various Courts.

(ii) 7 civil suits relating to recoveries, appeals against recovery proceedings, refund of earnest money, etc. are pending at various stages before different Courts.

2. Sugar Price, Cane Price and Other Cane Related Matters:

(i) 2 matters relating to levy sugar price for the year 1973-74 and 1983-84, seeking permission for sale out of free sale sugar quota are pending at High Courts at Delhi and Lucknow.

(ii) Against the Government of India demand for interest, the Company had preferred a writ petition before High court, Allahabad, Lucknow Bench (1479 of 1999) on differential cane price under clause 5 of the Sugar Cane Control Order 1966. Stay Order has been passed in favour of the Company directing not initiating any coercive action against the said demand till disposal of the case. Estimated liability: Rs.28.66 Lacs.

(iii) 1 writ petition before High Court, Lucknow is pending in the matter relating to bifurcation of sugarcane purchasing centre and allocation of the part of sugarcane purchasing centre to another mill.

3. Labour Matters

2 writ petitions against Orders passed against the Company by the Labour Courts are pending at various stages.

4. Misc. Matters

(i) 10 matters relating to shortage of cane, seeking stay/injunction in various matters, appeals, removal of obstructions by putting bars for easy movement of trucks in roads connecting to sugar mills, etc. The cases are pending at various stages.

(ii) 1 matter seeking damages and rectification of problem for the new Electronic Attendance Recording System purchased by the Company due to improper functioning notice during warranty period itself is pending at the District Consumer Forum, Kheri.

(iii) A SLP (23151 of 2004) filed by the Company against dismissal of the writ petition by the Hon'ble High Court, Lucknow in the matter of imposition of penalty of Rs.47.58 Lacs for keeping the Sugar bags out side factory godowns, without requisite approvals. The stay on recovery has been granted in favour of the Company. Estimated Liability: Rs.47.58 lacs plus interest, if any.

(iv) 1 Writ Petition (2004 of 2005) challenging the illegal and arbitrary retrospective revision of maintenance charges of the railway siding w.e.f. 1.4.1999 to 31.1.2004 and demanding an aggregate amount of Rs.26.05 Lacs was filed by the Company before the Hon'ble High Court, Lucknow. Stay of realisation of arrears has been granted in favour of the Company. However the Court has directed the Company to pay the siding charges at enhanced rates prospectively. Estimated liability of arrears: Rs.26.05 lacs plus interest, if any.

5. Environment Matters:

The Company filed a writ petition in Allahabad High Court seeking stay on the prosecution launched against its Directors and Officers under Section 44 of the Water Pollution Control Act. Allahabad High Court vide its order dated 18.02.1985 stayed the prosecution before the Chief Judicial Magistrate, Lakhimpur-Khiri. Meanwhile, a special court was constituted and on the orders of Allahabad High Court, the matter was transferred for adjudication before the said Special Court before which it is pending.

Tax Claims

No major tax claims are pending against the Company. The summary of present claims against the Company on accounts of various taxes, duties, levies for which no provisions have been made are provided hereunder: -

(i)	Central Excise matters:	Rs.93.54 Lacs
(ii)	Sales Tax matters:	Rs.3.75 Lacs
(iii)	Other Claims:	Rs.155.03 Lacs
(iv)	Income-tax matters:	Rs.0.28 Lacs

<u>Other Contingent Liabilities:</u>

The company has furnished corporate guarantee of Rs.7400 Lacs to a bank on behalf of Bajaj Eco-tec Products Ltd., wholly owned subsidiary for credit facility availed by the said subsidiary.

4.11.2 Name and address of Compliance Officer:

Mr. Kausik Adhikari, Asst. Company Secretary, Address: Bajaj Hindusthan Limited, Bajaj Bhawan, 2nd Floor, Jamnalal Bajaj Marg, 226, Nariman Point, Mumbai - 400021 Tel.: +91-22-22023626, Fax: +91-22-22022238, Email: kadhikari@bajajhindusthan.com

4.11.3 There have been no merger/demerger/spin off involving BHL over the last three years. The name of the acquirer was changed on June 7, 1988 from The Hindushan Sugar Mills Limited to its present name i.e. Bajaj Hindusthan Limited.

4.12 Shareholding pattern of the BHL as on the date of Public Announcement.

Shareholders Category	**Shareholding Pattern**	
	No.	**%**
(1) Promoter Group	**6,44,03,883**	**45.55**
(2) Public		
a. FIs/MFs, FIIs/Banks/Custodians	**4,51,53,662**	**31.93**
b. Others	**3,18,49,566**	**22.52**
Total 2 (a+b)	**7,70,03,228**	**54.45**
Grand Total (1+2)	**14,14,07,111**	**100.00**

4A. Disclosure in terms of Regulation 16 (ix) of SEBI (SAST) Regulations

4A.1 As on the date of the Public Announcement, the Acquirer does not have any plans to dispose of or otherwise encumber any assets of the Target Company in the next twenty four (24) months except as mentioned above and except in the ordinary course of business of the Target Company.

4A.2 Save and except as mentioned above, the Acquirer undertakes that it shall not sell, dispose of or otherwise encumber any substantial asset of the Target Company except with the prior approval of the Shareholders of the Target Company, to the extent such approval is required by applicable laws.

4A.3 The Acquirer does not have any intention to change the Board of Directors of the Target Company except in the ordinary course of business and subject to applicable law.

4B. Future Plans of the Acquirers with regard to the Target Company

4B.1 The enhanced size of business operations of the Target Company could also result in relative change in the composition of the income of the Target Company over a period of time resulting in lower dependence on outside financial support, which may have an impact on the realized profits of the Target Company.

4B.2 As a part of its ongoing business activities, the Target Company monitors, evaluates and decided its business operations based on the prevailing market and other economic conditions. Such decisions, if any, may affect the business operations of the Target Company. The Board of Directors of the Target Company or its authorized persons are responsible for taking decisions in these matters, as per the requirements of business and in line with opportunities or changes in the industry scenario, from time to time.

5. DISCLOSURE IN TERMS OF REGULATION 21(2) of SEBI (SAST) Regulations

5.1 The Acquirer as of the date of the Public Announcement holds 3,05,30,270 equity shares of the Target Company comprising 50.05% of the paid up capital of the Target Company. The Acquirer holds 8,75,30,270 equity shares comprising 74.18% of the emerging expanded capital of the Target Company pursuant to the allotment of equity shares on December 26, 2007. Upon completion of the Offer, assuming full acceptance the Acquirer will directly hold 11,11,30,270 equity shares comprising 94.18% of the total emerging expanded voting capital of the Target Company.

5.2 As per listing agreement with BSE and CSE, the Target Company is required to maintain at least 25% public shareholding for listing on continuous basis.

5.3 In the event, pursuant to this offer, the public shareholding in the Target Company falls below 25% of its outstanding equity share capital, the Acquirer will, in accordance with Regulation 21(2) of the SEBI (SAST) Regulations, 1997, facilitate the Target Company to raise the level of public shareholding to the level specified for continuous listing in the Listing Agreement with the Stock Exchanges within the specified time and in accordance with the prescribed procedure under clause 40A(viii) of the Listing Agreement and in compliance with the SEBI (SAST) Regulations and subsequent amendments thereto.

6. BACKGROUND OF THE TARGET COMPANY – BHSIL

6.1 The Target Company i.e. M/s. Bajaj Hindusthan Sugar and Industries Limited ("BHSIL") was originally incorporated in the name of The Pratappur Sugar Mills Limited on July 24, 1971 with the Registrar of Companies, West Bengal, as a Public Limited Company and got Commencement of Business Certificate on August 19, 1971 from the Registrar of Companies, West Bengal. The name of the company was changed to The Pratappur Sugar & Industries Limited on August 2, 1975 and to Bajaj Hindusthan Sugar and Industries Limited on July 25, 2006. The Registered Office of BHSIL is situated at Bajaj Bhawan, 2nd Floor, Jamnalal Bajaj Marg, 226, Nariman Point, Mumbai 400021, India, Tel. No.: +91-22-22023626, 22842110. Fax No.:+ 91-22-22022238. The Company's Corporate Identity Number (CIN) is L15421MH1971PLC167716.

BHSIL is the subsidiary company of BHL

6.2 BHSIL has been engaged in the business of manufacturing and marketing of sugar. BHSIL has manufacturing facilities at Pratappur, District. Deoria (U.P.) - 274 703. BHSIL has also set up three greenfield plants at Utraula, Kunderki and Rudauli, and a new distillery at Rudauli all in the state of Uttar Pradesh. The company's two new Sugar plants have commenced operations during December 2007 and the third plant will become operational during the ongoing sugar season 2007-08.

In addition, the newly set up 160 Kilo Litres per day capacity Distillery of the Company at Rudauli in District Basti, having facility to manufacture Ethanol has also commenced operations.

6.3 Promoters of BHSIL

There is only one Promoter namely Bajaj Hindusthan Limited.

6.4 Capital Structure

(A) As on date of letter of offer BHSIL has an authorized share capital of Rs.4000 Lac, comprising of 40,00,00,000 equity shares of the face value of Re 1/- each. It has an issued, subscribed and paid-up equity share capital of Rs.1180 Lac, consisting of 11,80,00,000 fully paid equity shares of the face value of Re.1/- each. There are no partly paid-up shares in the Target Company.

(B) The Share capital structure as on date of Public Announcement was as under:

Paid up equity shares of BHSIL (Face Value Re.1/- each)	No of Shares / Voting right	% of Shares	% of Voting Right
Fully paid up equity shares	6,10,00,000	100.00	100.00
Partly paid up equity shares	0	0	0
Total paid up equity shares	6,10,00,000	100.00	100.00
Total voting rights in BHSIL	6,10,00,000	100.00	100.00

(C) The Share capital structure as on date of this Letter of Offer is as under:

Paid up equity shares of BHSIL (Face Value Re.1/- each)	No. of Shares/ Voting Right	% of Shares	% of Voting Right
Fully paid up equity shares	11,80,00,000	100.00	100.00
Partly paid up equity shares	NIL	N.A.	N.A.
Total paid up equity shares	11,80,00,000	100.00	100.00
Total voting rights in BHSIL	11,80,00,000	100.00	100.00

(D) Build up of the share capital:

Date of Allotment	No. of shares issued	% of shares issued	Cumulative paid up capital (Rs.)	Mode of allotment	Identity of allottees (Promoters/ex-promoters/others)	Status of Compliance
24.07.1971	150		1,500	Cash	Subscribers	All Compliance done
17.08.1971	1,050		12,000	Cash	Ex-Promoter	
03.08.1972	1,38,800		14,00,000	Cash	Ex-Promoter	
28.03.1979	85,000		22,50,000	Cash	Ex-Promoter	
31.08.1989	2,25,000		45,00,000	…..	Bonus Issue (Record Date: 31.8.1989)	
15.01.1992	4,50,000		90,00,000	…..	Bonus Issue (Record Date: 15.1.1992)	
05.04.1993	9,00,000		1,80,00,000	…..	Bonus Issue (Record Date: 05.4.1993)	
25.01.1994	6,00,000		2,40,00,000	Cash	Rights Issue	
26.05.1994	12,00,000		3,60,00,000	Cash	Public Issue	
07.08.2006	3,60,00,000	30.52	3,60,00,000	……	Subdivision (split) of existing share of Rs.10/- each to Re.1/- each	
06.12.2006	60,00,000	5.08	4,20,00,000	Cash	Others — PSIL Employees Stock Options and Welfare Trust	
09.02.2007	1,40,00,000	11.87	5,60,00,000	Cash	Promoter — Bajaj Hindusthan Limited-90,00,000 shares on exercise of part of warrants. Others — Benett Coleman & Co. Ltd.-50,00,000 shares on preferential basis	
05.12.2007	50,00,000	4.23	6,10,00,000	Cash	Others — PSIL Employees Stock Options and Welfare Trust	
26.12.2007	5,70,00,000	48.30	11,80,00,000	Cash	Promoters — Bajaj Hindusthan Limited exercise of equity warrants	In Progress

Note: In the calculation of percentage of no. of shares issued, percentage prior to sub division are not considered.

6.5 Further, there are no partly paid up shares.

6.6 The Company has allotted Foreign Currency Convertible Bonds of the face value of USD 1,50,000 each due in the year 2014 which are convertible into equity shares of face value of Re.1/- each at a conversion price of Rs.50/- per share to International Finance Corporation, Washington [Hereinafter referred to as "IFC(W)"]. If all the aforesaid securities are converted into equity shares, it will result into an addition of around 1,20,00,000 equity shares of Re.1/- each to the paid up capital of the Company. However, IFC(W) has agreed not to convert the aforesaid securities upto a date after 15 days of the closure of the open offer. Hence, the effect of conversion has not been taken into account while calculating the voting rights of the target company.

6.7 The shares of "BHSIL" are at present listed on Bombay Stock Exchange Limited, "BSE" and The Calcutta Stock Exchange Association Limited, "CSE". The shareholders of the Target Company through a resolution passed at the Extraordinary General Meeting held on June 19, 2006 under the SEBI (Delisting of Securities) Guidelines 2003 have approved voluntary delisting of shares from CSE. BHSIL has made an application submitted on September 8, 2006 for voluntary delisting of equity shares and it is pending with The Calcutta Stock Exchange Association Limited, "CSE".

6.8 The closing price of BHSIL on BSE as on December 28, 2007 was Rs.48.50/- **(Source: www.bseindia.com).**

6.9 There has been no suspension of trading of the shares of the Company in any Stock Exchanges till date. Out of 11,80,00,000 equity shares of BHSIL, 6,10,00,000 have been listed on BSE and for 5,70,00,000 equity shares allotted on December 26, 2007 applications have been submitted to BSE for obtaining the listing of Equity shares. 3,60,00,000 equity shares are listed on CSE for the reason that application for voluntary delisting of shares submitted to CSE on September 8, 2006 is pending with them for approval the The company has complied with all the listing requirements till date and no actions have been taken by any of the Stock Exchanges.

6.10 Chapter II Compliance

Promoters, sellers and other major shareholders have complied with Chapter-II of SEBI (SAST) Regulations within in the time limits 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.

6.11 The following persons constituted the Board of Directors of the BHSIL:

Sr. No.	Name	Status
1.	Mr. Kushagra Bajaj	Non-executive/Promoter
2.	Dr. Swatantra Singh Kothari	Non-executive/Independent
3.	Mr. Pradeep Kumar Mittal	Non-executive/Independent
4.	Mr. Purshottam Dadheech	Non-executive/Independent
5.	Mr. Gautam Ashra	Non-executive/Independent
6.	Mr. Rakesh Bhartia	Non-executive
7.	Mr. K. S. Vaidyanathan	Non-executive
8.	Mr. Pradeep Parakh	Non-executive

Changes in Board of Directors after Public Announcement: None

The Brief Details of Board of Directors of BHSIL comprises of the following:

Board of Directors	Residential Address	Experience	Qualifications	Date of Appointment
Mr. Kushagra Bajaj	100 Mount Unique, 62A Peddar Road, Mumbai - 400 026.	He joined the Board in 2006 aged 31 years and belongs to our Promoter, the Bajaj group. He is responsible for overall operations of the Company.	BSc. Degree in Economics, Political Philosophy and Finance from the Carnegie Mellon University, Pittsburgh, USA and has a Masters degree in Marketing from Northwestern University, Chicago, USA.	9.5.2006
Dr. Swatantra Singh Kothari	7, Sarat Bose Road, 2C, Dwarka Building, Kolkata - 700 020.	Dr. Swatantra Singh Kothari, aged 77 years, is a Director of the Company since 1975. He is a senior Chartered Accountant with considerable experience and expertise in Finance, Taxation and Accounts. He had been Director of Bank of India for more than five years and Member of Central Council of the Institute of Chartered Accountants of India. He is a former Member of Parliament (Lok Sabha) and Public Undertakings Committee. He also holds Directorship and Membership of the Committee of the Board of Directors of other companies. His advice has been valuable and useful to the Company.	PH. D. (Econ.), F.C.A.	28.2.1975
Mr. Pradeep Kumar Mittal	171, Chitra Vihar, Delhi - 110 092.	Mr Pradeep Kumar Mittal, aged 54 years, is a practicing advocate before Supreme Court, Delhi High Court, Custom Excise and Service Tax Appellate Tribunal, FEMA Appellate Tribunal, Company Law Board, MRTP Commission and District Courts. He is an advisor/retainer to many public sector companies and on the panel of Union of India (Central Government), banks and PSUs. He joined the Board of the Company in April, 2007.	B.Com, LL.B, FCS	23.4.2007
Mr. Purshottam Dadheech	I/S, Delhi Gate, 48, Dholi Bavdi Road, Udaipur Rajasthan - 313 001.	Mr. Purshottam Dadheech, aged 63 years, is having over 35 years of experience in the area of Material management and commercial functions. He joined the Board of the Company in May 2006.	Graduate	9.5.2006
Mr. Gautam Ashra	I/4, Breach Candy Apts., B. D. Road, Mumbai - 400 026.	Mr. Gautam Ashra, aged 51 years, is a Partner in Kanji Pitamber & Co. (Kanji Currency Broker) and he is a Promoter Director of Kanji Forex Pvt. Ltd. & Bliss GVS Pharma Ltd. He is a Committee Member of	M. Com (Banking and Finance)	28.9.2007

Board of Directors	Residential Address	Experience	Qualifications	Date of Appointment
		Foreign Exchange Brokers Association & past Chairman of Foreign Exchange Brokers Association of India and Ex-Vice Chairman of Forex Association of India. He has over 25 years of experience in trading of Foreign Currencies and Precious Metals and he is also a member of Multi Commodity Exchange of India Ltd.		
Mr. Rakesh Bhartia	Flat No.31, Basant Apts., G. D. Somani Marg, Cuffe Parade, Mumbai - 400 005.	Mr. Rakesh Bhartia, aged 38 years, joined Bajaj Hindusthan Limited in April 2006 and presently designated as Chief Operating Officer (COO). He joined the Board of the Company in July, 2007. He started his career in 1992 with ICICI Securities & Finance Company Ltd. (a Joint Venture between ICICI and J P Morgan). He worked in leading multinational Banks/Investment Banks including ANZ Grindlays Bank and Bank of America. His career focus has been in Commercial and Investment Banking. Mr. Bhartia has rich experience in transactions covering equity & debt raising from domestic as well as international markets, Mergers & Acquisitions advisory, restructuring of corporates, leveraged buy out financing and exposure to currency markets.	CA, CS and ICWA	30.7.2007
Mr. K. S. Vaidyanathan	B-31, Greater Kailash – I, New Delhi - 110 048.	Mr. K.S. Vaidyanathan, 67 years, has joined Bajaj Hindusthan Limited as Director- Corporate Affairs in June, 2007. Before joining Bajaj Hindusthan Limited, he retired from ITC Limited as Senior Vice President-Corporate Affairs after an illustrious career of 25 years. He also served Goodyear, Air India, TVS and Premier Tyres. He has in-depth knowledge of public policy, Government systems and procedures and regulatory measures and processes. He joined the Board of the Company in July, 2007.	B. Com.	30.7.2007
Mr. Pradeep Parakh*****	1A-602, Green Hills, Lokhandwala Township, Kandivali (East), Mumbai - 400 101.	A Director of the Company since 28.9.2005 as one of the representative of holding Company, Bajaj Hindusthan Limited (BHL). He is presently Vice President & Company Secretary of BHL. He has been a Chartered Accountant since 1987 and a Company Secretary since 1991. Mr. Parakh aged 41 years and has 18 years of professional experience with key strengths in the areas of Corporate Law, Corporate Governance and Finance.	B. Com. (Hons.), ACS, FCA	28.9.2005

* Mr. Pradeep Parakh, Vice President and Company Secretary of BHL is on the Board of Directors of BHSIL (Target Company).

* In terms of Regulation 22(9) of SEBI (SAST) Regulations Mr. Pradeep Parakh, Vice President and Company Secretary of BHL and director of BHSIL will recuse himself and has not participated in any matter(s) concerning or 'relating' to the offer including any preparatory steps leading to the offer.

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

6.13 Change of name in last three years

The name of the Target Company has been changed on July 25, 2006 from The Pratappur Sugar & Industries Limited to Bajaj Hindusthan Sugar and Industries Limited.

6.14 Brief particulars of the audited financial Information of the BHSIL for the 12 months period ended on March 31, 2004; March 31, 2005; March 31, 2006, six months period ended September 30, 2006 and Unaudited financial results for 9 months period ended on June 30, 2007 are as follows:

	Year – I	Year – II	Year – III	Year - IV	Year - V
Profit and Loss Statement	**(12 Months Ended)**	**(12 Months Ended)**	**(12 Months Ended)**	**(6 Months Ended)**	**(9 Months Ended)**
	Audited (Rs. in Lac)	**Audited (Rs. in Lac)**	**Audited (Rs. in Lac)**	**Audited (Rs. in Lac)**	**Unaudited (Rs. in Lac)**
	31.03.2004	**31.03.2005**	**31.03.2006**	**30.09.2006**	**30.06.2007**
Income from operations	4,762.20	4,870.84	6,517.40	4,100.90	5,599.40
Other Income	82.48	60.68	57.30	30.60	128.60
Total Income	**4,844.68**	**4,931.52**	**6,574.70**	**4,131.50**	**5,728.00**
Total Expenditure	**4,809.20**	**4,626.77**	**7,402.70**	**4,029.90**	**8,069.60**
Profit/(Loss) before Depreciation, Interest and Tax	**919.54**	**1,003.30**	**(74.50)**	**314.30**	**(1,666.50)**
Depreciation	319.94	285.41	324.00	107.50	533.00
Interest	564.12	413.14	429.50	105.20	142.10
Profit/(Loss) before Tax & Extra Ordinary Items	**35.48**	**304.75**	**(828.00)**	**101.60**	**(2,341.60)**
Differential Sugarcane Price for Earlier Years	0.00	681.97	70.00	—	—
Less : Adjusted with General Reserve	0.00	(205.65)	—	—	—
Profit/(Loss) after Extra Ordinary Items but before Tax	**35.48**	**(171.57)**	**(898.00)**	**101.60**	**(2,341.60)**
Provision for Tax	143.86	113.18	241.00	36.00	775.60
Profit/(Loss) after Tax	**(108.38)**	**(58.39)**	**(657.00)**	**65.60**	**(1,566.00)**
Balance Sheet Statement	**Year – I**	**Year – II**	**Year – III**	**Year – IV**	**Year – V**
Sources of Funds					
Paid up share capital	360.00	360.00	360.00	360.00	560.00
Reserves and Surplus (excluding Revaluation Reserves)	389.08	183.82	184.80	185.40	7,586.40
Equity Warrants Issued & Subscribed	—	—	—	17,100.00	27,075.00
Secured Loans	5,772.88	6,162.24	4,309.80	3,515.60	56,707.80
Unsecured Loans	—	—	3,846.20	10,615.60	39,624.80
Deferred Tax (Net)	(51.37)	(164.55)	(410.50)	(376.50)	(1,164.60)
Grand Total	***6,470.59***	***6,541.51***	***8,290.30***	***31,400.10***	***130,389.40***
Uses of Funds					
Net fixed assets	2,652.45	2,591.73	3,573.20	28,623.90	90,045.30
Investments	12.96	8.65	0.10	—	—
Net current assets	3,805.18	3,882.36	4,000.10	2,124.30	38,126.40
Profit & Loss Account (Debit Balance)	0.00	58.77	716.90	651.90	2,217.70
Total misc. expenditure not written off.	—	—	—	—	—
Grand Total	**6,470.59**	**6,541.51**	**8,290.30**	**31,400.10**	**130,389.40**
Computation of Net Worth					
Paid up share capital	360.00	360.00	360.00	360.00	560.00
Reserves and Surplus (excluding Revaluation Reserve)	389.08	183.82	184.80	185.40	7,586.40
Equity Warrants Issued and Subscribed	—	—	—	17,100.00	27,075.00
Less:-					
Capital Redemption Reserve	1.00	1.00	1.00	1.00	1.00
Reserve for Molasses Storage Tanks	2.44	2.82	3.80	4.40	5.40
Profit and Loss Account (Debit Balance)	0.00	(58.77)	(716.90)	(651.80)	(2,217.71)
Net Worth	**745.64**	**481.23**	**(176.90)**	**16,988.20**	**32,997.29**
Other financial data	**Year - I**	**Year – II**	**Year – III**	**Year – IV**	**Year – V**
Dividend %	Nil	Nil	Nil	Nil	Nil
Earning per share (Basic) (Rs.)	(0.30)	(0.16)	(1.83)	0.18	(2.80)
Return on net worth	(0.15)	(0.12)	—	0.00	(0.05)
Book value per share (Rs.)	2.07	1.34	(0.49)	47.19	58.92
Price Earning Multiple	(25.13)	(194.69)	(96.89)	248.33	(9.38)
No. of Shares	**3,600,000**	**3,600,000**	**3,600,000**	**36,000,000**	**56,000,000**

Notes to Accounts

1. Company's financial years are as under:-

Year - I : 1st April, 2003 to 31st March, 2004.
Year - II : 1st April, 2004 to 31st March, 2005.
Year - III : 1st April, 2005 to 31st March, 2006.
Year - IV : 1st April, 2006 to 30th September, 2006.
Year - V : 1st October, 2006 to 30th June, 2007.

2. As required by Merchant Bankers, financial data has been presented in Rupees Lakh against Rupees in Crore presented in Financial Results.

3. In Year - V, all financial data has been taken from the published financial results, which has been subjected to a Limited Review by us under Clause 41 of the Listing Agreement, which is much less in scope than a Statutory Audit.

4. Provision for Taxation includes Deferred Tax, Fringe Benefit Tax and Wealth Tax, wherever applicable.

6.14.1 Reasons for increase in Reserves & Surplus in year V:

The paid up capital of the Company increased from Rs.360 Lakh to Rs.560 Lakh as per the details provided in the table below:

No. of equity shares	Name of allottee	Premium per share	Premium amount (Rs. in Lac)
60,00,000	PSIL Employees Stock Option and Welfare Trust on December 6,2006	Rs.9	540
90,00,000	Bajaj Hindusthan Limited on exercise of right attached to 9,00,000 warrants on February 9,2007	Rs.49	4410
50,00,000	Benett Coleman & Co.Ltd. on preferential basis on February 9,2007	Rs.49	2450
TOTAL			7400
Add : Reserves for Molasses storage tank			1
Total of additions to reserves and surplus			**7401**

6.14.2 Result for 9 months period ended 30.06.2007 are duly cretified by the auditors

6.15 Reasons for the fall/rise in the total income and net income.

(A) For the period of 9 Months ended on 30.06.2007 vs. for the period of 6 Months ended on 30.09.2006:

Total Income increased by 38.64% as the amounts is for 9 months as against 6 months in the year ended on 30.09.2006.

There was a Loss of Rs.2,341.60 lacs in the 9 months period ended on 30.06.2007 as against Net Income (Profit before tax and extraordinary items) of Rs.101.60 lacs in the 6 months period ended on 30.09.2006. This is due to higher cane prices and poor realizations of sugar and by-products.

(B) For the period of 6 Months ended on 30.09.2006 vs. for the period of 12 Months ended on 31.03.2006:

Total Income decreased by 51.85% which is mainly due to period difference.

Net Income (Profit before tax and extraordinary items) of Rs.101.60 lacs in the 6 months period ended on 30.09.2006 as against loss of Rs.828 lacs. It is due to better realization and decrease in operating and fixed cost.

(C) For the period of 12 Months ended on 31.03.2006 vs. for the period 12 Months ended on 31.03.2005:

Total Income increased by 33.32% due to better realization of Sugar.

There is a loss in the 12 months ended on 31.03.2006 as compared to Net Income (Profit before tax and extraordinary items) in the 12 months ended on 31.03.2005. The reason being - substantial increase in operating and fixed expenses.

(D) For the period of 12 Months ended on 31.03.2005 vs. for the period of 12 Months ended on 31.03.2004:

Total Income increased by marginal 1.8%.

Net Income (Profit before tax and extraordinary items) has increased by 758.9%. It is mainly due to operational efficiency and cost efficiency in Interest and other fixed expenses.

6.16 Significant Accounting Policies of the Company

1. System of Accounting:

(i) The Company follows the mercantile system of accounting and recognises income and expenditure on an accrual basis except in case of significant uncertainties and interest on delayed payment by parties.

(ii) Financial statements are based on historical cost.

2. Revenue recognition:

(i) Revenue is recognised when the significant risk and rewards of ownership of the goods have been passed to the buyers. Sale of goods is exclusive of sales tax. Sales excludes captive consumption of molasses.

(ii) Sugar sold under levy quota for each season, is accounted at the price as notified by the Govt. as available till such time pending final notification for each season. The difference in price pending final notification is accounted on an estimation by the management taking into account factors affecting the calculation of levy sugar price.

3. **Fixed Assets and Depreciation:**

(A) **Fixed Assets:**

(i) Fixed assets are carried at cost of acquisition or construction cost, less accumulated depreciation (except Freehold land) and amortisation.

(ii) Expenditure during construction period incurred on the projects under implementation are treated as Pre-operative Expenses pending allocation to the assets, and are included under "Capital Work in Progress". These expenses are apportioned to fixed assets on comencement of commercial production. Capital Work in Progress is stated at the amount expended upto the date of Balance Sheet.

(B) **Depreciation:**

(i) Depreciation on all the assets has been provided as under:-

(a) **Fixed Assets:** On straight-line method basis at the rates and in the manner specified in Schedule XIV to the Companies Act, 1956.

(b) **Vehicles:** On written down value basis at the rates and in the manner specified in Schedule XIV to the Companies Act, 1956.

(ii) Depreciation on assets added, sold or discarded during the year has been provided on pro-rata basis.

4. **Investments:**

All long term investments are stated at cost of acquisition. Diminution in value of such long term investments is not provided for except where determined to be of permanent nature.

5. **Inventories:**

(i) Stock of Raw Materials is valued at cost or net realisable value, whichever is lower. Cost is arrived at on FIFO Basis.

(ii) Stock of Materials-in-Process and Finished goods is valued at cost or net realisable value, whichever is lower.

(iii) Stores, Spares and Packing material are valued at cost. Cost is arrived at on Weighted Average Basis.

(iv) Obsolete stores and spares when identified and technically determined, are valued at estimated realisable value.

(v) By-products: Molasses and Bagasse are valued at estimated realisable value.

(vi) Trial run inventory are valued at cost or estimated realisable value, whichever is lower.*

* Cost is arrived at on full absorption basis as per Accounting Standard AS-2 "Valuation of Inventories".

6. **Research and Development:**

Revenue expenditure on Research and Development is charged against the profit for the year.

Capital expenditure on Research and Development is shown as an addition to Fixed Assets.

7. **Government Grants:**

Government grants/subsidies received towards specific Fixed assets have been deducted from the Gross value of the concerned Fixed assets and grant/subsidies received during the year towards revenue expenses have been reduced from respective expenses.

8. **Foreign Currency Transaction**

Foreign Currency Loans are recorded at the exchange rate prevailing on the date of transaction and are translated at forward cover rate if applicable or year-end exchange rate. Exchange rate difference is adjusted to the cost of asset if it relates to acquisition of assets or is carried to profit & loss account in other cases.

9. **Retirement benefits:**

(i) **Gratuity:**

Gratuity liability has been accounted for on the basis of actuarial valuation.

(ii) Provident Fund contributions are made to Government Provident Fund.

(iii) Contribution to Employees' Pension Scheme 1995 is made to Government Provident Fund Authority.

(iv) Leave Encashment:

Liability for accrued unencashed leave is provided on actual basis.

10. **Borrowing Cost:**

(i) Borrowing cost attributable to acquisition and construction of assets are capitalised as part of the cost of such assets upto the date when such assets are ready for intended use and other borrowing costs are charged to profit & loss account.

(ii) Expenses on issue of shares, debentures and foreign currency convertible bonds (FCCBs), premium on redemption of FCCBs, which is being provided entirely on issuance as well as exchange rate difference arising on revalorisation of such premium are charged to "Securities Premium Account" in accordance with Section 78 of the Companies Act, 1956.

11. **Provision for Current and Deferred Tax:**

(i) Provision for Current tax is made with reference to taxable income computed for the accounting period for which the financial statements are prepared by applying the tax rates relevant to the respective 'Previous Year'.

(ii) Deferred Tax resulting from 'timing difference' between book and taxable profit for the year is accounted for using the current tax rates. The deferred tax asset is recognized and carried forward only to the extent that there is a reasonable certainty that the assets will be adjusted in future. However, in case of deferred tax assets (representing unabsorbed depreciation or carry forward losses) are recognised, if and only if there is a virtual certainty that there would be adequate future taxable income against which such deferred tax assets can be realised.

12. Employee Stock Options and Shares Plan (ESOP):

In accordance with SEBI guidelines, the excess of the market price of the shares, at the date of grant of options under the ESOP, over the exercise price, is treated as Employee Compensation Expense.

6.17 Pre and post offer shareholding pattern of BHSIL

6.17.1 The shareholding pattern of the Target Company:-

(A) As on the date of Public announcement was as follows:

Shareholder Category	Number of Equity Shares of the Target Company	Percentage of Equity Share Capital
Promoter *	3,05,30,270	50.05
Public	3,04,69,730	49.95
Total	**6,10,00,000**	**100.00**

* 90,00,000 shares allotted on February 9, 2007 are under lock-in period upto July 17, 2009.

(B) As on the date of submission of Draft letter of offer was follows:

Shareholde Category	Number of Equity Shares of the Target Company	Percentage of Equity Share Capital
Promoter(Refer Notes)*	8,75,30,270	74.18
Public	3,04,69,730	25.82
Total	**11,80,00,000**	**100.00**

***Notes**

(1) 90,00,000 shares allotted on February 9, 2007 are under lock-in period upto July 17, 2009.

(2) 2,90,00,000 shares allotted on December 26, 2007 are under lock-in period upto July 17, 2009.

(3) 2,80,00,000 shares allotted on December 26, 2007 are under lock-in period upto February 8, 2010.

6.17.2 Pre and Post Offer Shareholding Pattern of the Target Company as on the date of this Letter of Offer is as under: -

Shareholders Category	Shareholding & Voting rights prior to the acquisition and offer		Shares/Voting rights acquired which triggered off the Regulations		Shares/Voting rights to be acquired in the open offer (assuming full acceptance)		Shareholding/Voting rights after the acquisition and offer	
	(A)		(B)		(C)		(A)+(B)+(C) = (D)	
	No	%	No	% *	No	%	No	%
(1) Promoter Group								
a. Parties to agreement, if any	0	0.00	0	0.00	0	0.00	0	0.00
b. Sellers	0	0.00	0	0.00	0	0.00	0	0.00
c. Promoters other than (b) above	30530270	50.05	57000000	48.31	23600000	20.00	111130270	94.18
Total 1 (a+b+c)	**30530270**	**50.05**	**57000000**	**48.31**	**23600000**	**20.00**	**111130270**	**94.18**
(2) Acquirer								
a. Main Acquirer	0	0.00	0	0.00	0	0.00	0	0.00
b. PAC	0	0.00	0	0.00	0	0.00	0	0.00
Total 2 (a+b)	**0**	**0.00**	**0**	**0.00**	**0**	**0.00**	**0**	**0.00**
(3) Parties to the agreement other than (1)& (2)	0	0.00	0	0.00	0	0.00	0	0.00
(4) Public (other than parties to agreement, sellers, Acquirers & PACs. #)								
a. FIs/MFs, FIIs/Banks, SFIs	34000	0.06	0	0.00	0	0.00		
b. Other (shareholders in public category)	30435730	49.89	0	0.00	0	0.00		
Total 4 (a+b)	**30469730**	**49.95**	0	0.00	0	0.00	**6869730**	**5.82**
Grand Total (1+2+3+4)	**61000000**	**100.00**	**57000000**	**48.31**	**23600000**	**20.00**	**118000000**	**100.00**

* The shareholding % B to D have been calculated on the expanded capital of the Target Company.

\# Depends on to the extent of shares that will be tendered and accepted in this Offer.

6.17.3 As of specified date the BHSIL had 4352 shareholders in public category.

6.18 Capital Built Up of existing Promoter BHL in the Target Company from financial year 2004-05 onwards

Financial year	Opening Balance		Addition During the Year(s)			Sale During the Year(s)			Closing Balance	
	No of Shares	%	No of Shares	%	Remark	No of Shares	%	Remark	No of shares	%
Upto 2004-05	Nil	Nil	Nil Nil	N.A.	Nil	Nil	N.A.	Nil	Nil	
2005-06 (April 2005-March 2006)	Nil	Nil	19,80,000 shares of Rs.10/- each	55.00	Acquired pursuant to share purchase agreement	Nil	Nil	N.A.	19,80,000	55.00
2006-07 (April 2006-March 2007)	19,80,000	55.00	a) 1,73,027 equity shares of Rs.10/- each		On 07.08.2006 equity shares of the company	Nil	Nil	N.A.	3,05,30,270	50.05
			b) 90,00,000 equity shares of Re. 1/- each		Sub-divided from Rs.10/- each to Re. 1 each					
2007-08(April 2007 – till December 31, 2007)	3,05,30,270	50.05	5,70,00,000 equity shares of Re. 1/- each	48.31	On exercise of rights on equity warrants	Nil	Nil	N.A.	8,75,30,270	74.18

6.19 Status of Corporate Governance, Pending Litigations and Contingent Liability of Target Company

(A) Status of Corporate Governance

Bajaj Hindusthan Sugar and Industries Limited has four (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 Shareholders Grievance Committee	Member of Remuneration Committee
Mr. Kushagra Bajaj Non Executive	Promoter, Chairman Non Executive		Yes	
Dr. Swatantra Singh Kothari	Independent Non Executive	Yes		Yes
Mr. Pradeep Kumar Mittal	Independent Non Non Executive	Yes		Yes
Mr. Purshottam Dadheech	Independent Non Executive			Yes
Mr. Gautam Ashra	Independent Non Executive	Yes		
Mr. Rakesh Bhartia	Non Executive		Yes	
Mr. K.S. Vaidyanathan	Non Executive			
Mr. Pradeep Parakh	Non Executive	Yes	Yes	

The provisions of Clause 49 of the Listing Agreement with the Stock Exchange dealing with Corporate Governance has been complied with Certificate on Corporate Governance received from the Statutory Auditors had been published in the Annual Report for the year ended 30th September, 2007 and compliance certificates on quarterly basis have been filed with the Stock Exchanges within the stipulated times.

The Company has complied with all the provisions of Listing Agreement. No penal actions have been initiated by any stock exchange against BHSIL as on date of this letter of offer.

The Compliance Officer of BHSIL is Mr. Chandresh Chhaya, Manager and Company Secretary. Address : Bajaj Hindusthan Sugar and Industries Ltd., Bajaj Bhawan, 2nd Floor, 226, Nariman Point, Mumbai - 400 021, Tel: +91-22-22023626, Fax: +91-22-22022238, Email: chandreshc@bajajhindusthan.com.

(B) Pending Litigations and Contingent Liabilities

Pending Litigations: The following is the list of material litigation by and against the Company as on 31.12.2007, treated as contingent liabilities against which no provisions have been made:

Cases filed against the Company:

1. Civil Suits

(i) 12 civil suits relating to various land ownership, possession, compensation related matters, 1 civil suit relating to environmental clearance for one of the new sugar mills, seeking injunction, appeal against the orders rejecting applications, cancellation of sale deeds, etc., are pending at various District Courts, Civil Courts and Tehsildar's Office. Estimated liability: Rs.77.72 Lacs.

(ii) In the matter related to sugarcane price, interest of delayed payment of cane price, etc., certain writ petitions (No. 110614 and 32694 of 2005 and 8089 of 2004) are pending before Hon'ble High Courts. The cases are pending at various stages.

2. Cases involving Criminal Offences

2 cases have been filed against the Company in various judicial forums involving criminal offences relating to frauds, mala fide intention, etc. The cases are pending at various stages. Estimated liability : Rs.40.00 Lacs.

3. Labour Matters

In all, 29 cases have been filed against the Company in various courts for matters relating to reinstatement, continuity of service, salary arrears, workmen compensation, minimum wages, and gratuity, etc. The cases are pending at various stages. Estimated liability : Rs.69.92 Lacs.

4. Misc. Matters

(i) An Appeal filed by an insurance company against the Order of DCP in the matter of claim by the Company under fidelity policy for embezzlement committed by one of the ex-cashiers of the Company of Rs.5.50 Lacs is pending.

Cases filed by the Company:

1. Civil Suits

3 civil suits relating to land matters, appeals against injunctions, etc. are pending at various Courts.

2. Sugar Price, Cane Price and Other Cane Related Matters

(i) 3 matters relating to levy sugar price for the year 1973-74 and 1983-84, non-lifting of quota for export sugar by STC, are pending at Hon'ble High Courts at Delhi and Kolkata.

(ii) 1 Case at Hon'ble High Court, Patna against transport subsidy is pending. The hearing is completed and Order is awaited.

3. Labour Matters

3 writ petition against Orders passed against the Company by the Labour Courts are pending at various stages.

4. Tax Claims

No major tax claims are pending against the Company. The summary of present claims against the Company on accounts of various taxes, duties, levies for which no provisions have been made are provided hereunder: -

(i) Sales Tax matters: Rs.1.73 Lacs

7. OFFER PRICE AND FINANCIAL ARRANGEMENTS

Justification of Offer Price

7.1.1 The shares of "BHSIL" are at present listed on Bombay Stock Exchange Limited and The Calcutta Stock Exchange Association Limited. The shareholders of the Target Company through a resolution passed at the Extraordinary General Meeting held on June 19, 2006 under the SEBI (Delisting of Securities) Guidelines, 2003 have approved voluntary delisting of shares from CSE. BHSIL has made an application submitted on September 8, 2006 for voluntary delisting of equity shares and it is pending with The Calcutta Stock Exchange Association Limited.

7.1.2 Based on the trading volumes of the Target Company for the six month periods ended on the dates of board meetings where the issue of preferential warrants were considered, the shares are frequently traded within the meaning of explanation (i) to Regulation 20(5) of SEBI (SAST) Regulations as per the data available with BSE **(Source: www.bseindia.com)** and Nil trading of shares reported at CSE as per official letter of CSE dated December 11, 2007 hence equity shares are infrequently traded at CSE .

Trading turnover of BHSIL shares at BSE for the 6 months' period ended on the dates of Board Meeting (a) for considering issue of 38,00,000 warrants to BHL on preferential basis; and (b) for considering issue of 2,80,00,000 warrants to BHL on preferential basis were as under: -

Annualized trading turnover during the six preceeding calendar months, prior to the month in which the Preferential Issue is made is given below: (09/05/2006)

Name of the Stock Exchange	Total Number of Shares traded during the 6 calendar months prior to the month in which Preferential Issue authorized	Total Number of Shares	Annualized trading turnover (in terms of % to total listed shares)
Bombay Stock Exchange Limited	19,62,013	3,60,00,000	10.90
The Calcutta Stock Exchange Association Limited	0	3,60,00,000	0.00

Annualized trading turnover during the six preceeding calendar months, prior to the month in which the Preferential Issue is made is given below: (05/12/2006)

Name of the Stock Exchange	Total Number of Shares traded during the 6 calendar months prior to the month in which Preferential Issue Authorized	Total Number of Shares	Annualized trading turnover (in terms of % to total listed shares)
Bombay Exchange Limited	6,29,543 (up to date Stock of sub division)	36,00,000	11.91
	1,02,67,547	3,60,00,000	37.61
Total Average			**24.76**
The Calcutta Stock Exchange Association Limited	0	3,60,00,000	0.00

The annualised trading turnover in the BSE is more than 5% of the total number of listed shares and therefore the shares are deemed to be frequently traded on BSE.

7.1.3 Minimum offer price as per Regulation No. 20(4) and offer price justification

Annualised trading turnover on BSE is 10.90% and 11.91% which are more than 5% of the total number of listed shares and therefore the shares are deemed to be "frequently traded" in terms of Explanation (i) to Regulation 20(5) of SEBI (SAST) Regulations. As per the parameters set out in Regulation 20(4) read with Explanation No. (ii) to Regulation 20(11) of SEBI (SAST) Regulations, applicable for companies whose shares are frequently traded, the minimum offer price works out to Rs. 52.89 as illustrated below and the open offer price of Rs. 52.89 is highest of the parameters as specified in Regulation 20(4) read with Explanation No. (ii) to Regulation 20(11) of SEBI (SAST) Regulations.

Parameters as per Regulation 20(4) read with Explanation No. (ii) to Regulation 20(11)		
A.	Negotiated price under the agreement	NA
B.	Highest price paid by the acquirers for acquisition, including by way of allotment in a public or right or preferential issue during the 26 weeks period prior to the date of PA	Rs. 50.00
C.	**Equity Warrants - I** The average of weekly high or low of closing prices of the shares during 26 weeks period preceeding the Board meeting date May 09, 2006	Rs. 14.41
D.	**Equity Warrants - I** The average of daily high and low of the price of the shares during 2 weeks period preceeding the Board meeting date May 09, 2006	Rs. 30.37
E.	**Equity Warrants - II** The average of weekly high or low of closing prices of the shares during 26 weeks period preceeding the Board meeting date December 06, 2006	Rs. 41.02
F.	**Equity Warrants - II** The average of daily high and low of the price of the shares during 2 weeks period preceeding the Board meeting date December 06, 2006	**Rs. 52.89**
E.	**Other Parameters***	
G.	Book value per equity share	(0.49)
	Earning per equity shares	(1.83)
	Return on networth	—
	Price earning ratio	—
	The average industry P/E for the sector in which (TC) operates**	25.20

* As there was no trading on CSE during the 26 week period ended on May 08, 2006 and December 05, 2006, i.e., the date preceeding the date of Board Resolutions which authorised the preferential allotments, shares are deemed to be "infrequently traded" in terms of Explanation (i) to the Regulation 20(5) of SEBI (SAST) Regulations.

** Source: "Capital Market" dated December 17 –December 30, 2007

Hence the offer price of Rs. 52.89 for each fully paid equity shares is justified in terms of Regulation 20(4) .

Calculation of price under the point (C)

Computation of Average Price based on Weekly High & Low of the Closing Prices quoted on Bombay Stock Exchange Limited during the twenty-six weeks preceeding the date of Board Meeting authorising the Preferential Issue of Equity Warrants - I, as required under Explanation (ii) to Reg 20(11) of SEBI (SAST) Regulations. Date of Board Meeting authorising Preferential Issue of Equity Warrants - I : May 09, 2006

Week No.	Starting Date	Ending Date	Weekly High/ Low of Closing Prices for pre sub-division Shares of face value of Rs.10 each		
			High (A)	Low (B)	Average
1	11/8/2005	11/14/2005	62.35	60.75	61.55
2	11/15/2005	11/21/2005	63.35	60.65	62.00
3	11/22/2005	11/28/2005	68.95	61.90	65.43
4	11/29/2005	12/5/2005	68.25	64.00	66.13
5	12/6/2005	12/12/2005	86.95	71.65	79.30
6	12/13/2005	12/19/2005	100.45	91.15	95.80
7	12/20/2005	12/26/2005	116.20	105.30	110.75
8	12/27/2005	1/2/2006	109.60	104.75	107.18
9	1/3/2006	1/9/2006	112.30	105.90	109.10
10	1/10/2006	1/16/2006	136.10	117.65	126.88
11	1/17/2006	1/23/2006	149.15	135.60	142.38
12	1/24/2006	1/30/2006	155.85	133.75	144.80
13	1/31/2006	2/6/2006	136.75	126.25	131.50
14	2/7/2006	2/13/2006	151.05	137.65	144.35
15	2/14/2006	2/20/2006	162.00	146.30	154.15
16	2/21/2006	2/27/2006	140.20	135.35	137.78
17	2/28/2006	3/6/2006	141.20	134.50	137.85
18	3/7/2006	3/13/2006	144.00	133.90	138.95
19	3/14/2006	3/20/2006	133.65	129.05	131.35
20	3/21/2006	3/27/2006	152.40	139.75	146.08
21	3/28/2006	4/3/2006	186.15	155.20	170.68
22	4/4/2006	4/10/2006	201.45	189.80	195.63
23	4/11/2006	4/17/2006	232.60	211.00	221.80
24	4/18/2006	4/24/2006	272.00	244.20	258.10
25	4/25/2006	5/1/2006	300.15	277.40	288.78
26	5/2/2006	5/8/2006	331.25	306.15	318.70
	26 Week Average for pre sub-division face value of Rs.10 per share:				144.11
	26 Week Average as adjusted for post sub-division face value of Re.1 each:				14.41

Calculation of price under the point (E)

Computation of Average Price based on Weekly High & Low of the Closing Prices quoted on Bombay Stock Exchange Limited during the twenty-six weeks preceeding the date of Board Meeting authorising the Preferential Issue of Equity Warrants-II, as required under Explanation (ii) to Reg 20(11) of SEBI (SAST) Regulations. Date of Board Meeting authorising Preferential Issue of Equity Warrants-II: December 06, 2006

Week No.	Starting Date	Ending Date	Weekly High/ Low of Closing Prices for post sub-division Shares of face value of Re.1 each		
			High (A)	Low (B)	Average
1	6/7/2006	6/13/2006	37.99	35.77	36.88
2	6/14/2006	6/20/2006	36.35	34.35	35.35
3	6/21/2006	6/27/2006	39.34	37.07	38.20
4	6/28/2006	7/4/2006	37.03	35.28	36.15
5	7/5/2006	7/11/2006	36.42	35.85	36.13
6	7/12/2006	7/18/2006	36.71	35.08	35.89
7	7/19/2006	7/25/2006	34.38	32.69	33.53
8	7/26/2006	8/1/2006	34.85	33.34	34.09

Week No.	Starting Date	Ending Date	Weekly High / Low of Closing Prices for post sub-division Shares of face value of Re.1/- each		
			High (A)	Low (B)	Average
9	8/2/2006	8/8/2006	38.35	35.50	36.93
10	8/9/2006	8/15/2006	41.40	39.10	40.25
11	8/16/2006	8/22/2006	44.30	41.60	42.95
12	8/23/2006	8/29/2006	46.10	44.50	45.30
13	8/30/2006	9/5/2006	46.75	45.85	46.30
14	9/6/2006	9/12/2006	47.15	45.50	46.33
15	9/13/2006	9/19/2006	46.45	44.50	45.48
16	9/20/2006	9/26/2006	46.25	44.45	45.35
17	9/27/2006	10/3/2006	44.70	43.60	44.15
18	10/4/2006	10/10/2006	43.00	40.80	41.90
19	10/11/2006	10/17/2006	41.30	40.25	40.78
20	10/18/2006	10/24/2006	41.45	39.15	40.30
21	10/25/2006	10/31/2006	41.90	40.10	41.00
22	11/1/2006	11/7/2006	39.95	38.40	39.18
23	11/8/2006	11/14/2006	37.85	36.45	37.15
24	11/15/2006	11/21/2006	43.75	38.60	41.18
25	11/22/2006	11/28/2006	55.70	45.90	50.80
26	11/29/2006	12/5/2006	58.50	51.45	54.98
	26 Week Average for Post sub-division face value of Re.1/- per share:				41.02

Calculation of price under the point (D)

Computation of Average Price based on Weekly High & Low of the Closing Prices quoted on Bombay Stock Exchange Limited during the two week period preceeding the date of Board Meeting authorising the Preferential Issue of Equity Warrants – I

Date of Board Meeting authorising Preferential Issue of Equity Warrants - I : May 09, 2006

Week No.	Starting Date	Ending Date	Weekly High/ Low of Closing Prices for Pre sub-division Shares of face value of Rs.10/- each		
			High (A)	Low (B)	Average
1	4/25/2006	5/1/2006	300.15	277.40	288.78
2	5/2/2006	5/8/2006	331.25	306.15	318.70
	2 Week Average for Pre sub-division face value of Rs.10/- per share:				303.74
	2 Week Average as adjusted for Post sub-division face value of Re.1/- each:				30.37

Calculation of price under the point (F)

Computation of Average Price based on Weekly High & Low of the Closing Prices quoted on Bombay Stock Exchange Limited during the two week period preceeding the date of Board Meeting authorising the Preferential Issue of Equity Warrants – II

Date of Board Meeting authorising Preferential Issue of Equity Warrants - II : December 06, 2006

Week No.	Starting Date	Ending Date	Weekly High/ Low of Closing Prices for Post sub-division Shares of face value of Re.1/- each		
			High (A)	Low (B)	Average
1	11/22/2006	11/28/2006	55.70	45.90	50.80
2	11/29/2006	12/5/2006	58.50	51.45	54.98
	2 Week Average for Post sub-division face value of Re.1/- per share:				52.89

In view of the above, the offer price of Rs. 52.89 per Equity Share is justified as per Regulation 20 of the SEBI (SAST) Regulations.

7.1.4. Since this Public Announcement was made pursuant to the proposed allotment of equity shares to Promoter, there was no negotiated price paid by the Acquirer for directly acquiring shares of the Target Company.

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

7.1.6 If the Acquirer acquires equity shares after the date of Public Announcement upto 7 working days prior to the closure of the Offer at a price higher than the Offer Price, then the highest price paid for such acquisition shall be payable for all the valid acceptances received under the Offer.

7.2 Financial Arrangements

7.2.1 The Acquirer has adequate resources to meet the financial requirements of the Offer in terms of Regulation 16(xiv) of SEBI (SAST) Regulations. The Acquirer 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.

The total funding requirement for the Offer (assuming full acceptance) i.e. for the acquisition of up to 2,36,00,000 Shares at Rs. 52.89 per share is Rs.1,24,82,04,000 (Rupees One Hundred twenty four Crore Eighty two lac four thousand Only) (the **"Maximum Consideration"**).

7.2.2 The Acquirer, ARFSL and Standard Chartered Bank, a banking company incorporated with limited liability in England by Royal Charter in 1853 and having its branch office in India, at 90, M.G.Road, Fort, Mumbai – 400 001, (hereinafter referred to as the "Escrow Bank" or "Standard Chartered Bank") have entered into an Open Offer Escrow Agreement (the "Escrow Agreement") on December 17, 2007 in accordance with Regulation 28 of the SEBI (SAST) Regulations whereby the Acquirer has, inter alia, made a cash deposit ("Security Deposit") of Rs. 1,18,00,000/- (Rupees One Crore Eighteen Lac Only) and additional cash deposit of Rs.6,82,040/- (Rupees Six Lac Eighty-two thousand and forty Only), aggregating to Rs.1,24,82,040/- (Rupees One Crore Twentyfour Lakh Eightytwo thousand and forty Only) (being not less than 1% of the Maximum Consideration) in an escrow account with Standard Chartered Bank ("Escrow Account"). ARFSL has been duly authorized to realize the value of the Escrow Account in terms of the SEBI (SAST) Regulations.

7.2.3 By way of security for performance of its obligations under the SEBI (SAST) Regulations, an unconditional, irrevocable and on demand bank guarantee ("Bank Guarantee") dated December 15, 2007 has been issued on behalf of the Acquirer in terms of Regulation 28 of the SEBI(SAST) Regulations by Punjab National Bank, Mid Corporate Branch Ghaziabad issued in favour of the Manager to the Offer, is valid until April 30, 2008 and is for a sum of Rs. 26,80,00,000 (Rupees Twenty Six Crore Eighty Lac Only) and a further guarantee of Rs.68,20,400/- (Rupees Sixty eight lac twenty thousand four hundred Only) dated January 18, 2008 valid upto April 30, 2008. Accordingly guarantees aggregating to Rs. 27,48,20,400/- (Rupees Twenty seven crore Forty eight lac Twenty thousand four hundred Only) which is equivalent to 25% of the value of the total consideration upto Rs.100 Crore (Rupees One Hundred Crore) and 10% of the value of the total consideration beyond Rs.100 Crore payable under the Open Offer. ARFSL has been duly authorized to realize the value of the Bank Guarantee in terms of the SEBI (SAST) Regulations.

7.2.4 Punjab National Bank, Mid Corporate Branch Ghaziabad vide their letters dated December 15, 2007 and February 20, 2008 has certified that the Acquirer has sufficient means and capability for the purpose of the making Open Offer of size of Rs.1,24,82,04,000/- (One Hundred and Twenty four Crore Eighty two Lac Four thousand Only).

7.2.5. The Acquirer has adequate financial resources and has made firm financial arrangements by way of its internal accruals as reflected through its Reserves and Surplus. The Acquirer has the sufficient liquid assets in form of inventory of finished stocks, which can be used for the implementation of the offer in full. No borrowings from any bank and/or Financial Institutions are envisaged.

7.2.6 Based on the above and in light of the Security Deposit and the Bank Guarantee, Manager to the Offer is satisfied with the ability of the Acquirer to implement the Offer in accordance with the SEBI (SAST) Regulations as firm financial arrangements are in place to fulfill the obligations under the SEBI (SAST) Regulations.

8. STATUTORY APPROVALS

8.1 Approval for transfer of shares of a Company registered in India by a Non Resident to a person resident in India is required. The Acquirer shall apply for approval from RBI for transfer of shares in their name in due course after successful completion of this Offer.

8.2 As on the date of Public Announcement, in the opinion of the Acquirer, no other statutory approvals are required to be obtained for the purpose of this Offer. If any other statutory approvals become applicable prior to the completion of the Offer, the Offer would also be subject to such other approvals. The Acquirer will have the right not to proceed with the Offer in the event that newly applicable approvals are refused.

8.3 In case of delay in receipt of any statutory approval, Regulation 22(12) of SEBI (SAST) Regulations will be adhered to, i.e. SEBI has power to grant extension of time to the Acquirer for payment of consideration to the shareholders subject to Acquirer agreeing to pay interest as directed by SEBI. Further in case the delay occurs on account of willful default or neglect or inaction or non-action by the Acquirer in obtaining the approvals, the amount lying in the escrow account shall be liable to be forfeited and dealt with in the manner provided in Regulation 28(12) of SEBI (SAST) Regulations and subsequent amendments thereto.

8.4 As on the date of Public Announcement, no approval from Bank/Financial Institution is required for the purpose of this Offer, in the opinion of the Acquirer.

9. TERMS AND CONDITIONS OF THE OFFER

9.1 Letter of Offer relating to the Offer (the **"Letter of Offer"**) together with the Form of Acceptance cum Acknowledgment will be mailed to the shareholders of the Target Company (except the Acquirer), whose names appear on the Register of Members of the Target Company and eligible warrant holders or convertible debenture holders as per Regulation 22(1) of SEBI (SAST) Regulations and to the beneficial owners of the Shares in dematerialized form whose names appear on the beneficial records of the respective Depositories, in either case, at the closure of business on Friday, the December 28, 2007 (the **"Specified Date"**).

9.2 Shareholders who have sent their shares for dematerialization need to ensure that the process of getting their shares dematerialized is completed in time for the credit in the special depository account to be received on or before the closing date of the Offer, i.e., no later than Wednesday, March 26, 2008 or else their application will be rejected.

9.3 While tendering the shares under the Offer, NRI/OCB/Non-domestic companies/Other persons who are not resident in India will be required to submit the previous RBI Approvals (specific or general) that they would have obtained for acquiring shares of the Target Company. In case the previous RBI approvals are not submitted, the Acquirer reserves the right to reject such shares tendered. While tendering shares under the Offer, NRI/OCB/Non-domestic companies/Other persons who are not resident in India will be required to submit a No Objection Certificate/Tax Clearance Certificate from the Income Tax authorities, under the Income Tax Act, 1961 (the **"Income Tax Act"**), indicating the rate at which the tax has to be deducted by the Acquirer before remitting the consideration. In case the aforesaid No Objection Certificate/Tax Clearance certificate is not submitted, the Acquirer will arrange to deduct tax at the rate as may be applicable to the category of the shareholder under the Income Tax Act, on the entire consideration amount payable to such shareholder.

9.4 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.

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

10. PROCEDURE FOR ACCEPTANCE AND SETTLEMENT OF OFFER

10.1 Shareholders of the Target Company who are holding Shares in physical form and who wish to tender their shares will be required to send the Form of Acceptance cum Acknowledgment, original Share Certificate(s) and transfer deed(s) duly signed to the Registrar to the Offer – **Intime Spectrum Registry Limited,** C-13, Pannalal Silk Mills Compound, L.B.S Marg, Bhandup (West), Mumbai – 400 078 ("**Registrar to the Offer**"), either by hand delivery on weekdays or by Registered post, so as to reach on or before the closure of the Offer, i.e., not later than Wednesday, March 26, 2008 in accordance with the instructions to be specified in the Letter of Offer and in the Form of Acceptance cum Acknowledgment.

10.2 The Registrar to the Offer on behalf of the Acquirer has opened a special depository account as detailed below:

Depository	**National Securities Depositories Limited ("NSDL")**
Account Name	BHSIL ESCROW ACCOUNT OPEN OFFER
Depository Participant	Stock Holding Corporation of India Limited
DP ID	**IN301330**
Client ID	**20265940**

10.3 Beneficial owners (holders of shares in dematerialized form) who wish to tender their shares of the Target Company will be required to send their Form of Acceptance cum Acknowledgment along with the photocopy of the delivery instruction in "Off-market" mode or counterfoil of the delivery instructions in "Off-market" mode, duly acknowledged by the Depository Participant (**"DP"**), in favour of the special depository account to Intime Spectrum Registry Limited, C-13 Pannalal Silk Mills Compound, L.B.S Marg, Bhandup (West), Mumbai - 400 078, Tel.: +91-22-25960329/328, Fax: +91-22-25963838, E-mail:bhsil-offer@intimespectrum.com, Contact person: **Ms. Awani Thakkar** either by hand delivery on weekdays or by Registered post acknowledgment due, so as to reach on or before the closure of the Offer, i.e., no later than Wednesday, March 26, 2008 in accordance with the instructions to be specified in the Letter of Offer and in the Form of Acceptance cum Acknowledgment. The credit for the delivered shares should be received in the special depository account on or before the closure of the Offer, i.e., no later than Wednesday, March 26, 2008. Shareholders of the Target Company having their beneficiary account in CDSL shall use the inter-depository delivery.

10.4 In addition to the above-mentioned address, the shareholders of the Target Company who wish to avail themselves of accepting the Offer can also deliver the Form of Acceptance cum Acknowledgment along with all of the relevant documents at any of the collection centers below in accordance with the procedure as set out in the Letter of Offer.

All of the centers mentioned herein below will be open as follows:

Sr. No.	City	Contact Person	Address	Tel. No.	Fax No.	E-mail ID	Mode of Delivery
1.	**Mumbai**	Awani Thakkar	Intime Spectrum Registry Limited, C-13, Panalal Silk Mills Compound, L.B.S. Marg, Bhandup (W), Mumbai - 400 078.	022-25960320	022-25960328/29	awani.punjani@ intimespectrum.com	Hand Delivery & Registered Post
2.	**Mumbai**	Vivek Limaye	Intime Spectrum Registry Limited, 203, Davar House, Next to Central Camera, D.N. Road, Fort, Mumbai - 400 001.	022-22694127		vivek.limaye@ intimespectrum.com	Hand Delivery
3.	**Ahmedabad**	Hitesh Patel	Intime Spectrum Registry Limited, 211, Sudarshan Complex, Near Mithakhali Underbridge, Navrangpura, Ahmedabad - 380 009.	079-2646 5179	079-2646 5179 (**Telefax)**	ahmedabad@ intimespectrum.com	Hand Delivery
4.	**Kolkata**	S.P. Guha	Intime Spectrum Registry Limited, 59C, Chowringhee Road, 3rd Floor, Kolkata -700 020.	033-22890539/ 40	033-22890539 /40 **(Telefax)**	kolkata@ intimespectrum.com	Hand Delivery
5.	**New Delhi**	Swapan Naskar	Intime Spectrum Registry Limited, A-40, 2nd Floor, Naraina Industrial Area, Phase II, Near Batra Banquet, New Delhi - 110 028.	011-41410592/ 93/94	011-41410591	delhi@ intimespectrum.com	Hand Delivery

Collection Timings for all the locations mentioned above will be 10 a.m. to 1 p.m. & 2 p.m. to 4.30 p.m. during Monday to Friday only.

10.5 All owners (registered or unregistered) of Shares (except the Acquirer) are eligible to participate in the Offer anytime before the closing of the Offer. Unregistered owners can send their application in writing to the Registrar to the Offer, on a plain paper stating the name, address, number of shares held, number of shares tendered, distinctive numbers, folio number, together with the original share certificate(s), valid transfer deeds and the original contract notes issued by the broker through whom they acquired their shares. No indemnity is required from the unregistered owners.

10.6 In case of non-receipt of the Letter of Offer, the eligible persons may (i) download the same from the SEBI website (http://www.sebi.gov.in), (ii) obtain a copy of the same by writing to the Registrar to the Offer, or (iii) make an application to the Registrar to the Offer, on a plain paper stating the name, address, number of shares held, distinctive numbers, folio number, number of shares offered along with documents as mentioned above so as to reach the Registrar to the Offer on or before the close of the Offer, i.e., not later than Wednesday, March 26, 2008 or in case of beneficial owners, send the application in writing to the Registrar to the Offer, on a plain paper stating the name, address, number of shares held, number of shares offered, DP name, DP ID, beneficiary account number and a photocopy of the delivery instruction in “Off-market” mode or counterfoil of the delivery instruction 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 close of the Offer, i.e., not later than Wednesday, March 26, 2008.

10.7 Applications in respect of Shares that are the subject matter of litigation wherein the shareholders of the Target Company may be prohibited from transferring the Shares during the pendency of the said litigation are liable to be rejected if the directions/orders regarding these Shares are not received together with the Shares tendered under the Offer.

10.8 Pursuant to Regulation 22(5A) of the SEBI (SAST) Regulations, equity shareholders of the Target Company desirous of withdrawing the acceptance tendered by them in the Offer may do so up to three (3) working days prior to the closing date of the Offer. The withdrawal option can be exercised by submitting the documents as per the instructions below, so as to reach the Registrar to the Offer at any of the collection centers mentioned above as per the mode of delivery indicated therein on or before Wednesday, March 19, 2008.

(i) The withdrawal option can be exercised by submitting the Form of Withdrawal, which will be enclosed with the Letter of Offer.

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

- In case of shares held in physical form : Name, Address, Distinctive numbers, Folio number, Number of shares tendered; and
- In case of shares held in dematerialised form : Name, Address, Number of shares offered, DP name, DP ID, Beneficiary account number and a photocopy of the delivery instruction in “Off-market” mode or counterfoil of the delivery instruction in “Off-market” mode, duly acknowledged by the DP, in favor of the special depository account.

10.9 The Registrar to the Offer will hold in trust the shares/share certificates, shares held in credit of the special depository account, Form of Acceptance cum Acknowledgment, if any, and the transfer form(s) on behalf of the equity shareholders of the Target Company who have accepted the Offer, until the cheques/drafts for the consideration or the unaccepted shares/share certificates are dispatched/returned.

10.10 If the aggregate of the valid responses to the Offer exceeds the Offer size of 2,36,00,000 equity shares (representing 20% of the Expanded Post Exercise Voting Capital), then the Acquirer shall accept the valid applications received on a proportionate basis in accordance with Regulation 21(6) of the SEBI (SAST) Regulations. The equity shares of the Target Company are compulsorily traded in dematerialized form, hence the minimum acceptance will be one equity share.

10.11 Unaccepted share certificates, transfer forms and other documents, if any, will be returned by registered post/speed post at the shareholders'/unregistered owners' sole risk to the sole/first shareholder. Unaccepted shares held in dematerialized form will be credited back to the beneficial owners' depository account with the respective depository participant as per the details furnished by the beneficial owner in the Form of Acceptance cum Acknowledgment.

11. GENERAL

11.1 Shareholders of the Target Company who have accepted the Offer by tendering the requisite documents, in accordance with the terms of this Public Announcement and the Letter of Offer, shall have the option to withdraw acceptance tendered by them up to three (3) working days prior to the date of closing of the Offer, in terms of Regulation 22(5A) of the SEBI (SAST) Regulations i.e. Wednesday, March 19, 2008.

11.2 If the Acquirer decides to make upward revisions in the Offer Price/Number of Shares to be acquired, in accordance with regulation 26 of the SEBI (SAST) Regulations, such upward revision will be made no later than Thursday, March 13, 2008 (seven working days prior to the date of closure of the Offer). Such revisions/amendments would be effected by making a Public Announcement in the same newspapers in which the original Public Announcement is being made.

11.3 If there is a withdrawal of the Offer by the Acquirer, the same will be informed by way of a public announcement in the same newspapers in which this Public Announcement has appeared.

11.4 **If there is a competitive bid:**

(i) The offers to the public shareholders of the Target Company under all of the subsisting bids shall close on the same date.

(ii) As the Offer Price can be revised until the period beginning seven (7) working days prior to the closing date of the Offer/bids, it would, therefore, be in the interest of the shareholders of the Target Company to wait until the commencement of that period to know the final offer price of each offer/bid and tender their acceptance accordingly.

11.5 Neither the Acquirer nor the Target Company has been prohibited by SEBI from dealing in securities, in terms of direction issued under Section 11B or any other regulations made under the Securities and Exchange Board of India Act, 1992 and subsequent amendments thereto.

11.6 The Acquirer and its Board of Directors accepts full responsibility for the information contained in this Public Announcement and also for the obligations of the Acquirer as laid down in terms of the SEBI (SAST) Regulations.

This 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., Friday, the March 07, 2008.

12. DOCUMENTS FOR INSPECTION

The following documents are regarded as material documents and are available for inspection at the office of the Acquirer **M/s Bajaj Hindusthan Limited** at ***Bajaj Bhawan, 2nd Floor, Jamnalal Bajaj Marg, 226 Nariman Point, Mumbai - 400 021*** 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.

1. Copy of Public Announcement as published in the newspapers on Thursday, December 20, 2007.
2. EGM resolution for allotment of options for 38,00,000 equity warrants to BHL dated June 19, 2006.
3. Board Resolution for allotment of options for 38,00,000 warrants to BHL dated July 18, 2006.
4. EGM resolution for allotment of options for 2,80,00,000 equity warrants to BHL dated December 29, 2006.
5. Board Resolution for allotment of options for 2,80,00,000 equity warrants to BHL dated February 9, 2007.
6. Undertaking from BHL dated December 18, 2007, confirming the necessary financial arrangements for meeting the obligations under the Offer.
7. Certificate of Incorporation and Memorandum and Articles of Association of BHL.
8. Certificate of Incorporation and Memorandum and Articles of Association of BHSIL.

9. Annual Reports of BHL and BHSIL for the financial years ended 2004, 2005, 2006 and unaudited results for nine months period

10. Copy of Bank Guarantee No.: 1820RG001807 dated December 15, 2007 for Rs.26,80,00,000/- (Rupees Twenty Six Crore Eighty Lac only) issued by Punjab National Bank, Mid Corporate Branch, Ghaziabad valid till April 30, 2008 in favour of the Manager to the Offer.

11. Copy of the Escrow Agreement dated December 17, 2007 and confirmation from Standard Chartered Bank of Rs.1,18,00,000/- (Rupees One Crore Eighteen Lac Only) (representing an amount, being more than 1% of the maximum purchase consideration payable in terms of the Offer).

12. Copy of MOU dated December 7, 2007 between ARFSL, the Manager to the Offer and BHL, the Acquirer.

13. Copy of confirmation dated December 06, 2007 regarding opening of Special Depository Account in the name and Style of "BHSIL Escrow Account Open Offer"

14. Auditors Certificate dated December 11, 2007 certifying the Net worth of BHL.

15. Copy of certificate dated December 15, 2007 from Punjab National Bank for Acquirer sufficiency of funds for open offer.

16. Letter No. CFD/DCR/TO/SKM/117241/08 dated February 15, 2008 received from Securities and Exchange Board of India in terms of provisions of Regulation 18(2) of the Regulations.

17. Dalal & Shah, Auditors certificate for unaudited results for both BHSIL and BHL.

18. Board resolution dated December 27, 2007 authorising Mr. Kausik Adhikari to sign the letter of offer.

19. Appointment Letter of Intime Specturm Registry Limited as Registrar to Open Offer dated December 04, 2007.

20. Copy of Public Announcement dated December 20, 2007.

21. Letters to Securities and Exchange Board of India dated January 7, 2008; January 8, 2008; January 9, 2008; January 11, 2008; January 17, 2008; January 18, 2008; January 24, 2008 and January 30, 2008 by the Acquirer.

22. Undertaking dated February 21, 2008 from the Acquirer regarding its intention to delist the target company in the next three years.

13. DECLARATION BY THE ACQUIRER

The Acquirer accepts responsibility for the information contained in this Letter of Offer and for ensuring compliance with the Regulations. The Acquirer is responsible for their respective obligations in terms of the Regulations.

All information contained in this document is as on the date of the Public Announcement, true unless stated otherwise.

Mr. Kausik Adhikari, Asst. Company Secretary has been authorised by the Acquirer to sign the Letter of Offer on their behalf.

On behalf of:

M/s Bajaj Hindusthan Limited

Sd/-

Mr. Kausik Adhikari
Asst. Company Secretary

Place : Mumbai

Date : February 22, 2008

Enclosures:

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