LETTER OF OFFER

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.

This Letter of Offer is sent to you as a Shareholder(s) of **Bharat Fertiliser Industries Limited (BFIL).** If you require any clarifications about the action to be taken, you may consult your stock broker or investment consultant or Manager to the Offer/ Registrar to the Offer. In case you have sold your Shares in the Company, please hand over this Letter of Offer and the accompanying Form of Acceptance cum acknowledgement, Form of Withdrawal and Transfer Deed to the Member of Stock Exchange through whom the said sale was effected.

WADA ALUMS & ACIDS PVT. LTD (the Acquirer)
Registered Office : Bharat Fertiliser House,12 Nanabhai Lane,Fort, Mumbai 400 023
Tel No (022) 2283 5547, •Fax No. (022) 2611 4924,• E Mail Id: ydpbfil@vsnl.com

MAKES A CASH OFFER AT RS. 22/- PER FULLY PAID EQUITY SHARE ,
TO ACQUIRE
7,84,703 Equity Shares, representing 20% of the voting capital of the Target Company

BHARAT FERTILISER INDUSTRIES LIMITED (BFIL)
Regd. Office: Bharat Fertiliser House, 12, Nanabhai Lane,Fort, Mumbai 400 023
Ph. Nos. (022) 2283 5547, 2611 4923 • Fax No. (022) 2202 2173, 2611 4924 • E-mail: ydpbfil@vsnl.com

Notes:

- This Offer is made pursuant to and in compliance with Regulation 11(1) of SEBI (Substantial Acquisition of Shares & Takeovers) Regulations 1997 and subsequent amendments thereof.
- This Offer is not conditional as to any minimum level of acceptance.
- This is not a competitive bid.
- There has been no revision of Offer price, till the date of this Letter of Offer.
- As on the date of this Letter of Offer, no approvals are required to acquire the Equity Shares that are tendered pursuant to the Offer. However, the Offer would be subject to all statutory approvals that may become applicable at a later date.
- **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 3 working days prior to the date of closure of the Offer. The Last date for such withdrawal is Wednesday, August 30, 2006.**
- The Acquirer can revise the Offer price upto 7 working days prior to the date of closure of the Offer. The last date for such revision is Thursday, August 24, 2006. Any upward revision or withdrawal of the Offer would be informed by way of a Public Announcement in the same Newspapers where the original Public Announcement had appeared. **Consideration at the same rate will be paid for all Equity Shares tendered anytime during the Offer period**.
- **There is no competitive bid.**
- The Registration of all the Intermediaries associated with the Offer, viz. Fedex Securities Ltd, Manager to the Offer and Intime Spectrum Share Registry Limited, Registrar to the Offer are valid and no action has been initiated by SEBI or any other Government body against them.
- A copy of this Letter of Offer (including the Form of acceptance and acknowledgement, Form of Withdrawal) and Copy of the Public Announcement is available on SEBI's web-site: www.sebi.gov.in

OFFER OPENS ON : WEDNESDAY, AUGUST 16, 2006 **OFFER CLOSES ON : MONDAY, SEPTEMBER 04, 2006**

MERCHANT BANKER TO THE OFFER	REGISTRARS TO THE OFFER
FEDEX SECURITIES LIMITED SEBI Regn. No. 1NM 000010163 1205, Dalamal Tower, Nariman Point, Mumbai 400 021 Tel. Nos. (022) 2282 9101/9102 Fax No. (022) 6630 1797 E Mail: fedex@vsnl.com **Contact Person: Shri. R. Ramakrishnan**	INTIME SPECTRUM REGISTRY LIMITED **INTIME SPECTRUM REGISTRY LIMITED** SEBI Regn No. INR 000003761 C-13, Pannalal Silk Mills Compound, L.B.S. Marg, Bhandup (West), Mumbai – 400 078. Tel. No. 25960320 Fax No. 25960329 E-Mail Id : mangesh@intimespectrum.com **Contact Person: Ms. Awani Punjani**

THE SCHEDULE OF ACTIVITIES IS AS FOLLOWS :

Activity	Date
Public Announcement (PA)	Wednesday, July 5, 2006
Specified date	Wednesday, July 26, 2006
Last date for a competitive bid	Wednesday, July 26, 2006
Letter of Offer to be posted to Shareholders on or before	Thursday, August 10, 2006
Date of opening of the Offer	Wednesday, August 16, 2006
Last date for withdrawing acceptance from the Offer	Wednesday, August 30, 2006
Date of closing of the Offer	Monday, September 4, 2006
Last date for revising the Offer price/ number of Shares.	Thursday, August 24, 2006
Last date for communicating rejection/ acceptance and payment of consideration for applications accepted	Tuesday, September 19, 2006

LETTER OF OFFER

Risk Factors relating to the transaction, the proposed Offer and probable risks involved in associating with the Acquirer

1. Shareholders accepting this Offer will be tendering their Equity Shares before getting payment of consideration since the payment of consideration will be made as set out in the Activity Schedule & as such, there will be a time gap between the actual date of submission of Acceptance Forms and actual date of receipt of payment of consideration. Further, once Shares are lodged in the Offer, they will not be able to take advantage of any favorable price movements in the market.
2. As on date of this Letter of Offer, no statutory approvals are required to acquire the Equity Shares that are tendered pursuant to the Offer. However, the Offer would be subject to all statutory approvals that may become applicable at a later date. The despatch of consideration can be delayed beyond 15 days from date of closure of the Offer, in case any statutory approval, which becomes so applicable on a later date, is not received. In terms of Regulation 22(12) of the Regulations, in the case of non-receipt of statutory approvals, SEBI has the power to grant extension of time for the purpose of making payment subject to, the Acquirer agreeing to pay interest to the Shareholders for delay beyond 15 days from date of closure of the Offer.
3. Association of BFIL with the Acquirers does not warrant any assurance with respect to the future financial performance of BFIL.

TABLE OF CONTENTS

DEFINITIONS / ABBREVIATIONS

1	BFIL/Target Company	Company whose Equity Shares are proposed to be acquired viz. Bharat Fertiliser Industries Limited.
2	Acquirer/WAAL	Wada Alums & Acids Ltd. , who is offering to acquire Shares through this Offer
3	PACs	Persons Acting in Concert with the Acquirer,in this case none
4	RBI	Reserve Bank of India
5	SEBI/Board	Securities and Exchange Board of India
6	Merchant Banker/ Manager to the Offer	Fedex Securities Limited
7	Registrar to the Offer	Intime Spectrum Share Registry Ltd
8	PA/ Public Announcement	Announcement/s of the Offer made by the Acquirer in the dailies, on Wednesday, July 5, 2006
9	Offer	Cash offer being made by the Acquirer to the Shareholders of the Target Company
10	Shares	Equity Shares
11	EPS	Earnings per Equity Share, for the period under reference and annualized
12	Book Value	Book Value of each Equity Share as on the date referred to
13	Regulations/Takeover Regulations/ SEBI(SAST) Regulations	SEBI (Substantial Acquisition of Shares & Takeovers) Regulations, 1997 as amended till date
14	NAV	Net Asset Value of Equity Shares
15	Persons not eligible to participate in the Offer	The Acquirer & the promoter group Shareholders of the Target Company
16	Persons eligible to participate in the Offer	All Equity Shareholders of the Target Company, other than the Acquirer & promoter group Shareholders.
17	BSE	The Stock Exchange, Mumbai (presently BSE Ltd.)
18	RNW	Return on Net Worth
19	FIIs	Foreign Institutional Investors
20	NRIs	Non Resident Indians and persons of Indian origin residing abroad
21	FIs	Financial Institutions
22	SFIs	State level Financial Institutions

LETTER OF OFFER

1. DISCLAIMER CLAUSE

IT IS TO BE DISTINCTLY UNDERSTOOD THAT FILING OF DRAFT LETTER OF OFFER WITH SECURITIES AND EXCHANGE BOARD OF INDIA (SEBI) SHOULD NOT IN ANY WAY BE DEEMED OR CONSTRUED THAT THE SAME HAS BEEN CLEARED, VETTED OR APPROVED BY SEBI. THE DRAFT LETTER OF OFFER HAS BEEN SUBMITTED TO SEBI FOR A LIMITED PURPOSE OF OVERSEEING WHETHER THE DISCLOSURES CONTAINED THEREIN ARE GENERALLY ADEQUATE AND ARE IN CONFORMITY WITH THE REGULATIONS. THIS REQUIREMENT IS TO FACILITATE THE SHAREHOLDERS OF BHARAT FERTLISER INDUSTRIES LIMITED (BFIL), THE TARGET COMPANY, TO TAKE AN INFORMED DECISION WITH REGARD TO THE OFFER. SEBI DOES NOT TAKE ANY RESPONSIBILITY EITHER FOR FINANCIAL SOUNDNESS OF THE ACQUIRER(S), PACs OR THE COMPANY WHOSE SHARES/ CONTROL IS PROPOSED TO BE ACQUIRED OR FOR THE CORRECTNESS OF THE STATEMENTS MADE OR OPINIONS EXPRESSED IN THE LETTER OF OFFER. IT SHOULD ALSO BE CLEARLY UNDERSTOOD THAT WHILE 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 THE ACQUIRER DULY DISCHARGES ITS RESPONSIBILITY ADEQUATELY. IN THIS BEHALF, AND TOWARDS THIS PURPOSE, THE MERCHANT BANKER (MANAGER) TO THE OFFER M/S. FEDEX SECURITIES LIMITED HAS SUBMITTED A DUE DILIGENCE CERTIFICATE DATED JULY 7, 2006 TO SEBI IN ACCORDANCE WITH THE SEBI (SUBSTANTIAL ACQUISITION OF SHARES AND TAKEOVERS) REGULATIONS, 1997 AND SUBSEQUENT AMENDMENT (S) THEREOF.

2. DETAILS OF THE OFFER

2. 1 Background of the Offer

2.1.1 This Offer is made for Substantial acquisition of Shares and Voting Rights, in accordance with Regulations 11 (1) of SEBI (Substantial Acquisition of Shares & Takeovers) Regulations 1997 and subsequent amendments thereto. Wada Alums & Acids Pvt. Ltd., ("WAAL"/"the Acquirer"), a Company, incorporated in the State of Maharashtra and having its Registered Office at Bharat Fertiliser House,12 Nanabhai Lane, Fort, Mumbai 400 023 (Tel No (022) 2283 5547, Fax No. (022) 2611 4924, E Mail Id: ydpbfil@vsnl.com), one of the promoter group Shareholders of BFIL, is making an open Offer to the Public Shareholders (i.e. Shareholders other than the Acquirer & promoter group shareholders of BFIL) of Bharat Fertiliser Industries Limited (" BFIL", "the Target Company") to acquire 7,84,703 Equity Shares of Rs.10/- each, at a price of Rs. 22/- (Rupees Twenty two Only) , representing 20.00 % of issued, subscribed , paid up & voting Capital of BFIL after the preferential allotment of 5,10,000 Equity Shares to WAAL. The Board of Directors of BFIL, in their meeting held on May 22, 2006, resolved to convene an Extraordinary General Meeting of members on June 19, 2006 to consider preferential allotment of 5,10,000 Equity Shares of BFIL at a price of Rs. 22/- per Equity Share to WAAL and the members in their Extra Ordinary General Meeting held on June 19, 2006 approved the same. The preferential allotment was made by the Board of Directors of BFIL on July 1, 2006 at a price of Rs.22/-. The Offer is at a price of Rs. 22/- (Rupees Twenty two only) per Equity Share fully paid up ("the Offer Price"), payable in cash ("the Offer"), subject to the terms and conditions mentioned hereinafter. There are no partly paid Shares.

2.1.2 The preferential allotment is in accordance with Sec 81(1A) of the Companies Act 1956 and applicable provisions of the guidelines for preferential issue under SEBI (Disclosure and Investor Protection) Guidelines 2000 and subsequent amendments thereto. This preferential allotment has necessitated this open offer. The pre preferential allotment paid up and voting capital of BFIL is 34,13,511 Equity Shares & the paid up and voting capital of BFIL after the preferential allotment is 39,23,511 Equity Shares.

2.1.3 The Acquirer presently holds 2, 44,564 Equity Shares of BFIL constituting 7.16 % of the pre preferential allotment voting Capital. The promoter group of BFIL (including WAAL) together hold 16,45,213 Equity Shares of BFIL constituting 48.19 % of the pre preferential allotment voting capital. The holding of the promoter group after the preferential allotment is 21, 55,213 Equity Shares, constituting 54.93% of the enhanced Capital.

2.1.4 There will not be any change in control of BFIL consequent to this Offer

2.1.5 The Acquirer, its promoters/Directors, the Target Company its promoters/Directors 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.

2.1.6 Shri.Yogendra D Patel, Smt. Anjni Y Patel & Shri. Kantilal N Jethwa, Directors of BFIL represent the Acquirer. They shall recuse themselves and not participate in any matter(s) concerning or 'relating' to the offer including any preparatory steps leading to the offer. There is no other person in the Board of the Target Company, representing the Acquirer.

2.1.7 The Acquirer do not intend to make changes in the management of BFIL

2. 2 Details of the proposed Offer

2.2.1. A Public Announcement, as per Regulation 15 (1) of the Regulations, was made in the following Newspapers, as detailed below. The Public Announcement is also available at SEBI's Website : www.sebi.gov.in

Newspaper	Language	Editions	Date of PA
Business Standard (covers all editions)	English	Mumbai, Delhi, Kolkata, Bangalore, Chennai, Hyderabad , Lucknow, Chandigarh, Kochi& Ahmedabad editions	Wednesday, July 5, 2006
Prathakaal (covers all editions)	Hindi	Mumbai Edition Udaipur Edition Jaipur Edition	Wednesday, July 5, 2006
Navshakti	Marathi	Mumbai	Wednesday, July 5, 2006

2.2.2 The Offer is to acquire 7,84,703 Equity Shares of representing 20.00 % of issued, subscribed and paid up Capital of BFIL after the preferential allotment of Equity Shares.

2.2.3 The Offer price is Rs. 22/- (Rupees Twenty two only) per each fully paid up Equity Share. There are no partly paid Shares or Shares outstanding where calls are in arrears.

2.2.4 The consideration will be paid in Cash. There is no differential price since entire consideration is payable in cash.

2.2.5 This is not a competitive bid.

2.2.6 This Offer is not conditional as to any minimum level of acceptance.

2.2.7 The Acquirer has not made any further acquisition of Shares since the Public Announcement was made.

2.2.8 Details of competitive bids, if any : **There is no competitive bid**

2.2.9. Fedex Securities Limited, Manager to the Offer do not hold any Equity Shares in the Target Company. They declare and undertake that they shall not deal in the Shares of the Target Company during the period commencing from the date of their appointment as Manager to the Offer till the expiry of fifteen days from the date of closure of the offer

2.2.10 There is no agreement by the Acquirer with any person/entity, in connection with this offer. The entire Shares proposed to be acquired under this Offer will be acquired by the Acquirer and no other person/entity proposes to take part in the acquisition.

2.2.11 In the event of any further acquisition of Equity Shares from the date of P.A. till 7 days prior to closure of Offer by the Acquirer at a price higher than the Offer Price, then the Offer price will be revised upwards to be equal to or more than the highest price paid for such acquisition. However, they shall not be acquiring any Equity Shares of BFIL during the period of 7 working days, prior to the date of closure of the Offer.

2.3 **OBJECT AND PURPOSE OF ACQUISITION AND FUTURE PLANS**

2.3.1 The objects of the acquisition are substantial acquisition of Shares of BFIL.

2.3.2 Barring unforeseen circumstances, the Acquirer is confident of ensuring better performance. BFIL has not been performing well in the last few years and has returned losses since FY 1998-99 till 2004-05. The Acquirer proposes, to continue with the existing activities.

2.3.3 The Acquirer do not intend to make changes in the management of BFIL. It is not proposed to make any changes on the Board of BFIL.

2.3.4 The Acquirer do not have any plans to dispose off or otherwise encumber any assets of BFIL in the succeeding two years from the date of closure of the Offer, except in the ordinary course of business as may be permissible. They undertake that they shall not sell, dispose of or otherwise encumber any substantial assets of the target company except with the prior approval of the Shareholders.

2.3.5 There is no conflict of interest or potential conflict of interest between the Acquirer and the Target Company.

3. BACKGROUND OF THE ACQUIRER (INCLUDING PACs, IF ANY)

3.1.1 Wada Alums & Acids Pvt. Ltd.,(WAAL) is a private limited Company incorporated on January 31, 1985 at Mumbai under the Companies Act 1956. The registered office of the Company is situated at Bharat Fertiliser House, 12 Nanabhai Lane, Fort, Mumbai 400 023 (Tel No (022) 2283 5547Fax No. (022) 2611 4924, E Mail Id: ydpbfil@vsnl.com). WAAL has as its main objects, to carry on the business as manufacturers, producers, refiners, exporters and importers of alums of all grades, Sulfuric acid, oleums, organic acids, various fertilizers etc. WAAL is promoted by Shri. Yogendra D Patel& Smt. Anjni Y Patel.

3.1.2 WAAL belongs to the Bharat Fertiliser Group of Mumbai. The other Companies promoted by the promoters of WAAL/belonging to the Group are (i) Bharat Fertiliser Industries Ltd, the Target Company, engaged in manufacture of Sulfuric Acid and Single Super Phosphate (ii) Yogi Investments Pvt. Ltd. (iii) Vijal Shipping Pvt. Ltd. (iv) Wada Agro Chemicals Pvt. Ltd. (v) Wada Bottling Industries Pvt. Ltd. (vi) Patel Combitherm (India) Pvt. Ltd. & (vii)Chavi Impex Pvt. Ltd. Other than BFIL, none of the Companies are listed. The promoters are not on the Board of any other listed Company, other than BFIL.

3.1.3 The Shares of WAAL are closely held i.e. the Equity Shares are not listed.

3.1.4 The Directors of WAAL are Shri. Yogendra D Patel (Chairman & Managing Director), Smt. Anjni Y Patel & Shi. Kantilal N Jethwa. Shri. Yogendra D Patel, aged 48 years, Chemical Engineer, is residing at Vimla Kunj, 2nd Floor, Nariman Road, Vile Parle (East), Mumbai – 400 057. He is involved with the activities of BFIL and WAAL since inception. He has gained expertise in setting Chemical Plants & having about 20 years' experience in Chemical Plants. He does not have any other prior experience. Smt. Anjni Y Patel, aged 47 years, British "O" Level, residing at Vimla Kunj, 2nd Floor, Nariman Road, Vile Parle (East), Mumbai – 400 05 is associated with the general administration of BFIL for the last 17 years. Other than this, she do not have any prior experience. Shri. Kantilal N Jethwa aged 62 years, is a Graduate in Science residing at 2, Ram Niwas, 1st Floor, S.V.Road, Vile Parle (West), Mumbai – 400 056, is in charge of Production and marketing. He has about 40 years' experience in production and marketing of Chemical products. He is with the group since inception and looking after production, Marketing, liaisoning etc.

3.1.5 WAAL is engaged in manufacturing and marketing of Ferric Alum in solid and liquid form.

3.2.1. There is no Person Acting in Concert with the Acquirer.

3.2.2 Shri.Yogendra D Patel, Smt. Anjni Y Patel & Shri. Kantilal N Jethwa, Directors of BFIL represents the Acquirer on the Board of BFIL. They shall recuse themselves and not participate in any matter(s) concerning or 'relating' to the offer including any preparatory steps leading to the offer. There is no other person in the Board of the Target Company, representing the Acquirer.

3.2.3. The Acquirer has not entered into any agreement with any other person/entity with regard to the Acquisition/Offer.

3.2.4 As per Certificate dated May 22, 2006 from Shri P.V. Shah, (Membership No. 13258), Partner, Chandulal M Shah & Co., Chartered Accountants, 304, Maker Bhavan No. 3, 21, New Marine Lines, Mumbai 400 020, Chartered Accountants (Auditors of WAAL), (Telefax Nos. (022) 40021980/81) the Net Worth of WAAL as on 31.03.2006 is Rs. 67.29 Lacs

3.2.5 The applicable provisions of Regulations 6 & 8 (Regulation 7 not applicable) of Chapter II of SEBI (Substantial Acquisition of Shares and Takeovers) Regulations 1997 have not been complied with by the Acquirer, for the years 1997 & 1999 and SEBI may initiate suitable action for the non compliance with Regulation 6(1) & 6(2) for 1997 and 8(1) & 8(2) for 1999, in terms of the Regulations and provisions of SEBI Act.

3.2.6 The Acquirer, its/promoters or Directors 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.

3.2.7 The Board of Directors of WAAL have, vide Resolution adopted on July 1, 2006 authorized Shri. Yogendra D Patel, Director to sign the Letter of Offer, on behalf of WAAL

3.2.8 BRIEF DETAILS OF THE ACQUIRER AS ON DATE OF LETTER OF OFFER ARE TABULATED BELOW:

Name , address and contact details	Relationship, if any, with any other Acquirer/ PACs	Net Worth as certified by Chartered Accountant	Companies in which is a full time Director
WADA ALUMS & ACIDS PVT. LTD Regd Office :1 Bharat Fertiliser House 12 Nanabhai Lane, Fort, Mumbai 400 023 Tel No (022) 2283 5547 Fax No. (022) 2611 4924 E Mail Id: ydpbfil@vsnl.com	**N.A.**	Rs. 67.29 Lacs as on 31.03.2006 (Certificate dated May 22, 2006)	**N.A.**

3.2.9 Board of Directors as on Wednesday, July 5, 2006, the date of PA:

Name	Date of appointment	Qualification	Residential Address	Designation
Shri. Yogendra D Patel	27-06-1992	Chemical Engineer	Vimla Kunj, 2nd Floor, Nariman Road, Vile Parle (East), Mumbai – 400 057	Chaiman& Managing Director
Smt. Anjni Y Patel	07-05-1990	British "O" level	Vimla Kunj, 2nd Floor, Nariman Road, Vile Parle (East), Mumbai – 400 057	Director
Shri. Kantilal N Jethwa	23-12-1993	Graduate in Science	2, Ram Niwas, 1st Floor, S.V.Road, Vile Parle (West), Mumbai – 400 056	Director

There is no change in Board of Directors, since the date of PA.

3.2.10 There are no PACs. Shri.Yogendra D Patel, Smt. Anjni Y Patel & Shri. Kantilal N Jethwa are on the Board of Directors of BFIL. The promoters/Directors of WAAL are not on the Board of any other listed Company.

3.2.11 EQUITY SHARE CAPITAL STRUCTURE OF WADA ALUMS & ACIDS PRIVATE LIMITED (AS ON WEDNESDAY, JULY 5, 2006, THE DATE OF P.A.)

Details	No. of Equity Shares	% of Shares
Promoters, family members & one Gr. Company, promoted by the promoters	22,240	100
Others	0	0
Public	0	0
Total	**22,240**	**100**

There is no change since the date of PA

3.2.12 AUDITED FINANCIALS OF WADA ALUMS & ACIDS PRIVATE LIMITED

Brief Audited Financial data for the last three years are given hereunder:

(Rs. In Lacs)

Profit & Loss Statement	2005-06	2004-05	2003-04
Income from main operations (Sales and Services)	310.46	274.62	340.94
Other Income	3.37	4.34	8.11
Extra Ordinary Income	0.00	0.00	0.00
Total Income	**313.83**	**278.96**	**349.05**
Operating cost	296.88	249.79	327.57
Interest/Fin. Expenses	8.68	12.24	10.88
Depreciation	6.01	6.34	8.31
Extraordinary Exp.	0.00	8.66	0.00
Profit Before Tax before Extraordinary Income/Extraordinary exp.	2.26	10.59	2.29
Profit Before Tax after Extraordinary income/Extra ordinary exp.	2.26	1.93	2.29
Less: Provision for Current Tax	0.91	0.51	0.49
Less: Deferred Tax	0.00	0.05	0.00
Profit After Tax/Loss Before Extraordinary items.	1.35	10.03	1.80
Profit After Tax after Extraordinary Items,	1.35	1.37	1.80

Balance Sheet Statement (As on)	31.03.2006	31.03.2005	31.03.2004
Sources of funds			
Paid up Equity Share Capital	22.24	22.24	22.24
Reserves & Surplus (excluding Revaluation Reserves, if any)	45.05	43.70	42.23
Less: Misc. Expenses not written off	0.00	0.00	0.00
Net Worth	**67.29**	**65.94**	**64.47**
Secured Loans	75.98	63.99	100.58
Unsecured Loans	214.39	214.39	155.43
Total	**357.66**	**344.32**	**320.48**
Uses of funds			
Net Fixed Assets	38.80	35.76	42.10
Investments	156.04	156.04	156.04
Net Current Assets	162.82	152.52	122.34
Total	**357.66**	**344.32**	**320.48**
Other Financial Data			
Dividend (%)	NIL	NIL	NIL
Earnings per Share(Rs 100/-) (Net Profit/number of Shares	6.07	6.16	8.09
Return on Net Worth (%) (Net Profit X100/Net Worth	2.00%	2.07%	2.79%
Book Value Per Equity Share (F.V. Rs.100/-) Net Worth divided by number of subscribed Equity Shares	302.26	296.49	289.88

v Details of Other Income and Extraordinary/exception expenditures etc. are given below:

DETAILS OF OTHER INCOME/EXTRAORDINARY INCOME/EXCEPTIONAL ITEMS DURING THE ABOVE PERIOD

(Rs. In Lacs)

OTHER INCOME	2005-06	2004-05	2003-04
Packaging charges recovered	0.03	0.20	0.08
Freight charges recovered	2.27	3.29	8.03
Sundry creditors/debtors written off	1.07	0.85	0.00
Total of Other Income	**3.37**	**4.34**	**8.11**

EXTRAORDINARY EXPENDITURE	2005-06	2004-05	2003-04
Gratuity and Leave Salary on voluntary retirement of employees	0.00	8.66	0.00
Total	**0.00**	**8.66**	**0.00**

The above financials are furnished after

- ❖ Making adjustments / rectification for all incorrect accounting policies or failures to make provisions or other adjustments which resulted in Audit qualifications; Material amounts relating to adjustments for last three years, if any have been identified and adjusted in arriving at the profits of the years to which they relate.
- ❖ Where there has been a change in accounting policy during the last three years, the profits or losses of those years have been re-computed to reflect what the profits or losses of those years would have been if a uniform accounting policy was followed in each of these years. However, in respect of any incorrect accounting policy being followed, the re-computation of the financial statements have been made in accordance with correct accounting policies;
- ❖ Statement of profit or loss discloses both the profit and loss arrived at before considering extraordinary items and after considering the profit or loss from extraordinary items.
- ❖ The statement of assets and liabilities have been prepared after deducting the balance outstanding on revaluation reserve account from both fixed assets and reserves and the net worth arrived at after such deductions.

3.2.13 DETAILS OF LISTED COMPANIES, PROMOTED BY THE ACQUIRER/ PROMOTERS/ DIRECTORS OF THE ACQUIRER

The Acquirer has not promoted any Listed Company nor have control over any Listed Company other than BFIL. The promoter/Directors of the Acquirer have not promoted any Listed Company nor have control over any listed Company other than BFIL. The Directors of the Acquirer are on the Board of Directors of BFIL

3.2.14 BRIEF DETAILS OTHER UNLISTED COMPANIES IN WHICH THE PROMOTERS OF THE ACQUIRER ARE PROMOTERS/ DIRECTORS

Name of the promoter/Director	Name of the unlisted Company	Position held
Shri. Yogendra D Patel	Yogi Investments Pvt. Ltd Vijal Shipping Pvt. Ltd Wada Agro Chemicals Pvt. Ltd Wada Bottling Industries Pvt. Ltd Patel Combi-therm India Pvt. Ltd Chavi Impex Pvt. Ltd	Director
Smt. Anjni Y Patel	Yogi Investments Pvt. Ltd Vijal Shipping Pvt. Ltd Wada Agro Chemicals Pvt. Ltd Wada Bottling Industries Pvt. Ltd Patel Combi-therm India Pvt. Ltd Chavi Impex Pvt. Ltd	Director

3.2.15 The Acquirer is not a Sick Industrial Company.

3.3 The Acquirer do not propose to dispose off or otherwise encumber any of the Assets of the Target Company in the next two years, except in the ordinary course of business. They undertake that they shall not sell, dispose of or otherwise encumber any substantial asset of the Target Company except with the prior approval of Shareholders.

4. BACKGROUND OF THE TARGET COMPANY

4.1.1 BFIL was originally incorporated on 10th June 1985, at Mumbai, Maharashtra State, under the Companies Act, 1956 in the name and style "Patel Packaging Industries Pvt. Ltd." The Company was converted to a Public limited Company consequent to a Special Resolution adopted by members on 26th December 1994 and fresh certificate to this effect was issued by the Registrar of Companies, Maharashtra.

Another Company by name " Bharat Fertiliser Industries Ltd" made its maiden public issue in 1985-86 and got its Equity Shares listed at the Stock Exchange, Mumbai (BSE). In the year 1994-95, Patel Packaging Industries Ltd was amalgamated with Bharat Fertiliser Industries Ltd, (through a Court process) and the amalgamation resulted in allotment of 27,63,511 Equity Shares. The name of the Company was changed to "Bharat Fertiliser Industries Ltd." vide fresh certificate issued by Registrar of Companies, Maharashtra, Mumbai on 19th September 1995 under Sec 21 of the Companies Act.

The Registered Office of BFIL is situated at Bharat Fertiliser House, 12, Nanabhai Lane, Fort, Mumbai 400 023, Ph. Nos. (022) 2283 5547, 2611 4923 Fax No. (022) 2202 2173, 2611 4924, E-mail: ydpbfil@vsnl.com

BFIL has its factory located at Village Khairivali, Wada Taluka, Maharashtra State. 421303 (Tel. No. 952526 211531, Tele Fax No. 952526 234569)

The Factory land admeasuring 18.36 Acres is held on freehold basis. The Factory has an area of 3,64,520 Sq. Ft. The Plant and machinery include 3 Grinding Mills, 2 mixers, 2 Den and material handling systems. There are 21 workers in the Factory.

BFIL is promoted by Shri. Yogendra D Patel & Smt. Anjni Y Patel.

The Directors of BFIL are Shri. Yogendra D Patel (Chairman & Managing Director), Smt. Anjni Y Patel (Jt. Managing Director), Shri. Kantilal N Jethwa (Non-Executive / Independent Director), Shri. Suresh M Bhadrecha (Non-Executive / Independent Director) & Shri. G V Dandile (Non-Executive / Independent Director).

4.1.2 The Authorized Capital of BFIL is Rs. 1000 Lacs, divided into 1,00,00,000 Equity Shares of Rs 10/- each .The Issued subscribed and paid up pre preferential allotment Equity Share Capital is 34,13,511 Equity Shares of Rs. 10/- each aggregating to Rs. 341.35 Lacs & post preferential allotment Equity Capital is 39,23,511 Equity Shares aggregating to Rs. 392.35 Lacs. All the Equity Shares are fully paid up. All the Equity Shares are listed and admitted for trading except 5, 10,000 Equity Shares allotted to WAAL on preferential allotment basis. BSE has vide their letter No. List/sdm/ns/pdk/2006 dated July 4, 2006 has granted "In Principle "approval for listing of the said Equity Shares. BFIL has submitted necessary papers/documents for final listing approval on July 10, 2006 and approval is awaited.

4.1.3 As on date of this Letter of Offer, the promoter group/persons in control, holds 21, 55,213 Equity Shares, constituting 54.93% of the enhanced Capital.

4.1.4 The Equity Shares of BFIL is in compulsory demat mode. The Marketable lot for the Shares of BFIL is 1(one) only.) The ISIN Number of Equity Shares in dematerialized form is INE 842 D01011

4.1.5 BFIL has, as its main objects, "to carry on the business of manufacturers, processors, designers, buyers, sellers importers of polyethylene and polypropylene woven sacks, sacks of all kinds, card board packing, containers, manmade fibrous materials, etc". BFIL has as item 38 of Other Objects, carry on the business of manufacturers of , formulators of, producers of, importers of, dealers etc. in manures, dips, sprays, vemifuges, fungicides alum, artificial manures etc.

4.1.6 BFIL is presently engaged in manufacturing Sulfuric Acid and Single Super phosphate (fertilizer).

4.1.7 BFIL has no Subsidiaries

4.1.8. BFIL has not declared any Dividend in the last 5 years.

4.1.9 The Equity Shares of BFIL are listed at The Stock Exchange, Mumbai (BSE). The Shares are not admitted as a permitted security at any other Stock Exchange. All the issued Equity Shares of BFIL are listed and admitted for trading, except 5,10,000 Equity Shares allotted to WAAL under preferential allotment. BSE, has vide their letter No. List/sdm/ns/pdk/2006 dated July 4, 2006 has granted " In Principle " approval for listing of the said Equity Shares. BFIL has submitted necessary papers/documents for final listing approval on July 10, 2006 and approval is awaited. There are no outstanding warrants or options or similar instruments, convertible into Equity. 2,44,564 Equity Shares held by WAAL are subject to lock in for 6 months and 5,10,000 Equity Shares allotted under preferential allotment to WAAL are subject to lock in for 3 years , both the locking in commencing from the date of allotment of Shares under preferential allotment.

4.1.10 BFIL has been paying listing fee regularly and there are no arrears of listing fee. BFIL has been complying with the listing requirements of the Stock Exchange, except for filing returns under Chapter II of SEBI(SAST) Regulations. The filing of returns under Chapter II of SEBI (SAST) Regulations were not made as per the Regulations in the years 1997, 1998, 1999 & 2002. No action has so far been taken by the Stock Exchanges or SEBI against BFIL, its Directors or promoters. For non compliance with Regulations 6 (2) & 6(4) for the year 1997 & 8(3) for the years 1998 , 1999 & 2002, by the Target Company, SEBI may initiate suitable action in terms of the Regulations and provisions of SEBI Act. The promoters BFIL have not complied with the requirements under Regulations 6 & 8 in the years 1997 & 1999 and SEBI may initiate suitable action in terms of the Regulations and SEBI Act for the non compliance.

4.1.11 In view of the erosion in Net Worth, BFIL is a Sick Industrial Company and has been reported as such to BIFR.

4.1.12 There has not been any merger or demerger or spin off of activity in the preceding 3 years.

4.1.13 There are no pending Litigations against the Target Company.

4.1.14 The provisions of Corporate Governance and provisions under Clause 49 of the Listing Agreement are complied with by BFIL.

4.1.15 The Compliance Officer of the Target Company is Shri. Kantilal N Jethwa, Director who will be available at the address of the Registered Office of BFIL.

4.2.1 Share Capital structure of the Target Company, post preferential allotment

Paid up Equity Shares of BFIL	No. of Shares	% of Shares	Voting Rights	% of voting rights.
Fully paid up Equity Shares	39,23,511	100	39,23,511	100
Partly paid up Equity Shares		0		0
Total paid up Equity Shares	39,23,511	100	39,23,511	100
Total voting rights in Target Company	39,23,511	100	39,23,511	100

4.2.2.1 Build up of current paid up Capital

Date of allotment	No. and % of Shares Issued	Cumulative paid up capital	Mode of allotment	Identity of allottees (e.g.-promoters /others	Status of compliance With SEBI (SAST) Regulations other Regulations under SEBI Act 1992
On Incorporation	400 0.01% of current capital	400	Signatories to the Memorandum, for cash	Signatories to the Memorandum	Provisions of Companies Act, complied with
In the year 1985-86	6,49,600 16.56% of current Capital	6,50,000	Public Issue	Promoters/promoter group, & Public	Provisions of Companies Act, complied with
In the year 1994-95	27,63,511 70.43 % of current Capital	34,13,511	Allotted on merger of Bharat Fertiliser Industries Ltd and Patel Packaging Industries Pvt. Ltd	Promoters/promoter group	Provisions of Companies Act, complied with
01-07-2006	5,10,000 13% of Current Capital	39,23,511	Preferential allotment	WAAL, the acquirer forming part of the promoter group,	Provisions of Companies Act, complied with SEBI(SAST) Regulations being complied with. SEBI (DIP) Guidelines complied with, for the preferential allotment.

4.2.2.2 Change in Shareholding of promoters and position of Compliance

The Target Company has confirmed that there is no change in holding of promoters/promoter group since 1997. The Target Company has also confirmed that individual data on allotments made prior to 1997 and change in promoter holding, if any prior to 1997 are not available with the Target Company.

4.2.2.3 SEBI, vide their letter No. CFD/DCR/RC/TO/13060/04 dated July 21, 2004, under consent order scheme, imposed a penalty of Rs. 1,25,000/- against the Target Company for violation of Regulation 6(2) & 6(4) for the year 1997 and Regulation 8(3) for the years 1998 , 1999 & 2002 respectively. The Target Company has replied that they have filed the said returns. However, the Merchant Banker wishes to state that the Target Company has not been able to submit copies of filings for the year 1997 (Under Reg. 6(2) & 6(4)), and under Reg. 8(3) for 1998. For the year 1999, filings under Reg. 8(3) is filed late. For the year 2002, the copy of filing under Reg. 8(3) is not available. As such the Merchant Banker is treating that the returns under Regulations 6(2), 6(4) & 8(3)for the said years as not filed.

4.3 There are no outstanding warrants or options or similar instruments, convertible into Equity Shares.

4.4. The Target Company and the promoters have not complied with the applicable provisions of Chapter II of SEBI (Substantial Acquisition of Shares and Takeovers) Regulations 1997(as amended till date) as stated under 4.2.2.3 above. For said non compliances SEBI may initiate suitable action in terms of the Regulations and provisions of SEBI Act. Subsequent to initiation of action by SEBI, the proceedings under Consent order scheme shall be dropped.

4.5. 1 The Equity Shares of the Target Company has not been suspended by the Stock Exchanges, in the past.

4.5.2 All the Issued Equity Shares of BFIL are listed and admitted for trading, except the Equity Shares allotted on preferential allotment basis to WAAL .

4.5.3. Subject to disclosure under 4.2.2.3 above, the Company has been complying with the Listing requirements of the Stock Exchange. The Stock Exchange has not awarded any penalties against the Target Company, its promoters/Directors.

4.6.1 **Board of Directors as on Wednesday, July 5, 2006, the date of PA:**

Name	Date of appointment	Residential Address	Designation
Shri. Yogendra D Patel	06-01-1988	Vimla Kunj, 2nd Floor, Nariman Road, Vile Parle (East), Mumbai – 400 057	Chaiman & Managing Director
Smt. Anjni Y Patel	29-09-1994	Vimla Kunj, 2nd Floor, Nariman Road, Vile Parle (East), Mumbai – 400 057	Jt. Managing Director
Shri. Kantilal N Jethwa	29-9-1997	2, Ram Niwas, 1st Floor, S.V.Road, Vile Parle (West), Mumbai – 400 056	No Executive Independent Director
Shri. G V Dandile	30-09-2004	Shiv Darshan Coop Hsg. Society Ltd, R No.7, Near Church, A/P : Majiwada, Thane 400 601	No Executive Independent Director
Shri. Suresh M Bhadrecha	09-12-2002	9, Anushil, 144-B, SV Road, Irla, Vile Parle (West), Mumbai 400 056	No Executive Independent Director

4.6.2 There have been the following changes in the Board Directors in the last three years.

Name	Date of change	Nature of change
Shri. Ashwin M Patel	30-09-2004	Resigned
Shri. G V Dandile	30-09-2004	Appointed as Non Executive (Independent) Director

4.6.3 Experience, Qualification and date of appointment of the Board of Directors

Name	Date of appointment	Age, Qualification, Occupation	Experience , in brief
Shri. Yogendra D Patel	06-01-1988	Age : 48 years. B.E in Chemical Engineering One of the promoters and presently Chairman & Managing Director of BFIL.	Associated with BFIL since inception. Has 20 about year's experience in Chemical plants. Gained expertise in setting up Chemical Plants. No prior experience other than in BFIL.
Smt. Anjni Y Patel	29-09-1994	Age : 47 years. British "O" Level. Jt. Managing Director in BFIL.	Has about 17 year's experience in BFIL, looking after general administration
Shri. Kantilal N Jethwa	29-9-1997	Age : 62 years. Graduate in Science. Director in BFIL	Has about 40 year's experience in production and marketing of Chemical products. With BFIL since inception.
Shri. G V Dandile	30-09-2004	Age : 69 years. Matriculate. Director in BFIL	Associated with BFIL since inception. He has around 45 years' experience in day to day administration and plant maintenance.
Shri. Suresh M Bhadrecha	09-12-2002	Age : 48 years Graduate in Commerce. Director of BFIL	About 15 years' experience in Import export , procurement and planning.

4.7 There has not been any mergers/demergers involving the Target Company nor was there any spin off of activity during the last three years. The company was originally incorporated as " Patel Packaging Industries Pvt. Ltd." The Company was converted to a Public limited Company consequent to a Special Resolution adopted by members on 26th December 1994 and fresh certificate to this effect was issued by the Registrar of Companies, Maharashtra. In the year 1994-95, the Company was amalgamated with Bharat Fertiliser Industries Ltd, (reverse merger, through Court) and the amalgamation process resulted in allotment of 27,63,511 Equity Shares. The name of the Company was changed to "Bharat Fertiliser Industries Ltd." vide fresh certificate issued by Registrar of Companies, Maharashtra, Mumbai on 19th September 1995 under Sec 21 of the Companies Act.

4.8.1 Brief published Audited Financial data for the last three years are given hereunder:

(Rs. In Lacs)

Profit & Loss Statement	2005-06	2004-05	2003-04
Income from main operations	24.12	135.39	572.94
Other Income	201.26	12.14	57.92
Extra ordinary Income	0.00	0.00	0.00
Total Income	**225.38**	**147.53**	**630.86**
Total Expenditure/excl. Extraordinary exp.	37.32	278.90	627.39
Extraordinary Expenditure	0.00	0.00	0.00
Interest & Bank charges	68.54	60.81	46.95
Depreciation	11.56	15.38	23.36
Profit/Loss Before Tax before Extraordinary/Exceptional items	107.96	(207.56)	(66.84)
Profit Before Tax/Loss after Extraordinary income/Extraordinary exp/Exceptional items	107.96	(207.56)	(66.84)
Provision for Tax	9.51	0.00	0.00
Profit After Tax/Loss Before Extraordinary Income/Exp.	98.45	(207.56)	(66.84)
Profit After Tax /Loss after Extraordinary Income	98.45	(207.56)	(66.84)

Balance Sheet Statement (As on)	31.30.2006	31.03.2005	31.03.2004
Sources of funds			
Paid up Equity Share Capital	341.35	341.35	341.35
Reserves and Surplus (excluding Revaluation reserves, if any)/Accum. losses) but including profits earned till date in the case of interim period/Acc. Losses	(248.80)	(342.99)	(135.43)
Less: Miss Exp not written off	**20.76**	**12.46**	**25.27**
Net Worth (Negative figure in brackets)	**71.79**	**(14.10)**	**180.65**
Secured loans	428.47	376.30	307.82
Unsecured loans	202.53	211.33	209.91
Total	**702.79**	**573.53**	**698.38**
Uses of funds			
Net Fixed Assets	222.74	237.30	246.91
Investments	1.81	1.81	1.81
Net Current Assets	478.24	334.42	449.66
Total	**702.79**	**573.53**	**698.38**
Other Financial Data			
Dividend (%)	NIL	NIL	NIL
Earnings per Share(Rs.) (Profit after Tax /No. of Issued and subscribed Shares) Negative EPS in brackets.	2.88	(6.08)	(1.95)
Return on Net Worth (%) (Profit after Tax X100/Net Worth) (Negative RNW in Brackets)	137.14	Net Worth negative	(36.99)
Book Value Per Share (Rs.) (Net Worth/No. of Issued and subscribed Shares)(Negative figure in brackets)	2.10	(0.41)	5.29

DETAILS OF OTHER INCOME DURING THE ABOVE PERIOD

(Rs. In Lacs)

OTHER INCOME	2005-06	2004-05	2003-04
Godown Rent	0.00	0.16	26.14
Office Rent	0.15	0.12	0.29
Scrap sales & labor charges	174.87	0.00	0.00
Sundry Creditors written off	15.74	11.37	19.61
Dividend received	0.41	0.34	0.27
Misc. Income	10.09	0.15	11.61
Total of Other Income	**201.26**	**12.14**	**57.92**

The above financials are furnished after

- ❖ Making adjustments / rectification for all incorrect accounting policies or failures to make provisions or other adjustments which resulted in Audit qualifications; Material amounts relating to adjustments for last three years, if any have been identified and adjusted in arriving at the profits of the years to which they relate.
- ❖ Where there has been a change in accounting policy during the last three years, the profits or losses of those years have been re-computed to reflect what the profits or losses of those years would have been if a uniform accounting policy was followed in each of these years. However, in respect of any incorrect accounting policy being followed, the re-computation of the financial statements have been made in accordance with correct accounting policies;
- ❖ Statement of profit or loss discloses both the profit or loss arrived at before considering extraordinary items and after considering the profit or loss from extraordinary items.
- ❖ The statement of assets and liabilities have been prepared after deducting the balance outstanding on revaluation reserve account from both fixed assets and reserves and the net worth arrived at after such deductions.
- ❖ There has been a significant fall in income from main operations viz. from manufacture of fertilizers in the years 2004-05 and 2005-06 when compared to respective previous years. This is because the Chemicals/Fertilizer units have been shut down due to uneconomical situation . The Imported Raw materials were not available/or were too costly to making the activity unviable. The Government policies too were unfavorable as support prices for Single Super Phosphates were not increased eventhough input costs increased substantially. The Working capital support from Banks were also affected since the activity became unviable. In the year 2005-06, godowns were demolished and sold generating Income from sale of scrap and hence significantly high level of other Income during 2005-06.

4.9. Pre and Post- Offer Share holding pattern of BFIL shall be as follows:

Shareholders' category	Shareholding prior to the agreement/ Acquisition and offer. (A)		Shares acquired which Triggered off the Regulations (Preferential allotment) (B)		Shares to be Acquired in Open Offer(Assuming full acceptances) (C)		Share holding after The acquisition and Offer. (D)	
	No.	% to pre pref. allotment subsc. capital	No.	% To post pref. allotment sub. capital	No.	%	No.	% to post pref. allotment subsc. capital
1.Promoter group								
a. Acquirer	2,44,564	7.16	5,10,000	13.00	7,84,703	20.00	15,39,267	39.23
b. Promoters other Than (a) above	14,00,649	41.03	0	0	0	0	14,00,649	35.70
Total 1(a+b)	16,45,213	48.20			7,84,703	20	29,39,916	74.93
2 Public Holding								
a. Public	15,31,393	44.86						
b. FIIs/FIs/Mutual Funds,	0	0	0	0	(7,84,703)	20		
Banks, SFIs/LIC (Banks)	0	0	0	0				
c. NRIs	2,36,905	6.94	0	0				
Total 2 (a+b+c)	17,68,298	51.80	0	0	(7,84,703)	(20)	9,83,595	25.07
Total (1+2)	34,13,511	100	5,10,000	13.00			39,23,511	100

Other Notes :

i. 2,44,564 Equity Shares held by Acquirer is subject to Lock in for 6 months and 5,10,000 Equity Shares allotted to Acquirer under preferential allotment is subject to Lock in for 6 months, from date of allotment of the Shares under preferential allotment.

ii. There are no partly paid Shares or Shares where calls are in arrears.

iii. The Acquirer has not acquired any Shares from the date of the Public Announcement, till date of this Letter of Offer.

4.10. The number of Shareholders under Public Category, i.e. under 2 above, on the specified date is 5924.

5. OFFER PRICE AND FINANCIAL ARRANGEMENTS

5.1 **Justification of Offer price**

5.1.1. The Equity Shares of BFIL are listed at the Stock Exchange, Mumbai (BSE).The Shares are not admitted as permitted Security in any other Stock Exchange

5.1.2 The annualized trading turnover of Shares of BFIL, during the preceding 6 calendar months prior to the month in which the Board of Directors of BFIL decided on the preferential allotment, i.e. during the months, November 2005 to April 2006 (both inclusive) is given below. The Shares are not infrequently traded in terms of Regulation 20 (5), explanation (i) at the Stock Exchange, Mumbai (BSE).

The trading data is as under:

Name of stock exchange(s)	Total no. of Shares traded during the 6 calendar months prior to the month in which the Board decided on the preferential allotment	Total No. of listed Shares	Annualized Trading turnover (in terms of % to total listed Shares)
The Stock Exchange, Mumbai (BSE)	4,75,771	34,13,511	27.88

The trading volume data in respect of BSE have been taken from the BSE's website www.bseindia.com

5.1.3 Since the Equity Shares of the Target Company has not been infrequently traded as per explanation (i) to Regulation 20(5) at BSE during the 6 calendar months preceding the month in which the Public Announcement is made, the Offer price has been justified, taking into account, the following parameters, as set out under Regulations 20(4):

1. Negotiated price paid by the Acquirers or persons acting in concert under the Agreement referred to in sub regulation (1) of Regulation 14.	N.A.
2. Highest price paid by the Acquirers or PAC for acquisition including by way of allotment in a Public or Rights issue, if any, during the twenty-six week period prior to the date of PA.	N.A.
3. The average of the weekly high and low of the closing prices at BSE in the 26 weeks preceding the date of Board meeting which authorized the preferential allotment	Rs .17/61
4. The average of the daily high and low prices at BSE in the 2 weeks preceding the date of Board meeting which authorized the preferential allotment	Rs. 21/79
5. The price at which preferential allotment of Equity Shares is made to the Acquirer.	Rs. 22/-
6. Highest of the above	Rs. 22/-

5.1.3.1 .Trading data at BSE

a. The Weekly High and Low of the closing prices of the Equity Shares at BSE during the 26 Weeks preceding 22.05.2006, the date of the Board meeting which authorized the Preferential allotment is as under:

(Price Rs.)

Week Nos.	Week ended	High	Low	Average	Volume
1	19-May-06	22.70	20.95	21.83	7037
2	12-May-06	22.80	21.00	21.90	8626
3	5-May-06	21.00	20.05	20.525	13368
4	29-Apr-06	20.45	18.50	19.475	38395
5	21-Apr-06	23.85	21.50	22.675	8545
6	14-Apr-06	25.40	24.95	25.175	25714
7	7-Apr-06	23.80	20.65	22.225	5073
8	31-Mar-06	19.70	16.30	18	142243
9	24-Mar-06	19.50	17.00	18.25	26692
10	17-Mar-06	20.60	19.10	19.85	5800
11	10-Mar-06	23.75	21.50	22.625	44720
12	3-Mar-06	23.90	21.65	22.775	36814
13	24-Feb-06	22.77	18.75	20.76	14515
14	17-Feb-06	17.86	14.91	16.385	13720
15	10-Feb-06	15.50	14.72	15.11	5961
16	3-Feb-06	15.23	14.50	14.865	9449
17	27-Jan-06	14.40	13.12	13.76	14729
18	20-Jan-06	13.00	12.50	12.75	9204
19	13-Jan-06	13.00	12.40	12.7	14300
20	6-Jan-06	13.80	12.60	13.20	12392
21	30-Dec-05	12.50	11.88	12.19	4080
22	23-Dec-05	12.72	12.05	12.385	6432
23	16-Dec-05	15.02	13.37	14.195	8132
24	9-Dec-05	15.80	14.05	14.925	9836
25	2-Dec-05	14.54	13.85	14.195	2506
26	25-Nov-05	15.50	15.00	15.25	1987
Total		**481.17**	**433.05**	**457.975**	**490270**
Average Price			**17.61**	**17.61**	

b. The daily High and Low of the Prices of BFIL at BSE in the two Weeks preceding 22nd May, 2006, the date of the Board which authorized the Preferential allotment is as under:

(Price in Rs)

No.	Date	High	Low	Average	Volume
1	8-May-06	21.95	20.05	21.00	1400
2	9-May-06	22.00	20.15	21.08	3596
3	10-May-06	22.80	20.80	21.80	1250
4	11-May-06	22.50	22.00	22.25	310
5	12-May-06	23.00	22.00	22.50	2070
6	15-May-06	23.45	21.65	22.55	2591
7	16-May-06	22.70	21.00	21.85	2040
8	17-May-06	23.80	22.00	22.90	810
9	18-May-06	21.95	21.05	21.50	1301
10	19-May-06	20.95	20.00	20.48	295
	Total	**225.10**	**210.70**	**217.90**	**15663**
	Average		**21.79**	**21.79**	

The trading data have been taken from BSE's official quotation from its site: www.bseindia.com

5.1.4. This is not an indirect acquisition/control.

5.1.5 **Non Compete Fee:** There is no non-compete agreement for payment to any person.

5.1.6 The Offer price is justified in terms of Regulation 20(11) of the Regulations. In the opinion of the Manager to the Offer and the Acquirer, the Offer price is justified. The Offer price of Rs. 22/- per Equity Share(fully paid up) is more than the average of the weekly high and low prices as quoted at BSE, during the 26 weeks preceding date on which the Board of Directors of BFIL approved calling an EGM of members to consider the preferential allotment and also higher than the average of the daily high and low prices as quoted at BSE during the 2 weeks preceding the date of the Board resolution which authorized the preferential allotment, the Book Value as on 31.03.2006, and is equal to the price at which the preferential allotment of Equity Shares have been made to the Acquirer. The Offer price is also justified considering PE Ratio of Industry, Return on Net Worth, EPS, Book Value etc.

5.1.7 In the event of any further Acquisition by the Acquirer or Persons Acting in Concert with them any time till August 24, 2006 and in the event of such acquisition price being higher than the price offered under this Offer, the Offer price will be revised upwardly to ensure that the price offered under this Offer is not less than the highest price paid for any such acquisitions. Any such upward revision will be notified through an announcement in all dailies where the original Public Announcement was made. The last date for any upward revision is August 24, 2006.

5.2 Financial arrangements :

5.2.1 Assuming full acceptance, the total funds requirements to meet this Offer is 1, 72, 63,466/- (Rupees One Crore Seventy two Lacs Sixty three thousand four hundred and sixty six only)

5.2.2. In accordance with Regulation 28 of the SEBI (SAST) Regulations, the Acquirer has created an Escrow Account in the form of Fixed Deposit for Rs.43,16,000 (Rupees Forty three Lacs Sixteen thousand Only), which is more than 25 % of the total consideration payable under the Offer, with The Dhanalakshmi Bank Ltd., Janmabhoomi Building, Janmabhoomi Marg, Fort, Mumbai 400 001 on June 23, 2006 and a lien has been marked on the said account in favor of Fedex Securities Ltd., Manager to the Offer.

5.2.3 The Acquirer has authorized Fedex Securities Ltd., Managers to the Offer to realize the value of the Escrow Account .

5.2.4 The Acquirer has adequate resources to meet the financial requirements of the Offer. The funds requirements will be met from own sources/Net Worth and no borrowings from Banks / FIs or Foreign sources such as NRIs or otherwise is envisaged. The Acquirer hereby declares and confirms that they have adequate and firm financial resources to fulfill the obligations under the Offer.

The source of funds with WAAL, for meeting the obligations under this Open Offer to public Shareholders of BFIL, as certified by Shri P.V. Shah, Partner, Chandulal M Shah & Co., Chartered Accountants, 304, Maker Bhavan No. 3, 21, New Marine Lines, Mumbai 400 020, Chartered Accountants, Auditors of WAAL is given below :

(Rs. In Lacs)

Source of Funds	Amount
90% of amount held in Escrow Account	38.84
Additional Loans from promoters	125.35
Share Application Money	12.25
Total	**176.44**

Source and Use of Funds as on 30-06-2006, date upto which accounts have been made, as certified by Shri P.V. Shah, Partner, Chandulal M Shah & Co., Chartered Accountants, 304, Maker Bhavan No. 3, 21, New Marine Lines, Mumbai 400 020, Chartered Accountants, Auditors of WAAL

	(Rs. In Lacs)
Sources of funds	
Paid up Equity Share Capital	22.24
Reserves and Surplus (excluding Revaluation reserves, if any) / Accum. losses) but including profits earned till date in the case of interim period	57.84
Secured Loans	114.73
Unsecured loans	278.02
Current Liabilities and Provisions	162.03
Total Source of Funds	**634.86**
Uses of funds	
Net Fixed Assets	37.45
Investments	268.24
Current Assets excl. cash and Bank balance	257.22
Cash and bank balances	28.79
Escrow Deposit with Dhanalakshmi Bank Ltd	43.16
Total	**634.86**

5.2.5. As per Certificate dated May 22, 2006 from Shri P.V. Shah, (Membership No. 13258), Partner, Chandulal M Shah & Co., Chartered Accountants, 304, Maker Bhavan No. 3, 21, New Marine Lines, Mumbai 400 020, Chartered Accountants (Auditors of WAAL), (Telefax Nos. (022) 40021980/81) the Net Worth of WAAL as on 31.03.2006 is Rs. 67.29 Lacs .

5.2.6 Shri. P.V. Shah, (Membership No. 13258), Partner, Chandulal M Shah & Co., Chartered Accountants, 304, Maker Bhavan No. 3, 21, New Marine Lines, Mumbai 400 020, Chartered Accountants (Auditors of WAAL), (Telefax Nos. (022) 40021980/81), Auditors of WAAL, vide their Certificate dated May 22, 2006, have certified that the Acquirer has adequate liquid resources to meet the funds requirements of the Offer .

5.2.7 Fedex Securities Limited, Merchant Banker to the (Manager to the) Offer certify and confirm that firm arrangements for funds and money for payment through verifiable means are in place to fulfill the Offer obligations.

6. TERMS AND CONDITIONS OF THE OFFER

6.1

a. This Offer will open on Wednesday August 16, 2006 and will close on Monday, September 4, 2006. The Equity Shares offered under this Offer should be free from all liens, charges, equitable interests, encumbrances and are to be offered together with, if any, of all rights of dividends, bonuses or rights from now on and hereafter.

b. This is not a conditional Offer and there is no stipulation as to the minimum level of acceptance.

c. The Specified date for this Offer is Wednesday July 26, 2006.

d. 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 Shares of BFIL anytime before the closure of the Offer, are eligible to participate in the Offer.

e. The Acquirer will comply with the Takeover Regulations and complete the offer formalities irrespective of the compliance or fulfillment or outcome of any Agreement for acquisition of Shares entered into subsequent to the Public Announcement and its related conditions. As on date of this Letter of Offer, there is no such Agreement.

f. In case of non-compliance with any of the provisions of the Takeover Regulations, any such Agreement for acquisition of Shares shall not be acted upon by the seller or the Acquirer.

g. The ISIN Number of Equity Shares of BFIL in dematerialized form is INE 842 D01011.

6.2 **Locked in Shares:** 2,4,4,564 Equity Shares being pre preferential allotment holding of WAAL is subject to Lock in for 6 months and 5,10,000 Equity Shares allotted to WAAL under the preferential allotment are subject to Lock in for 3 years from the date of allotment of the Equity Shares on preferential allotment basis, i.e. from July 1, 2006

6.3. Eligibility for accepting the Offer

6.3.1 The Letter of Offer shall be mailed to all Equity Shareholders/ Beneficial Owners holding Shares in dematerialized form (except the promoters group Shareholders of BFIL and the Acquirer) whose names appear in register of Target Company as on Wednesday July 26, 2006, the Specified Date.

6.3.2 This Offer is also open to persons who own Equity Shares in BFIL but are not registered Shareholders / beneficial owners holding Shares in dematerialized form ,as on the “Specified date”.

6.3.3 All Equity Shareholders/ Beneficial Owners holding Shares in dematerialized form (except the promoters group Shareholders of BFIL and the Acquirer) who own Equity Shares of Target Company anytime before the closure of the Offer are eligible to participate in the Offer.

6.3.4 The Form of acceptance and other documents required to be submitted herewith, will be accepted by the Registrar to the Offer, M/s. Intime Spectrum Registry Limited, C-13, Pannalal Silk Mills Compound, L.B.S. Marg, Bhandup (West), Mumbai – 400 078.(Tel. No. 25960320), Fax No. 25960329, e-mail Id no. mangesh@intimespectrum .com) (Contact Person: Ms. Awani Punjani) between 10 a.m. to 4 p.m. on working days and between 10. a.m. to 2 p.m. on Saturdays, during the period, the Offer is open.

6.3.5 The Public Announcement, Letter of Offer, the Form of Acceptance and Form of Withdrawal will also be available at SEBI's website: www.sebi.gov.in. In case of non-receipt of Letter of Offer, all Shareholders including unregistered Shareholders, if they so desire, may download the Letter of Offer, the Form of Acceptance or Form of Withdrawal from the SEBI website for applying in the Offer or to withdraw from the Offer.

6.3.6 Unregistered Equity Shareholders who have sent the Share Certificates for transfer to BFIL/its Share Transfer Agent, and not received them back or hold Shares of BFIL without being submitted for transfer or those who hold in Street Name shall also be eligible to participate in this Offer.

6.3.7 Unregistered Equity Shareholders and those who apply in plain paper will not be required to provide any Indemnity.

6.3.8 Unregistered Shareholders may follow the same procedure mentioned above for registered Shareholders.

6.3.9 The acceptance of this Offer by the Equity Shareholders of BFIL must be absolute and unqualified. Any acceptance to this Offer which is conditional or incomplete in any respect will be rejected without assigning any reason whatsoever.

6.3.10 The acceptance of this Offer is entirely at the discretion of the Equity Shareholders of BFIL.

6.3.11 The Acquirer, Manager to the Offer or Registrar to the Offer accept no responsibility for any loss of Equity Share Certificates, Offer Acceptance Forms etc. during transit and the Equity Shareholders of BFIL are advised to adequately safeguard their interest in this regard.

6.3.12 The acceptance of Shares tendered in the Offer will be made by the Acquirer in consultation with the Manager to the Offer.

6.3.13 The instructions, authorizations and provisions contained in the Form of Acceptance and Form of Withdrawal constitute part of the terms of the Offer.

6.3.14 The Manager to the Offer shall submit a final report to SEBI within 45 days of closure of the Offer in accordance with Regulation 24 (7) of the Regulations.

6.3.15 For any assistance please contact Fedex Securities Limited, Manager to the Offer or the Acquirer, or the Registrar to the Offer.

6.4 **Statutory Approvals :**

6.4.1 As on the date of this Letter of Offer, no approvals are required to acquire the Equity Shares that are tendered pursuant to the Offer. However, the Offer would be subject to all statutory approvals that may become applicable at a later date.

6.4.2 Barring unforeseen circumstances, the Acquirer would endeavor to obtain all approvals within 15 days from the date of closure of the Offer. In terms of Regulation 22(12) of the Regulations, in the case of non-receipt of statutory approvals, SEBI has the power to grant extension of time for the purpose of making payment subject to, the Acquirer agreeing to pay interest to the Shareholders for delay beyond 15 days.

6.4.3 In case the Acquirer fails to obtain requisite statutory approval in time, on account of any willful default or neglect or inaction or no-action, then action in terms of Regulation 22(13) will be initiated by SEBI.

6.4.4 No approval is required to be obtained from Banks/Financial Institutions for the Offer.

7. PROCEDURE FOR ACCEPTANCE AND SETTLEMENT

ACCEPTANCE OF THE OFFER

7.1.1 Name and Address of the persons (Registrars to the Offer) to whom the Equity Shares alongwith documents required to be submitted therewith, should be sent including name of the contact person, telephone no., fax no. etc.

Registrars to the Offer	Working days and timings	Mode of delivery
Intime Spectrum Registry Limited C-13, Pannalal Silk Mills Compound L.B.S. Marg, Bhandup (West) Mumbai – 400 078. Tel. No. 25960320 ,Fax No. 25960329, e-mail Id no. mangesh@intime-spectrum.com Contact Person: **Ms. Awani Punjani**	**Monday to Friday** 11.00 A. M to 4.00 P.M. **Saturday** 11.00 A M to 2.00 P M	By Post/Courier/ Hand delivery

7.1.2 Share holders holding Equity Shares in physical form and wishing to tender their Equity Shares will be required to send their form of acceptance, original Share certificates and transfer deeds to the Registrar to the Offer: M/s. Intime Spectrum Registry Limited, C-13, Pannalal Silk Mills Compound, L.B.S. Marg, Bhandup (West), Mumbai – 400 078.(Tel. No. 25960320 ,Fax No. 25960329, e-mail Id no. mangesh@intimespectrum.com) (Contact Person: Ms. Awani Punjani) either by hand delivery or by Registered Post, to reach them on or before the closure of the Offer, i.e. Monday, September 4, 2006 in accordance with the instructions specified in this Letter of Offer and in the Form of Acceptance. In case the Share Certificate(s) and Transfer Deeds are lodged with BFIL/its Share Transfer Agent for transfer and have not been received back, then the acceptance shall be accompanied by (i) The Share Transfer Deed(s) and (ii) The acknowledgement of the lodgment with, or receipt issued by BFIL/its transfer agents for the Share Certificate(s) so lodged. Where the Transfer Deeds are signed by a constituted Attorney, a certified copy of the Power of Attorney shall also be lodged. In the case of body corporate/limited Companies, certified copy of the Memorandum & Articles of Association and copy of the Board Resolution authorizing the signatory, shall also be sent along with.

7.1.3 Beneficial owners (holders of Equity Shares in Dematerialized Form) who wish to tender their Equity Shares will be required to send their Form of Acceptance-cum-acknowledgement along with a photocopy of the delivery instructions in "Off –market" mode or counterfoil of the delivery instruction in "Off –market" mode, duly acknowledged by the Depository Participant (DP) in favor of the Special Depository Account opened by the Registrar to the Offer, in accordance with instructions specified in this Letter of Offer and in the Form of Acceptance-cum-acknowledgement. The details of the Special Depository Account is given below:

DP Name	Stock Holding Corporation of India Ltd
DP ID	IN301330
Client Name	ISRL ESCROW ACCOUNT BFIL OPEN OFFER
Client ID	19787076

7.1.4 The Acceptance Form alongwith Share Certificates/copy of delivery instruction to DP and other relevant documents shall be sent to the Registrars only. The same shall not be sent to the Acquirer, Target Company or Manager to the Offer.

7.2. Procedure for acceptance of the Offer by unregistered Shareholders, owners of Shares who have sent them for transfer or those who did not receive the Letter of Offer

7.2.1. Accidental omission to dispatch the Letter of Offer to any person will not invalidate the Offer in any way.

7.2.2 In case of non-receipt of the letter of Offer, the eligible person(s), holding Equity Shares of BFIL in physical form, may send his/her/their consent on plain paper stating the name, address, number of Shares held, distinctive numbers, certificate numbers and the number of Equity Shares Offered along with the Share certificates, duly signed transfer forms and other required documents to the Registrar to the Offer so as to reach them on or before the closure of the Offer.

7.2.3 In case of non receipt of the Letter of Offer, beneficial owners holding Equity Shares in dematerialized form, may send their applications 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 photocopy of the delivery instruction in "Off-market", or counterfoil of the delivery instruction in Off-market" mode, duly acknowledged by the DP, in favor of the special depository account, so as to reach the Registrar to the Offer on or before the closure of the Offer.

7.2.4 In case the Share Certificate(s) and Transfer Deeds are lodged with BFIL/its Share Transfer Agent for transfer and have not been received back, then the acceptance shall be accompanied by (i) The Share Transfer Deed(s) and (ii) The acknowledgement of the lodgment with, or receipt issued by BFIL/its Share Transfer Agent, for the Share Certificate(s) so lodged. Where the Transfer Deeds are signed by a constituted Attorney, a certified copy of the Power of Attorney shall also be lodged. In the case of body corporate/limited Companies, certified copy of memorandum & Articles of Association, shall also be sent along with.

Unregistered owners holding Equity Shares in physical Form should enclose

(i) Form of Acceptance-cum-acknowledgement duly completed and signed in accordance with instructions contained therein, by all Shareholders whose names appear on the Share certificates.

(ii) Original Share Certificates.

(iii) Original broker contract note of a registered broker of a recognized Stock Exchange

(iv) Valid Share transfer form as received from the market. The details of the buyer should be left blank. If the details of buyer are filled in, the tender will not be valid under the Offer. All other requirements for valid transfer will be pre-conditions for valid acceptance.

7.3 The Acquirer shall accept all valid fully paid up Shares tendered (except those, which are withdrawn, within the date specified for withdrawal).

7.4 If the number of Equity Shares offered by the Shareholders are more than the Offer size, then the acquisition from each Shareholder will be as per Regulation 21 (6) of the SEBI (SAST) Regulations. The market lot for BFIL's Shares is 1(one only).

7.5 Consideration for Equity Shares accepted will be paid by Crossed Account Payee Cheque drawn at Mumbai and sent by Registered Post/ Under Certificate of Posting.

7.6 The Equity Shares Certificate(s) and the transfer form (s) or Shares transferred to the Special Depository Account together with the Acceptance Form submitted by the acceptors of the Offer, will be held by the Registrars in trust for the acceptors of the Offer until the Acquirer pay the Offer Price.

7.7 In terms of Regulation 22(12) of the SEBI (Substantial Acquisition of Shares and Takeovers) Regulations 1997, in case of non receipt of statutory approvals, SEBI has the power to grant extension of time beyond 15 days from the date of closure of offer, for the purpose of making payment subject to, the Acquirer agreeing to pay interest to the Shareholders for delay beyond 15 days.

7.8 In case of acceptance on proportionate basis/or rejection for any reason, the unaccepted Share Certificates, Transfer deeds and other documents, if any, will be returned by Registered Post at the Share holder's / unregistered holder's sole risk as per the details furnished in the form of acceptance-cum-acknowledgement. Shares held in demat form to the extent not accepted will be returned to the beneficial owner to the credit of the beneficial owner's DP Account with the respective DP as per the details furnished by the beneficial owner in the form of acceptance cum acknowledgement.

7.9 Shareholders who are desirous of withdrawing their acceptances tendered in the Offer can do so upto three working days prior to the date of closure of the Offer, in terms of Regulation 22(5A).

7.10 The Withdrawal option can be exercised by submitting the Form of Withdrawal attached to the Letter of Offer duly filled in, with relevant particulars, so as to reach the Registrar to the Offer on or before Wednesday August 30, 2006.

7.11 The Withdrawal option can also be exercised by making an application on plain paper alongwith the following details :

Name, Address, Distinctive numbers, Folio nos., No. of Shares tendered/ withdrawn, if held in physical form.

Name, Address, DP Name, DP ID, Beneficiary Account/Client ID No. of the Account from where Shares were tendered, photocopy of the delivery instruction in " Off Market Mode" duly acknowledged by the DP in favor of the Special Depository Account in the name of Registrar and number of Shares tendered /withdrawn.

7.12. The Shares withdrawn by Shareholders, which are in physical form will be returned by Registered Post. Shares tendered in dematerialized form and withdrawn will be returned by credit to the beneficial owner's DP Account with the respective DP as per the details furnished by the beneficial owner in the form of acceptance cum acknowledgement.

7.13 The marketable Lot for the target Company's Shares is 1(one only)

7.14. SETTLEMENT/ PAYMENT OF CONSIDERATION

7.14.1 The Acquirer shall arrange to pay the consideration on or before Tuesday September 19, 2006. Payment will be made to the person named by the acceptors in the relevant box in the Acceptance Form by "Account Payee" crossed Cheque payable at Mumbai as indicated in the form of acceptance. If no such details are filled in by the acceptor(s), then the same will be sent by registered post to the Sole/ First holder at their registered address at the Equity Share holder's own risk. Tax at applicable rate(s) will be deducted, in those cases where Tax Deduction at Source (TDS) is applicable.

7.14.2 Consideration for Equity Shares accepted will be paid by Cheque crossed "Account Payee" and drawn at Mumbai. Payment Cheques upto Rs. 1,500/- will be sent by Certificate of Posting and for amount of Rs.1,500/- above by Registered Post.

7.14.3 In terms of Regulation 22(12) of the SEBI (Substantial Acquisition of Shares and Takeovers) Regulations 1997, in the case of non receipt of statutory approvals, SEBI has the power to grant extension of time for the purpose of making payment subject to the Acquirer agreeing to pay interest to the Shareholders for delay beyond the last date mentioned for payment of consideration.

8. DOCUMENTS FOR INSPECTION

Copies of the following documents will be available for inspection at 1 Bharat Fertiliser House,12 Nanabhai Lane, Fort, Mumbai 400 023, the place where the Registered Office of WAAL, the Acquirer situates. The documents can be inspected during normal business hours (10.00 A.M. to 5.00 P.M.) on all working days (except Saturdays and Sundays) during the period from the date of this Letter of Offer, till date of closure of the Offer.

1. Copy of Certificate dated May 22, 2006 from Shri P.V. Shah, (Membership No. 13258), Partner, Chandulal M Shah & Co., Chartered Accountants, 304, Maker Bhavan No. 3, 21, New Marine Lines, Mumbai 400 020, Chartered Accountants certifying the Net Worth of WAAL as on 31.03.2006
2. Copy of Certificate dated May 22, 2006 from Shri. P.V. Shah, (Membership No. 13258), Partner, Chandulal M Shah & Co., Chartered Accountants, 304, Maker Bhavan No. 3, 21, New Marine Lines, Mumbai 400 020, Chartered Accountants certifying that the Acquirer has adequate liquid resources to meet the funds requirements of the Offer.
3. Copy of Memorandum & Articles of Association of BFIL
4. Published Audited accounts of BFIL for the years 2003-04, 2004-2005 and 2005 - 2006.
5. Copy of the resolution adopted by Board of Directors of WAAL, in their meeting held on July 1, 2006, regarding the Offer and also authorizing Shri. Yogendra D Patel, Chairman, to sign the Letter of Offer on behalf of WAAL.
6. Copy of Fixed Deposit Certificate dated June 24, 2006 of with The Dhanalakshmi Bank Ltd., Fort, Mumbai towards Escrow and letter dated July 4 2006 certifying that lien has been noted in favor of Fedex Securities Limited, Manager to the Offer.
7. Copy of Board Resolution dated May 22, 2006, adopted by Board of Directors of BFIL, for convening EGM of members to consider preferential allotment of Equity Shares to WAAL
8. Copy of Special Resolution adopted by members of BFIL in EGM held on June 19, 2006 approving the preferential allotment.
9. Copy of Board Resolution dated July 1, 2006, making allotment of Shares to WAAL under preferential allotment
10. Audited Accounts of WAAL for the years 2003-04 , 2004-05 & 2005-06 & source and use of funds as on 30-06- 2006, certified by Auditor.
11. Auditor's Certificate dated 29-07-2006 regarding availability of funds for the offer.
12. Published Copies of the Public Announcement made in newspapers on July 5, 2006
13. Due Diligence letter dated July 7, 2006 submitted to SEBI by Fedex Securities Ltd., Manager to the Offer
14. Certified Copies of Certificate of Incorporation and Certificate for Commencement of Business of BFIL, the Target Company.
15. Copy of MOU dated July 3, 2006, between the Acquirer and Manager to the Offer.
16. Copy of letter dated June 16, 2006 addressed to the Acquirer by the Registrar to the Offer, offering their services and acknowledged by the Acquirer.
17. SEBI Observation letter No. CFD/DCR/AK/TO/72617/2006 dated July 27, 2006.

9. DECLARATION

The Acquirer and each of its Directors jointly and severally accepts full responsibility for the information contained in this Letter of Offer and Form of Acceptance. All information contained in this document is as on the date of the Public Announcement, unless stated otherwise.

The Acquirer shall be responsible for ensuring compliance of the Regulations.

Signed by

The Acquirer

For Wada Alums & Acids Pvt. Ltd.

Shri. Yogendra D Patel
Chairman & Managing Director

Place : Mumbai
Date : August 3, 2006

Encl.:

1. Form of Acceptance cum Acknowledgement
2. Form of Withdrawal
3. Share Transfer Deed

FORM OF ACCEPTANCE CUM ACKNOWLEDGEMENT

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

(Please send this Form with enclosures to the Registrars to the Offer)

Offer opens on	Wednesday, August 16, 2006
Offer closes on	Monday, September 4, 2006

From :

Unique identification No. under MAPIN ___________________

To,

Wada Alums & Acids Pvt. Ltd.
Registered Office
1 Bharat Fertiliser House,
12 Nanabhai Lane, Fort, Mumbai 400 023

Dear Sir,

Sub: Open Offer for purchase 7,84,703 Equity Shares of Bharat Fertiliser Industries Limited Representing 20.00 % of the Issued, Subscribed and paid up Equity Capital by Wada Alums & Acids Pvt. Ltd.

I/We refer to the Letter of Offer dated August 3, 2006 for acquiring the Equity Shares held by me/us in Bharat Fertiliser Industries Limited.

I/We, the undersigned have read the Letter of Offer and understood its contents including the terms and conditions as mentioned therein. I/We, hold Shares in the physical form, accept the offer and enclose the original Share certificate(s) and duly signed transfer deed(s) in respect of my/our Shares as detailed below:

I/We, the undersigned have read the Letter of Offer and understood its contents including the terms and conditions as mentioned therein. I/We, hold Equity Shares of Bharat Fertiliser Industries Limited in physical form, accept the offer and enclose the original Share certificate(s) and duly signed transfer deed(s) in respect of my/our Shares as detailed below:

(In the case of Shares in Physical Form)

Sl. No.	Ledger Folio No.	No. of Shares	Share Certificate Nos.	No. of Share Certificates	Distinctive Numbers	
					From	To

(In case of insufficient space, please attach a separate sheet.)

I/We confirm that the Equity Shares of Bharat Fertiliser Industries Limited which are being tendered herewith by me/us under this offer, are free from liens, charges and encumbrances of any kind whatsoever.

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

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ACKNOWLEDGEMENT RECEIPT

Received from Mr/Ms.____ Form of Acceptance cum Acknolwledgement, in connection with open offer to Shareholders of Bharat Fertiliser Industries Limited.

Ledger Folio No ______________________No. of Share Certificates /Copy of Delivery instructions to DP for ____________________Shares of Bharat Fertiliser Industries Limited.

Stamp of Registrar	In case of physical Shares, verify the number of Share certificates / number of Shares
	In case of dematerialized Shares, ensure that copy of the delivery instruction to the DP and duly acknowledged by the DP is submitted with the tender / offer form.

I/We hold the following Equity Shares of Bharat Fertiliser Industries Ltd in Dematerialized Form and accept the Offer and enclose a photocopy of the Depository Delivery instruction(s) duly acknowledged by the DP in respect of my/our Equity Shares, details of which are given below:

Sr. No.	DP Name	DP ID	Client ID	Name of Beneficiary	No. of Equity Shares

I/We have done an Off market transaction for crediting the Shares to the Special Depository Account " ISRL ESCROW ACCOUNT BFIL OPEN OFFER " whose particulars are DP Name: Stock Holding Corporation of India Ltd , DP ID IN301330, Client ID 19787076

I/We note and understand that the Shares transferred to the above Special Depository Account, will be held in trust for me/us by the Registrars to the Offer until the time the Acquirers makes payment of the purchase consideration as mentioned in the Letter of Offer. I/We also note and understand that the Acquirers will pay the consideration only after verification of the documents and signatures.

I/We confirm that the Equity Shares of Bharat Fertiliser Industries Limited which are transferred by me/us under this offer, are free from liens, charges and encumbrances of any kind whatsoever.

I/We authorize the Acquirer to accept the Shares so offered which they may decide to accept in consultation with the Manager to the Offer and in terms of the Letter of Offer and I/We further authorize the Acquirer to return to me/us, Equity Share certificate(s) in respect of which the offer is not found valid /not accepted, specifying the reasons thereof. I/We authorize the Acquirer or the Manager to the Offer or the Registrars to the Offer to send by registered post/under certificate of posting, the Cheque, in settlement of the amount to the sole/first holder at the address mentioned above :

The permanent Account No. (PAN/GIR No.) Allotted under the Income Tax Act 1961 is as under

	PAN / GIR No.
1st Shareholder	
2nd Shareholder	
3rd Shareholder	
4th Shareholder	

Yours faithfully

Signed and delivered

	Full Name	Holder's Signature
Sole / First Holder		
Joint Holder 1		
Joint Holder 2		
Joint Holder 3		
Joint Holder 4		

Place: ——————

Date: ——————

So as to avoid fraudulent encashment in transit, the applicants are requested to provide details of Bank account of the sole/first Shareholder and the consideration Cheque will be drawn accordingly.

Name of the Bank	
Full address of the Branch	
Nature of Account	
Account Number	

Crystal (022) 2382 3151/52

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

INTIME SPECTRUM REGISTRY LIMITED

INTIME SPECTRUM REGISTRY LIMITED

C-13, Pannalal Silk Mills Compound, L.B.S. Marg, Bhandup (West)

Mumbai – 400 078. Tel. No. 25960320, Fax No. 25960329

E-Mail Id : mangesh@intimespectrum.com

Contact Person: Ms. Awani Punjani

FORM OF WITHDRAWAL

Offer opens on	Wednesday, August 16, 2006
Offer closes on	Monday, September 4, 2006

From :

Unique identification No. under MAPIN ___________________

To,

Wada Alums & Acids Pvt. Ltd.
Registered Office
1 Bharat Fertiliser House,
12 Nanabhai Lane, Fort, Mumbai 400 023

Dear Sir,

Sub: Open Offer for purchase 7,84,703 Equity Shares of Bharat Fertiliser Industries Limited Representing 20.00 % of the Issued, Subscribed and paid up Equity Capital by Wada Alums & Acids Pvt. Ltd.

I/We refer to the Letter of Offer dated August 3, 2006 for acquiring the Equity Shares held by me/us in Bharat Fertiliser Industries Limited

I/We, hereby consent to unconditionally and irrevocably to withdraw my/our Shares from the Offer and I/We further authorize the Acquirers to return to me/us, the tendered Equity Shares at my/our sole risk.

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

I/We note that the Acquirers/Manager to the Offer/Registrar to the Offer shall not be liable for any postal delay /loss in transit of the Share Certificate(s) due to incomplete or inaccurate particulars.

I/We also note and understand that the Acquirers will return the original Share Certificate(s) , Share Transfer Deed(s) or credit back the Shares to my/our Beneficiary Account for Shares held in dematerialized form, only on completion of verification of the documents .

The particulars of Share Certificate(s) tendered and duly signed Transfer Deeds which are wished to be withdrawn from the Offer are as given below:

(In the case of Shares in physical form)

Sl. No.	Ledger Folio No.	No. of Shares	Share Certificate Nos.	No. of Share Certificates	Distinctive Numbers	
					From	To

Tear Here

ACKNOWLEDGEMENT RECEIPT

Received from Mr/Ms.____ Form of Withdrawal

Ledger Folio No ______________________No. of Share Certificates /Copy of Delivery instructions to DP for____________________Shares of Bharat Fertiliser Industries Limited.

Stamp of Registrar	In case of physical Shares, verify the number of Share certificates / number of Shares	In case of dematerialized Shares, ensure that copy of the delivery instruction to the DP is submitted with the withdrawal form

The particulars of Shares held in Dematerialized Form, which were transferred to Special Depository account " ISRL ESCROW ACCOUNT BFIL OPEN OFFER " whose particulars are DP Name: Stock Holding Corporation of India Ltd , DP ID IN301330, Client ID 19787076, and proposed to be withdrawn are as follows. I wish to withdraw the under noted Shares so transferred.

Sr. No.	DP Name	DP ID	Client ID	Name of Beneficiary	No. of Equity Shares

(In case of insufficient space, please attach a separate sheet.)

I/We confirm that the Equity Shares of Bharat Fertiliser Industries Limited, which were tendered by me/us under this offer, are free from liens, charges and encumbrances of any kind whatsoever.

Please find a photocopy of the Delivery instructions duly acknowledged by the DP.

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

Yours faithfully

Signed and delivered

	Full Name	Holder's Signature
Sole / First Holder		
Joint Holder 1		
Joint Holder 2		
Joint Holder 3		
Joint Holder 4		

Place: ________________

Date: ________________

Tear Here

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

INTIME SPECTRUM REGISTRY LIMITED

INTIME SPECTRUM REGISTRY LIMITED
C-13, Pannalal Silk Mills Compound, L.B.S. Marg, Bhandup (West)
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