LETTER OF OFFER

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

This Letter of Offer is sent to you as Equity Shareholder(s) of Indo Gulf Industries Limited. If you require any clarifications about the action to be taken, you may consult your stock broker or investment consultant or Manager to the Offer or Registrar to the Offer. In case, you have sold your Equity Shares in Indo Gulf Industries Limited please hand over this Letter of Offer, the accompanying Form of Acceptance-cum-Acknowledgement and Transfer Deed to the purchaser of the Equity Shares or the member of stock exchange through whom the said sale was effected.

Balrampur Chini Mills Limited ("BCML" or "Acquirer")

(Registered Office: 'FMC Fortuna', 2nd Floor, 234/3A, A.J.C. Bose Road, Kolkata – 700 020., India .
Tel.: +91- 33 2287 4749; Fax: +91 - 33 2287 3083 / 2280 8874)

Make a cash offer at Rs. 7/- per fully paid-up equity share and such amount payable to partly paid shareholders after deducting amount due in respect of calls in arrears on such shares subject to a minimum of Rs. 2/- per partly paid shares to acquire 37,15,000 equity shares of Rs. 10/- each representing 38.83% of the equity share capital and 47.24% of total voting equity share capital as on date of Public Announcement of
Indo Gulf Industries Limited ("IGIL" or "Target")

(Registered Office: Flat No. 104, Ground Floor, Buildcon Apartments, 70, Ber Sarai,
New Delhi – 110 016, India)

For the purpose of computing the voting percentage, the voting rights as at the expiration of fifteen days after the closure of the Offer has been reckoned.

The Offer is being made by Balrampur Chini Mills Limited pursuant to Regulation 10 and 12 of the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 1997 and subsequent amendments thereto.

The offer is subject to the Acquirer obtaining the approval of RBI under FEMA to acquire shares, if any, from all the non-resident India/OCB shareholders. There are no other statutory approvals required for the purpose of this 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 up to three working days (i.e. November 28, 2006) prior to the date of the closure of the Offer (i.e.December 4, 2006).

The Acquirer is permitted to revise the Offer Price of Equity Shares/ No. 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/ No. of Equity Shares by the Acquirer till the last date of revision viz. November 22, 2006 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 2.2.6 of this Letter of Offer and the same revised price would be payable by the Acquirer to all shareholders who tendered their Equity Shares at any time during the Offer and which are accepted by the Acquirer under the Offer.

If there is a competitive offer / bid:
The public offer under all the subsisting bids shall close on the same day.
As the Offer Price cannot be revised during seven working days prior to the date of closing of the Offers / bids, it would therefore be in the interest of the shareholder to wait till the commencement of that period to know the final Offer Price of each Offer / bid and tender their acceptance accordingly.

There has been no competitive bid as on date.

The Public Announcement, this Letter of Offer (including Form of Acceptance-cum-Acknowledgement and Form of Withdrawal) are available on SEBI's web-site (www.sebi.gov.in).

MANAGER TO THE OFFER	REGISTRAR TO THE OFFER
ENAM Financial Consultants Pvt. Ltd. 801/802 Dalamal Tower, Nariman Point Mumbai 400 021 Tel.: +91-22-6638 1800 Fax: +91-22-2284 6824 Email: expo@enam.com Contact Person: Sachin K. Chandiwal.	**C. B. Management Services Private Limited,** P – 22, Bondel Road, Kolkata – 700 019. Tel. No. + 91 33 2280 6692 – 94 Fax: + 91 33 2287 0263 Email: cbmsl1@cal2.vsnl.net.in Contact Person: P. Basu
OFFER OPENS ON NOVEMBER 15, 2006	**OFFER CLOSES ON DECEMBER 4, 2006**

SCHEDULE OF MAJOR ACTIVITIES OF THE OFFER

Activity	Original Schedule	Revised Schedule
Public Announcement	August 24, 2006(Thursday)	August 24, 2006(Thursday)
Specified Date (for the purpose of determining the names of shareholders to whom the Letter of Offer would be sent)	August 28, 2006 (Monday)	August 28, 2006(Monday)
Last date for a Competitive Bid, if any	September 14,2006 (Thursday)	September 14,2006 (Thursday)
Last date by which Letter of Offer will be posted to shareholders of the Target Company	October 5, 2006(Thursday)	November 10, 2006(Friday)
Date of Opening of the Offer	October 16, 2006(Monday)	November 15,2006 (Wednesday)
Last date for revising the Offer Price / Offer Size	October 25, 2006(Wednesday)	November 22,2006 (Wednesday)
Last date of withdrawal of tendered application by the shareholders of IGIL	November 1, 2006(Wednesday)	November 28, 2006 (Tuesday)
Date of Closing of the Offer	November 6, 2006(Monday)	December 4, 2006 (Monday)
Date by which acceptance/rejection under the Offer would be intimated and the corresponding payment for the acquired Equity Shares and/or the unaccepted Equity Shares/Share Certificate(s) will be dispatched/credited.	November 21,2006 (Tuesday)	December 19, 2006 (Tuesday)

RISKS IN RELATION TO THE OFFER

Given below are the risks related to the proposed Offer and association with the Acquirer.

1. The Acquirer makes no assurance with respect to the market price of the shares during/after the Offer.

2. Where the number of shares offered for sale by the shareholders are more than the shares agreed to be acquired by the Acquirer, the Acquirer shall accept the offers received from the shareholders on a proportional basis in consultation with the Manager to the Offer taking care to ensure that the basis of acceptance is decided in a fair and equitable manner and does not result in non-marketable lots.

3. In the event of regulatory approvals not being received in a timely manner or such circumstances arises which in the opinion of SEBI merits withdrawal of the Offer, the Acquirer reserves the right to withdraw the Offer in such event at a later date.

4. The Acquirer is acquiring control of IGIL in order to grow inorganically and to optimize the yield of sugarcane crushing through this acquisition. It cannot be stated with certainty that the Acquirer will achieve that objective.

5. The Target company, due to closure of operations from last four years has not complied with various rules and regulations including compliances required under Companies Act, Listing Agreement, SEBI (SAST) Regulations, Provident Fund and Miscellaneous Provisions Act, ESI, Sugar Control Order 1966, Trade Tax Act, Excise and Customs Act. Penalties for non compliances / delayed compliances will entail civil/criminal liability on the target and its current promoters. The quantification of such penalties cannot be determined due to varied levels of penalties involved for various non-compliances under different laws. SEBI may initiate appropriate actions under the SEBI Act against the target.

6. The Equity Shares of Target are suspended from trading from BSE on account of non payment of listing fees and non compliances with the listing agreement and the equity shares have been delisted by DSE.

7. If the Conditions Fulfillment Date does not occur within 125 (One hundred and twenty five) days or such extended date as the Parties may agree in writing, from the date of the SPA, then, either the Purchaser or the Sellers may, by notice issued to the other Party, treat the SPA as terminated and thereupon the Parties shall be relieved and discharged from all obligations, liabilities or claims under the SPA except for the obligations of the Parties set forth in the SPA.

8. Integral Finvest Private Limited (IFPL) filed a petition under Section 9 of the Arbitration and Conciliation Act, 1996 (Act of 1996), being, OMP No. 417/2006 against Dr. S. K. Garg and IGIL seeking interim measure of protection till the alleged dispute of alleged violation of the terms of the MOU entered into between Dr. S.K.Garg and IFPL for "in-principle" understanding for transfer of shares of IGIL is finally settled. The Hon'ble Delhi High Court has passed an ex-parte interim order on September 6, 2006 which has been extended on various dates inter alia states that status quo shall be maintained by Dr. S. K. Garg and IGIL with respect to their shareholdings.

   In the event of any adverse outcome of the above, the Acquirer's ability to acquire shares/ control under the Share Purchase Agreement may be adbersely affected to that extent.

   IFPL has further filed petition under Section 11 of the Act of 1996, being, Arbitration Application No. 436/2006, inter-alia, praying for an appointment of Arbitrator by the Court.

   The matters are sub judice and listed for hearing on November 27, 2006 and December 4, 2006 respectively

The risk factors set forth above do not relate to the present or future business or operations of IGIL or any other matters and are neither exhaustive nor intended to constitute a complete analysis of the risks involved in the participation by a shareholder in the Offer. The shareholders of IGIL are advised to consult their stockbrokers or investment consultant, if any, for further risks with respect to their participation in the Offer.

CONTENTS		
Sr. No	**Description**	**Page No.**

DEFINITIONS

Acquirer	Balrampur Chini Mills Limited
ASE	Ahmedabad Stock Exchange
BSE	The Bombay Stock Exchange Limited
DSE	The Delhi Stock Exchange Association Limited
Escrow Bank	Kotak Mahindra Bank Limited
FEMA	The Foreign Exchange Management Act, 1999
FII(s)	Foreign Institutional Investors registered with SEBI
Form of Acceptance	Form of Acceptance-cum-Acknowledgement accompanying this Letter of Offer
Form of Withdrawal	Form of Withdrawal accompanying this Letter of Offer
LOF or Letter of Offer	This Letter of Offer dated November 7, 2006
Manager or Manager to the Offer or Enam	Enam Financial Consultants Pvt. Ltd.
NRI(s)	Non-Resident Indians
Non-Resident Shareholders	NRIs, OCBs and FIIs holding the Equity Shares of IGIL
OCB(s)	Overseas Corporate Bodies
Offer or Open Offer	Open Offer to acquire of 37,15,000 equity shares of Rs.10/- each representing 38.83% of the total equity share capital and 47.24 % of total voting equity share capital of IGIL at a price of Rs. 7/- per fully paid-up equity share and such amount payable to partly paid shareholders after deducting amount due in respect of calls in arrears on such shares subject to a minimum of Rs. 2/- per partly paid share (the "Offer Price") payable in cash in terms of regulations 20 & 21 of the Regulations (the "Offer" or "Open Offer").
Offer Period	From August 18, 2006 to December 19, 2006
Offer Price	Rs. 7/- per fully paid-up equity share and such amount payable to partly paid shareholders after deducting amount due in respect of calls in arrears on such shares subject to a minimum of Rs. 2/- per partly paid share of Indo Gulf Industries Limited
Persons eligible to tender their shares in Offer	Shareholders of IGIL, other than the Acquirer, Sellers, who wish to avail this Offer are eligible to tender their shares in the Offer. Equity Shares tendered in the Offer should be free from all liens, charges and encumbrances. Equity shares that are the subject matter of litigation or are held in abeyance due to pending court cases, such that the shareholder(s) of IGIL may be precluded from transferring the equity shares during pendency of the said litigation, are liable to be rejected unless directions/orders regarding the free transferability of such equity shares are received together with the equity shares tendered under the Offer prior to the date of closing of the offer.
Public Announcement or PA	Public Announcement for the Open Offer issued on behalf of the Acquirer on August 24, 2006
Registrar or Registrar to the Offer	C. B. Management Services Private Limited,
RBI	The Reserve Bank of India
The Regulations	SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 1997 and subsequent amendments thereto
SEBI	Securities and Exchange Board of India
SEBI Act	Securities and Exchange Board of India Act, 1992, as amended from time to time
Sellers	Dr. S. K. Garg, Dr. Avinash Garg, Mr. Deepak Garg, Ms. Anuradha Garg, Ms. Tina Garg, Mr. B.K. Agarwal, Ms. Rekha Agarwal, Mr. N.K. Agarwal, Mr. R.K.Agarwal, Mr. M.K. Garg, Ms. Pratibha Garg, Ms. Monica Garg, Mr. Madhur Garg and Mr. Nitish Garg
Specified Date	August 28, 2006
SPA	Share Purchase Agreement entered into between the Acquirer and Sellers dated August 18, 2006
Target or IGIL	Indo Gulf Industries Limited

1 DISCLAIMER CLAUSE

IT IS TO BE DISTINCTLY UNDERSTOOD THAT FILING OF DRAFT LETTER OF OFFER WITH SEBI SHOULD NOT IN ANY WAY BE DEEMED OR CONSTRUED THAT THE SAME HAS BEEN CLEARED, VETTED OR APPROVED BY SEBI. THE DRAFT LETTER OF OFFER HAS BEEN SUBMITTED TO SEBI FOR A LIMITED PURPOSE OF OVERSEEING WHETHER THE DISCLOSURES CONTAINED THEREIN ARE GENERALLY ADEQUATE AND ARE IN CONFORMITY WITH THE REGULATIONS. THIS REQUIREMENT IS TO FACILITATE THE SHAREHOLDERS OF INDO GULF INDUSTRIES LIMITED 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 EQUITY SHARES / CONTROL IS PROPOSED TO BE ACQUIRED OR FOR THE CORRECTNESS OF THE STATEMENTS MADE OR OPINIONS EXPRESSED IN THE DRAFT LETTER OF OFFER. IT SHOULD ALSO BE CLEARLY UNDERSTOOD THAT WHILE THE ACQUIRER IS PRIMARILY RESPONSIBLE FOR THE CORRECTNESS, ADEQUACY AND DISCLOSURE OF ALL RELEVANT INFORMATION IN THIS DRAFT LETTER OF OFFER, THE MANAGER TO THE OFFER IS EXPECTED TO EXERCISE DUE DILIGENCE TO ENSURE THAT THE ACQUIRER DULY DISCHARGE IT'S RESPONSIBILITIES ADEQUATELY. IN THIS BEHALF AND TOWARDS THIS PURPOSE, ENAM FINANCIAL CONSULTANTS PRIVATE LIMITED, HAS SUBMITTED A DUE DILIGENCE CERTIFICATE DATED SEPTEMBER 7, 2006 TO SEBI IN ACCORDANCE WITH THE SEBI (SUBSTANTIAL ACQUISITION OF SHARES AND TAKEOVERS) REGULATIONS 1997 AND SUBSEQUENT AMENDMENTS THEREOF. THE FILING OF THE DRAFT LETTER OF OFFER DOES NOT, HOWEVER, ABSOLVE THE ACQUIRER FROM THE REQUIREMENT OF OBTAINING SUCH STATUTORY CLEARANCES AS MAY BE REQUIRED FOR THE PURPOSE OF THE OFFER.

2 DETAILS OF THE OFFER

2.1 Background to the Offer

2.1.1 The Acquirer has entered into a Share Purchase Agreement ("SPA") on August 18, 2006 with Dr. S. K. Garg, acting for himself and, through duly authorized power of attorney / letter of authority, for the other shareholders, being his relatives, namely Dr. Avinash Garg, Mr. Deepak Garg, Ms. Anuradha Garg, Ms. Tina Garg, Mr. B.K. Agarwal, Ms. Rekha Agarwal, Mr. N.K. Agarwal, Mr. R.K.Agarwal, Mr. M.K. Garg, Ms. Pratibha Garg, Ms. Monica Garg, Mr. Madhur Garg and Mr. Nitish Garg (hereinafter collectively referred to as "Sellers") for acquisition of 21,76,098 fully paid up equity shares of Rs. 10/- each and 4,58,400 partly paid up equity shares of Rs. 10/- each (Rs. 5/- paid up) (hereinafter collectively referred to as "Transaction Shares") representing 27.54% of total equity share capital and 27.67% of the total voting equity share capital of IGIL, at a price of Rs. 7/- per fully paid up equity share & Rs. 2/- per partly paid up equity share, payable in cash, aggregating to Rs. 1,61,49,486/- ("Purchase Price ").

2.1.2 Dr. S. K.Garg is the original promoter and rest of the sellers are his relatives. Dr. S.K.Garg has been mentioned in the SPA as the original promoter since he has been instrumental in the formation of IGIL. Currently, Dr. S.K.Garg. Mr. M.K.Garg and Mr. B.K.Agarwal alongwith their relatives and friends are defined as the promoters of the company. All of them are parties to the Share Purchase Agreement.

2.1.3 The Offer to the shareholders of IGIL is being made by the Acquirer in accordance with regulations 10 and 12 of the Regulations pursuant to the proposed substantial acquisition of equity shares and change in control as a consequence of the "SPA" referred to in paragraph 2.1.1 above. The Offer is being made to the shareholders of IGIL other than "the Acquirer" and the "Sellers".

2.1.4 The details of the shareholding of the Sellers as on the date of the PA and details of number of shares being sold by them to the Acquirer are given as below:

Name of the seller	Number of shares held as on the date of PA	% of outstanding Equity share capital held as on the date of PA	Number of shares being sold to the Acquirer as per SPA	% of outstanding Equity share capital being sold to the Acquirer as per the SPA	Address and Phone/ fax number
Dr. S.K. Garg	605860	6.33	605860	6.33	43, ARADHANA SECTOR 13, R K PURAM, NEW DELHI – 110 066, Phone No. 09811112606
Dr. Avinash Garg	575902	6.02	575852	6.02	283 Maki Ave., . SUDBURY ONTARIO, CANADA,-P3E 2P3, Phone No. 170255234198

Name of the seller	Number of shares held as on the date of PA	% of outstanding Equity share capital held as on the date of PA	Number of shares being sold to the Acquirer as per SPA	% of outstanding Equity share capital being sold to the Acquirer as per the SPA	Address and Phone/ fax number
Mr. Deepak Garg	439243	4.59	439243	4.59	138 Annapolis Circle, Ottawa, ONTARIO, CANADA,-KIV1Z3. Phone No. 16138638030
Ms. Anuradha Garg	26492	0.28	26492	0.28	283 Maki Ave.,. SUDBURY ONTARIO-CANADA- P3E 2P3 Phone No. 17055234198
Ms. Tina Garg	67850	0.71	67850	0.71	138, Annapolis Circle, Ottawa, ONTARIO, CANADA,-KIV 1Z3 Phone No. 16138638030
Mr. B.K. Agarwal	350000	3.66	350000	3.66	3003, SKYPARK HOUSTON TEXAS U.S.A, Phone No. 18328755691
Ms. Rekha Agarwal	282875	2.96	282675	2.95	3003, SKYPARK HOUSTON TEXAS U.S.A, Phone No. 18328755691
Mr. N. K. Agarwal	24003	0.25	24003	0.25	Village & P.O. Barhapur Distt. Bijnor, U.P., Phone No. 01343265560
Mr. R. K. Agarwal	24011	0.25	24011	0.25	Village & P.O. Barhapur Distt. Bijnor, U.P., Phone No. 01343265560
Mr. M.K. Garg	60021	0.63	59956	0.63	C-153, DDA Flats Saket New Delhi – 110 017, Phone No. 01126510481
Ms. Pratibha Garg	80611	0.84	80606	0.84	C-153, DDA Flats Saket, New Delhi – 110 017, Phone No. 01126510481
Ms. Monica Garg	27350	0.28	21250	0.22	C-153, DDA Flats Saket, New Delhi – 110 017, Phone No. 01126510481
Mr. Madhur Garg	36000	0.38	36000	0.38	C-153, DDA Flats Saket, New Delhi – 110 017, Phone No. 01126510481
Mr. Nitish Garg	41400	0.43	40700	0.43	C-153, DDA Flats Saket, New Delhi – 110 017, Phone No. 01126510481
Grand Total	**26,41,618**	**27.61**	**26,34,498**	**27.54**	

2.1.5 The main provisions of SPA are as follows:

- The Purchase Price for purchase of the 21,76,098 (Twenty one lacs seventy six thousand and ninety eight only) fully paid Equity Shares shall be at price of Rs. 7.00 (Rupees seven only) per Share, and for the 4,58,400 (Four lacs fifty eight thousand four hundred only) partly paid Equity Shares on which presently only Rs. 5.00 per (Rupees five only) share stands paid-up, it shall be at price of Rs. 2.00 (Rupees two only) per Share (with the purchaser taking over the liability of payment of the outstanding call dues thereon to the Company), aggregating to Rs. 1,61,49,486 (Rupees One crore sixty one lacs forty nine thousand four hundred and eighty six only) for the entire Shares (the "Purchase Price").

- The Sellers and the directors of the Company shall as and from the date of this Agreement until Closing, carry on the business of the Company in the ordinary course of business as Trustees for the Purchaser. The Company has simultaneously subscribed its seal on a duplicate of this Agreement signifying its knowledge and consent to this Agreement and acknowledges, confirms and declares that the Board of the Company shall carry out its business until the Closing Date, in trust for the Purchaser.

- At any time after 21 (twenty one) days from the date the Purchaser makes the requisite public announcement for acquisition of Equity Shares of the Company in terms of Regulation 10 and 12 of the Takeover Code, the Seller shall be entitled to get the Board of Directors of the Company reconstituted by appointment of such number of additional directors nominated by the Purchaser and/or resignation of such number of the existing directors of the Company as may be mutually agreed. The Sellers shall deliver to the Purchaser effective written resignation letters of all directors of the Company, excepting that of the nominees of the Purchaser appointed as directors of the Company in terms of SPA. Such written resignation letters shall contain a confirmation that the directors have no claim for compensation for loss of office or termination of employment, whether statutory or otherwise; and

- The Purchaser agrees, undertakes and confirms that it shall comply with the provisions of the Takeover Code and in case of non-compliance of any of the provisions of the Takeover Code; this Agreement shall not be acted upon by the Parties.

a) Upon expiry of 21 days from the date of the PA, the Acquirer shall be entitled to, and may, appoint a director as its nominee on the Board of IGIL. The Acquirer, in accordance with regulation 22(7) of the Regulations, has made a 100% cash deposit in the Escrow Account with Kotak Mahindra Bank Limited with a lien in favour of Enam. In terms of the second proviso to Regulation 22(7) of the Regulations, the Acquirer sought appointment of its representative as a director on the Board of Directors of Indo Gulf Industries Limited. Consequent to the above, the Board of Directors of Indo Gulf Industries Limited at its meeting held on October 12, 2006, appointed Dr. Arvind Krishna Saxena as an Additional Director.

b) Subject to the fulfillment of all the Conditions Precedent including completion of Takeover formalities as required under SEBI(SAST) Regulations as mentioned in SPA, the Sellers shall deliver to the Acquirer the letters of resignation of all the directors of IGIL(other than the Acquirer Nominee Director), effective from the conclusion of the Closing Board Meeting. The nominees of the Acquirer shall be appointed as additional directors on the Board of IGIL.

c) Notwithstanding anything stated in this SPA, in case of non- compliance of any provisions of the Regulations, the SPA shall not be acted upon by Sellers and the Acquirer.

d) Sellers declare and confirm that upon the Closing taking place, notwithstanding that Sellers may continue to hold any Shares in IGIL, Sellers do not wish to remain and neither does the Acquirer desire that Sellers remain as such and shall cease to be the promoters of IGIL and the remaining equity shares shall be categorized as "the shares held by public." The Acquirer would accordingly become the promoter of IGIL in such an event.

e) If the Conditions Fulfillment Date does not occur within 125 (One hundred and twenty five) days or such extended date as the Parties may agree in writing, then, either the Purchaser or the Sellers may, by notice issued to the other Party, treat this Agreement as terminated and thereupon the Parties shall be relieved and discharged from all obligations, liabilities or claims under this Agreement except for the obligations of the Parties set forth in the SPA.

2.1.6 Being parties to SPA, Sellers will not participate in this offer being made by the Acquirer.

2.1.7 The Acquirer, the Target and Sellers have not been prohibited by SEBI from dealing in securities, in terms of directions under Section 11B of SEBI Act or under any of the regulations made under the SEBI Act.

2.2 The Offer

2.2.1 The Acquirer is making an offer to the shareholders (other than parties to the SPA) of IGIL to acquire 37,15,000 equity shares of Rs.10/- each representing 38.83% of the total equity share capital and 47.24 % of total voting equity share capital of IGIL at a price of Rs. 7/- per fully paid-up equity share and such amount payable to partly paid shareholders after deducting amount due in respect of calls in arrears on such shares subject to a minimum of Rs. 2/- per partly paid share (the "Offer Price") payable in cash in terms of regulations 20 & 21 of the Regulations (the "Offer" or "Open Offer"). The Offer is being made in accordance with regulations 10 & 12 of the Regulations pursuant to the proposed substantial acquisition of equity shares and control as a consequence of the "SPA" referred to in paragraph 2.1.1 above.

2.2.2 The Offer is not conditional on any minimum level of acceptance.

2.2.3 This is not a Competitive Bid.

2.2.4 The Public Announcement, as per regulation 15(1) of the Regulations, was made in the following newspapers on August 24, 2006:

Newspaper	Language	Editions
The Financial Express	English	All editions
Janasatta	Hindi	All Editions

A copy of this Public Announcement is also available at SEBI's website (www.sebi.gov.in).

If there is any upward revision in the Offer Price of Equity Shares/ Offer Size by the Acquirer till the last date of revision viz. November 22, 2006 or in case of withdrawal of the Offer, the same would be informed by way of a Public Announcement in the newspapers in which the original PA was published on August 24, 2006 and the same revised price would be payable by the Acquirer to all shareholders who tendered their Equity Shares at any time during the Offer and which are accepted by the Acquirer under the Offer.

2.2.5 The Offer is subject to the terms and condition set out herein in this Letter of Offer ("LOF").

2.2.6 This Offer is subject to receipt of the statutory approvals mentioned in paragraph 9 of the LOF. In terms of regulation 27 of the Regulations, if the statutory approvals are refused, the Offer would stand withdrawn.

2.2.7 The Acquirer does not hold any shares in the Target as on the date of the PA except the shares to be acquired through the SPA mentioned in 2.1.1. The Acquirer has not made any earlier acquisition with respect to the target company. Further, Acquirer has not acquired any equity share of the Target from the date of PA till the date of this letter of offer.

2.2.8 The Equity Shares will be acquired by the Acquirer free from all liens, charges and encumbrances and together with all rights attached thereto, including the right to all dividends, bonus and rights offer declared hereafter. The acquisition of shares under the Share Purchase Agreement will be subject to the decision of the Hon'ble High Court of Delhi in respect of the Other Miscellaneous Petition (OMP) no. 417/2006 and arbitration application no. 436/2006 for appointment of arbitrator filed by Integeral Finvest Private Limited. The matter is sub-judice and is listed for hearing on November 27, 2006 and December 4, 2006 respectively.

2.2.9 As on date of the Letter of Offer, the Manager to the Offer does not hold any shares in the Target.

3 RATIONALE FOR THE ACQUISITION AND OFFER

3.1 The Acquirer proposes to acquire the shares of IGIL as a part of BCML's strategy to grow through inorganic route of acquisition. This acquisition of controlling interest in the Company is consistent with BCML's strategy of building a significant presence in the integrated sugar business in India. BCML believes that its skill and experience in the sugar industry combined with its financial and technical strength will enable IGIL to develop further and expand its core operations. Further the location of plant of sugar unit of IGIL being proximate to the plants of Balrampur and Rauzagaon, IGIL would able to crush fully of the available sugarcane in the vicinity to optimize its yield and be made an integral part of the future business plan of BCML. This acquisition will enhance the business potential for BCML and will provide operational flexibility to the entity.

3.2 To the extent required and to optimize the value to all shareholders, the Acquirer may, subject to applicable shareholders' consent, enter into any compromise or arrangement, reconstruction, restructuring, merger/demerger, rationalizing and/or streamlining of various operations, assets, liabilities, investments, businesses or otherwise of IGIL. The Board of Directors of IGIL will take appropriate decisions in these matters. The Acquirer does not have any plan to dispose off or otherwise encumber any asset of IGIL in the next two years except in the ordinary course of business of IGIL and except to the extent mentioned above. However, the Acquirer undertakes that it shall not sell, dispose off or otherwise encumber any substantial assets of IGIL except with the prior approval of the shareholders of IGIL.

4 INFORMATION ON BALRAMPUR CHINI MILLS LTD. (BCML) ("THE ACQUIRER")

4.1 Balrampur Chini Mills Ltd. (BCML) is a limited company constituted under the Companies Act, 1956 and incorporated on July 14, 1975.

4.2 The Acquirer has its registered office at 'FMC Fortuna', 2nd Floor, 234/3A, A.J.C. Bose Road, Kolkata – 700 020, India. Tel.: +91-33 2287 4749; Fax: +91 -33 2287 3083

4.3 BCML is presently engaged in the business of manufacture and sale of sugar, molasses, industrial alcohol, power, bio-fertilizers and other by-products and have experience of more than thirty years and having crushing capacity of 47,500 tcd.

4.4 The authorized share capital of BCML is Rs. 650, 000,000/- comprising of 400,000,000 equity shares of Re. 1/- each and 25,00,000 preference shares of Rs. 100/- each. It's paid-up capital is Rs. 248,154,000/- comprising of 248,154,000 equity shares of Re. 1/- each. .

4.5 BCML is promoted by the Saraogi Group. Names of the Promoter / Persons who are having control is given below: -

Shri K. N. Saraogi
Shri Vivek Saraogi
Smt. Meenakshi Saraogi
Smt. Satyawati Saraogi
Smt. Sumedha Saraogi
Smt. Stuti Dhanuka
Master Karan Saraogi
Miss Avantika Saraogi
M/s. Udaipur Cotton Mills Co. Ltd.
M/s. Meenakshi Mercantiles Ltd.

4.6 Shares of BCML are listed on Bombay Stock Exchange Ltd., National Stock Exchange of India Ltd. and The Calcutta Stock Exchange Association Ltd. Application for delisting of shares has been made to The Calcutta Stock Exchange Association Ltd. Global Depository Receipts issued by the Company is listed on the Luxembourg Stock Exchange.

4.7 The Shareholding pattern of the Acquirer as on date of Public Announcement is as under:

Category of shareholder	Total no. of shares	Total shareholding as a % of total no. of shares
Promoter and Promoter Group	78,950,890	31.82
FII/Mutual –Funds/FIs/Banks	78,694,066	31.71
Public	90,509,044	36.47
Totals	248,154,000	100.00

Closing Market Price of BCML's shares as on date of PA on BSE was Rs. 99.50 and on NSE was Rs. 99.65.

4.8 Details of the Board of Directors of the Acquirer are as below:

Name and Designation	Residential Address	Qualification & Experience	Date of Joining
Shri Kamal Nayan Saraogi - Chairman	7, Lower Rawdon Street Calcutta – 700 020	B. Com Over 40 years of Experience in Sugar Industry	July 14, 1975
Smt. Meenakshi Saraogi - Jt. Managing Director	7, Lower Rawdon Street Calcutta - 700 020	B. A. Over 25 years of experience in Sugar Industry	March 6, 1981
Shri Vivek Saraogi - Managing Director	7, Lower Rawdon Street Calcutta - 700 020	B. Com Over 20 years of experience in Sugar Industry	July 3, 1987
Shri Suresh Kumar Neotia - Director	7/2, Queens Park Calcutta - 700 019	L.L.B. 45 years experience mainly in cement and fertilizer industry	December 18, 1984
Shri Ram Kishore Choudhury - Director	403, Suryakiran 4, Ashoka Road Kolkata - 700 027	L.L.B. 45 years experience in taxation, corporate planning and international arbitration	August 1, 1975
Shri Sudhir Jalan - Director	Jalan House, 9 Alipore Road, Calcutta - 700 027	M.B.A. and B.Com 35 years experience in industrial instrumentation industry	September 8, 1977
Shri Ram Nayak Mishra - Wholetime Director	Balrampur Chini Mills Limited P.O. Balrampur Dist. Balrampur, U.P. Pin - 271 201	M. A. 43 years experience in sugar industry	September 24, 1988
Shri Sashi Bhusan Budhiraja - Director	3, Sukhchain Marg DLF Qutab Enclave - 1, Gurgaon Pin - 122 002	M. E. 49 years experience in industrial management and management consultancy	December 27, 1993
Shri M. M. Mukherjee - Director	129/5, S.N. Roy Road LIC Officers C.H. Society Kolkata - 700 038	M. A. 36 years of experience in Insurance industry	October 28, 2002
Shri Naresh Chandra - Director	C-4/4053, Vasant Kunj New Delhi - 110 070	IAS (Retd) 46 years experience in public administration	May 12, 2003
Shri Kedar Nath Ranasaria - Wholetime Director	7C, Middleton Street Kolkata - 700 071	M.A. (Sahityaratana) 43 years experience in sugar industry	May 12, 2003
Shri PR Srinivasan - Director	3 B, Belvedere Court Sane Guraji Marg Agripada Mumbai - 400 011	B.E. and MBA 14 years experience in banking industry	May 14, 2005
Shri Kishor Shah - Director cum Chief Financial Officer	'Varsha Niket' Flat 3A 5/1A, Garcha 1st Lane P.O. Ballygunje Kolkata - 700 019	ACA and B.Com 17 years experience in banking and finance	January 31, 2006

As on the date of the Public Announcement, none of the Directors of the Acquirer is on the Board of Directors of IGIL.

4.9 The adjusted audited financial details of BCML for the last three years as certified by Mr. Ajay Agarwal of M/s. G.P.Agarwal & Co., Chartered Accountants,(Membership No. 17643) , vide their report dated August 30, 2006, are as below:

(Rs. Lacs except ratio and share data)

Particulars	Interim Period ended March 31, 2006 (12 months)	Fiscal Year ended March 31, 2005	Fiscal Year ended March 31, 2004
Profit and Loss Statement			
Income from operations	111,724.30	81,337.31	69,937.62
Other Income	407.67	294.19	597.87
Total Income	112,131.97	81,631.50	70,535.49
Total Expenditure	82,295.44	57,362.18	58,847.43
Profit Before Depreciation Interest and Tax	29,836.53	24,269.32	11,688.06
Depreciation	3,894.02	3,726.44	3,022.7
Interest	1,793.73	1,892.85	1,979.64
Profit Before Tax (before extra ordinary item)	2,4148.78	18,650.03	6,685.72
Profit Before Tax (after extra ordinary item)	24,148.78	18,650.03	6,685.72
Provision for Tax	4,759.08	3,885.18	1,887.92
Profit After Tax	19,389.70	14,764.85	4,797.80
Sources of Funds			
Paid up Share Capital	2,481.54	2,318.02	1,897.23
Reserves and Surplus (Excluding Revaluation Reserves)	88,181.18	46,868.42	19,521.26
Misc. Expenses not written off	535.83	146.12	7.41
Networth	90,126.89	49,040.32	21,411.08
Secured Loans	48,569.04	38,640.13	39,504.57
Unsecured Loans	8,072.35	-	13,876.09
Deffered Tax Liability (net)	10,766.77	10,173.69	8,438.51
Total	157,537.05	97,854.14	83,230.25
Use of Funds			
Net Fixed Assets	104,481.15	55,302.14	54,564.86
Investments	5,023.01	4,526.61	96.56
Net Current Assets	48,032.89	38,025.39	28,568.83
Total	157,537.05	97,854.14	83,230.25
Other Financial Data			
Dividend (%)	200	160	100
Earning Per Share = (Profit After Tax /Number of shares)	8.26	7.26	2.50
Return on Networth (%) =(Profit After Tax ×100%)/Networth}	21.51	30.11	22.41
Book Value Per Share = (Networth/Number of shares)	36.32	21.16	11.29

Reasons for changes in Income and PAT during the above mentioned period

The main reason for rise in total income and PAT during the above mentioned three years is increase in production, better realisation and price of main products of the company.

4.10 Details of contingent liabilities of the Acquirer as on March 31, 2006 are as follows:

(Rs. In Lacs)

Sr. No.	Description of contingent Liabilities	As at 31st March 2006
1	Estimated amount of contracts remaining to be executed on Capital Account and not provided for (net of advances)	28,795.61
2	Differential cane price for the sugar seasons 1978-79 and 1979-80 pending disposal of the Writs filed by the Company in Hon'ble High Court, Kolkata	32.93

Sr. No.	Description of contingent Liabilities	As at 31st March 2006
3	No provision has been made for interest on excess amount of levy sugar for sugar season 1982-83 realised as per Court Order against which TDR of Rs. 25.54 lacs has been deposited with a Bank	25.54
4	Claims for acquisition of 22.02 acres of land for the Chemical unit at Balrampur and compensation there against is under dispute and the matter is subjudice	Amount not ascertained
5	Claims against the company not acknowledged as debts: i) Excise duty demand-under appeal ii) Sales Tax Demand – under appeal iii) Others – under appeal/litigation	 92.66 15.60 411.50
6	Bank Guarantee furnished in respect of excise duty rebate	20.39

4.11 Significant accounting policies of the Acquirer are as follows:

The accounts are prepared under the historical cost convention and are in accordance with the generally accepted accounting principles in India and provisions of the Companies Act, 1956. The significant accounting policies followed by the Company are stated below :

1 Fixed Assets

a) Fixed Assets are stated at their original cost adjusted by revaluation of Land, Building, Plant and Machinery, Railway Siding and Tubewell of the Balrampur Unit as on 30th June, 1988 and land, Building & Plant and Machinery of Tulslpur Unit as on 31st March, 1999. Cost includes acquisiton price, attributable expenses and pre operational expenses including finance charges, wherever applicable.

b) Depreciation on Fixed Assets is provided on Straight Line method in accordance with the rates as specified in Schedule XIV to the Companies Act, 1956 (as amended).

c) Expenditure during construction period :
Expenditure (including financing cost relating to borrowed funds for construction or acquisition of fixed assets) incurred on projects under implementation are being treated as Pre-operative expenses pending allocation to the assets and are shown under “Capital Work in Progress”.

d) Lease hold land are not depreciated

2 Investments

Long Term Investments are carried at cost. Provision for diminution is made to recognise a decline, other than temporary, in the value of long term investments, script wise. Current investments are valued at lower of cost or fair value, category wise. Cost of investments include acquisition cost such as brokerage, stamp duty. etc.

3 Inventories

a) Inventories (other than By-products, Scrap and Standing crop) are valued at lower of cost or net realisable value.
The cost of Inventories is computed on a weighted average/FIFO basis. The cost of Finished goods and work-in-process include cost of conversion and other cost incurred in bringing the Inventories to their present location and condition.
b) By-products (Molasses & Baggasse). Scrap and Standing Crop are valued at net realisable value.

4 Revenue Recognition

a) Sale of goods other than power is recognised at the point of despatch of finished goods to customers. Sale of power is recognised on the basis of joint meter reading.
b) Gross turnover is net of sales tax and inclusive of excise duty.
c) Dividend income is accounted for in the year it is declared.
d) All other income are accounted for on accrual basis.

5 Expenses

All the expenses are accounted for on accrual basis.

6 Retirement Benefits

Company’s contribution to Provident Fund and Pension Fund are charged to Profit and Loss Account. Gratuity and Leave encashment benefit are accounted for on the basis of actuarial valuation made on Balance Sheet date.

7 Borrowing Costs

Borrowing costs that are attributable to the acquisition or construction of qualifying assets are capitalised as part of the cost of such assets. A qualifying asset is one that necessarily takes a substantial period of time to get ready for intended use. All other borrowing costs are charged to revenue.

8 Share Issue expenses

These are amortised over five years.

9 Insurance Claims

Accounted for on settlement of claims.

10 Government Grants

a) Government grants related to fixed assets are adjusted with the value of the fixed asset/credited to Capital Reserve.

b) Government grants related to revenue items are adjusted with the related expenditure/taken as income.

11 Foreign Currency Transactions

a) Transactions in Foreign currency are intially recorded at the exchange rate at which the transaction is carried out.
b) Monetary Assets and Liabilities related to foreign currency transactions remaining outstanding at the year end are translated at the year end rate. The effect of Exchange Rate fluctuations in respect of fixed assets is adjusted with the cost of the respective Assets, whereas in respect of Monetary Assets the same is taken to Profit and Loss Account.
c) Forward exchange contracts entered into for hedging purposes are accounted for seperately from the underlying transactions. The premium or discount on forward exchange contracts is amortised over the period of the respective contracts. Exchange differences on such contracts at the year-end/upon termination are taken to Profit and Loss Account.
d) Transactions covered by cross currency swap contracts are marked to market at the Balance Sheet date and the gain or loss is taken to Profit and Loss Account.

12 Research & Development

Revenue Expenditure incurred on cane development is charged off in the year it is incurred.

13 Taxes on Income

Current tax is determined as the amount of tax payable in respect of taxable income for the year. Deferred tax is recognised, subject to the consideration of prudence in respect of deferred tax assets, on timing differences, being the difference between taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent periods.

14 Impairment of Assets

Impairment losses, if any, are recognised in accordance with the accounting standard issued in this regard by The Institute of Chartered Accountants of India.

15 Provisions, Contingent liabilities and Contingent assets

Provisions are recognised in respect of obligations where, based on the evidence available, their existence at the Balance Sheet date is considered probable.

Contingent liabilities are shown by way of Notes to the Accounts in respect of obligations where, based on the evidence available, their existence at the Balance Sheet date is considered not probable.

Contingent Assets are not recognised in the Accounts.

4.12 The Acquirer has not promoted any companies.

4.13 BCML has duly complied with the provision of chapter II of SEBI (SAST) Regulations within the time specified in the Regulations.

4.14 BCML has duly complied with clause 49 of the listing agreement pertaining to corporate governance.

4.15 BCML has been party to various litigations/ disputes. Mentioned below are the brief details of the same as on March 31, 2006:

(Rs. in Lacs)

Sr.No.	Particulars	Amount
1.	Differential cane price for the sugar seasons 1978-79 and 1979-80 pending disposal of the Writs filed by the Company in Hon'ble High Court, Kolkata	32.93
2.	No provision has been made for interest on excess amount of levy sugar for sugar season 1982-83 realised as per Court Order against which TDR of Rs.25.54 Lacs has been deposited with a Bank	25.54
3.	Claims for acquisition of 22.02 acres of land for the Chemical unit at Balrampur and compensation there against is under dispute and the matter is subjudice	Amount not ascertained

Sr.No.	Particulars	Amount
4.	Claims against the Company not acknowledged as debts i] Excise duty Demand-under appeal ii] Sales Tax Demand – under appeal iii] Others – under appeal/litigation	 92.66 15.60 411.50
5.	Excess amount of levy sugar received to date for various sugar seasons as per Orders of the Hon'ble High Court has not been credited to the Profit and Loss Account as the matter is sub-judice	54.47
6.	Demand of duty on sale of Bagasse of Babhnan unit during January 1999 to March 2003 (CEN.EXCISE DEPTT. FILED APPEAL)	66.37
7.	Demand of duty on Sale of Bagasse of Babhnan unit during January 2005 to Nov 2005	160.73
8.	A 19.55 MW Non-Conventional Renewable Source Bagasse/ Biomass based cogeneration power plant was set up at Balrampur. Rs.25 crores was funded by an International Organisation (World Bank), Rs. 20 Crores was organized from Sugar Development Fund and balance was arranged from our source. The said project was approved by the World Bank. Since only Rs.25 Crores could be arranged from the World Bank part of the machinery Boiler and Turbine was covered under notification 108/95 and for the remaining machinery benefit of notification 3/2001 now notification 6/2002-CE was availed. Before placing orders to the suppliers not covered under notification 108/95. The Assistant Commissioner Central Excise Faizabad was informed about the project who directed us to comply with the formalities of notification 34/2001-CE(NT). Accordingly three surety bonds all totalling Rs.1.60 crores was executed with the Assistant Commissioner Central Excise Faizabad to cover the amount of duty, and thereafter Annexure-1's were issued to the suppliers for supplying goods for the power project at nil rate of duty. Goods were received at nit rate of duty. After a lapse of about a year the Central Excise Department has raised demands on the suppliers for supplying goods for the said project at nil rate of duty. The suppliers have started depositing the amount of duty involved and are raising debit notes on us for realization of duty.	136 .00
9.	Writ Petition challenging validity of order for levy of administrative charges on molasses on self use (Babhnan unit).	135.02
10.	Methodology of delicensing of sugar industry is subjudice pending adjudication by the Apex Court. In the unlikely event the judgement of the Supreme Court of India is adverse, the Company will be obliged to apply for and obtain industrial licence and the permission of the FIPB and in the event of non-granting of licence or FIPB's permission, the Company will abide by the order of the Court, if any, and the Law of the land in this behalf.	

4.16 The Acquirer has not been prohibited by SEBI from dealing in securities, in terms of directions issued under Section 11B of the SEBI Act, 1992, as amended (the "SEBI Act") or under any other regulation made under the SEBI Act.

4.17 The Acquirer has sought approval for this acquisition from Citicorp International Finance Corporation, U. S. A. and ICICI Bank Limited and their approval has been duly received on September 25, 2006 and September 26, 2006 respectively.

4.18 Details of the compliance officer are as follows:

Mr. S. K. Agrawala
The address of the compliance officer is as follows:

Balrampur Chini Mills Limited
'FMC Fortuna', 2nd Floor
234/3A, A.J.C. Bose Road
Kolkata - 700 020
Tel: +91 - 33 2287 4749;
Fax: +91 - 33 2287 3083/ 2280 8874

4.19 There has been no merger/demerger, spin off during last three years involving BCML.

4.20 The Acquirer proposes to acquire the shares of IGIL as a part of BCML's strategy to grow through inorganic route of acquisition. This acquisition of controlling interest in the Company is consistent with BCML's strategy of building a significant presence in the integrated sugar business in India. BCML believes that its skill and experience in the sugar industry combined with its financial and technical strength will enable IGIL to develop further and expand its core operations. Further the location of plant of sugar unit of IGIL being proximate to the plants of Balrampur and Rauzagaon, IGIL would able to crush fully of the available sugarcane in the vicinity to optimize its yield and be made an integral part of the future business plan of BCML. This acquisition will enhance the business potential for BCML and will provide operational flexibility to the entity.

To the extent required and to optimize the value to all shareholders, the Acquirer may, subject to applicable shareholders' consent, enter into any compromise or arrangement, reconstruction, restructuring, merger/ demerger, rationalizing and/or streamlining of various operations, assets, liabilities, investments, businesses or otherwise of IGIL. The Board of Directors of IGIL will take appropriate decisions in these matters. The Acquirer does not have any plan to dispose off or otherwise encumber any asset of IGIL in the next two years except in the ordinary course of business of IGIL and except to the extent mentioned above.

5 Option in terms of Regulation 21(3)

The Offer will not result in public shareholding being reduced to a level below the limit specified in the Listing agreement with the stock exchange for the purpose of listing on continuous basis.

6. INFORMATION ON INDO GULF INDUSTRIES LIMITED (THE TARGET "IGIL")

6.1 Indo Gulf Industries Limited was incorporated on March 05, 1981 under the Companies Act, 1956. The company was incorporated under the name Indo Gulf Explosives Ltd. and subsequently the name of the company has been changed to Indo Gulf Industries Ltd. on September 01, 1994.

6.2 It has its registered office at Flat No. 104, Ground Floor, Buildcon Apartments, 70, Ber Sarai, New Delhi – 110 016, India.

6.3 IGIL is primarily in the business of manufacture and sale of explosives and sugar in the State of U.P., M.P., Orissa and NCT of Delhi, India and businesses like explosives and sugar as appearing in its Memorandum of Association. It has a sugar factory situated at Meizapur, Dist. Gonda, Uttar Pradesh which is having a cane crushing capacity of 3,000 tcd. It is also having six industrial explosives manufacturing units situated at Babina, Singrauli, Korba, Talcher, Chanderpur and IB valley. In August 2002, the State Government of Uttar Pradesh has issued a recovery certificate for recovery of farmers cane dues and the district administration has seized the factory including records. This adversely affected the overall operation of the Company and since then no operations have been carried out. Management of the company has initiated efforts towards rehabilitation and commencement of operations.

6.4 The share capital structure of IGIL as on the date of the Public Announcement was as follows:

Subscribed and paid-up Equity Share Capital	No. of Equity Shares (Face Value - Rs. 10/-)	% of Equity Shares
Fully paid-up Equity Shares (a)	78,64,540	82.20
Partly paid-up Equity Shares (b)	17,02,730	17.80
Total Subscribed and paid-up Equity Shares (a+b)	95,67,270	100
Total Voting Rights	78,64,540	82.20

Note: The partly paid-up equity shares do not carry any voting rights as per the Article 67 of the Articles of Association of IGIL as calls have been made on the shares and the calls remain unpaid. IGIL in the past had issued call notices to all the partly paid shareholders and due to non-receipt of call money, board of the target decided to forfeit the shares on which calls remain unpaid. One of the shareholder of the target, filed a petition against the said forfeiture and the Hon'ble High Court has granted a stay order in relation to the same. In view of these events, the company decided not to forfeit 17,02,730 partly paid up shares and calls in relation to them are still unpaid.

As on the date of the Public Announcement, there are no outstanding convertible instruments of IGIL.

6.5 The capital build-up of IGIL since its inception is as follows:

Date of Allotment	Number of shares issued	% of shares issued	Cumulative paid-up capital in Rs.	Mode of allotment	Identity of allottees (Promoters/ expromoters/ others)
	40	-	400	Subscriber to MoA	Promoter
27.08.85	700000	7.32	7000400	Preferential Allotment to Promoters, their relative, friends & Associates	Promoter
29.10.85 (*250000 equity shares were allotted to promoters on 31.03.86)	1762500	25.74	24625400	Public Issue including Preferential Allotment to Promoters	UPSIDC Promoters and Public

Date of Allotment	Number of shares issued	% of shares issued	Cumulative paid-up capital in Rs.	Mode of allotment	Identity of allottees (Promoters/ expromoters/ others)
16.04.92	100000	26.78	25625400	Conversion of Cum Redeemable Preference Shares issued in 1986	Others
16.04.92	1000000	37.24	35625400	Preferential Allotment	Allotted to UTI Taurus Mutual Funds PNB, HB Portfolio Leasing Ltd. HB Leasing & Finance Co. Ltd.
24.04.95	1193420	49.71	47559600	Right Issue – Part A of Convertible Debenture	Promoters
24.04.95	587845	55.86	53438050	Right Issue – Part A of Convertible Debenture	Existing Shareholder
24.04.95	1195000	68.35	65388050	Public Issue – Part A of Convertible Debenture	Others
24.04.95	26100	68.62	65649050	Allotment in pursuance of Over subscription of Public Issue	Others
24.04.95	1193420	81.09	77583250	Right Issue – Conversion of Part B of Convertible Debenture	Promoters
24.04.95	587845	87.24	83461700	Right Issue – Conversion of Part B of Convertible Debenture	Existing Shareholders
24.04.95	1195000	99.73	95411700	Public Issue – Conversion of Part B of Convertible Debenture	Others
24.04.95	26100	100.00	95672700	Allotment in pursuance of over subscription of Public Issue	Others

Note: Due to closure of operations of the Target from last four years, the Acquirer is unable to confirm compliances by the Target. However no issuances have been made after 1995 requiring compliances with SEBI (SAST) Regulations. Further, pursuant to an independent search of records at the office of Registrar of Companies, NCT of Delhi & Haryana, it has been noticed that various forms and returns under the provisions of Companies Act, 1956 for increase in the share capital from time to time has been complied with.

The company had allotted 32, 00,000 equity shares on February 19, 1998 to promoter and their associates. This allotment was challenged by one of the shareholders in the high court of Delhi. The hon'ble High Court considering the facts and the aements made by the plaintiff, passed order on April 1, 1998 restraining the defendants (including company) from taking further steps with regard to these shares and ordered to stock exchanges not to list the said shares till further orders. On further application , Hon'ble Court passed an order dated September 18, 1998 restraining *the Target and its employees from including 32,00,000 equity shares and the sums paid thereon in the issued / subscribed /paid up share capital and share premium by keeping them separate in a suspense account and issuing awards /entitlements in respect of same. Further on 30.11.2005, the plaintiff and defendants have arrived at lawful settlement and declared that the allotment as null, void and bad in law, the same has been acknowledged by the hon'ble court. Further the share application money received on these shares have been refunded.*

6.6 The equity shares of IGIL are listed on Bombay Stock Exchange Limited (BSE) and The Stock Exchange, Ahmedabad (ASE). Trading in the equity shares of IGIL stand suspended by the BSE since January 7, 2002. on account of non-payment of listing fees. Delhi Stock Exchange vide its letter dated August 11, 2006 has informed IGIL that its equity shares have been delisted w.e.f. July 12, 2004. IGIL vide its letter dated November 4, 2006 applied to ASE for seeking the status of listing and trading of the securities of IGIL and information in relation to the same is awaited. Further IGIL vide its letter dated August 18, 2006 has confirmed that there was no trading of its equity shares on ASE since last three year.

6.7 Based on information available with the Acquirer, IGIL has not complied with the provisions of the listing agreement entered into with BSE and ASE from time to time. BSE has issued a show cause notice dated July 06, 2006 for delisting of the company for non payment of listing fees and non compliance with the provisions of the listing agreement. Management of IGIL has subsequently deposited the listing fees and has requested BSE for grant of additional time for taking necessary steps in this regard.

6.8 The Acquirer is unable to confirm the status of compliances required under Chapter II of SEBI (SAST) Regulations made by target, promoters and other shareholders due to closure of operations of target since last four years. SEBI may initiate appropriate actions under the SEBI Act/Regulations for the non compliances made under Chapter II of SEBI (SAST) Regulations by the Target company.

6.9 As on date of the Public Announcement, the Board of Directors of IGIL was as below:

Name	Designation and date of appointment	Address	Qualification and Experience
Dr. S.K. Garg,	Chairman-cum-Managing Director 08.07.1983	43, Aradhana Colony, R. K. Puram, Sector 13, New Delhi-110066	LLB, M.Sc., PHD 48 years of experience in explosives and sugar industry
Mr. M.K. Garg	Director 05.03.1981	C-153, DDA Flats, Saket, New Delhi - 110 017	MA, LLB 35 years experience as Practicing Advocate
Dr. Avinash Garg	Director 23.06.1989	283, Maki Ave, SUDBURY ONTARIO, CANADA,-P3E 2P3	MD, FRCS 20 years as cardiologist
Mr. Deepak Garg	Director 24.06.1994	138, Annapolis Circle Ottawa Ontario – KIVIZ3, Canada	BE, MBA 15 years experience as technocrat
Mr. N. K. Agarwal (Alternate Director to Dr. Avinash Garg)	Director 25.12.1990	Village & P.O.:Barhapur Dist. Bijnore, U.P.	Intermediate 35 years businessman

Note: In terms of the second proviso to Regulation 22(7) of the Regulations, the Acquirer sought appointment of its representative as a director on the Board of Directors of Indo Gulf Industries Limited. Consequent to the above, the Board of Directors of Indo Gulf Industries Limited at its meeting held on October 12 2006, appointed Dr. Arvind Krishna Saxena as an Additional Director.

As on the date of the Public Announcement and other than the above, none of the Directors of the IGIL represent the Acquirer.

6.10 No mergers/ demergers/ spin offs has taken place in IGIL during the period of last three years.

6.10.1 The brief audited financial highlights of IGIL for the period ended September 30, 2005(fifteen months), June 30, 2004 (12 months) and June 30, 2003 (12 months) audited by Vipin Aggarwal & Associates and limited reviewed financial results for the six months period ended March 31, 2006 by Vipin Agarwal & Associates, Chartered Accountants, as certified Mr. Ajay Agarwal of M/s. G.P.Agarwal & Co., Chartered Accountants,(Membership No. 17643) , vide their report dated August 30, 2006, are as below:

(Rs. In Lacs)

Particulars	Year ended June 30, 2003 (Audited)	Year ended June 30, 2004 (Audited)	Fifteen Months period ended September 30, 2005 (Audited)	Six Months period ended March 31 2006 (Reviewed)
Profit and Loss Statement				
Income from operations	102.16	-	1250.41	-
Other Income	227.16	250.54	0.03	-
Total Income	329.32	250.54	1250.44	-
Total Expenditure	207.50	41.79	3376.14	38.24

Particulars	Year ended June 30, 2003 (Audited)	Year ended June 30, 2004 (Audited)	Fifteen Months period ended September 30, 2005 (Audited)	Six Months period ended March 31 2006 (Reviewed)
Profit Before Depreciation Interest and Tax	121.82	208.75	(2125.70)	(38.24)
Depreciation	348.30	348.30	395.73	162.99
Interest	-	-	-	7.25
Exceptional Item	0.82	1.52	866.08	-
Profit Before Tax (before extra ordinary item)	(225.66)	(141.07)	(1655.35)	(208.48)
Extra ordinary item	-	-	-	-
Profit Before Tax (after extra ordinary item)	(225.66)	(141.07)	(1655.35)	(208.48)
Provision for Tax	-	-	0.52	0.10
Profit After Tax	(225.66)	(141.07)	(1655.87)	(208.58)
Balance Sheet Statement				
Sources of Funds				
Paid up Share Capital	961.80	961.80	881.80	881.80
Reserves and Surplus (Excluding Revaluation Reserves)	3542.94	3542.94	3522.94	3522.94
Miscellaneous Expenditure not written off	66.32	66.32	47.28	37.76
Debit Balance of Profit & Loss Account	2084.65	2225.72	3881.59	4090.17
Networth	2353.77	2212.70	475.87	276.81
Secured Loans	3963.84	3963.84	2091.00	797.00
Unsecured Loans	344.54	344.54	344.55	1840.13
Deffered Tax Liability	-	-	-	-
Total	6662.15	6521.08	2911.42	2913.94
Use of Funds				
Net Fixed Assets	4737.72	4389.42	3923.83	3760.85
Investments	176.77	151.44	3.06	3.06
Net Current Assets	1747.66	1980.22	(1015.47)	(849.97)
Total	6662.15	6521.08	2911.42	2913.94
Financial Data				
Dividend (%)	-	-	-	-
Earning Per Share (Rs.) = (Profit After Tax /Number of shares)	-	-	-	-
Return on Networth (%) ={(Profit After Tax ×100%)/Networth}	-	-	-	-
Book Value Per Share (Rs.)=(Networth/Number of shares) *	2.08	0.69	5.76	3.68

*The net worth for calculating Book Value per share has been considered after taking into account the effect of qualifications in the Auditors Report on the accounts for the respective years.

The brief reasons for fall/rise in total income and PAT in the relevant years, is as under:
2005 vs 2004 : In 2005, the income from operations were due to auction of old sugar stock by the district administration. The loss was mainly due to auction of sugar at lower price and provisions against doubtful debts and advances. The increase in expenditure in 2005 was mainly on account of decrease in stock, bad debts written off, depreciation, provision of salary & wages.

2004 vs 2003: Due to closure of the factory, the loss was mainly to the extent of fixed overheads less written back of certain liabilities.

2003 vs 2002: The company realized Rs. 102.16 lacs from sale of sugar and molasses upto August 12, 2002 and thereafter revenue from auction of molasses by district administration. On August 12, 2002 the sugar factory was seized. Due to closure of the factory, the loss was mainly to the extent of fixed overheads less written back of certain liabilities

6.11 Pre and Post- Offer share holding pattern of the target company is as follows:

Shareholders' Category	Shareholding & voting rights prior to the agreement/ acquisition and offer		Shares/voting agreed to be acquired which triggered off the Regulations		Shares/voting rights to be acquired in open offer (Assuming full acceptances)		Share holding/ 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 (Sellers) *(fully paid)	2179918	22.79% (27.72%)					3,820*	0.04% (0.05%)
a.1. (partly paid)	461700	4.83% (-)					3,300*	0.03% (-)
Total	2641618	27.61% (27.72%)					7120*	0.07% (0.05%)
b. Promoters other than (a) above (fully paid)	33,986	0.36% (0.43%)					33,986*	0.36% (0.43%)
Total 1 (a+b)	2675604	27.97% (28.15%)					41,106*	0.43% (0.48%)
(2) Acquirers								
BCML (a) Fully paid Shares	-	-	2,176,098	22.75% (27.67%)			5,891,098	61.58% (74.91%)
(b) Partly Paid Shares	-	-	458,400	4.79% (-)			458,400	4.79% (-)
Total 2(a+b)	-	-	2,634,498	27.54% (27.67%)			6349498	66.37% (74.91%)
(3) Parties to agreement other than (1) (a) & (2)	**-**	**-**						
(4) Public (other than parties to agreement, acquirers								
a. FIs/MFs/FIIs/Banks, SFIs (fully paid Shares)	586,176	6.13% (7.45%)			37,15,000	38.83% (47.24 %)	1,935,636	20.23% (24.61%)
b. Others (Fully paid Shares)	5,064,460	52.94% (64.40%)						
b. 1 (partly paid Shares)	1,241,030	12.97% (-)					1,241,030	12.97% (-)
Total (4)(a+b)	6891666	72.03% (71.85%)					3,176,666	33.20% (24.61%)
Total Fully paid Shares	7,864,540	82.20% (100%)	2176098	22.75% (27.67%)	3,715,000	38.83% (47.24 %)	7,864,540	82.20% (100%)
Total Partly paid shares	1,702,730	17.80% (-)	458,400	4.79% (-)			1,702,730	17.80% (-)
GRAND TOTAL (1+2+3+4)	9567270	100%	2,63,4498	27.54% (27.67%)	3,715,000	38.83% (47.24 %)	9567270	100%

Note: The partly paid-up equity shares do not carry any voting rights as per the Article 67 of the Articles of Association of IGIL as calls have been made on the shares and the calls remain unpaid. The above table indicates percentage on total issued and paid up capital, figures in bracket indicates percentage on voting capital as on date of Public Announcement i.e. August 24, 2006. For purpose of calculation in above table, shares acquired under offer is assumed to be only fully paid.

*They will be classified as Public

Total No. of shareholders in Public Category are 18,973.

6.12 The Company has not complied with the provisions under Clause 49 of the Listing Agreement relating to Corporate Governance.

6.13 IGIL has 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 regulation made under the SEBI Act.

6.14 Details of Pending Litigations as on March 31, 2006 are as follows:

(Rs. In Lacs)

Sr. No.	Name / Case Details	Amount Involved
1)	Sales Tax demand under dispute	275.50
2)	Recovery certificate issued by the Cane Commissioner Gonda towards recovery of unpaid cane dues	310.77
3)	Demand notices received from Provident Fund authorities amounting to Rs.84.62 lacs where the Company has made a provision of Rs.59.84 lacs	84.62
4)	Demand notices from Excise authorities	14.18
5)	Pending legal dispute with parties under section 138 of The Negotiable Instrument Act	4.47
6)	Pending civil suits by the suppliers	0.23
7)	Claim of employees during the closure period	Amount not ascertainable.
8)	The supplier of the plant & Machinery of the sugar division has gone into arbitration regarding certain claims and Company has also filed counter claim. The case is pending with the arbitrator. No effect has been taken in the books of account, as ultimate effect is not ascertainable.	

6.15 Details of the compliance officer are as follows:

Mr. Sanjay Kumar Agarwal,

The address of the compliance officer is as follows:

Address : 104, Buildcon Apartments, Ground Floor,70, Ber Sarai, New Delhi - 110 016.
Tele: (011) 32581453, 098991 27445.

6.16 Integral Finvest Private Limited vide its letter dated September 8, 2006 had alleged that the equity shares of IGIL which are subject matter of the PA were subject matter of an MOU dated August 14, 2005 between IFPL and Dr.S.K.Garg. The Complainant further stated that they have moved before Honourable High Court of Delhi wherein the Honourable High Court has passed an ex-parte order stating that the "status quo" shall be maintained by the respondents till next date of hearing with respect to their shareholding. Accordingly, the Complainant has prayed SEBI not to give effect to the Public Announcement. The matter is sub-judice before Hon'ble Delhi High Court and is scheduled for hearing on November 27, 2006.

Subsequently, the Complainant filed a Writ Petition bearing No. 15065 of 2006 before the Hon'ble Delhi High Court, interalia, praying for a direction to withdraw the present public offer/announcement and to restrain every one from dealing with the shares of IGIL etc, which has been dismissed by the Hon'ble High Court vide order dated 28.9.2006. The Complainant had preferred an appeal, bearing Letters Patent Appeal No. 1978 of 2006 against the said order dated 28.9.2006, which has also been dismissed by the Hon'ble Delhi High Court vide its judgment and order dated October 11, 2006.

IFPL has further filed petition under Section 11 of the Act of 1996 (Arbitration Application No. 436/2006) inter-alia praying for an appointment of Arbitrator by the Court.

The matter is sub-judice and the matter is scheduled for hearing on December 4, 2006.

7. OFFER PRICE AND FINANCIAL ARRANGEMENTS

7.1 Justification for the Offer Price

7.1.1 The equity shares of IGIL are listed on The Bombay Stock Exchange Ltd.(BSE) and The Stock Exchange, Ahmedabad (ASE). The equity shares of IGIL have been delisted from The Delhi Stock Exchange Association Ltd (DSE)

7.1.2 The annualized trading turnover in the shares of IGIL in each of the above mentioned Stock Exchanges based on trading volume during February 1, 2006 to July 31, 2006 (six calendar months preceding the month in which the PA is made) is as given below:

Stock Exchange	Shares Traded (February 2006 - July 2006)	Total Shares Listed	Trading Turnover (Annualized) (% of total shares listed)
ASE	Nil	9567270	N.A.
BSE	Nil	9567270	N.A.

The shares of IGIL are infrequently traded on BSE and ASE within the meaning of regulation 20(5)(i) of the Regulation.

The Offer price of Rs. 7/- per share for fully paid up equity share and such amount payable to partly paid shareholders after deducting amount due in respect of calls in arrears on such shares subject to a minimum of Rs. 2/- per partly paid shares is justified in terms of regulation 20 of the Regulations, in view of the following:

a.	Negotiated Price under the agreement for acquisition of share or voting rights or deciding to acquire shares or voting rights	Rs. 7/- per fully paid up share and Rs. 2/- per partly paid up share
b.	Highest Price paid by the Acquirer for acquisitions including by way of allotment in a public or rights or preferential issue during the 26 weeks prior to date of Public Announcement	N.A.
c.	Higher of the average of the weekly high and low of the closing prices for the equity shares of IGIL for the twenty six weeks or the daily high and low of the prices of IGIL during the two weeks preceding the date of P.A. i.e August 24, 2006 on all stock exchanges	N.A.
d.	Other parameters based on the audited accounts of IGIL for the 15 months period ended September 30, 2005	
(i)	Return on Net worth (%)	-
(ii)	Book Value per Share (Rs)	5.76
(iii)	Earning Per Share (Rs)	-
(iv)	PE ratio	-

Mr. Ajay Agarwal of M/s G.P.Agarwal & Co., Chartered Accountants (M. No. 17643) have vide their report dated August 19, 2006 stated that the shares of IGIL are not traded. Therefore, for the purpose of valuation, market value could not be considered. Further, IGIL had no profits in the last three years, therefore Earning Based Value per share has not been used to determine the offer price. Considering the composition of assets of IGIL, nature of its business, seizure/closure of factories resulting in no business activities for last three years, net assets method is most appropriate method for valuation of equity shares of IGIL.Based on the audited financial for the fifteen months period ended September 30, 2005, the fair value would be Rs.5.76/- per share considering the Net Asset Value of the Target. In view of the above, the Offer Price of Rs. 7/- per equity share based on the net asset value as on September 30, 2005 is justified in terms of regulations 20(4) and 20 (5) of the Regulations.

Hence the offer price of Rs. 7/- per share offered by BCML to the shareholders of IGIL under the proposed open offer is justified.

7.1.3 The Acquirer has not acquired any equity shares of IGIL from the date of the PA up to the date of the Letter of Offer.

7.1.4 In the opinion of the Manager to the Offer, the Offer Price of Rs. 7/- per fully paid Equity Share of IGIL is justified in terms of regulation 20(11).

7.1.5 The Offer Price shall not be less than the highest price paid by the Acquirer for any acquisition of Equity Shares of IGIL from the date of the Public Announcement up to 7 working days prior to the date of closing of the Offer.

7.1.6 There is no non-compete agreement.

7.2 Funding Arrangement for the Offer

7.2.1 The Acquirer has made firm financial arrangements for financing the acquisition of equity shares under the public offer, in terms of regulation 16 (xiv) of the Regulations. The Acquirer has adequate internal cash resources to discharge the obligation under the offer.

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7.2.2 The maximum fund requirement for the acquisition of 37,15,000 equity shares of IGIL at the offer price of Rs. 7/- per equity share, assuming full acceptance of the shares tendered, would be Rs.2,60,05,000/-.

In accordance with regulation 28 of the Regulations, the Acquirer has created an Escrow Account by depositing cash aggregating Rs.2,60,05,000/- (with a Lien marked in favor of ENAM), in the Escrow Account No. 03222600000099 with Kotak Mahindra Bank Limited, "Apeejay House", 15, Park Street, Kolkata – 700 016.
The Manager to the Offer, Enam has been empowered to operate the Escrow Account and is authorised to realize the value of the aforesaid Escrow Account.

Mr. Ajay Agarwal, of M/s. G.P.Agarwal & Co., Chartered Accountants, (Membership no. 17643), Tel:- 033-2248 6814 have certified vide their letter dated August 19, 2006, that on the basis of the information and explanation given by the Acquirer and availability of funds in the escrow account with Kotak Mahindra Bank Limited, "Apeejay House", 15, Park Street, Kolkata – 700 016, Tel:- 033-22093000, having its registered office at Mumbai, the Acquirer has adequate resources to meet the financial requirements of the open offer in terms of the Securities & Exchange Board of India (Substantial Acquisition of Shares and Takeover) Regulation 1997.

7.2.3 ENAM, on basis of the above, has satisfied itself that the Acquirer has adequate and firm financial arrangements to implement the offer in accordance with the Regulations.

8. TERMS AND CONDITIONS

8.1 The Acquirer made a Public Announcement on August 24, 2006 for the Offer. This Offer is being made to all the equity shareholders of IGIL (other than the Acquirer and Sellers) and the Letter of Offer together with the Form of Acceptance, Form of Withdrawal and Transfer Deed (for shareholders holding equity shares in the physical form) is being mailed to those shareholders of IGIL whose names appear on the register of members of IGIL at the close of business on the Specified Date (i.e. August 28, 2006). Owners of equity shares but not registered as shareholder(s) are also eligible to participate in the Offer at any time prior to the date of closing of the Offer. No Letter of Offer together with a Form of Acceptance, Form of Withdrawal and Transfer Deed will be mailed to the Acquirer and Sellers.

8.2 The Offer is subject to the terms and condition set out herein in this Letter of Offer, the Form of acceptance, the Form of Withdrawal, the PA and any other public announcements that may be issued about the Offer.

8.3 This Offer is subject to receipt of the statutory approvals mentioned in paragraph 9 of this LOF. In terms of regulation 27 of the Regulations, if the statutory approvals are refused, the Offer would stand withdrawn.

8.4 Accidental omission to dispatch Letter of Offer to any member entitled to this Open Offer or non-receipt of the Letter of Offer by any member entitled to this Open Offer shall not invalidate the Open Offer in any manner whatsoever.

8.5 The Offer will open on November 15, 2006 and close on December 4, 2006.

8.6 The Offer is not subject to any minimum level of acceptance. The acceptance of the Offer is entirely at the discretion of the equity shareholders of IGIL. Each shareholder of IGIL to whom the Offer is being made, is free to offer his shareholding in IGIL, in whole or in part (but subject to minimum marketable lot) while accepting the Offer.

8.7 The acceptance of the Offer must be unconditional and should be on the enclosed Form of Acceptance and sent along with the other documents duly filled in and signed by the applicant shareholder(s).

8.8 Equity shares, that are the subject matter of litigation or are held in abeyance due to pending court cases, such that the shareholder(s) of IGIL may be precluded from transferring the equity shares during pendency of the said litigation, are liable to be rejected unless directions/orders regarding the free transferability of such equity shares are received together with the equity shares tendered under the Offer prior to the date of closing of the Offer.

8.9 The Acquirer will not be responsible in any manner for any loss of equity share certificate(s) and other documents during transit. The equity shareholders of IGIL are therefore advised to adequately safeguard their interest in this regard.

9. STATUTORY/OTHER APPROVALS REQUIRED FOR THE OFFER

9.1 The Offer is subject to the Acquirer obtaining the approval of RBI under FEMA to acquire shares, if any, from all the non-resident Indian/OCB shareholders**.**

9.2 The Acquirer will make the above applications, if required, to acquire the shares pursuant to the Offer at an appropriate time.

9.3 There are no other statutory approvals required for the purpose of this Offer. However, the Offer would be subject to all statutory approvals that may become applicable at a later date.

9.4 Non-resident shareholders should also enclose a copy of the RBI permission received by them for acquiring equity shares held by them in IGIL. In case the RBI permission is not submitted, the Acquirer reserves the right to reject such equity shares tendered in the Offer.

9.5 The Acquirer shall complete all procedures relating to the Offer within a period of 15 days from the date of closing of the Offer.

9.6 In case of delay, due to non-receipt of statutory approvals, as per regulation 22(12) of the Regulations, SEBI may, if satisfied that the non-receipt of the approvals was not due to willful default or negligence, grant an extension for the purpose of completion of the Offer provided the Acquirer agrees to pay interest to the shareholders for delay beyond 15 day from the date of closing of the Offer.

9.7 If the Acquirer fail to obtain the requisite approvals in time due to willful default or neglect or inaction or non-action on his part, the amount lying in the escrow account shall be forfeited in the manner provided in regulation 28 (12) (e) of the Regulations.

9.8 The Acquirer reserves the right to withdraw the Offer in the event of the requisite statutory approvals being refused. In the event of withdrawal, a public announcement will be made in the same newspapers in which this original PA is being made.

In case the RBI's approval for acquisition of equity shares from Non-Resident Shareholders is unduly delayed, the Acquirer reserve the right to proceed with the payment to the resident shareholders whose equity shares have been accepted by the Acquirer in terms of the Offer pending payment to Non-Resident Shareholders, subject to total consideration payable to the Non-Resident shareholders being deposited in the escrow/special account with lien marked in favor of the Manager to the Offer.

10. PROCEDURE FOR ACCEPTANCE AND SETTLEMENT

10.1 The Acquirer has appointed M/s C. B. Management Services Private Limited ("CBMS") as Registrar to the Offer.

10.2 M/s C. B. Management Services Private Limited has set up the following centres to collect the acceptances being tendered in this offer;

Sl. No.	Place	Name/Address	Phone/Fax	Contact Person(s)
1.	New Delhi	M/S Alok Deepak & Co. F – 26, 1st Floor Opp. Desh Bandhu College, Kalkaji New Delhi – 110 019	Ph: 011-4131 5457 Fax: 011-2621 5227	Mr. Deepak Kapoor
2.	Ahmedabad	M/S V.K. Moondra 201 Sarap Opp. Navjeevan Press Ashram Road Ahmedabad – 380 014	Ph: 079-2754 0550 2754 1589 Fax:079-2676 9402	Mr. V.K Moondra Mr. Rajendra Shah Mr. Madhoosoodhan
3.	Bangalore	M/S Saraswati Online Dot Com Soundarya Paramount First Floor 102, 83/87, 5th Cross Maleswaram Bangalore – 560 003	Ph: 080-2334 9689/ 3169	Mr. P. Ganguly
4.	Jaipur	M/S Saraswat (I) Ltd. G-4, Ground Floor Jaipur Tower Opp. All India Radio M.I. Road Jaipur – 302 001	Ph:0141-2363 908 2204 100	Mr. P. Saraswat
5.	Mumbai	Taurus Stock Broking Pvt. Ltd. 305 & 306, Sapphire Arcade, M.G. Road, Rajawadi, Ghatkopar (E) Mumbai - 400 077	Ph : 022- 2512 7400 /2512 9272 Fax: 022 - 2512 1004	Mr. Yogesh Doshi

The documents can be tendered at the above centers between 10.00 am to 1.00 pm and 2.00 pm to 4.00 pm from Monday to Friday and between 10.00 am to 1.00 pm on Saturdays. The centers will be closed on Sundays and public holidays.

Shareholders of IGIL, other than the Acquirer, Sellers, who wish to avail this Offer should forward the under mentioned documents, by hand delivery on days and during the business hours mentioned above, at any of the collection centers listed above, or by registered post to the Registrar to the Offer, C. B. Management Services Private Limited, at their office at P – 22, Bondel Road, Kolkata – 700 019. Tel. No. + 91 33 2280 6692 – 94, Fax: + 91 33 2287 0263 Email: cbmsl1@cal2.vsnl.net.in. Contact Person: P. Basu so as to reach the Registrar on or before December 4, 2006. (i.e. the date of Closing of the Offer).

No document should be sent to the Acquirer or the Manager to the Offer or IGIL.

10.3 Procedure for Equity Shares held in Physical Form

- **Registered shareholders of IGIL should enclose:**
  - Form of Acceptance duly completed and signed in accordance with the instructions contained therein, by sole/joint shareholders whose name(s) appears on the equity share certificate(s) and in the same order and as per the specimen signature lodged with IGIL;
  - Original Equity Share Certificate(s);
  - Valid Share Transfer Deed(s) duly signed as transferor(s) by the sole/joint shareholder(s) in the same order and as per specimen signatures lodged with IGIL and duly witnessed at the appropriate place. The Transfer Deed should be left blank, except for the signatures as mentioned above. Attestation, where required (thumb impressions, signature difference, etc.) should be done by a Magistrate, Notary Public or Special Executive Magistrate or a similar authority holding a public office and authorized to use the seal of his office or a member of a recognized stock exchange under their seal of office and membership number or manager of the transferor's bank. A blank share transfer form is enclosed along with this Letter of Offer.

Incase of registered shareholder, non receipt of the aforesaid documents, but receipt of the share certificates and the duly completed transfer deed, shall be deemed that the offer has been accepted.

Notwithstanding that the signature(s) of the transferor(s) has/have been attested as aforesaid, if the signature(s) of the transferor(s) differs from the specimen signature(s) recorded with IGIL or are not in the same order, such Equity Shares are liable to be rejected under this Offer even if the Offer has been accepted by a *bona fide* owner of such Equity Shares.

- **Unregistered owners of Equity Shares of IGIL should enclose:**

  - Form of Acceptance duly completed and signed in accordance with the instructions contained therein;
  - Original Equity Share Certificate(s);
  - Original Broker Contract Note;
  - Valid Share Transfer Deed(s) as received from the market. The details of buyer should be left blank failing which the same will be considered invalid under the Offer. All other requirements for valid transfer (including matching of signatures) will be preconditions for acceptance.
  - The acknowledgement received, if any, from IGIL in case the Equity Shares have been lodged with the company for transfer. Such persons should instruct IGIL and its Registrar and Transfer agents to send the transferred share certificate(s) directly to the collection center as mentioned in 10.2 above. The applicant should ensure that the certificate(s) reach the designated collection center before the date of closing of the Offer.

  Unregistered owners can send their acceptance of the Offer in writing to the Registrar to the Offer, CBMS, at the collection centers as mentioned in paragraph 10.2 above, on plain paper stating Name, Address, No. of Equity Shares held, No. of Equity Shares offered, Distinctive Nos., Folio No., together with the original Share Certificate(s), valid transfer deeds in case of Equity Shares held in physical form and the original contract note issued by the broker through whom they acquired their Equity Shares. No indemnity is required from the unregistered owners.

  Unregistered owners if they so desire may also apply on the Form of Acceptance downloaded from the SEBI's website (www.sebi.gov.in).

10.4 Procedure to be adopted in case of non-receipt of the Letter of Offer

- **By Equity Shareholders holding Equity Shares in physical form**

  In case of non-receipt of the Letter of Offer, eligible persons may send their acceptance of the Offer in writing to the Registrar to the Offer, CB Management, at the collection centers as mentioned in paragraph 10.2 above, on plain paper stating their Name, Address, No. of Equity Shares held, No. of Equity Shares offered, Distinctive Nos., Folio No together with the original Share Certificate(s), valid transfer deeds in case of Equity Shares held in physical form, so as to reach the Registrars to the Offer on or before the date of closing of the Offer.
  Shareholders who have lodged their Equity Shares for transfer with IGIL must also send the acknowledgement received, if any, from IGIL towards such lodging of Equity Shares.
  No indemnity is required while sending the acceptance of the Offer on plain paper.
  Shareholders not receiving the Letter of Offer, if they so desire, may also apply on the Form of Acceptance downloaded from SEBI web site (www.sebi.gov.in).

10.5 **As per the provisions of section 196D(2) of the Income-tax Act, 1961, and as amended ("Income-tax Act"), no deduction of tax at source shall be made from any income by way of capital gains arising from the transfer of securities referred to in section 115AD payable to a Foreign Institutional Investor ("FII") as defined in section 115 AD of the Income-tax Act. However, while tendering their equity shares under the Offer, Non Resident Individuals, Overseas Corporate Bodies and other non-resident shareholders will be required to submit a No Objection Certificate ("NOC") or Tax Clearance Certificate or Certificate for Deduction of Tax at Lower Rate from Income Tax authorities under the Income-tax Act indicating the amount of tax to be deducted by the Acquirer before remitting the consideration. In case the aforesaid NOC or Tax Clearance Certificate or Certificate for Deduction of Tax at Lower Rate is not submitted, the Acquirer will arrange to deduct tax at the maximum marginal rate as may be applicable to the category of shareholders on the entire consideration amount payable to such shareholders.**

Non Resident shareholders should also submit copy of the permission received from Reserve Bank of India for acquisition of the shares of IGIL. In case of its non-submission, Acquirer reserves their right to reject the shares tendered in the Offer.

10.6 The shareholders should also provide all relevant documents, which are necessary to ensure transferability of the Equity Shares in respect of which the acceptance is being sent. Such documents may include, but are not limited to:

i) duly attested death certificate and succession certificate in case of single shareholder;
ii) duly attested Power of Attorney if any person apart from the shareholder has signed the Form of Acceptance and/or transfer deed(s);
iii) in case of companies, the necessary corporate authorization (including Board Resolutions);
iv) any other relevant documentation.

10.7 The Registrar to the Offer will hold in trust the Form of Acceptance (FOA), equity share certificates and transfer deeds and other documents on behalf of the shareholders of IGIL who have tendered in the Offer, until the cheques/drafts for the consideration and/or the unaccepted Equity Shares/ Equity Share certificates are dispatched/returned. The Acquirer would not have access to these Equity Shares till such time.

10.8 The Acquirer shall accept all valid fully paid up shares and partly paid up shares tendered (except those which are withdrawn, within the date specified for withdrawal). Equity shares will be acquired by the Acquirers free from lien, charges and encumbrances of any kind whatsoever and together with all the rights attached thereto including the right to dividend, bonus and rights issue dividend thereafter.

10.9 If the number of shares tendered by the shareholders is more than the offer size, the acquisition from each shareholder will be as per regulation 21(6) of the Regulations, on a proportionate basis in consultation with the Manager to the Offer taking care to ensure that the basis of acceptance is decided in a fair and equitable manner and does not result in non-marketable lots. Provided that acquisition of equity shares from a shareholder shall not be less than the minimum marketable lot or the entire holding, if it is less than the marketable lot. As the Shares trades are in physical mode, the minimum marketable lot for the Shares is 50.

10.10 The consideration for the Equity Shares accepted by the Acquirer will be paid by crossed account payee cheques/demand drafts. Such cheques/demand drafts exceeding Rs. 1,500/- or unaccepted Equity Share certificates, transfer deeds 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/unregistered owner. Cheques/ demand drafts for Rs 1,500/- or less will be sent under certificate of posting. All cheques/demand drafts will be drawn in the name of the first holder, in case of joint registered holders.

10.11 In terms of regulation 22(5A) of the Regulations, shareholders desirous of withdrawing their acceptance tendered by them in the Offer, may do so up to three working days prior to the date of closing of the Offer. The withdrawal option can be exercised by submitting the documents as per the instructions below, so as to reach the Registrars to the Offer at any of the collection centers mentioned above as per the mode of delivery indicated therein on or before December 4, 2006.

The withdrawal option can be exercised by submitting the following:

For Equity Shares held in physical form:
Registered Shareholders should enclose:

- Duly signed and completed Form of withdrawal accompanying the LOF.
- Acknowledgement slip in original/copy of the submitted Form of Acceptance cum Acknowledgement submitted by Registered post.
- In case of partial withdrawal, valid Share Transfer form(s)duly signed as transferors by all registered shareholders (in case of joint holdings) in the same order and as per specimen signatures registered with IGIL and duly witnessed at the appropriate place.

Unregistered owners should enclose:

- Duly signed and completed Form of Withdrawal.
- Acknowledgement slip in original/Copy of the submitted Form of Acceptance cum Acknowledgement submitted by Registered post.

In case of non-receipt of Form of Withdrawal, the withdrawal option can be exercised by making a plain paper application along with the following details;

- In case of physical shares: Name; Address; Distinctive Numbers; Folio Number, Number of Shares tendered and to be withdrawn

b) The withdrawal of shares will be available only for the share certificates/shares that have been received by the Registrar to the Offer .

c) The intimation of returned shares to the Shareholders will be at the address as per the records of the IGIL.

d) The Form of Withdrawal should be sent only to the Registrar to the Offer.

e) In case of partial withdrawal of shares tendered in physical form by the registered shareholder, if the original share certificates are required to be split, the same will be returned on receipt of share certificates from IGIL.

f) Partial withdrawal of tendered shares can be done only by the Registered shareholders. In case of partial withdrawal, the earlier Form of Acceptance will stand revised to that effect.

10.12 Barring unforeseen circumstances and factors beyond their control, the Acquirer intend to complete all procedures relating to the Offer, including payment of consideration to the shareholders who have accepted the Offer, within 15 days from the date of closing of this Offer and for the purpose open a special account as provided under regulation 29 of the Regulations.

Provided that where the Acquirer are unable to make the payment to the shareholders who have accepted the Offer before the said period of 15 days due to non-receipt of requisite statutory approvals, SEBI may, if satisfied that non-receipt of requisite statutory approvals was not due to any willful default or neglect of the Acquirer or failure of the Acquirer to diligently pursue the applications for such approvals, grant extension of time for the purpose, subject to the Acquirer agreeing to pay interest to the shareholders for delay beyond 15 days, as may be specified by SEBI from time to time, in accordance with regulation 22(12) of the Regulations.

11. DOCUMENTS FOR INSPECTION

11.1 The following documents will be available for inspection to the shareholders of Indo Gulf Industries Limited at the office of Balrampur Chini Mills Limited - It has its registered office at FMC Fortuna', 2nd Floor, 234/3A, A.J.C. Bose Road, Kolkata – 700 020, India, on all working days, from the date of opening of the Offer till the date of closing of the Offer, between 10.00 a.m. and 1.00 p.m. and 2.00 pm to 4.00 pm, except Saturdays, Sundays and Holidays:

1. Certificate of Incorporation, Memorandum and Articles of Association of the Acquirer.
2. Ajay Agarwal of M/s. G.P.Agarwal & Co., Chartered Accountants, (Membership no.17643), vide their report dated August 30, 2006 certifying the financial data of Acquirer.
3. Ajay Agarwal of M/s. G.P.Agarwal & Co,Chartered Accountants, (Membership no.17643), vide their report dated August 30, 2006 certifying the financial data of Target.
4. Copy of the Share Purchase Agreement dated August 18, 2006.
5. Audited Accounts of IGIL for the accounting years ended June 30, 2003 and 2004, fifteen months period ended September 30, 2005 and Limited review report for six months period ended March 31, 2006.
6. Annual Reports of BCML for the accounting years ended March 31, 2004, 2005 and Interim twelve months audited accounts for the period ended March 31, 2006.
7. Certificate of Incorporation, Memorandum and Articles of Association of IGIL.
8. Copy of the Board Resolution dated August 18, 2006 of BCML authorizing Shri. K.N. Ranasaria (Whole time Director), Shri Vivek Saraogi (Managing Director), Shri Kishore Shah (Director cum Chief Financial Officer) and Shri S.K.Agarwala (Company Secretary) have been authorized severally to do all acts, things and deeds in the name of and on behalf of BCML in connection with the proposed acquisition of the Equity Shares of the Target.
9. Mr. Ajay Agarwal of M/s. G.P.Agarwal & Co., Chartered Accountants, (Membership no. 17643), vide their report dated August 19, 2006 regarding the adequacy of financial resources with the Acquirer for the Open Offer.
10. Letters from the Escrow Bank – Kotak Mahindra Bank Limited Bank confirming cash deposit of Rs. 2,60,05,000/- deposited in the Escrow Account and a lien marked in favor of the Manager to the Offer.
11. Copy of the observation letter from SEBI, dated October 31, 2006 in terms of proviso to regulation 18(2) of the Regulations.
12. A published copy of Public Announcement issued on August 24, 2006. Corrigendum dated October 16, 2006.
13. Copy of letter dated September 8, 2006 received from Integral Finvest Private Limited(IFPL).
14. Copy of application filed with by IFPL for appointment of arbitrator in the Hon'ble High Court, Delhi.
15. Order dated September 6, 2006 of the Hon'ble High Court, Delhi in OMP 417/2006 with respect to status quo with respect to shareholding of Dr. S.K.Garg.
16. Copy of Writ Petition dated September 20,2006 filed by IFPL in the Hon'ble High Court, Delhi
17. Copy of Order dated September 18, 1998 passed by Hon'ble High Court of Delhi restraining IGIL from including 3200000 shares.
18. Copy of the order dated September 28,2006 in the writ Petition filed by IFPL in the Hon'ble High Court, Delhi.

12. DECLARATION BY THE ACQUIRER

BCML and its Directors severally and jointly accept full responsibility for the information contained in this Letter of Offer, Form of Acceptance, Form of Withdrawal and also for ensuring compliance with the Regulations. All information contained in this document is as on the date of the Public Announcement, unless stated otherwise. Shri K.N. Ranasaria (Whole time Director), Shri Vivek Saraogi (Managing Director), Shri Kishore Shah (Director cum Chief Financial Officer) and Shri S.K.Agarwala (Company Secretary) have been authorized severally to do all acts, things and deeds in the name of and on behalf of BCML in connection with the proposed acquisition of the Equity Shares of the Target. Shri K.N.Ranasaria (Whole Time Director) has been authorised by BCML to be its authorized signatory to this Letter of Offer.

By Order of the Board,

For Balrampur Chini Mills Limited ("the Acquirer")

Sd/-
Mr. K.N.Ranasaria
(Authorised Signatory)
Date: November 7, 2006

Enclosed:

a) Form of Acceptance-cum-Acknowledgement
b) Form of Withdrawal
c) Transfer Deed