LETTER OF OFFER

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

This Letter of Offer is sent to you as an equity shareholder ("Shareholder") of GMR Ferro Alloys & 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 / Registrar to the Offer. In case you have recently sold your Shares in the Target Company, please hand over this Letter of Offer and the accompanying Form of Acceptance cum acknowledgement [which includes Form of Withdrawal] and transfer deed to the purchaser of Shares or the member of the stock exchange through whom the said sale was effected.

CASH OFFER

BY

Cronimet Mercon Invest Limited ["Cronimet" / the "Acquirer"]

Regd. Office: LOB 15-514, P O Box: 17870, Jebel Ali Free Zone, Dubai, United Arab Emirates.
Tel: 00 971 4881 4199; Fax: 00 971 4881 6025

to acquire

24,57,059 fully paid up equity shares of the face value of Rs. 10/- (Rupees Ten only) each (**"Share"**), representing 20.00% of the voting paid up equity share capital ("**Voting Capital**"), as at the expiration of 15 days after the closure of the Offer, at a price of Rs. 26.05 (Rupees Twenty Six and Paise Five only) per fully paid up equity share ("Offer Price") payable in cash, of

GMR FERRO ALLOYS & INDUSTRIES LIMITED

["the Company" / "GFIL" / the "Target Company"]

Regd Office: 6-3-866/1/G2, Greenlands Begumpet, Hyderabad 500016, Andhra Pradesh, India
Tel: 00 91 40 2341 0191 – 194; Fax: 00 91 040 2341 0184

Notes:

1. This Offer is being made pursuant to Regulations 10 and 12 of the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 1997 and subsequent amendments thereto [the "**SEBI Takeover Regulations**"] for the purpose of substantial acquisition of Shares and voting rights of the Target Company accompanied with change in control and management of the Target Company consequent to the Acquisition of Sale Shares from the Selling Shareholders who belong to the promoter group of the Target Company.
2. The Offer and the obligation of the Acquirer to acquire Shares tendered in this Offer is subject to the receipt of the approval of the Reserve Bank of India ('**RBI**') in terms of the RBI's Master Circular No. 02/2008-09 dated July 1, 2008 and the RBI, vide their letter dated August 5, 2008 has granted the said approval to the Acquirer to acquire Sale Shares and Shares through open offer from the eligible Shareholders.
3. Pursuant to Press Note no. 4 (2006 Series) dated February 10, 2006 issued by the Department of Industrial Policy and Promotion, Ministry of Commerce and Industry, Government of India, transfer of shares from residents to non-residents in compliance of SEBI Takeover Regulations does not require a specific approval from FIPB, provided that the transfer of shares is within the sectoral FDI limits as specified therein. As per regulation 5(1) of Notification No. FEMA 20 / 2000 – RB dated May 3, 2000 and Master Circular on Foreign Investment in India No. 02/2008-09 dated July 1, 2008 issued by RBI, FDI is permitted up to 100% in the Target Company under the automatic route.
4. Shareholders who have accepted the Offer by tendering the requisite documents in terms of the PA / Letter of Offer can withdraw the same up to three working days prior to the date of the closure of the Offer i.e. up to Wednesday – June 17, 2009.
5. The Acquirer is permitted to revise the Offer Price upwards any time up to seven working days prior to the date of closure of the Offer i.e. up to [Thursday – June 11, 2009]. If there is an upward revision of the Offer Price in terms of Regulation 26 of SEBI Takeover Regulations, the same would be informed by way of a PA in the same newspapers where the original PA has appeared as mentioned in paragraph no. 2.2.14 of this Letter of Offer. Such revised Offer Price would be payable by the Acquirer for all the Shares tendered anytime during the Offer.
6. This Offer is not conditional upon any minimum level of acceptances.
7. There has been no competitive bid.
8. **As the Offer Price cannot be revised during seven working days prior to the closing date of the Offer, it would be in the interest of the Shareholders to wait till the commencement of that period to know the final Offer Price and tender their acceptance accordingly.**
9. The Form of Acceptance cum Acknowledgement together with the Form of Withdrawal is enclosed with this Letter of Offer.
10. A copy of the PA and Letter of Offer (including Form of Acceptance-cum-Acknowledgement which includes Form of Withdrawal) are also available on SEBI's website at www.sebi.gov.in from the date of opening of the Offer i.e., Tuesday– June 2, 2009.

MANAGER TO THE OFFER	REGISTRAR TO THE OFFER
YES BANK EXPERIENCE OUR EXPERTISE **YES BANK Limited** 12th Floor, Discovery of India Building Nehru Centre, Dr. Annie Besant Road, Worli, Mumbai 400018 Tel No: 91 22 6669 9000, Fax No: 91 22 2497 4158 Email ID: merchantbanking@yesbank.in SEBI Reg No: MB / INM 0000 10874 Contact : Dhanraj Uchil / Ajay Shete	MCPE **Mondkar Computers Pvt Limited** 21, Shakil Niwas, Opp: Satya Saibaba Temple Mahakali Caves Road, Andheri East, Mumbai 400093 Tel No: 91 022 2825 7641 / 2836 6620 Fax No: 91 022 2820 7207 Email: info@mondkarcomputers.com SEBI Registration No: INR 000000 114 Contact: Ravi Utekar / Devanand Dalvi

Offer Opens : Tuesday - June 2, 2009	**Offer Closes :** Monday - June 22, 2009

Schedule of the Activities

Activities	Schedule as per PA	Revised Schedule
Public Announcement date	Thursday - May 29, 2008	Thursday - May 29, 2008
Specified Date *	Friday - May 30, 2008	Friday - May 30, 2008
Last date for Competitive Bid	Thursday - June 19, 2008	Thursday - June 19, 2008
Date by which letter of offer will be despatched to the Shareholders	Friday – July 11, 2008	Thursday – May 28, 2009
Offer opening Date	Wednesday – July 23, 2008	Tuesday- June 2, 2009
Last date for revising the Offer Price / number of Shares	Thursday - July 31, 2008	Thursday – June 11, 2009
Last date for withdrawal by shareholders	Wednesday - August 6, 2008	Wednesday – June 17, 2009
Offer closing Date	Monday - August 11, 2008	Monday – June 22, 2009
Date by which the acceptance/rejection would be intimated and the corresponding payment for the acquired shares and/or the share certificate for the rejected shares will be despatched.	Tuesday - August 26, 2008	Tuesday – July 7, 2009

* Specified Date is only for the purpose of determining the names of the Shareholders as on such date to whom the Letter of Offer would be sent. All owners (registered or unregistered) of Shares (except the Acquirer and the Sellers), anytime before the closing of the Offer, are eligible to participate in the Offer.

Risk factors (a) relating to the transaction, (b) relating to the Offer and the probable risks involved in associating with the Acquirer and the likely adverse effect of these risk factors on the Shareholders

1. In the event that either (a) there is any litigation leading to a stay on the Offer or (b) SEBI instructing the Acquirer not to proceed with the Offer, then the Offer process may be delayed beyond the schedule of activities indicated in this LOF. Consequently, the payment of consideration to Shareholders whose Shares are accepted under this Offer as well as the return of Shares not accepted under this Offer by the Acquirer may get delayed. In case of delay due to non-receipt of statutory approval(s), as per Regulation 22(12) of the SEBI Takeover Regulations, SEBI may, if satisfied that non-receipt of approvals was not due to any willful default or negligence on the part of the Acquirer, grant an extension for the purpose of completion of the Offer subject to the Acquirer agreeing to pay interest to the eligible Shareholders.
2. Further, Shareholders should note that after the last date of withdrawal i.e. Wednesday – June 17, 2009, Shareholders who have lodged their acceptances would not be able to withdraw them even if the acceptance of Shares under the Offer and dispatch of consideration gets delayed. The tendered Shares and documents would be held by the Registrar to the Offer, till such time the process of acceptance of tenders, the payment of consideration and other Offer obligations are completed.
3. The Shares tendered in the Offer will be held in trust by the Registrar to the Offer till the completion of the Offer formalities and the Shareholders will not be able to trade in such Shares. During such period there may be fluctuations in the market price of the Shares. The Acquirer makes no assurance with respect to the market price of the Shares that would prevail both during the Offer period and after completion of the Offer and disclaims any responsibility with respect to any decision by the Shareholders on whether or not to participate in the Offer.
4. In the event that Shares tendered in the Offer by the Shareholders are more than Shares to be acquired under the Offer, the acquisition of Shares from each Shareholder will be as per the provisions of Regulation 21(6) of the SEBI Takeover Regulations i.e. on a proportionate basis, to be decided in a fair and equitable manner, in consultation with the Manager to the Offer, irrespective of whether Shares are held in physical or dematerialized form.
5. The Acquirer makes no assurance with respect to the future financial performance of the Target Company.

The indicative risk factors set forth above are in relation to the Offer and not in relation to the present or future business or operations of the Target Company or any other related matters and are neither exhaustive nor intended to constitute a complete analysis of the risks involved in participation or otherwise by a Shareholder in the Offer or in associating with the Acquirer. The Shareholders are advised to consult their stock broker or investment consultant or tax advisor, if any, for further risks with respect to their participation in the Offer.

DEFINITIONS

The Acquirer / Cronimet/ CMIL	Cronimet Mercon Invest Limited
Acquisition	SPA entered into by the Acquirer with GMR Holdings Private Limited and GVL Investments Private Limited, present promoters of the Target Company, to acquire 86,57,855 Sale Shares representing 70.47% of the current issued, subscribed and paid-up equity share capital of the Target Company at a price of Rs. 26.047 per Share
Board / Board of Directors / Directors	Board of Directors of the Target Company
BSE	The Bombay Stock Exchange Ltd
CDSL	Central Depository Services India Limited
DP	Depository Participant
Depositories	NSDL and CDSL
ECS	Electronic Clearing Service
EPS	Earnings Per Share
FDI	Foreign Direct Investment
FIPB	Foreign Investment Promotion Board
GMR Holdings	GMR Holdings Private Limited, a company registered under the provisions of the Companies Act, 1956 and having its registered office at #25/1, SKIP House, Museum Road, Bangalore, 560 025
GVL Investments	GVL Investments Private Limited, a company registered under the provisions of the Companies Act, 1956 and having its registered office at #25/1, SKIP House, Museum Road, Bangalore, 560 025
GOI	Government of India
HSE	The Hyderabad Stock Exchange Limited
LOF / Letter of Offer	This Letter of Offer dated May 27, 2009
Manager to the Offer/ YES Bank	YES Bank Limited
NEFT	National Electronic Fund Transfer
NSDL	National Securities Depository Limited
NSE	The National Stock Exchange of India Ltd
Offer	Offer to acquire 24,57,059 Shares representing 20.00% of the Voting Capital of the Target Company
Offer Price	Rs. 26.05 (Rupees Twenty Six and Paise Five only) per fully paid Share
PAT	Profit After Tax
Persons eligible to participate in the Offer	All owners (registered and unregistered) of Shares except the parties to SPA viz (i) the Acquirer and (ii) the Selling Shareholders
Promoters	Promoters of the Target Company
Public Announcement/ PA	PA for the Offer released on behalf of the Acquirer on May 29, 2008
RBI	Reserve Bank of India
Registrar / Registrar to the Offer	Mondkar Computers Private Limited
Regulations/ Takeover Regulations/ SEBI Takeover Regulations	Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 1997 and subsequent amendments thereto
RTGS	Real Time Gross Settlement
RONW	Return on Net Worth
SEBI	Securities and Exchange Board of India
SEBI Act	Securities and Exchange Board of India Act, 1992
Sale shares	86,57,855 shares representing 70.47% of the current, issued, subscribed and paid-up equity share capital of the Target Company
Sellers/ Selling Shareholders	GMR Holdings Private Limited and GVL Investments Private Limited
Shares	Fully paid up equity shares of Rs. 10/- (Rupees Ten only) each of the Target Company
Share Capital	The issued, subscribed and paid-up equity share capital of the Target Company

Shareholders / Equity Shareholders	All owners (registered or un registered) of Shares
Stock Exchanges	BSE and NSE where the Shares of the target company are listed
SPA	Share Purchase Agreement dated May 26, 2008 entered into by the Acquirer with the Sellers and any subsequent amendments thereto
SPA Amendment Agreement	The amendment to the SPA dated April 20,2009 entered into between the Acquirer and the Sellers
Target Company/ The Company/ GFIL	GMR Ferro Alloys & Industries Limited
United States Dollars	Official currency of the United States of America

1. DISCLAIMER CLAUSE

"IT IS TO BE DISTINCTLY UNDERSTOOD THAT THE FILING OF THE DRAFT LETTER OF OFFER WITH SEBI SHOULD NOT IN ANY WAY BE DEEMED OR CONSTRUED THAT THE SAME HAS BEEN CLEARED, VETTED OR APPROVED BY SEBI.

THE DRAFT LETTER OF OFFER HAS BEEN SUBMITTED TO SEBI FOR A LIMITED PURPOSE OF OVERSEEING WHETHER THE DISCLOSURES CONTAINED THEREIN ARE GENERALLY ADEQUATE AND ARE IN CONFORMITY WITH THE REGULATIONS.

THIS REQUIREMENT IS TO FACILITATE THE SHAREHOLDERS OF THE TARGET COMPANY TO TAKE AN INFORMED DECISION WITH REGARD TO THE OFFER.

SEBI DOES NOT TAKE ANY RESPONSIBILITY EITHER FOR FINANCIAL SOUNDNESS OF THE ACQUIRER OR THE COMPANY WHOSE SHARES ARE PROPOSED TO BE ACQUIRED OR FOR THE CORRECTNESS OF THE STATEMENTS MADE OR OPINIONS EXPRESSED IN THE LETTER OF OFFER.

IT SHOULD ALSO BE CLEARLY UNDERSTOOD THAT WHILE THE ACQUIRER IS PRIMARILY RESPONSIBLE FOR THE CORRECTNESS, ADEQUACY AND DISCLOSURE OF ALL RELEVANT INFORMATION IN THIS LETTER OF OFFER, THE MANAGER TO THE OFFER IS EXPECTED TO EXERCISE DUE DILIGENCE TO ENSURE THAT THE ACQUIRER DULY DISCHARGES ITS RESPONSIBILITY ADEQUATELY.

IN THIS BEHALF AND TOWARDS THIS PURPOSE, THE MANAGER TO THE OFFER, YES BANK LIMITED HAS SUBMITTED A DUE DILIGENCE CERTIFICATE DATED JUNE 12, 2008 TO SEBI IN ACCORDANCE WITH THE SEBI TAKEOVER REGULATIONS.

THE FILING OF THE LETTER OF OFFER DOES NOT, HOWEVER, ABSOLVE THE ACQUIRER FROM THE REQUIREMENT OF OBTAINING SUCH STATUTORY CLEARANCES AS MAY BE REQUIRED FOR THE PURPOSE OF THE OFFER."

2 DETAILS OF THE OFFER

2.1 Background of the Offer

2.1.1 This Offer is being made pursuant to Regulations 10 and 12 of the SEBI Takeover Regulations for the purpose of substantial acquisition of Shares and voting rights of the Company accompanied with the change in control as the aggregate equity stake of the Acquirer in the Voting Capital of the Target Company will be more than the stipulated threshold of 15% consequent to the Acquisition.

2.1.2 The Acquirer has entered into a SPA with (i) GMR Holdings and (ii) GVL Investments on May 26, 2008 to acquire 86,57,855 shares representing 70.47% of the Share Capital of the Target Company. GMR Holdings and GVL Investments are the promoters of the Target Company. The Acquirer has also entered into the SPA Amendment Agreement with the Sellers.

2.1.3 As on the date of this Letter of Offer, the promoter group of the Target Company, including the Sellers, hold 87,08,463 Shares representing 70.89% of the Share Capital of the Target Company.

The residual shareholding of the current promoter group i.e. 0.41% in the Share Capital of the Target Company will be classified as public shareholding, on consummation of the SPA and upon completion of the Offer.

2.1.4 Pursuant to the terms of the SPA, the Acquirer has agreed to acquire the Sale Shares from the Sellers for a total purchase consideration of Rs. 22,55,11,149/- (the **"Purchase Consideration"**) i.e. at a price of Rs. 26.047 per Share (the **"Negotiated Price"**). The Negotiated Price per Sale Share shall be paid in the form of cash.

2.1.5 The Acquirer has not paid any monetary or non monetary consideration, by way of non compete fee, in relation to acquisition of the Sale Shares of the Target Company from the Sellers.

2.1.6 Of the total number of Sale Shares, 24,57,059 Shares of the Target Company are locked in upto June 30, 2011. Such locked-in Shares shall be transferred to the Acquirer who is the incoming promoter of the Target Company subject to continuation of lock-in at the hands of the Acquirer.

2.1.7 Details of the Sellers, who belong to the promoter group of the Target Company, are as follows:

Name: GMR Holdings Private Limited
Registered Address: #25/1, SKIP House, Museum Road, Bangalore, 560 025, Karnataka
Tel: 00 91 80 22990466-68 Fax: 00 91 80 22279353

Name: GVL Investments Private Limited
Registered Address: #25/1, SKIP House, Museum Road, Bangalore, 560 025, Karnataka
Tel: 00 91 80 22990466 – 68 Fax: 00 91 80 22279353

2.1.8 The SPA governs the inter se rights and obligations of the Acquirer and the Sellers in connection with the acquisition of the Sale Shares by the Acquirer from the Sellers. In terms of the SPA, the sale and purchase of Sale Shares is subject to the fulfillment of certain conditions specified in the SPA, which include receipt of requisite regulatory approvals and receipt of a certification from the Manager to the Offer in terms of Regulation 23(6) of the SEBI Takeover Regulations that the Acquirer has fulfilled its obligations under the SEBI Takeover Regulations.

2.1.9 Pending completion of the Offer, the Acquirer and the Sellers have entered into a SPA Amendment Agreement on April 20, 2009 in relation to the mechanism for completing the transfer of Sale Shares and the payment of the Negotiated Price wherein the Purchase Consideration shall be paid to the Sellers by the Acquirer within 60 days of the date of the Escrow Agreement as detailed in 2.1.10 and upon receipt of the full Negotiation Price, the Sellers shall deposit the Sale Shares in an escrow account (**"Escrow Account"**) as detailed in 2.1.10.

2.1.10 The Sellers and the Acquirer have entered into an escrow agreement (**"Escrow Agreement"**) with YES Bank Limited, 9th Floor, Discovery of India Building, Nehru Centre, Dr. Annie Besant Road, Worli, Mumbai 400 018 (the **"Escrow Agent"**) for the purpose of securing the due performance by them, of their obligations under the SPA Amendment Agreement. Pursuant to this, the Sellers, the Acquirer and the Escrow Agent have entered into an Escrow Agreement which set out the mechanism in relation to the Escrow Account.

2.1.11 Some of the salient features of the SPA and the SPA Amendment Agreement are as follows:

(i) simultaneously with the completion of the purchase and sale of the Sale Shares, which completion shall take place only upon fulfillment of the Acquirer's obligations under the SEBI Takeover Regulations, the Sellers shall cause the Target Company to convene a meeting of the Board of Directors of the Target Company at which meeting (a) the transfer of the Sale Shares from the Sellers to the Acquirer shall be noted, (b) the nominees of the Acquirer shall be appointed as directors on the Board and (c) the directors nominated by the Sellers on the Board shall resign;

(ii) the Acquirer shall have the option of appointing a majority of directors on the Board at any time after the lapse of 21 days from the date of the PA subject to the Acquirer having deposited in escrow account 100% (One Hundred Percent) of the consideration payable to the Shareholders in this Offer (assuming full acceptances) in terms of the second proviso to Regulation 22(7) of the SEBI Takeover Regulations. As on the date of the PA and as better detailed in paragraph [6.2 (iv)] herein, the Acquirer has deposited in escrow, 25% (Twenty Five Percent) of the consideration payable to the Shareholders in this Offer (assuming full acceptances) which is the minimum amount required to be deposited in escrow by the Acquirer in terms of Regulation 28 of the SEBI Takeover Regulations;

(iii) Upon execution of the Escrow Agreement and no later than sixty (60) days from the date of execution of the Escrow Agreement, the Acquirer shall pay the Purchase Consideration and simultaneously with the receipt of the final tranche of the Purchase Consideration from the Acquirer, each of the Sellers shall transfer their respective Sale Shares to the credit of the Escrow Account in accordance with the provisions of the Escrow Agreement.

(iv) the Sellers will not, for a period of three (3) years from the date of transfer of the Sale Shares to the Acquirer (**"Closing Date"**), engage in a line of business similar to that of the Target Company anywhere in the world. The Acquirer has not paid any monetary or non monetary consideration, by way of non compete fee, in relation to acquisition of the Sale Shares of the Target Company from the Sellers; and

(v) the Acquirer shall adhere to the SEBI Takeover Regulations and complete the Open Offer in accordance with the terms thereof and in the event that the Open Offer is not completed or the provisions of the SEBI Takeover Regulations are not complied with, the transactions contemplated in the SPA shall not be consummated and the SPA shall terminate.

2.1.12 The Acquirer shall acquire the title and interest of the Sellers in and unto the Sale Shares together with all benefits and rights and obligations thereto only upon the completion of the Offer formalities.

2.1.13 The Acquirer has not acquired directly or through any person, any Shares in the Target Company during the twelve months preceding the date of the PA except as per the details given above.

2.1.14 The Acquirer has not acquired any Shares during the last 26 weeks period prior to the date of the PA by way of (a) allotment in public issue or (b) allotment in rights issue or (c) preferential allotment except as per the details given above.

2.1.15 The Acquirer does not hold any Shares carrying voting rights in the Target Company as on the date of the PA. No Shares have been acquired by the Acquirer between the date of the Public Announcement and the date of this Letter of Offer.

2.1.16 The Acquirer does not have any representatives on the Board of the Target Company as on the date of the PA. However, the Acquirer may reconstitute the board in terms of the SPA as better detailed in paragraph 2.1.11 herein. As on the date of this Letter of Offer, the Acquirer has not appointed any director on the board of directors of the Target Company.

2.1.17 The Acquirer, the Sellers and the Target Company have not been prohibited by SEBI from dealing in securities in terms of directions issued under section 11B of SEBI Act or under any of the Regulations made under the SEBI Act.

2.2 Details of the proposed Offer

2.2.1 As the aggregate equity stake of the Acquirer in the Share Capital of the Target Company, pursuant to the Acquisition, will be more than the stipulated threshold of 15%, and upon acquisition of the Sale Shares, the Acquirer will be in control of the Target Company, the Acquirer made a public announcement of the Offer, in compliance with Regulations 10 and 12 of the SEBI Takeover Regulations, to acquire upto 24,57,059 equity shares of Rs. 10/- each, representing 20.00% of the Voting Capital from the Shareholders of the Target Company, at a price of Rs. 26.05 per share (**"Offer Price"**) payable in cash subject to the terms and conditions mentioned hereinafter.

2.2.2 Shares tendered in valid form in terms of this Offer will be transferred in favour of the Acquirer. There are no persons acting in concert with the Acquirer for the purpose of this Offer.

2.2.3 There has been no competitive bid.

2.2.4 This Offer is not pursuant to any global acquisition resulting in an indirect acquisition of Shares.

2.2.5 The Target Company was incorporated on March 23, 2006 with a share capital of Rs. 5,07,000/- divided into 50,700 Shares. By virtue of a Scheme of Arrangement under the provisions of Section 391 to 394 of the Companies Act, 1956, (**"Scheme"**) inter-alia between the Shareholders of the Target Company and the shareholders of GMR Industries Limited (**"GMRIL"**), a company incorporated under the Companies Act, 1956 and having its registered office at SKIP House, 25/1, Museum Road, Bangalore – 560 025, the metallurgical division of GMRIL comprising the business of manufacture and sale of ferro alloys stood vested as a going concern in the Target Company with effect from April 1, 2006. GMRIL is a listed company whose shares are listed on the stock exchanges in India, as better described below. The Scheme was approved by the Andhra Pradesh High Court on April 19, 2007. Pursuant to the said Scheme, every equity shareholder holding 100 equity shares of Rs 10/- each in GMRIL as on the record date i.e. July 20, 2007 was issued 38 Shares and every preference shareholder holding 100 fully paid (8%) preference shares of Rs 11/- each in GMRIL was allotted 38 fully paid (8%) preference shares of Rs. 11/- each of the Target Company. As a result, the shareholding pattern of the Target Company is identical to that of GMRIL since pursuant to the Scheme all the shareholders of GMRIL have also become Shareholders.

2.2.6 The Shares are listed on the same Stock Exchanges in India on which the shares of GMRIL are listed. The equity shares of GMRIL were also listed on the HSE but SEBI had withdrawn the recognition of HSE with effect from August 29, 2007. Clause 8.3.5.3 of the SEBI (Disclosure and Investor Protection) Guidelines 2000 as amended ("SEBI DIP Guidelines") read with Clause 8.3.5.1 thereof provides that every unlisted company which has allotted shares to the holders of securities of a listed company pursuant to a scheme of reconstruction or amalgamation under the provisions of the Companies Act, 1956 shall take steps for listing its securities simultaneously on all stock exchanges where the shares of the listed company are listed, within 30 days from the date of the final order of the High Court approving the scheme. Accordingly, in terms of the said provisions of the SEBI DIP Guidelines, the Target Company filed an application on November 1, 2007 for listing of its Shares on the BSE and the NSE (collectively the **"Listing Applications"**), being the stock exchanges on which the shares of GMRIL are listed. SEBI, vide letter dated May 15, 2008 relaxed the applicability of Rule 19(2)(b) of the Securities Contract Regulations (Rules) 1957 (SCRR) subject to the Target Company complying with the provisions of Clause 8.3.5 of the SEBI DIP Guidelines. The Target Company complied with the provisions of Clause 8.3.5 of the SEBI DIP Guidelines and the Shares were accordingly listed on the Stock Exchanges on June 30, 2008.

2.2.7 Although as on date of the PA, the Shares were in the process of being listed, the Acquirer made the Offer to the Shareholders in compliance with the provisions of the SEBI Takeover Regulations which apply to substantial acquisition of shares of any listed company. Since the eventual listing of the Shares was a mere technical formality, although the SEBI Takeover Regulations arguably need not have applied to the acquisition of the Sale Shares by the Acquirer whilst the Listing Applications were being processed, the Acquirer decided to make the Offer to comply with the SEBI Takeover Regulations in letter and in spirit.

2.2.8 As on the date of this Letter of Offer, the Share Capital of the Target Company is Rs. 12,28,52,950/- represented by 1,22,85,295 Shares.

2.2.9 The Offer size represents 20% of the Voting Capital in terms of Regulation 21(5) of SEBI Takeover Regulations which provides that for the purpose of determining the minimum offer size for an open offer, 20% of the voting capital of the listed company as at the expiration of 15 days from the date of closure of the proposed open offer ought to be reckoned.

2.2.10 This Offer is not conditional on any minimum level of acceptance. The Acquirer will be obliged to acquire all Shares validly tendered in response to the Offer, subject to a maximum of 24,57,059 Shares and subject to the terms and conditions mentioned in the PA and this LOF.

2.2.11 There are no outstanding partly paid up Shares or any other instruments convertible into Shares at a future date, in the books of the Target Company.

2.2.12 The Acquirer may purchase additional Shares of the Target Company from the open market or through negotiation or otherwise, after the date of the PA in accordance with Regulation 20(7) of the SEBI Takeover Regulations and the details of such acquisition, if any, will be disclosed by the Acquirer within 24 hours of such acquisition to the Stock Exchanges where the Shares are listed and to the Manager to the Offer in terms of Regulation 22(17) of the SEBI Takeover Regulations. As on the date of this LOF, no such additional Shares have been purchased by the Acquirer.

2.2.13 As on the date of the PA and this LOF, Yes Bank Limited, the Manager to the Offer, does not hold any Shares.

2.2.14 The PA was published in the newspapers in terms of Regulation 15(1) of the SEBI Takeover Regulations on May 29, 2008 and the details of the same are as follows:

Language	Name of Newspaper	Editions
English	Financial Express	All editions
Hindi	Jansatta	All editions
Marathi	Navshakti*	Mumbai**
Telugu	Andhraprabha	Hyderabad***

* Navshakthi has only one edition
** Shares are listed on the BSE and the NSE
*** Registered office of the Target Company is situated in Hyderabad

A copy of the PA is also available on SEBI web site at www.sebi.gov.in

2.2.15 In case of any upward revision in the Offer Price by the Acquirer at any time up to seven working days prior to the date of closure of the Offer i.e. Thursday – June 11, 2009, the same would be announced in the above mentioned newspapers and the revised Offer Price would be payable by the Acquirer for all Shares tendered at anytime during the Offer and accepted under the Offer.

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

2.2.17 There has been no competitive bid.

2.2.18 As the Offer Price can not be revised during seven working days prior to the date of closure of this Offer, it would, therefore, be in the interest of Shareholders to wait till the commencement of that period to know the final Offer Price and tender their acceptance accordingly.

2.2.19 This Offer is being made to all Shareholders except the parties to SPA viz (i) the Acquirer and (ii) the Sellers.

2.3 Reasons for the acquisition, rationale/ object of the Offer and future plans

2.3.1 This Offer is being made in compliance of and in accordance with Regulations 10 and 12 of the SEBI Takeover Regulations for the purpose of substantial acquisition of shares and voting rights in the Target Company accompanied with change in control and management. The acquisition of the Sale Shares by the Acquirer is a strategic investment. The Acquirer and the Target Company are not in similar line of business / operations.

2.3.2 Since the Sale Shares constitute 70.47% of the Share Capital which is more than the threshold of 15% stipulated in Regulation 10 of the SEBI Takeover Regulations, this Offer is being made in compliance with Regulation 10 of the SEBI Takeover Regulations. Further since the Acquirer is the incoming promoter of the Target Company and will be in control of the Target Company, the Acquirer is also making this Offer in compliance with Regulation 12 of the SEBI Takeover Regulations.

2.3.3 Pursuant to the acquisition of the Sale Shares and the Shares under this Offer, the Acquirer will be in control of the Target Company. The Acquirer does not have any plans to dispose of or otherwise encumber any assets of the Target Company in the two years from the date of the closure of this Offer except in the ordinary course of business of the Target Company. The Acquirer hereby undertakes not to sell, dispose of or otherwise encumber any substantial asset of the Target Company except with the prior approval of the Shareholders.

2.3.4 The Acquirer proposes to reconstitute the Board of the Target Company in terms of the SPA as better detailed in paragraph 2.1.11 herein.

3. BACKGROUND OF THE ACQUIRER – CRONIMET MERCON INVEST LIMITED

Cronimet Mercon Invest Limited is the Acquirer. No other person / individual / entity is acting in concert with the Acquirer for the purposes of this Offer.

3.1 Cronimet Mercon Invest Limited was incorporated on December 25, 2007 under the laws of Jebel Ali Freezone Offshore Companies Regulations 2003. It's registered office and corporate office is situated at LOB 15 - 514, P O Box: 17870, Jebel Ali Free Zone, Dubai, United Arab Emirates. Tel: 00 971 4881 4199; Fax: 00 971 4881 6025. The Acquirer is registered as an Offshore company with the Jebel Ali Free Zone Authority (Address: PO Box 17000, Dubai, UAE website - www.jafza.ae).

3.2 The Acquirer is promoted by (i) Mercon Holdings Limited, (ii) Matrix Holdings Limited, (iii) Matrix Industries Limited and (iv) Cronimet Mining GmbH.

(a) Mercon Holdings Limited:

(i) Mercon Holdings Limited, incorporated on November 19, 2003, is a company formed pursuant to the Jebel Ali Free Zone Offshore Companies Regulations 2003. Its registered office is situated at LOB 15 – 514 P.O Box: 17870, Jebel Ali Free Zone, Dubai, United Arab Emirates.

(ii) As on the date of the PA the paid up capital of Mercon Holdings Limited is USD 10000 equivalent to Rs. 4.27 lakhs (Conversion Rate: 1USD = Rs. 42.77 on May 29, 2008. Source: www.oanda.com)

(iii) It is engaged in the business of investment in limited liability companies, partnerships, joint ventures and any other company, general trading and investment in properties.

(iv) Metalton Resources Limited, Worldwide Metals Limited and Matrix Holdings Limited hold 40%, 40% and 20% respectively in the share capital of Mercon Holdings Limited.

(v) Ms. Shivani Saxena, Mr. Ajit Singh Bubber and Mr. Pierrot Valentin Theis are the Directors on the Board of Mercon Holdings Limited.

(b) Matrix Holdings Limited:

(i) Matrix Holdings Limited, incorporated on July 17, 2004, is a company formed pursuant to the Jebel Ali Free Zone Offshore Companies Regulations 2003. Its registered office is situated at LOB 15 – 514 P.O Box: 17870, Jebel Ali Free Zone, Dubai, United Arab Emirates.

(ii) As on the date of the PA the paid up capital of Matrix Holdings Limited is AED 1.00 million equivalent to Rs. 116.5 lakhs (Conversion Rate: 1AED = Rs. 11.65 on May 29, 2008. Source: www.oanda.com).

(iii) It is engaged in the business of investment in limited liability companies, partnerships, joint ventures, any other company, general trading and investment in properties.

(iv) Mr. Rajiv Saxena and Ms. Shivani Saxena hold 50% each in the share capital of Matrix Holdings Limited.

(v) Ms. Shivani Saxena and Mr. Rajiv Saxena are the Directors on the Board of Matrix Holdings Limited.

(c) Matrix Industries Limited:

(i) Matrix Industries Limited, incorporated on July 17, 2007, is a company formed pursuant to the Jebel Ali Free Zone Offshore Companies Regulations 2003. Its registered office is situated at LOB 15 – 514 P.O Box: 17870, Jebel Ali Free Zone, Dubai, United Arab Emirates.

(ii) As on the date of the PA, the paid up capital of Matrix Industries Limited is AED 1.00 million equivalent to Rs. 116.5 lakhs (Conversion Rate: 1AED = Rs. 11.65 on May 29, 2008. Source: www.oanda.com)

(iii) It is engaged in the business of investment in limited liability companies, partnerships, joint ventures, any other company, general trading and investment in properties.

(iv) Matrix Worldwide Limited holds 100% of the share capital of Matrix Industries Limited.

(v) Ms. Shivani Saxena and Mr. Rajiv Saxena are the Directors on the Board of Matrix Industries LImited.

(d) Cronimet Mining GmbH:

(i) Cronimet GmbH, incorporated on December 6, 2004, is a company duly formed pursuant to the laws of Germany and it has its registered office at Suedbeckenstr, 22, 76189 Karlsruhe, Germany.

(ii) As on the date of the PA, the paid up capital of Cronimet GmbH is Euro 50000 equivalent to Rs. 33.53 lakhs (Conversion Rate: 1Euro = Rs. 67.06 on May 29, 2008. Source: www.oanda.com)

(iii) It is engaged in the management of participations in mining companies, the trading with recyclable alloy materials and the trading with ferroalloys, metals, molybdenum and stainless steel.

(iv) Cronimet Mining GmbH is 100% owned by Cronimet Verwaltungs GmbH, a company registered under No. HRB 109611 at the local court of Mannheim with its registered office at Suedbeckenstr, 22, 76189 Karlsruhe, Germany. Mr. Jürgen Pilarsky, Mr. Elke Pilarsky and Mr. Joachim Pilarsky hold 33.33% each in the share capital of Cronimet Verwaltungs GmbH.

(v) Mr. Heil, Thomas, Mr. Pilarsky Günter Karlsruhe, Mr. Pilarsky Joachim Karlsruhe and Mr. Pilarsky Jürgen Karlsruhe are the Directors on the Board of Cronimet Mining GmbH.

3.3 The Acquirer was incorporated inter-alia to carry on the business of (i) Investment in limited liability companies, partnerships, joint ventures and any other company including acquisition of major shares, voting rights and control over companies (ii) general trading. Presently, the Acquirer is engaged inter alia in investment activities and is into the business of investment in companies in the metal industry including ferro alloys.

3.4 Currently Mr. Rajiv Saxena and Mr. Pierrot Valentin are the persons in control of the Acquirer. The Acquirer does not belong to any group.

3.5 The paid up equity share capital of the Acquirer as on the date of this Letter of Offer consists of 1,20,000 equity shares of USD 100 each aggregating to USD 1,20,00,000 equivalent to Rs. 6114 lakhs (Conversion Rate: 1USD = Rs. 50.95 on March 31, 2009. Source: www.rbi.org.in). As on the date of this LOF, Mercon Holdings Limited, Matrix Holdings Limited, Matrix Industries Limited and Cronimet Mining GmbH hold 20.83%, 4.17%, 50.00% and 25.00% respectively in the paid up equity share capital of the Acquirer.

3.6 The shareholding pattern of the Acquirer as on the date of this Letter of Offer is as follows:

Sl. no	Category	No. of shares held	Percentage of shares held
1.	Promoters (Mercon Holdings Limited, Matrix Holdings Limited, Matrix Industries Limited and Cronimet Mining GmbH)	1,20,000	100%
2.	FII/ Mutual Funds/ FIs/Banks	-	-
3.	Public	-	-
	Total Paid Up Capital	1,20,000	100%

3.7 Details of the board of directors of Cronimet as on the date of this Letter of Offer are as follows:

Name	Designation	Qualification	Residential Address	Experience (No. of Years)	Date of Appointment	Age	PAN No.
Mr. Rajiv Saxena	Director	Chartered Accountant	Villa 90 Umm Sequim 2, Dubai UAE	Given below	December 25, 2007	50	BBHPS4880H
Mr. Pierrot Valentin Theis	Director	Diploma	1, Rue Henri VII / L-1725 Luxembourg	Given below	December 25, 2007	55	N.A.
Mr. Juergen Pilarsky	Director	Master of Business Administration	Eily-Heuss Weg 13, 76227 Karlsruhe, Germany	Given below	December 25, 2007	48	N.A.
Mr. Thomas Heil	Director	Master of Business Administration	Arzetweg 3, 76646 Bruchsal , Germany	Given below	December 25, 2007	48	N.A.

Experience details of Directors of Cronimet are as follows:

1. Mr. Rajiv Saxena: He has 26 years of experience which includes 26 years as a practising chartered accountant and partner in a professional practice. He has worked in various industries like metals & ferrous alloys ,entertainment, hospitality and construction and financial services.

2. Mr Pierrot Valentin Theis: From 1974 to 1984, he was into steel business with ARBED s.a (now Arcelor Mittal), Luxembourg in Luxembourg and Alexandria, Egypt. Since 1984 he has been in the ferro-alloy and ores business with S.A. des Minerais, Luxembourg. Since 2001 he has been the Director of Mercon Trading LLC.

3. Mr. Juergen Pilarsky: He has 20 years of experience as Managing Director of Cronimet GmbH.

4. Mr. Thomas Heil : Mr Heil has 20 years of experience as chief financial officer and Director of Cronimet Ferrolegierungen Handelsgesellschaft mbH. He is also a Director of Cronimet Mining GmbH.

As on the date of the PA and as on the date of this Letter of Offer, none of the above directors is on the board of the Target Company. The Acquirer proposes to reconstitute the Board in terms of the SPA as better detailed in paragraph 2.1.11 herein.

3.8 The financial year of the Acquirer under the laws of United Arab Emirates is January to December. Brief audited financial details for the period ended December 31, 2007 and December 31, 2008 are as follows.

(Rs in lakhs)

Profit & Loss Statement	Period ended December 31, 2007	Period ended December 31, 2008
Income from operations	-	-
Other Income	-	-
Total Income	-	-
Total Expenditure.	-	-
Profit Before Depreciation Interest and Tax	-	-
Depreciation	-	-
Interest	-	-
Profit Before Tax	-	-
Provision for Tax	-	-
Profit After Tax	-	-

Balance Sheet Statement	As on December 31, 2007	As on December 31, 2008
Sources of funds		
Paid up share capital	4729.20	5814.00
Reserves and Surplus (excluding revaluation reserves)	-	
Networth	4729.20	5814.00
Secured loans	-	-
Unsecured loans	-	-
Total	4729.20	5814.00
Uses of funds		
Net fixed assets		
Advances	4686.72	5537.52
Investments		
Net current assets	42.48	276.48
Total miscellaneous expenditure not written off	-	
Total	4729.20	5814.00

Other Financial Data	2007	2008
Dividend (%)	-	-
Earning Per Share	-	-
Return on Networth	-	-
Book Value Per Share	3941.00	4845.00

Book value per share (Rs.) = Net worth excluding revaluation reserve and preference capital/ No of equity shares

Notes:

Conversion Rates applied: 1US$=Rs.39.41 [December 31, 2007]; 1US$=Rs.48.45 [December 31, 2008] Source: www.rbi.org.in

3.9 The Acquirer has confirmed that the requirement with respect to adjustments to financial statements, required as per Clause 11 (a) to (e) of Standard Letter of Offer format of SEBI with respect to Open Offer as per the SEBI Takeover Regulations are not applicable and therefore are not relevant.

3.10 Reasons for rise in total income and PAT: Not relevant as the net profit of the company is NIL.

3.11 Significant Accounting Policies:

(1) Basis of Preparation of Financial Statements

The financial statements have been prepared in accordance with International Financial Reporting Standards issued by the International Accounting Standards Board (“IASB”), interpretations issued by the International Financial Reporting Interpretations Committee (“IFRIC”) of the IASB and applicable requirements of UAE laws. Significant accounting policies, adopted and applied consistently in dealing with items that are considered material in relation to these financial statements, are set below.

(2) Accounting Convention

The financial statements have been prepared under the historical cost convention basis.

(3) Going Concern Assumption

The Company is viewed as continuing its business for the foreseeable future under the going concern assumption. The financial statements are prepared on a going concern basis, as the Management has no intention to liquidate the company or cease its operations. The assets and liabilities are recorded on the basis that the entity will be able to realise its assets and discharge its liabilities in the normal course of business.

(4) Impairment of Assets

The carrying amounts of the Company's assets are reviewed annually at each balance sheet date to determine whether the assets have been impaired during the year. When an asset has been impaired, the recoverable amount of the asset is determined. Where the carrying amount exceeds the recoverable amount, the asset is written down to its recoverable amount. The resultant impairment loss is recognised as an expense in the statement of income.

(5) Financial Instruments

Financial assets and liabilities are recognised when the Company becomes a party to the contractual provision of the financial instrument. Financial assets and liabilities are derecognised when the contractual rights to receive the cash flows expire or substantially all the risks and rewards of ownership have been transferred. These are stated at cost less impairment losses. These are included in current assets and liabilities, except for maturities greater than 12 months after the balance sheet date which are classified as non-current assets or non-current liabilities.

(6) Foreign Currencies

Foreign currency transactions are recorded in United States Dollars at the approximate rate of exchange prevailing at the time of transaction. Foreign currency balances of monetary assets and liabilities are translated to United States Dollars at the rate of exchange prevailing at the date of balance sheet. Profit or loss on exchange is included in the profit and loss account.

(7) Cash and Cash Equivalents

Cash and cash equivalents comprise of cash on hand, banks current accounts, demand deposits and short term highly liquid deposits with a maturity date of three months or less that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

3.12 As on the date of this Letter of offer there are no major contingent liabilities in the books of Cronimet.

3.13 The equity shares of the Acquirer are not listed on any Stock Exchange.

3.14 All Shares validly tendered in terms of this Offer will be transferred in favour of the Acquirer.

3.15 Other than the Sale Shares to be acquired by the Acquirer pursuant to the SPA, the Acquirer did not hold any Shares in the Target Company as on the date of the Public Announcement and has not acquired any Shares between the date of the Public Announcement and the date of this Letter of Offer. Accordingly the reporting requirements under Chapter II of the SEBI Takeover Regulations do not apply.

3.16 The Acquirer did not hold any Shares in the past and therefore, the relevant provisions of Chapter II of the SEBI Takeover Regulations were not applicable.

3.17 The Acquirer has not promoted any company.

<u>Disclosure in terms of Regulation 16(ix) of the SEBI Takeover Regulations and future plans/strategies of the Acquirer with regard to the Target Company</u>

1. Substantial acquisition of shares and voting rights accompanied with change in control and management is the reason and rationale for the acquisition of the above mentioned equity stake in the paid up equity share capital of the Target Company by the Acquirer as strategic investment is the object and purpose of this acquisition.

2. Pursuant to substantial acquisition, the Acquirer will be in control of the management of the Target Company. The Acquirer does not have any plans to dispose of or otherwise encumber any assets of the Target Company in the two years from the date of the closure of this Offer except in the ordinary course of business. Acquirer hereby undertakes not to sell, dispose of or otherwise encumber any substantial asset of the Target Company except with the prior approval of the shareholders of the Target Company.

3. The Acquirer, does not have any specific future plans for the Target Company. The Acquirer or their authorized representatives, who will be in control of the management of the Target Company, will take decisions regarding the future course of the Target Company.

4. **OPTION IN TERMS OF REGULATION 21(2)**

The minimum public shareholding required for continuous listing of the Shares is 25% (twenty five) of the total share capital.

Acquirer does not intend to delist the Target Company in the next three (3) years as a result of the Offer.

The Acquirer entered into a SPA with the Sellers, who are part of the promoter group of the Target Company to acquire 70.47% of the share capital and making this offer to acquire upto 20% of the paid up equity share capital. The Acquirer will hold 90.47% in the Share Capital of the Target Company upon the acquisition and completion of the Offer assuming full acceptance to the Offer.

Post Offer, if the public shareholding falls to a level below the minimum public holding required for continuous listing, the Acquirer has undertaken to take necessary steps to facilitate compliance of the Target Company with the relevant provisions thereof in terms of the provisions of Regulation 21(2) of the SEBI Takeover Regulations i.e. to enable the Target Company to raise the level of public shareholding, to the levels specified for continuous listing as specified in the listing agreement with the BSE and the NSE, within the prescribed period.

Therefore, pursuant to this Offer, there will be no violation of Clause 40A of the listing agreement of the Target Company with the BSE and the NSE where its Shares are listed and the Shares of the Target Company will continue to be listed.

5. **BACKGROUND OF THE TARGET COMPANY – GMR FERRO ALLOYS & INDUSTRIES LIMITED**

5.1 The Target Company was incorporated on March 23, 2006 under the Companies Act, 1956 under the name of GMR Ferro Alloys & Industries Limited and it has not changed its name since the date of incorporation. The registered office of the Target Company is situated at 6-3-866/1/G2, Greenlands Begumpet, Hyderabad 500016, Tel: 91 40 2341 0191 – 194; Fax: 91 040 2341 0184. The manufacturing plant is located at Ravivalasa Village, Tekkali Mandal – 532 212, Srikakulam District in Andhra Pradesh.

5.2 The main objects of the Target Company are: (a) To carry on the business of manufactures and /or sellers/exporters of any or all types of Ferrous and Non- Ferrous metals, Alloy steels, Ferro Alloys, Manganese Alloys and other metal alloys, pig iron, wrought iron, steel converters, rolled steel or other metal or alloy makers, miners, smelters, engineers, iron and steel founders in all or any of their respective branches, metallurgists, prospectors, exporters, contractors, agents and to establish workshops for the manufacture of any equipment required for any of the industries which the Target Company can undertake and to deal in such equipment and (b) To establish, provide maintain and operate factories for the manufacture of electro-chemical and electro-metallurgical products, such as, calcium carbide, silicon carbide, silicon manganese, ferro chrome, all ferro allied products, caustic soda, calcium silicide, etc. and to carry on business of manufacturer, explorers, importers, exporters, dealers and stockists in ferrous and non-ferrous metals, ferro alloys, alloy steel and all other electro-metallurgical and electro-chemical products (c) To search for ores, minerals, mines, quarries and secure licenses for mining or offer on sub-lease or rent any land or place which may be acquired by the Target Company and to lend any such land or place or agriculture, building or other use, to sell or otherwise dispose off any lands, mines or other property of the Target Company (d) To buy, sell, manufacture and deal in all or any minerals, charcoal, coal, wood, plants, machinery, implements, appliances, conveniences, and to take on lease or licence, concessions or otherwise in India or elsewhere, mines, mining rights and land to explore, work, export, develop, turn to account the same and to crush, win, get, carry, smiet, calcine, refine, dress, amalgamate, manipulate or prepare for market ore, metal and mineral substances of all kinds and to carry on any other metallurgical operations of all kinds and to carry on any other metallurgical operations which may seem conducive to any of the objects of the Target Company (e) To carry on the business of merchandise activity including domestic/export sale/purchase of all commodities, goods, materials, minerals, ferrous and non-ferrous metals, ores, agricultural products, fisheries/prawns, equipment, appliances, machinery including parts, spares, telecommunication/electrical/electronic equipment including towers, radios, cables, etc. and all other items of merchandise value.

The Target Company is engaged in the manufacture of high carbon ferro-chrome for use in the stainless steel industry. The Target Company's plant has an installed capacity of 25,000 MT with one 6 MVA and one 9 MVA furnace. The Target Company manufactures two standard grades of ferro chrome i.e. high silicon and low silicon. As better detailed in paragraph 2.2.5 herein, with effect from April 1, 2006, the ferro alloys division of GMRIL has been demerged and transferred to the Target Company as a going concern pursuant to the Scheme. Relevant details pertaining to the said scheme are given in paragraph 2.2.5

5.3 As on the date of the PA and this Letter of Offer, there are no partly paid up Shares in the books of the Target Company.

5.4 The Shares are listed on BSE and NSE.

5.5 Details of demerger involving the Target Company are given in paragraph 2.2.5 and 2.2.6 of this Letter of Offer.

5.6 The Share Capital of the Target Company as on the date of the PA was as under:

Shares	No of equity shares / voting rights	% of equity shares / voting rights
Fully paid-up equity shares of Rs. 10/- (Rupees Ten only) each	1,22,85,295	100.00
Partly paid-up equity shares	-	-
Total paid up equity shares of Rs. 10/- (Rupees Ten only) each	1,22,85,295	100.00
Total voting rights in Target Company	1,22,85,295	100.00

5.7 There were no outstanding convertible instruments as on the date of the PA and as on the date of this Letter of Offer in the books of the Target Company.

5.8 Details of Share Capital build-up of the Target Company since inception till the date of this Letter of Offer are as under:

Date of Allotment	Number of Shares of Rs. 10/- each	Cumulative (No. of shares)	Paid-up capital (Rs. In Lakhs)	Mode of Allotment	Identity of allottees	Status of Compliance
26.03.2006	50,700	50,700	5.07	Cash	Subscribers to the Memorandum of Association (MOA) Promoter Group Company – 50000 Shares Other individuals-700 shares	Complied
30.07.2007	1,22,34,595	1,22,85,295	1228.52	Issued pursuant to Scheme	Allotted Equity shares as per the Scheme of Arrangement to the Equity Shareholders of GMR Industries Ltd in the ratio of 38 Equity shares for every 100 Equity shares held in GMR Industries Ltd., aggregating to 1,22,34,595 Equity shares.	Complied

5.9 Details of preference share capital history of the Target Company as on the date of this Letter of Offer are as under:

Date of Allotment	Number of Shares of Rs. 11/- each	Cumulative (No. of shares)	Paid-up capital (Rs. In Lakhs)	Mode of Allotment	Identity of allottees	Status of Compliance
30.07.2007	7864700	7864700	865.12	Cash	GMR Holdings Private Limited as per the Scheme of Arrangement	Complied

5.10 Details of change in the shareholding of the Promoters in the Target company are as under:

Date of Allotment/ Issue / Transaction	Issued & Paid-up Capital of the Target Company (Rs. in Lakhs)	No. of shares	Purchase/ Sale	Cumulative Shares	Percentage (%)	Regulatory Compliance
26.3.2006	5.07	50,000	On Subscription to MOA	-	-	Complied
30.7.2007	1228.53	86,59,489	Alloment pursuant to Scheme	87,09,489*	70.89	Complied

* the promoters have sold 1,026 shares after July 2007 and as on the date of the PA and this Letter of Offer, the promoter shareholding stands at 87,08,463 Shares.

5.11 Compliance of SEBI Takeover Regulations: As the Shares were not listed on the date of the PA, the provisions of Chapter II of the SEBI Takeover Regulations were not applicable to the Target Company, the promoters and the major shareholders. Post listing of the Shares, (i) the Target Company, (ii) the promoters and (iii) the major shareholders have complied with the provisions of Chapter II of the SEBI Takeover Regulations.

5.12 The Company's management is vested with the Board of Directors. The composition of the Board of Directors as on the date of this Letter of Offer is as under:

Sl. No.	Name of the Directors	Designation	Date of Appointment	Experience	Qualification
1	Mr. B. V. Nageswara Rao	Chairman	29.10.2007	Given Below	B. E. (Electrical)
2.	Mr. U. Naresh Kumar	Executive Director	28.06.2007	Given Below	B.E (Hons) (Chemical Engineering), MBA (Marketing & Finance)
3	Mr. N. C. Sarabeswaran	Director	28.06.2007	Given Below	Chartered Accountant
4	Mr. N. V. Varadarajulu	Director	23.3.2006	Given Below	B. E. (Mechanical) PG Diploma in Sugar Engineering
5	Mr. Prem Kumar Amar	Director	30.01.2008	Given Below	B.Com (Hons), FICWA

Experience details of Directors:

1. Mr. B. V. Nageswara Rao : Mr. B. V. Nageswara Rao has 35 years of experience and is currently the Chairman of GMR Group's Agri Business and Energy Sector. During his stint with Andhra Bank before joining the Group, he gained extensive experience in the banking sector with specific focus on industrial finance.
2. Mr. U. Naresh Kumar: Mr. Naresh Kumar is a Chemical Engineer with over 31 years of experience of running a small scale industry with a US Partner, International Marketing of Engineering Equipments, Setting up of an overseas operations in Indonesia and Marketing in South East Asia for Thermax. He has worked with Doshion Limited, Ahmedabad, a well known water treatment company.
3. Mr. N. C. Sarabeswaran : Mr.N.C.Sarabeswaran is a Chartered Accountant and has 40 years of experience. He was a nominee of Reserve Bank of India in 1985 and has also served on the Boards of Tamil Nadu Mercantile Bank and Vysya Bank Ltd.
4. Mr. N. V. Varadarajulu: Mr.N.V.Varadarajulu is a Sugar Technocrat having 40 years experience in Maintenance, overhauling and running of Sugar Plants; Erection and Commissioning of Sugar Plants; Rehabilitation and modernisation of Sugar Plants; Project Management; Advisory Services. He served Nizam Sugars, Sri. Chamundeswari Sugars and A.P. State Federation of Co-operative Sugar Factories in various senior positions.
5. Mr. Prem Kumar Amar: Mr.Prem Kumar Amar has served PEC Ltd, a Govt. of India undertaking under the Ministry of Commerce for over 35 years in various positions. He was instrumental in structured Trade, Special Trading Arrangement, Arbitration, Settlement of commercial disputes. He has also served as Vice President with Visacomtrade Ltd. a trading arm of VISA Group of Companies.

5.13 Brief audited financial details of the Target Company for the year ended March 31, 2007, March 31, 2008 and subsequent un audited financials for the 9 months period ended December 31, 2008 duly certified by the statutory auditor, are as follows:

(Rs. In Lakhs)

Profit & Loss Statement	**Period ended March 31, 2007**	**Period ended March 31, 2008**	**Period ended December 31, 2008**
Income from operations	13575.15	14100.47	7,554.42
Other Income	38.35	42.69	20.89
Total Income	13613.5	14143.16	7,575.31
Total Expenditure.	12988.14	12951.14	7,271.32
Profit Before Depreciation Interest and Tax	625.36	1192.02	303.99
Depreciation	225.23	226.93	175.87
Interest	258.44	391.76	105.07
Profit Before Tax	141.69	573.33	23.05
Provision for Tax	53.18	223.44	(21.52)
Profit After Tax	88.51	349.89	44.57

Balance Sheet Statement	**As on March 31,2007**	**As on March 31,2008**	**As on December 31,2008**
Sources of funds			
Paid up share capital	2,093.65	2,093.65	2,093.65
Reserves and Surplus (excluding revaluation reserves)	1,599.93	1,865.23	1,909.82
Net worth	3,693.58	3,958.88	4,003.47
Secured loans*	2,487.89	2,267.55	1,715.90
Unsecured loans	-	-	-
Deferred Tax Liability	560.03	529.47	507.96
Total	**6,741.50**	**6,755.90**	**6,227.33**
Uses of funds			
Net fixed assets	2,711.17	2,499.38	2,328.25
Investments	0.20	0.75	1.25
Net current assets	4,030.13	4,255.77	3,897.83
Total miscellaneous expenditure not written off	-	-	-
Total	**6,741.50**	**6,755.90**	**6,227.33**

* Details of secured loans of the Target Company are as follows:

(Rs in lakhs)

S.No	Name of the Lenders	Outstanding balance as on March 31, 2007	Outstanding balance as on March 31, 2008	Outstanding balance as on December 31, 2008
1	Andhra Bank, Tekkali OCC	28.11	31.62	16.84
2	Andhra Bank, Somajiguda OCC	19.80	283.17	34.34
3	Andhra Bank , FUBD	375.54	491.69	-
4	Andhra Bank, Somajiguda PC-INR	1,599.72	1,410.99	1,599.37
5	State Bank of Mysore - DUB	454.20	49.60	65.35
6	Hire purchase Loans	10.52	0.47	-
	Grand Total	**2,487.89**	**2,267.54**	**1,715.90**

Other Financial Data	2006-2007	2007-2008	2008 -2009 (nine months)
Dividend (%)	-	-	-
Earning Per Share (Basic) [EPS]	0.06	2.19	(0.13)
Return on Networth [RONW] (%)	2.4	8.84	1.11
Book Value Per Share [BV]	23.02	25.18	25.55

For the purpose of determination of EPS, BV and RONW, ratios used are (a) EPS = Profit After Tax – Preference dividend – tax on Preference dividend / Number of equity shares, (b) Net worth = Share Capital + Reserves & Surplus – Debit balance in Profit & Loss account, (c) BV = Net worth excluding preference share capital / Number of Equity shares and (d) RONW = Profit After Tax /Net worth including preference share capital.

Reasons for rise in Income and PAT in 2008 over 2007: In the year 2007-08, the international market for ferro chrome was in upswing and the Target Company earned better realization on its product.

5.14 Shareholding pattern before and after the Offer (assuming full acceptances) as on the date of Letter of Offer :

Shareholders' category	Shareholding & voting rights prior to the agreement/ acquisition and offer.		Shares /voting rights 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. i.e.	
	(A)		**(B)**		**(C)**		**(A)+(B)+(C)=(D)**	
	No.	%	No.	%	No.	%	No.	%
(1) Promoter group.								
(a) Parties to agreement, if any	86,57,855	70.47%	(86,57,855)	-70.47%	-	-	-	-
(b) Promoters other than (a) above	50,608	0.41%	-	-	-	-	50,608	0.41%*
Total 1(a+b)	87,08,463	70.89%	(8,657,855)	-70.47%	-	-	50,608	0.41%
(2) Acquirers								
(a) Main Acquirer	-	-	86,57,855	70.47%	24,57,059	20.00%	1,11,14,914	90.47%
(b) PACs	-	-	-	-	-	-	-	-
Total 2(a+b)	-	-	86,57,855	70.47%	24,57,059	20.00%	1,11,14,914	90.47%
(3) Parties to agreement other than(1) (a) & (2)	-	-	-	-	-	-	-	-
(4) Public (other than parties to agreement, acquirers & PACs)								
(a) FIs/MFs/FIIs/Banks, SFIs								
(b) Others								
Total (4)(a+b)	35,76,832	29.11%	-	-	-24,57,059	-20.00%	11,19,773	9.11%
GRAND TOTAL (1+2+3+4)	1,22,85,295	100.00%	86,57,855	70.47%	24,57,059	20.00%	1,22,85,295	100.00%

* The residual shareholding of the current promoter group i.e. 0.41% in the Share Capital of the Target Company will be classified as public shareholding, on consummation of the SPA and upon completion of the Offer.

5.15 As on Friday – May 30, 2008, i.e. Specified date, there were 20,447 Public Shareholders. All owners (registered or unregistered) of Shares (except the parties to SPA viz (i) the Acquirer and (ii) the Sellers), anytime before closure of the Offer, are eligible to participate in the Offer.

5.16 The Compliance Officer: Mr. Naresh Kumar, 6-3-866/1/G2, Greenlands Begumpet, Hyderabad 500016, Tel: 080 4043 2000, Fax: 080 4043 2333.

5.17 All Shares are listed on the Stock Exchanges.

5.18 S. Venkatadri & Co., Chartered Accountants, the Statutory Auditors of the Target company, vide their Certificate dated June 14, 2008 have certified that the Target Company has complied with the conditions of corporate governance as stipulated in Clause 49 of the listing agreement with the Stock Exchanges.

5.19 The Shares have not been suspended at any time in the ordinary course. There have not been any listing agreement violations by the Target Company in the past.

5.20 Pending litigations, pertaining to the Target company, as on the date of this Letter of offer are as follows:

- A writ appeal (W.A. No. 1145 of 2005) has been filed in the High Court of Andhra Pradesh by the Company against National Thermal Power Corporation Limited, APTRANSCO and others against the order of the single judge dated April 1, 2005 in WP No. 6287 of 2001. The said order had directed the petitioner to pay the revised supplementary demands in respect of the power supplied to them from out of the 15% unallocated portion of power from NTPC, as per the notifications fixing the NTPC tariff by the Ministry of Power and modified from time to time. The writ appeal is admitted and notice is served to the respondents. The matter shall be taken up for hearing as per the discretion of the court.

  The Company had made a deposit of Rs. 60 lakhs by way of fixed deposit receipt during the pendency of WP. No. 5713 of 2000, which was realised by APTRANSCO. The case is posted onwards in the list.

- A writ appeal (W.A. No. 1146 of 2005) has been filed in the High Court of Andhra Pradesh by the Company against National Thermal Power Corporation Limited, APTRANSCO and others against the order of the single judge dated April 1, 2005 in WP No. 5713 of 2000. The said order had directed the petitioner to pay the revised supplementary demands in respect of the power supplied to them from out of the 15% unallocated portion of power from NTPC, as per the notifications fixing the NTPC tariff by the Ministry of Power and modified from time to time. The writ appeal is admitted and notice is served to the respondents. The matter shall be taken up for hearing as per the discretion of the court.

  GMR Industries had made a deposit of Rs. 154 lakhs by way of fixed deposit receipt during the pendency of WP. No. 5713 of 2000, which was realised by APTRANSCO. The case is posted onwards in the list.

- A writ petition (No. 19706 of 2003) has been filed by the Company against APTRANSCO, Eastern Power Distribution Company of AP Limited ("APEPDCL"), the Superintending Engineer and Senior Accounts Officer of APEPDCL in the High Court of Andhra Pradesh praying for issue of a writ of mandamus to declare as unauthorized the demand made by APEPDCL of Rs. 48,16,386/- allegedly arising out of delayed payments to NTPC for supplementary arrears and penal interest for the period November 2002 to July 2003.The Company contends that this action is unjustified as payment of the principal amount was pending adjudication in WP 5713 of 2000 and writ petition No. 6287 of 2001. An order dated September 18, 2003 was passed in miscellaneous petition (M.P. No. 24711 of 2003) filed in this suit granting suspension of operation of the letter issued by APEPDCL demanding payment of the additional amount. APTRANSCO has filed its counter. The matter shall be taken up for hearing as per the discretion of the court.

- A suit (O.S. No 181 of 2005) has been filed in the court of the Chief Judge, City Civil Court Hyderabad, by the Company against Shree Mahalaxmi Coke Distributors under the provisions of the Code of Civil Procedure. The Company had paid an advance of Rs. 8,32,000/- to the defendants for the supply of low ash metallurgical coke but the same were not delivered. Over time the defendants have at irregular intervals paid small amounts of money but they have not repaid the full amount and thus the suit has been filed to recover the outstanding amount of Rs. 7.8 lakhs including interest.

- A industrial dispute (ID No. 101 of 2004) has been filed before the Chairman, Industrial Tribunal and Presiding Officer Labour Court, Visakhapatnam by Mr. Sampala Seetharama Murthy stating that he was wrongly dismissed from service and seeking re-instatement into service and claiming back wages and all other consequential benefits. The counter has been filed by the Company and the plaintiff has filed a rejoinder in response to the same. The Company had also filed an interim application questioning the jurisdiction of the labour court at Visakhapatnam which was subsequently dismissed. The Hon'ble high Court of Andhra Pradesh has given a stay on the order of the labour Court.

6. OFFER PRICE AND FINANCIAL ARRANGEMENTS

6.1 Justification of Offer Price

(i) As set out in paragraph 2.2.7 above, as on the date of the PA, the Shares were in the process of being listed on the BSE and the NSE.

Target Company filed an application for listing of its Shares on the BSE and the NSE being the stock exchanges on which the shares of GMRIL were listed. Such listing applications were filed with the BSE and the NSE on November 1, 2007. The Shares were subsequently listed on the Stock Exchanges on June 30, 2008.

As the Shares were not listed on the date of the PA, for the purpose of this Offer, the Shares were deemed to be infrequently traded on the date of the PA within the meaning of Regulation 20(5) of the SEBI Takeover Regulations. Further, there are no partly paid up equity shares in the books of the Target Company.

(ii) Consequently, the minimum offer price to be computed for this Offer was governed by Regulation 20(5) of the SEBI Takeover Regulations as being the highest of the following parameters:

Negotiated Price	Rs 26.047
Highest price paid by the Acquirer or persons acting in concert with the Acquirer for acquisition, if any, including by way of allotment in a public or rights or preferential issue during the twenty six week period prior to the date of PA	Not Applicable
Other parameters based on the audited financial results for the year ended on March 31, 2007:	
Book Value per Share	Rs. 23.02
Return on Net Worth	2.40%
Earning per Share	Rs. 0.06
P/E Ratio	Not Applicable
Fair Value per Share*	Rs. 8.53

* Fair value of the Shares has been determined vide valuation report dated May 26, 2008 issued by Mr. Ashwin Damania, Partner, (Membership No. 38976), M/s. G. M. Kapadia & Co., Chartered Accountants, 1001, Raheja Chambers, 213 Nariman Point, Mumbai 400 021 an independent Chartered Accountant, taking into consideration the parameters set out by the Hon'able Supreme Court of India in the case of Hindustan Lever Employee Union v. Hindustan Lever Limited, (1995) 83 Comp Case 30. The said valuation report, prepared on the basis of Net Asset Value [Rs. 23.02 per Share], Profit Earning Capacity Value [Rs. 1.28 per Share] and Market Value [Not Applicable], indicates that the fair value of the Shares based on the audited financial statements of the Target Company as on March 31, 2007 is Rs. 8.53 per Share.

As per independent valuation of the shares of the Target Company done by independent Chartered Accountants appointed for the instant matter subsequent to SEBI's direction, the offer price for the shares of the Target Company is Rs 26.05 per share.

(iii) The Acquirer has not paid any monetary or non monetary consideration, by way of non compete fee, in relation to acquisition of the Sale Shares of the Target Company from the Sellers.

(iv) The Offer Price of Rs. 26.05 per Share is therefore justified in terms of Regulation 20(5) of the SEBI Takeover Regulations as being more than the highest of the aforementioned parameters.

(v) The Acquirer is permitted to make an upward revision in the Offer Price at any time upto seven working days prior to the date of closure of the Offer. In the event of such revision, an announcement will be made in the same newspapers where the PA has appeared and the revised offer price would be paid for all Shares tendered anytime during the Offer.

(vi) Manager to the Offer and the Acquirer are of the opinion that the Offer Price of Rs. 26.05 per Share is justified.

(vii) It will be ensured that the Offer Price is higher than the highest price paid by the Acquirer for any acquisition of Shares of the Target Company, if any, from the date of PA i.e. Thursday – May 29, 2008 up to seven working days prior to the closure of the Offer i.e. Thursday – June 11, 2009.

6.2 Financial Arrangements

(i) The maximum purchase consideration payable by the Acquirer under this Offer assuming full acceptance is Rs. 6,40,06,386.95 (Rupees Six Crore Forty Lakhs Six Thousand Three Hundred Eighty Six and Paise Ninety Five only) (**"Maximum Consideration"**) for acquisition of 24,57,059 shares at a price of Rs. 26.05 per Share.

Consideration payable by the Acquirer under the SPA is Rs. 22,55,11,149/- (Rupees Twenty Two Crores Fifty Five Lakhs Eleven Thousand One Hundred Forty Nine only) for acquisition of 86,57,855 shares at a price of Rs. 26.047 per share.

(ii) Mr. Cherian Mathew, FCA (Membership No: 200-20598), Managing Partner, Emirates Auditing Company, Chartered Accountants, P. O. Box 3198, Sharjah, United Arab Emirates; Tel No: 00 06 5694696; Telefax No: 00 06 5694697; e-mail ID: eac@emirates.net.ae has certified, based on the financial statements of the Acquirer vide his letter dated May 8, 2008 that Acquirer has adequate financial resources to finance the acquisition of 24,57,059 Shares under the Offer. The Acquirer proposes to finance the Offer and the consideration payable under the SPA aggregating to Rs. 28.95 cr, through internally generated funds including capital contributions made by its shareholders. The paid up share capital of the Acquirer is USD 12 million i.e. approximately Rs. 47.96 cr (Conversion Rate: 1USD = Rs. 39.97 on March 31, 2008. Source: RBI web site). In view of this, the Acquirer is in a position to fulfill obligations under the SPA and the Open offer. No borrowings from banks / financial institutions / foreign sources or otherwise is envisaged.

(iii) By way of security for the performance of its obligations under the SEBI Takeover Regulations, the Acquirer has opened a cash escrow account with YES Bank Ltd, having its office at 9th Floor, Discovery of India Building, Nehru Centre, Dr. Annie Besant Road, Worli, Mumbai 400018 (**"Escrow Banker"**) under the name and style of "Escrow a/c Cronimet" and bearing No. 000180200000577 (**"Escrow Account"**) in terms of Regulation 28 of the SEBI Takeover Regulations.

(iv) The Acquirer has deposited a sum of Rs. 1,62,98,200/- (USD 380000 Conversion Rate: 1USD = Rs. 42.89 on May 27, 2008. Source: www.rbi.org.in) in the Escrow Account which amount is more than 25% of the Maximum Consideration being the minimum amount to be deposited in escrow by the Acquirer in terms of Regulation 28 of the SEBI Takeover Regulations.

(v) The Acquirer has confirmed that the funds lying in the Escrow Account will be utilized exclusively for the purpose of the Offer. The Acquirer has authorized the Manager to the Offer to operate the Escrow Account in compliance with Regulation 28 of the SEBI Takeover Regulations. The Acquirer and the Escrow Banker have marked a lien on the Escrow Account in favour of the Manager to the Offer.

(vi) Funds lying in the Escrow Account represent more than 25% of the total purchase consideration payable under the Offer assuming full acceptance at the aforesaid Offer Price in accordance with Regulation 28 of the SEBI Takeover Regulations.

(vii) Manager to the Offer is satisfied that firm arrangements for financial resources required to implement the Offer i.e., funds and money for payment through verifiable means are in place to fulfill the obligations of the Acquirer under the Offer and is satisfied that the Acquirer has adequate resources to meet the financial requirements of the Offer and ability to implement the Offer in accordance with the SEBI Takeover Regulations.

7. TERMS AND CONDITIONS OF THE OFFER

7.1 The Offer is being made by the Acquirer to (i) all Shareholders, whose names appeared in the Register of Members on Friday - May 30, 2008 i.e. Specified Date, (ii) beneficial owners of the Shares of the Target Company whose names appeared as beneficiaries on the records of the respective depositories, at the close of business hours on Friday – [May 30, 2008] i.e. Specified Date and (iii) to those persons who acquire Shares of the Target Company any time prior to the date of the closure of the Offer i.e. [Monday – June 22, 2009] but who are not the registered Shareholders of the Target Company, except the parties to SPA viz (i) the Acquirer and (ii) the Sellers.

7.2 The Offer is not subject to any minimum level of acceptance and the Acquirer will be obliged to acquire up to a maximum of 24,57,059 Shares that are tendered in the valid form in terms of this Offer subject to the terms and conditions mentioned in the PA and this LOF. The Shares that would be tendered in the valid form in terms of this Offer will be transferred in favour of the Acquirer upon the closure of the open offer.

7.3 The Offer will open on Tuesday – June 2, 2009 and close on Monday – June 22, 2009.

7.4 The Shareholders who have accepted the Offer by tendering the requisite documents in terms of the PA / LOF can withdraw the same up to three working days prior to the date of the closure of the Offer i.e. on or up to Wednesday – June 17, 2009.

7.5 The instructions, authorizations and provisions contained in the Form of Acceptance cum Acknowledgment constitute an integral part of the terms of this Offer.

7.6 Each Shareholder to whom this Offer is being made is free to offer his Shareholding in the Target Company in whole or in part while accepting the Offer. However, (i) the Acquirer and (ii) the Sellers are not eligible to tender their Shares under the Offer.

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

7.8 The Shares that are tendered in the Offer, will be those held by resident shareholders and may be those held by non-resident Indians or persons resident outside India who are not non-resident Indians, including overseas corporate bodies, if any, holding Shares who may be persons not covered by specific provisions of the Foreign Exchange Management (Transfer or Issue of Security by a Person Resident Outside India) Regulations, 2000. The Offer is therefore subject to the receipt of the approval of the RBI under the Foreign Exchange Management Act, 1999 and the rules and regulations made there under (**"FEMA"**) for the acquisition of equity shares by the Acquirer from the aforesaid category of shareholders under the Offer and other related matters and RBI, vide their letter dated August 5, 2008 granted approval to the Acquirer to acquire Shares through open offer from the eligible Shareholders. To the best of the knowledge of the Acquirer, no other statutory approval is required to implement the Offer.

7.9 In the event of any delay in receipt of the statutory approvals, SEBI has the power to grant extension of time to the Acquirer for payment of purchase consideration to eligible Shareholders under the Offer subject to the Acquirer agreeing to pay interest as directed by SEBI, for the delayed period in terms of Regulation 22(12) of the SEBI Takeover Regulations. Further, if such delay occurs on account of willful default of the Acquirer in obtaining requisite approvals, Regulation 22(13) of the SEBI Takeover Regulations will become applicable.

7.10 To the best of the Acquirer's knowledge, (a) no approval from banks / financial institutions of the Target Company is required for the Acquirer to make this Offer and (b) other than the approvals mentioned above, no other statutory or regulatory approval is required by the Acquirer to proceed with the Offer. If any other approvals are required or become applicable subsequently, the Offer would be subject to such approvals. The Acquirer will have a right not to proceed with the Offer in the event the approvals are refused, in terms of Regulation 27(1)(b) of the SEBI Takeover Regulations.

7.11 There has been no competitive bid.

7.12 As the Offer Price cannot be revised during seven working days prior to the closing date of the Offer i.e. prior to Thursday – June 11, 2009, it would be in the interest of the Shareholders to wait till the commencement of that period to know the final Offer Price and tender their acceptance accordingly.

7.13 The Manager to the Offer shall within a period of forty five days of the closure of the Offer inform BSE, NSE and SEBI as to level of acceptance received thereof.

7.14 The acceptance of the Offer of the Acquirer is entirely at the discretion of the Shareholders. The Acquirer will not be responsible for any loss of share certificate(s) and Offer acceptance documents during transit and the Shareholders are advised to adequately safeguard their interests in this regard.

7.15 The Acquirer will proceed with the Offer even if they are unable to obtain acceptance to the extent of 24,57,059 Shares.

7.16 In the case of Shares acquired from non resident Shareholders, the Acquirer will not be responsible for any fall in the value of the rupee due to any fluctuation in the foreign exchange rates on account of delay in the approval.

7.17 Accidental omission to dispatch this LOF to any person to whom this Offer has been made to or non-receipt of this LOF by any such person shall not invalidate the Offer in any way.

7.18 The acceptance must be unconditional and should be sent with the attached form duly filled in, signed by the applicant Shareholder(s) which should be received by the Registrar to the Offer at the address mentioned in para no. 8.13 on or before Monday – June 22, 2009. If any change or modification is made, the acceptance is liable to be rejected.

7.19 All expenses relating to the Offer will be borne by the Acquirer.

7.20 The Acquirer reserves the right of upward revision of price at any time up to seven working days prior to the closure of the Offer as per Regulation 26 of the SEBI Takeover Regulations. The same price would be paid by the Acquirer for all the Shares tendered any time during the Offer and accepted under the Offer. The information about such revision(s), if any, would appear in the same newspapers in which the PA has appeared.

7.21 Of the total number of Sale Shares, 24,57,059 Shares are currently locked in upto June 30, 2011.

7.22 The locked in Shares, acquired pursuant to the SPA or the Offer, will be transferred to the Acquirer subject to continuation of the residual lock in period in the hands of the Acquirer. There shall be no discrimination in the acceptance of locked in and non locked in shares.

8. PROCEDURE FOR ACCEPTANCE AND SETTLEMENT OF THE OFFER

8.1 The Shareholders who wish to avail this Offer should forward the under mentioned documents by hand delivery or by registered post or by speed post or by courier to Mondkar Computers Pvt. Limited, the Registrar to the Offer [details of collection centre are given in para no. 8.13] so as to reach them on or before Monday – June 22, 2009 on working days during business hours indicated in para no. 8.13. In the case of dematerialized Shares, the Registrar is not bound to accept those Offers which have not yet been credited to the escrow depository account by or before 3 p.m. Indian Standard Time (IST) on the date of closure of the Offer, i.e. Monday – June 22, 2009. No documents for tendering the Shares should be sent either to the Acquirer or Manager to the Offer or the Target Company.

8.2 Registered Shareholders holding physical shares should submit:

- The enclosed Form of Acceptance cum Acknowledgement duly completed and signed in accordance with the instructions contained therein by the Shareholders in the same order in which they hold Shares in the Target Company. The order cannot be changed or altered nor can any new name be added for the purpose of accepting the Offer
- Original Share certificate(s).
- Valid share transfer deed(s) duly signed as transferors by all Shareholders (in case of joint holdings) in the same order and as per specimen signatures lodged with the Target Company.

  In case of non-receipt of the aforesaid documents, but receipt of the original share certificate(s) and transfer deed(s) duly signed, the Offer shall be deemed to be accepted.

  In case the present signature of the Shareholder(s) differ from the specimen signatures lodged with the Target Company, transfer deeds should be duly attested at the appropriate place by a notary or bank manager or member of stock exchange under their seal of office and membership number. In each case, the name and address of the attesting authority, attesting authority's seal and registration number (if the authority is a notary public/member of stock exchange) or the name and address of the bank (if the authority is a bank manager) should appear. Further, all attestations should be unconditional, i.e. the authority attesting should not deny the responsibility of identifying the person and the signature by qualifying the attestation. If the said guidelines are not followed, the Acquirer reserves the right to reject the transfer deed along with the application.

8.3 Notwithstanding that the signature(s) of the transferor(s) has/ have been attested as aforesaid, if the signature(s) of the transferor(s) differ(s) from the specimen signature(s) recorded with the Target Company, or are not in the same order, such Shares are liable to be rejected under this Offer even if the Offer has been accepted by a bonafide owner of such Shares.

8.4 Unregistered owners of Shares / registered Shareholders who have not received the LOF and are holding physical shares should enclose the Form of Acceptance cum Acknowledgement which is available on the SEBI web site (www.sebi.gov.in), duly completed and signed in accordance with the instructions contained therein or an application in writing on a plain paper with original equity share certificates, original broker contract note, valid share transfer deed(s) as received from the market stating the name, address, number of Shares held, number of Shares offered, distinctive numbers and folio number. All other requirements for valid transfer (including matching of signatures) will be a precondition for acceptance. No indemnity is required from the unregistered owners.

8.5 In the case of Shareholders who have sent their physical share certificates for transfer to the Target Company can enclose the acknowledgement, if any, received from the Target Company. The Shareholders who are attaching the acknowledgement are requested to direct the Target Company in writing to retain the share certificates for onward submission to the Registrar to the Offer.

8.6 If required, Shareholders may download the Form of Acceptance cum Acknowledgement from SEBI's website (www.sebi.gov.in) or may request for the Acceptance Form from the Registrar to the Offer.

PLEASE DO NOT FILL IN ANY OTHER DETAILS IN THE TRANSFER DEED EXCEPT NAME, SIGNATURE AND WITNESS.

8.7 Procedure for Shares held in dematerialized form - Registered beneficiary owners:

The beneficiary owners (holders of Shares in dematerialized form) who wish to tender their Shares will be required to send their Form of Acceptance cum Acknowledgement along with a photocopy of the delivery instructions in "off-market" mode or counterfoil of the delivery instruction in "off-market" mode, duly acknowledged by the Depository Participant (DP) in favor of the escrow depository account.

8.8 The beneficiary owners/ registered demat Shareholders who have not received LOF:

These Shareholders can apply on a plain piece of paper giving details like the name, address, number of shares held, no. of Shares offered, depository details i.e. DP name, DP ID and Client ID along with a photocopy of the delivery instructions in "off-market" mode or counterfoil of the delivery instruction in "off-market" mode, duly acknowledged by the DP in favor of the escrow depository account. Alternatively, they may download the Acceptance Form from the SEBI's site (www.sebi.gov.in) or may request for the Acceptance Form from the Registrar to the Offer. All other requirements for valid transfer (including matching of signatures) will be a precondition for acceptance.

8.9 Mondkar Computers Pvt. Ltd, Registrar to the Offer, have opened an escrow depository account. The details are as under:

Depository	NSDL
Depository Participant / DP	HDFC Bank Ltd
Special Depository Account Name	MCPL Escrow A/c - GFIL Open Offer
Client ID	25100880
DP ID	IN301151
ISIN	INE 592I01011

8.10 Shareholders having their depository account with a DP registered with CDSL have to use inter-depository delivery instruction slip for the purpose of crediting their equity shares in favour of the escrow depository account opened by the Registrar with HDFC Bank Ltd which is registered with NSDL. The Shareholders may note that the credit for the Shares tendered must be received in the escrow depository account, as specified above, by or before 3 p.m. IST on Monday – June 22, 2009.

8.11 For each delivery instruction, the beneficial owner should submit a separate Form of Acceptance cum Acknowledgement.

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

- Duly attested death certificate and succession certificate / No Objection Certificates ("NoC") / letters from legal heirs (in the case of single Shareholder) where the original Shareholder has expired.
- Duly attested power of attorney, if any person other than the Shareholder has signed the Form of Acceptance cum Acknowledgement or transfer deed(s).
- In case of companies, the necessary corporate authorizations (including board and shareholders' resolutions) and specimen signatures of authorized signatories.
- Any other relevant documents, as deemed necessary.

In case of non-receipt of the aforesaid documents, but receipt of Shares in the escrow depository account by or before 3 pm IST on Monday – June 22, 2009, the Offer shall be deemed to be accepted provided subsequent receipt of all the relevant documents.

8.13 Shareholders who wish to avail of the Offer can deliver all the relevant documents referred to above to the Registrar to the Offer at the addresses given below (on all days except holidays and Sundays) in accordance with the instructions specified in the LOF.

The collection centre mentioned below would remain open on Monday to Friday from 10.00 am to 1.00 pm and from 2.00 pm to 4.00 pm and on Saturdays from 10.00 am to 1.00 pm.

Address of the Collection Centre	Contact Person	Mode of delivery	Phone/ Fax / Email
Mondkar Computers Pvt Limited 21, Shakil Niwas, Opp: Satya Saibaba Temple, Mahakali Caves Road, Andheri East, Mumbai 400093	Devanand Dalvi	Hand Delivery/ Regd Post/ Courier	Tel: 91 022 2825 7641 / 2836 6620 Fax: 91 022 2820 7207 Email: info@mondkarcomputers.com

8.14 The documents sent by registered post/ speed post/ courier or through any other means will be at the applicant's own risk and cost.

8.15 All owners (registered or unregistered) of Shares except the parties to SPA viz (i) the Acquirer and (ii) the Sellers, anytime before closure of the Offer are eligible to participate in the Offer.

In the event that the shares tendered in the Offer by the Shareholders of the Target Company are more than the Shares to be acquired under the Offer, the acquisition of Shares from each Shareholder will be as per the provisions of Regulation 21(6) of the SEBI Takeover Regulations i.e. on a proportionate basis, to be decided in a fair and equitable manner, in consultation with the Manager to the Offer, irrespective of whether the Shares are held in physical or dematerialized form.

8.16 As on the date of the PA, the Share Capital of the Target Company was Rs. 12,28,52,950/- represented by 1,22,85,295 Shares. The Offer size represents 20% of such Share Capital in terms of Regulation 21(5) of SEBI Takeover Regulations which provides that for the purpose of determining the minimum offer size for an open offer, 20% of the voting paid up equity share capital, as at the expiration of 15 days after the closure of the Offer ought to be reckoned. As on the date of the PA, there were no outstanding instruments convertible into Shares.

8.17 The Shares are listed on the BSE and the NSE. The minimum marketable lot for the purpose of acceptance, for both physical and demat Shares, would be one Share.

8.18 Shares, if any, that are subject matter of litigation wherein the Shareholder/s is/are/ may be precluded from transferring the Shares during the pendency of such litigation are liable to be rejected in case directions/orders from competent authority regarding these Shares are not received together with the Shares tendered under the Offer.

8.19 The Shareholders who have sent their Shares for dematerialization need to ensure that the process of getting Shares dematerialized is completed well in time so that the credit in the escrow depository account should be received by or before 3 p.m. IST on the date of closure of the Offer, else the application would be rejected.

8.20 The Registrar to the Offer will hold in trust the Share certificates, Shares lying in credit of the escrow depository account, Form of Acceptance cum Acknowledgement, if any, and the transfer form(s) on behalf of the Shareholders who have accepted the Offer, till the Offer obligations are completed in full by the Acquirer.

8.21 In the case of dematerialized Shares, the Shares would reside in the escrow depository account as mentioned above. The Registrar to the Offer will debit the escrow depository account to the extent of payment of consideration made by the Acquirer. The Shares held in dematerialized form to the extent not accepted as a result of non-payment / part payment of consideration by the Acquirer will be released to the beneficial owner's depository account with the respective beneficial owner's depository participant as per details furnished by the beneficial owner in the Acceptance Form, at the sole risk of the beneficial owner.

8.22 In accordance with regulation 22(5A) of the SEBI Takeover Regulations, the Shareholders who have tendered the requisite documents in terms of the PA and this LOF shall have the option to withdraw acceptances tendered up to three working days prior to the closing date of the Offer. The withdrawal option can be exercised by submitting the documents as per the instructions given below so as to reach the Registrar to the Offer at the collection center mentioned above as per the mode of delivery indicated therein on or before Wednesday – June 17, 2009.

8.23 The withdrawal option can be exercised by submitting (a) the Form of Withdrawal which will be sent to Shareholders along with the LOF and (b) the copy of the acknowledgement received from the Registrar to the Offer while tendering the acceptances together with (c) In respect of physical Shares – name, address, distinctive numbers, folio number, and number of Shares tendered and in respect of dematerialized Shares – name, address, number of Shares tendered, DP Name, DP ID, beneficiary account number and photocopy of the delivery instruction in off market mode duly acknowledged by DP. In case of non receipt of Form of Withdrawal, the above application can be made on a plain paper.

8.24 In case of partial withdrawal of the Offer or rejection of Shares:

- The Shareholders who have tendered Shares in physical form and wish to partially withdraw their tenders, should also enclose valid share transfer form(s) for the remaining Shares (i.e. Shares not withdrawn) duly signed as transferors by all registered Shareholders (in case of joint holdings) in the same order and as per specimen signatures registered with the Target Company and duly witnessed at the appropriate place.
- The withdrawal of Shares will be available only for the share certificates / Shares that have been received by the Registrar to the Offer / escrow depository account.
- The intimation of returned Shares / rejected Shares to the Shareholders will be made at the address as specified in the Acceptance Form.
- The Form of Withdrawal should be sent only to the Registrar to the Offer, at the collection centre mentioned in para no. 8.13.
- In case of partial withdrawal of Shares tendered in physical form and the original share certificates are required to be split, the withdrawn Shares will be returned on receipt of share certificates from the Target Company.
- In case of partial withdrawal of Shares / rejection of Shares tendered in demat form, the Shares withdrawn / rejected will be credited to the beneficial owner's depository account with the respective DP as furnished in the Acceptance-cum-Acknowledgment form. It is the responsibility of the Shareholder to ensure that the withdrawn Shares / unaccepted Shares are accepted by their respective DP when transferred by the Registrar to the Offer. The Shareholders should ensure that their depository account is maintained till the Offer formalities are completed.
- Partial withdrawal of tendered Shares can be done only by the registered Shareholders / beneficial owners.
- In case of partial withdrawal, the earlier Form of Acceptance-cum-Acknowledgement will stand revised to that effect.
- The Shareholders holding Shares in dematerialized form are requested to issue the necessary standing instruction for receipt of the credit in their DP account.

8.25 Transfers not lodged: In case any person has lodged Shares for transfer and such transfer has not yet been effected, the concerned person may apply as per instruction contained in para no. 8.5 above together with the acknowledgement of the lodgement of Shares for transfer. Such persons should also instruct the Target Company to send the transferred share certificate(s) directly to Mondkar Computers Pvt Limited, 21, Shakil Niwas, Opp: Satya Saibaba Temple, Mahakali Caves Road, Andheri East, Mumbai 400093 India. The applicant should ensure that the certificate(s) reach the designated collection centre on or before the Offer closing date, else the Offer will be deemed invalid.

8.26 Dematerialization process not complete: In case any person has tendered his physical Shares in the Target Company for dematerialization and such dematerialization has not yet been effected, then, the concerned Shareholder may apply in the Offer as per instructions mentioned above together with a photocopy of the completed dematerialization request form acknowledged by Shareholder's DP. Such Shareholders should ensure the credit of the Shares to the escrow depository account by or before 3 pm of Monday – June 22, 2009 and forward a copy of the delivery instructions acknowledged by the DP to the collecting centre.

8.27 The payment to the Shareholders would be done through various modes as follows:

- Electronic Clearing Service ('ECS') – Payment would be done through ECS for Shareholders having an account at any of the following 23 locations:

  Ahmedabad, Bangalore, Bhubaneshwar, Kolkata, Chandigarh, Chennai, Guwahati, Hyderabad, Jaipur, Kanpur, Mumbai, Nagpur, New Delhi, Patna, Thiruvananthapuram (managed by RBI); Baroda, Nashik, Panaji, Surat, (Non-MICR) (managed by State Bank of India); Pune (managed by Union Bank of India); Mangalore (managed by Corporation Bank); Coimbatore and Rajkot (managed by Bank of Baroda).

  Payment would be done through National Electronic Clearing Service (NECS) for shareholders having an account in any of the core banking enabled branches of following sponsor banks for NECS: Abhyudaya Co-Op. Bank Ltd.(ACB), Abu Dhabi Commercial Bk.Abc., Andhra Bank, Axis Bank Ltd., Bank Of Baroda, Bank Of India, Bank Of Maharashtra (BOM), Barclays Bank Plc, Bnp Paribas (BNP), Bnp-Banque Nationale De Paris, Canara Bank (CAB), Catholic Syrian Bank Ltd.(CSB), Central Bank Of India (CBI), Chb-Standard Chartered Grindlays Bank Ltd., Citi Bank (CIT), City Union Bank Ltd.(KCU), Corporation Bank (COB), Cosmos Co-Op. Bank Ltd. (CCB), Cub-City Union Bank Ltd., Dbs Bank Ltd., Deutsche Bank (DTB), Development Bank Of Singapur (DBS), Development Credit Bank Ltd.(DCB)., Dhanalakshmi Bank Ltd.(DBL), Greater Bombay Co-Op. Bank Ltd.(GBC), Hdfc Bank Ltd. (HDF), Hongkong & Shanghai Bkg.Co.(HON), I.C.I.C.I. Bank Ltd. (ICI), Ici-Canara Bank, Ici-Punjab National Bank, Ici-State Bank Of India, Idbi Ltd. (IDB), Indian Bank (INB), Indusind Bank Ltd. (IDS), Industrial Development Bank Of India Ltd. (IDB), Ing Vysya Bank Ltd. (VBL), Jp Morgan Chase Bank (JPM), Kapole Co-Op. Bank Ltd.(KCB), Karnataka Bank Ltd.(KBL), Kcu-Kumbakonam City Union Bank Ltd., Kotak Mahindra Bank Ltd. (KOT), Lvb-Dhanalakshmi Bank Ltd., Lvb-Lakshmi Vilas Bank Ltd., N.K.G.S.B.Co-Op. Bank Ltd.(NKC), New India Co-Op. Bank Ltd.(NIC), Obc-Oriental Bank Of Commerce, Oman International Bank Saog, Oriental Bank Of Commerce (OBC), Punjab & Sind Bank (PSB), Punjab National Bank (PNB), Saraswat Co-Op. Bank Ltd.(SRC), Standard Chartered Bank (CHB), Standered Bank, State Bank Of Hyderabad (SBH), State Bank Of India (SBI), State Bank Of Indore (SBN), State Bank Of Patiala (SBP), Syndicate Bank (SYB), Tamilnad Mercantile Bank Ltd.(TMB), Thane Janata Sahakari Bank Ltd.(TJS), The Centurion Bank Of Punjab Ltd., The Dhanlakshmi Bank Ltd. (DBL), The Vysya Bank Ltd., Union Bank Of India (UBI), Vysya Bank Ltd.(VBL), Yes Bank Ltd. (YES).

  RBI has vide a letter dated November 21, 2008 has advised the Escrow Agent to migrate from centralized ECS to NECS immediately. This mode of payment (NECS/ECS) would be subject to availability of complete bank account details including the MICR code as appearing on a cheque leaf, from the Depositories.

- Direct Credit – Shareholders having bank accounts with the Escrow Agent, as mentioned in the Form of Acceptance cum Acknowledgement, shall be eligible to receive payments through direct credit. Charges, if any, levied by the Escrow Agent for the same would be borne by the Acquirer.

- Real Time Gross Settlement (**'RTGS'**) – Shareholders having a bank account at any of the following 68 centres and whose amount exceeds Rs. 5 lakhs, have the option to receive the payment through RTGS:

  Ahmedabad, Bangalore, Bhubaneshwar, Kolkata, Chandigarh, Chennai, Guwahati, Hyderabad, Jaipur, Kanpur, Mumbai, Nagpur, New Delhi, Patna, Thiruvananthapuram, Baroda, Dehradun, Nashik, Panaji, Surat, Trichy, Trichur, Jodhpur, Gwalior, Jabalpur, Raipur, Calicut, Siliguri, Pondicherry, Hubli, Shimla, Tirupur, Burdwan, Durgapur, Sholapur, Ranchi, Tirupati, Dhanbad, Nellore, Kakinada, Agra, Allahabad, Jalandhar, Lucknow, Ludhiana, Varanasi, Kolhapur, Aurangabad, Mysore, Erode, Udaipur, Gorakpur and Jammu, Indore, Pune, Salem and Jamshedpur, Visakhapatnam, Mangalore, Coimbatore, Rajkot, Kochi/Ernakulum, Bhopal, Madurai, Amritsar, Haldia, Vijaywada and Bhilwara.

  Such eligible Shareholders who indicate their preference to receive payment through RTGS are required to provide the IFSC code in the Acceptance-cum-acknowledgement form. Charges, if any, levied by the Escrow Bank for the same would be borne by the Acquirer. Charges, if any, levied by the Shareholder's bank receiving the credit would be borne by the Shareholder.

- o National Electronic Fund Transfer (**'NEFT'**) – Payment shall be undertaken through NEFT wherever the Shareholder's bank has been assigned the IFSC, which can be linked to a MICR, if any, available to that particular bank branch. IFSC will be obtained from the website of RBI as on a date immediately prior to the date of payment, duly mapped with MICR numbers. Wherever the Shareholders have registered their nine digit MICR number and their bank account number while opening and operating the demat account, the same will be duly mapped with the IFSC of that particular bank branch and the payment will be made to the Shareholder through this method..

For all Shareholders, including physical Shareholders, to whom payments cannot be made by ECS / NECS / RTGS or NEFT, the payments will be dispatched under certificate of posting for value upto Rs. 1,500/- and through speed post/ registered post for payments of Rs. 1,500/- and above. Such payments will be made by cheques, pay orders or demand drafts drawn on the Escrow Agent and payable at par at places where acceptance forms are received. Bank charges, if any, for cashing such cheques, pay orders or demand drafts at other centres will be payable by the Shareholders.

8.28 While tendering Shares under the Offer, non resident Shareholders (NRI/FII etc.) will be required to submit the previous RBI / GOI approvals, if any, which they would have obtained for acquiring the Shares of the Target Company and Tax Clearance Certificate (**"TCC"**) from the Income Tax authorities under the Income Tax Act, 1961 (**"Income Tax Act"**) indicating the rate at which the tax is required to be deducted by the Acquirer before remitting the consideration. In case previous approvals as explained above are not submitted, the Acquirer reserves the right to reject the Shares tendered in the Offer. In case the aforesaid TCC is not submitted, the Acquirer will deduct the tax at the current prevailing rates as applicable to the category of the Shareholder under the Income Tax Act on the entire consideration payable to such shareholder.

8.29 As per the provisions of Section 196D (2) of the Income Tax Act, no deduction of tax at source shall be made from any income by way of capital gains arising from the transfer of securities referred to in section 115AD of the Income Tax Act payable to a FII as defined in section 115AD of the Income Tax Act. However the Interest payment for delay in payment of consideration, if any, shall not be governed by this provision. For interest payments, if any, FIIs shall also have to provide their TCC, indicating the amount of tax to be deducted. In absence of the same, the Acquirer will arrange to deduct tax on the interest component, at the rate as may be applicable to the category of Shareholder under the Income Tax Act.

8.30 In the case of resident Shareholders, the Acquirer will deduct the tax on the interest component exceeding Rs. 5,000/- at the current prevailing rates as applicable, if applicable. If the resident Shareholder requires that no tax is to be deducted or tax is to be deducted at a lower rate than the prescribed rate, he will be required to submit NoC from the Income Tax authorities or a self declaration in Form 15H as may be applicable indicating the rate at which tax is to be deducted by the Acquirer. The Shareholders eligible to receive interest component exceeding Rs. 5,000/- would be required to give their Permanent Account Number (**"PAN"**) for income-tax purposes.

Notwithstanding the details given in paragraph 8.28, 8.29 and 8.30, payment will be made to resident and non-resident shareholders subject to compliance of prevailing tax laws.

8.31 The securities transaction tax will not be applicable to the Shares accepted in this Offer.

9. DOCUMENTS FOR INSPECTION

Copies / certified copies of the following documents will be available for inspection at the office of YES Bank Limited, 12th Floor, Discovery of India Building, Nehru Centre, Dr. Annie Besant Road, Worli, Mumbai 400 018 during normal business hours on any working day i.e. Monday to Friday between 10 am and 3 pm during the Offer period i.e. from Tuesday – June 2, 2009 to Monday – June 22, 2009.

1. Certificate of incorporation of the Acquirer
2. Memorandum and Articles of Association of the Acquirer
3. Audited financial statement of the the Acquirer for the year ended December 31, 2007 and December 31, 2008
4. Audited financial statements of the Target Company for the year ended March 31 - 2007, 2008 and unaudited financials for the 9 months period ended December 31, 2008 certified by the statutory auditors
5. Letter dated May 28, 2008 from the escrow banker confirming deposit of requisite funds in the escrow account.
6. SPA dated May 26, 2008.
7. SPA Amendment Agreement dated April 20, 2009
8. Escrow Agreement .
9. Letter dated May 12, 2008 received from the Acquirer that the escrow funds will be exclusively utilized for the Offer.
10. Newspaper clipping of the PA published on May 29, 2008.

11. Letter dated May 18, 2009 received from SEBI in terms of Regulation 18(2).
12. Escrow Depository Agreement entered into by the Registrar to the Offer with the Depository Participant.
13. Certificate dated May 8, 2008 from Mr. Cherian Mathew, FCA, Emirates Auditing Company, Chartered Accountants certifying that Acquirer has adequate financial resources to finance the open offer to the extent of their obligations of the Offer.
14. Share Valuation report dated May 26, 2008 issued by Mr. Ashwin Damania, Partner, (Membership No. 38976), M/s. G. M. Kapadia & Co., Chartered Accountants, Mumbai.

10. DECLARATION BY THE ACQUIRER

1. A copy of the draft LOF was delivered to (a) the Board of Directors of the Target Company (b) The Bombay Stock Exchange Limited and (c) The National Stock Exchange of India Ltd for their information and perusal on June 12, 2008.
2. The Acquirer and the directors of the Acquirer accept full responsibility for the information contained in this Letter of Offer and also for the obligations of the Acquirer as laid down in Regulation 22(6) of the SEBI Takeover Regulations.
3. Information provided by the Target Company has been relied on for the purpose of disclosures made in relation to the Target Company. Subject to the aforesaid, the Acquirer and the directors of the Acquirer accept full responsibility for the information contained in this LOF.
4. The Acquirer is responsible for ensuring compliance with the SEBI Takeover Regulations.
5. The Manager to the Offer has ensured that Mr. Rajiv Saxena is duly and legally authorized to sign the LOF.
6. As on the date of the PA and this Letter of Offer, in terms of Regulation 16(via) of the SEBI Takeover Regulations, the Manager to the Offer does not hold any Shares. As required under Regulation 24(5A) of the SEBI Takeover Regulations, the Manager to the Offer shall not deal in the Shares during the period commencing from the date of its appointment in terms of Regulation 13 of the SEBI Takeover Regulations until the expiry of fifteen days from the date of closure of the Offer.

For and on behalf of Cronimet Mercon Invest Limited

Sd/-

Rajiv Saxena
Authorized Signatory

Place: United Arab Emirates

Date: May 27, 2009

Encl: 1. Form of Acceptance cum Acknowledgement with Form of Withdrawal

2. Transfer Deed (as applicable)

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

- *Please submit this Form with enclosures to the Registrar to the Offer at their address given overleaf.*
- *Please read the enclosed Letter of Offer dated May 27, 2009 carefully before filling this Acceptance Form.*
- *All terms and expressions used herein shall have the same meaning as ascribed thereto in the Letter of Offer.*
- *Each Shareholder of GFIL to whom this Offer is being made, is free to offer his Shareholding in GFIL in whole or in part while accepting the Offer.*

OFFER	
OPENS ON	: JUNE 2, 2009
CLOSES ON :	JUNE 22, 2009

FORM OF ACCEPTANCE-CUM-ACKNOWLEDGEMENT

From:

Folio No./DP ID/ Client ID:

Name : **Tel No. ;**

Full Address : **Fax No.:**

Email :

	RESIDENT
	NON-RESIDENT

To,

Mondkar Computers Pvt Limited
[Unit: GMR Ferro Alloys & Industries Ltd]
21, Shakil Niwas Opp: Satya Saibaba Temple
Mahakali Caves Road Andheri East, Mumbai 400093

Dear Sir,

Sub: Offer for purchase of 24,57,059 fully paid up Shares of the face value of Rs. 10/- (Rupees Ten only) each, representing 20.00% of the voting paid up equity share capital of GMR Ferro Alloys & Industries Limited, at an Offer Price of Rs. 26.05 (Rupees Twenty Six and Paise Five only) per fully paid-up equity share by Cronimet Mercon Invest Limited [Acquirer]

I/We refer to the Letter of Offer dated May 27, 2009 for acquiring the Shares held by me/us in GFIL.

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

☐ **FOR SHARES IN PHYSICAL FORM**

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

Sr.No	Ledger Folio No	Certificate No	Distinctive Nos		No of fully paid-up Shares	PAN No. (Mandatory)
			From	To		
Total number of Shares						

Note: Please attach an additional sheet of paper if the above space is insufficient and authenticate the same.

I/ We note and understand that the original Share certificate (s) and valid Share transfer deed(s) will be held in trust for me / us by Registrar to the Offer until the time the Acquirer completes the Offer obligations under the SEBI Takeover Regulations as mentioned in the Letter of Offer. I/ We also note and understand that the Acquirer will pay the purchase consideration only after verification of the documents and signatures.

☐ **SHARES IN DEMATERIALIZED FORM**

I/We, holding Shares in the dematerialized form, accept the Offer and enclose the photocopy of the delivery instruction in "off-market" mode, duly acknowledged by the DP in respect of my/our Shares as detailed below:

DP Name	DP ID	Client ID	Beneficiary Name	No of fully paid-up Shares

I/ We have executed an off-market transaction for crediting the Shares to the escrow depository account opened by Mondkar Computers Pvt. Limited with HDFC Bank Ltd styled **"MCPL Escrow A/c - GFIL Open Offer"** with the following particulars:

DP Name	DP ID	Client ID	ISIN
HDFC Bank Ltd.	IN301151	25100880	INE592I01011

☐ via a delivery instruction from my account with NSDL ☐ via inter-depository delivery instruction from my account with CDSL

I/ We note and understand that the Shares would reside in the Escrow Depository Account until the time the Acquirer completes the Offer obligations under the SEBI Takeover Regulations as mentioned in the Letter of Offer

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ACKNOWLEDGEMENT RECEIPT

Folio No_____________________DP ID____________________ Client ID________________________________ Sr. No._______________

Received from Mr./Ms./M/s____a Form of Acceptance cum Acknowledgment for Offer of _________ Shares of GFIL along with: ☐ Copy of delivery instruction slip ☐ share certificate(s) under folio number(s) ______________________along with transfer deed(s).

Stamp of collection centre	Signature of Official	Date of Receipt

☐ **For NRIs/ FIIs/ Foreign Shareholders:**

I/We have enclosed the following documents:

☐ No Objection Certificate / Tax Clearance Certificate from Income Tax Authorities, as applicable.

☐ RBI/GOI approval(s) for acquiring Shares of GFIL hereby tendered in the Offer.

Following documents should be enclosed wherever applicable

☐ Power of attorney

☐ Death certificate/ succession certificate/ No objection Certificate/ letters from legal heirs- duly attested

☐ Corporate authorization in case of companies along with board/ general meeting resolutions and specimen signatures of authorized signatories

☐ Others (please specify) ___________________________

Bank details: So as to avoid fraudulent encashment in transit, the Shareholder(s) holding Shares in physical form should provide details of bank account of the first/sole Shareholder and the consideration cheque or demand draft will be drawn accordingly. For Shares that are tendered in electronic form, the bank account details as obtained from the "beneficiary position download" to be provided by the Depositories will be considered and the payment instruments will be issued with those bank particulars only:

Name of Bank		**Branch**	
Account Number		**Current/ Savings/Others (Please specify)**	
9 Digit MICR Code		**IFSC Code (RTGS/NEFT)**	

I/We confirm that the Shares of GFIL, which are being tendered herewith by me/us under this Offer, are free from liens, charges and encumbrances of any kind whatsoever.

I/ We note and understand that once I/ We have accepted the Offer by tendering the requisite documents in terms of Public Announcement / Letter of Offer, I/ We have the option to withdraw the same up to three working days prior to the date of the closure of the Offer i.e. up to Wednesday – June 17, 2009.

I/We authorize the Acquirer to accept the Shares so offered which they may decide to accept in consultation with the Manager to the Offer and in terms of the Letter of Offer and I/We further authorize the Acquirer to return to me/us, share certificate(s) in respect of which the Offer is not found valid/not accepted, specifying the reasons thereof.

I/We authorize the Acquirer to accept the Shares so offered or such lesser number of Shares that they may decide to accept in terms of the Letter of Offer and I/We authorize the Acquirer to split / consolidate the share certificates comprising the Shares that are not acquired to be returned to me/us and for the aforesaid purposes the Acquirer is hereby authorized to do all such things and execute such documents as may be found necessary and expedient for the purpose.

I/We authorize the Acquirer and the Registrar to the Offer and the Manager to the Offer to send by registered post/speed post/under certificate of posting as may be applicable at my/our risk, the draft/cheque/payment instruments/payment intimation, in full and final settlement of the amount due to me/us and/or other documents or papers or correspondence to the sole/first holder at the address mentioned below.

<u>In case of Shares tendered in dematerialized form,</u>

I/We authorize the Acquirer, Registrar to the Offer and the Manager to the Offer to use my details regarding my address and bank account details as obtained from my depository/depository participant for the purpose of mailing the aforementioned instruments.

Yours faithfully,

Signed and Delivered

	Full name(s) of Shareholder(s)	Specimen Signature(s)	PAN/ GIR No.
1st/ Sole Holder			
Joint Holder 1			
Joint Holder 2			
Joint Holder 3			

Note: In case of joint holdings, all holders must sign. A corporation must affix its rubber stamp.

Address of first/ sole holder where the purchase consideration/ share certificates are to be dispatched ________________________________

____

Place:

Date:

Note: All future correspondence, if any should be addressed to the Registrar to the Offer at

MONDKAR COMPUTERS PVT LIMITED
(UNIT: GMR FERRO ALLOYS & INDUSTRIES LTD)
21, Shakil Niwas Opp: Satya Saibaba Temple
Mahakali Caves Road Andheri East, Mumbai 400093
Tel: 91 022 2825 7641 / 2836 6620
Fax: 91 022 2820 7207
Email: info@mondkarcomputers.com
Contact: Ravi Utekar

PROCEDURE FOR ACCEPTANCE

The Equity Shareholders of GFIL who wish to avail the Offer can deliver all the relevant documents referred to above to the Registrar to the Offer at the collection centre specified below in accordance with the instructions specified in the Letter of Offer and Acceptance Form so as to reach them not later than Monday – June 22, 2009

Collection centre details:

Address of the Collection Centre	Contact Person	Mode of delivery	Phone/ Fax / Email
Mondkar Computers Pvt Limited 21, Shakil Niwas, Opp: Satya Saibaba Temple, Mahakali Caves Road, Andheri East, Mumbai 400093	Devanand Dalvi	Hand Delivery/ Regd Post/ Courier	Tel: 9 1 022 2825 7641 / 2836 6620 Fax: 91 022 2820 7207 Email: info@mondkarcomputers.com

Monday to Friday from 10.00 am to 1.00 pm and from 2.00 pm to 4.00 pm and on Saturdays from 10.00 am to 1.00 pm. excluding Sundays and public holidays.

PLEASE NOTE THAT NO SHARES / FORMS SHOULD BE SENT DIRECTLY TO THE ACQUIRER OR TO THE MANAGER TO THE OFFER

(1) **All queries** pertaining to this Offer may be directed to the Registrar to the Offer.

(2) **Shareholders holding registered Shares** should submit the Form duly completed and signed in accordance, by the holders of the Shares, along with the original equity share certificate(s) and valid equity share transfer form(s) duly signed as per the specimen signatures lodged with GFIL and duly witnessed at the appropriate place. Please do not fill in any other details in the transfer deed except name, signature and witness.

(3) **Shareholders holding Shares in dematerialized form** should submit the Form duly completed and signed in accordance with the instruction contained therein by all the beneficial holders of the Shares, as per the records of the DP.

(4) **In case of Shares held in joint names**, names should be filled up in the same order in the Form and in the transfer deed(s) as the order in which they hold Shares in GFIL, and should be duly witnessed. This order cannot be changed or altered nor can any new name be added for the purpose of accepting the Offer.

(5) **In case where the signature is subscribed by thumb impression**, the same shall be verified and attested 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.

(6) **Persons who own Shares (as on the Specified Date or otherwise) but are not the registered holders** of such Shares and who desire to accept the Offer, will have to communicate their acceptance in writing to the Registrar to the Offer together with the original contract note issued by the broker, the share certificate(s), the transfer deed(s) with the buyers details not filled in and other relevant documents. In case the share certificate(s) and transfer deed(s) are lodged with GFIL / its transfer agent for transfer, then the Form shall be accompanied by the acknowledgment of lodgment with, or receipt by,GFIL /its transfer agent, of the share certificate(s) and transfer deed(s). Persons under this paragraph should submit their acceptance and necessary documents by registered post or speed post or courier or in person to the Registrar at their office as mentioned above.

(7) **Non-resident Shareholders** should enclose copy (ies) of permission received from Reserve Bank of India/Government of India to acquire Shares held by them in GFIL.

(8) **Non-resident Shareholders** are advised to refer to the clause on taxation in the Letter of Offer regarding important disclosures regarding the taxation of the consideration to be received by them.

(9) **In case of bodies corporate**, certified copies of appropriate authorization (including board/shareholders' resolutions, as applicable) authorizing the sale of Shares along with specimen signatures duly attested by a bank must be annexed. The common seal should also be affixed.

(10) **All the Shareholders** should provide all relevant documents which are necessary to ensure transferability of the Shares in respect of which the acceptance is being sent. Such documents may include (but not be limited to):

(a) Duly attested death certificate and succession certificate (in case of single Shareholder) in case the original Shareholder has expired.

(b) Duly attested power of attorney if any person other than the Shareholder has signed acceptance form or transfer deed(s).

(c) No objection certificate from any lender, if the Shares in respect of which the acceptance is sent, were under any charge, lien or encumbrance.

FORM OF WITHDRAWAL

OFFER OPENS ON	June 2, 2009
LAST DATE FOR WITHDRAWAL	June 17, 2009
OFFER CLOSES ON	June 22, 2009

I/ We would like to withdraw my/our acceptance in terms of Regulation 22(5A) of the SEBI Takeover Regulations and my/our relevant details are as follows:

☐ In respect of physical shares:

Name		
Address		
Distinctive Numbers		
Folio Number		
Share Certificate Numbers	From	
	To	
Number of Shares tendered		
Number of Shares withdrawn		

Copy of acknowledgment received from the Registrar to the Offer while tendering the acceptance is being attached herewith.

☐ In respect of demat / electronic shares:

Name	
Address	
Number of Shares tendered	
Number of Shares withdrawn	
DP Name	
DP ID	
Beneficiary Account Number/Client ID	

Photocopy of the delivery instruction slip in off market mode duly acknowledged by DP is attached along with a copy of the acknowledgment received from the Registrar to the Offer while tendering the Shares.

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ACKNOWLEDGEMENT RECEIPT

Folio No______________________DP ID_____________________ Client ID__________________________________ Sr. No.________________

Received from Mr./Ms./M/s____a Form of withdrawal of Offer of _________ Shares of GFIL along with: ☐ Copy of delivery instruction slip ☐ share certificate(s) under folio number(s) ___________ ___________along with transfer deed(s).

Stamp of collection centre	Signature of Official	Date of Receipt

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Note: All future correspondence, if any should be addressed to the Registrar to the Offer at

MONDKAR COMPUTERS PVT LIMITED
(UNIT: GMR FERRO ALLOYS & INDUSTRIES LTD)
21, Shakil Niwas Opp: Satya Saibaba Temple
Mahakali Caves Road Andheri East, Mumbai 400093
Tel: 91 022 2825 7641 / 2836 6620
Fax: 91 022 2820 7207
Email: info@mondkarcomputers.com
Contact: Ravi Utekar