LETTER OF OFFER

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

This Letter of Offer is being sent to you as a shareholder of Godavari Fertilisers and Chemicals Limited (hereinafter referred to as "GFCL" or "Target"). If you require any clarification about the action to be taken, you may consult your stock broker or your investment consultant or the Manager to the Offer or the Registrar to the Offer. In case you have recently sold your Shares in the Target, please hand over this Letter of Offer and the accompanying Form of Acceptance-cum-Acknowledgement, Form of Withdrawal and Transfer Deed to the member of the Stock Exchange through whom the said sale was effected.

COROMANDEL FERTILISERS LIMITED

a company incorporated under the Companies Act, 1956
(Registered Office: "Coromandel House", 1-2-10, Sardar Patel Road, Secunderabad - 500003)
Tel: +91-40-27842034, Fax: +91-40-27844117

MAKES A CASH OFFER AT Rs.150/- PER FULLY PAID-UP EQUITY SHARE TO ACQUIRE

64,00,000 fully paid-up equity shares of Rs.10/- each, representing 20% of the total voting capital and fully paid-up equity share capital of

GODAVARI FERTILISERS AND CHEMICALS LIMITED

a company incorporated under the Companies Act, 1956
(Registered Office: 3rd Floor, "Coromandel House", 1-2-10, Sardar Patel Road, Secunderabad - 500003)
Tel No.: +91-40-27701871, 27702522, Fax No.: +91-40-27701541

Note:

- This Offer is being made pursuant to and in accordance with the provisions of the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 1997, and subsequent amendments thereof.
- The Offer is subject to the statutory and regulatory approvals required to acquire Shares tendered pursuant to this Offer (described in paragraph 83 below).
- If there is any upward revision of the Offer Price by the Acquirer till the last permitted date for revision viz. March 8, 2007 or withdrawal of the Offer, the same would be informed by way of a public announcement in the same newspapers in which the original Public Announcement had appeared. Such revised Offer Price would be payable for all the Shares tendered anytime during the Offer and accepted under the Offer.
- Shareholders, who have accepted the Offer by tendering the requisite documents in terms of the Public Announcement/Letter of Offer, can withdraw the same up to 3 working days prior to the closure of the Offer viz. March 14, 2007.
- **If there is a competitive bid: (i) the public offers under all the subsisting bids shall close on the same date; (ii) as the Offer Price cannot be revised during seven working days prior to the closing date of the offers /bids, it would therefore, be in the interest of the shareholders to wait till the commencement of that period to know the final offer price of each bid and tender their acceptance accordingly.**
- **There has been no competitive bid as on date.**
- A copy of the Public Announcement and this Letter of Offer (including the Form of Acceptance-cum-Acknowledgement and the Form of Withdrawal) are expected to be available on SEBI's website (www.sebi.gov.in).

MANAGER TO THE OFFER

kotak Investment Banking

Kotak Mahindra Capital Company Limited

Bakhtawar 3rd floor, 229
Nariman Point, Mumbai 400 021
Tel: +91-22-66341100
Fax: +91-22-22840492
Contact Person:
Mr. Chandrakant Bhole
Email:gfcl.offer@kotak.com

REGISTRAR TO THE OFFER

CAMEO

Cameo Corporate Services Limited

Subramanian Building,
1 Club House Road,
Chennai - 600002
Tel: +91-44-28460390
Fax: +91-44-28460129
Contact Person:
Mr. A Sivasubramanian
Email:cameo@cameoindia.com

Activity	Date	Day
Issue of Public Announcement	January 25, 2007	Thursday
Specified Date	January 25, 2007	Thursday
Last date for a competitive bid	February 15, 2007	Thursday
Last date by which Letter of Offer will be dispatched to the Shareholders	February 26, 2007	Monday
Offer Opening Date	**March 1, 2007**	**Thursday**
Offer Closing Date	**March 20, 2007**	**Tuesday**
Last date for revising the Offer Price/Offer Size	March 8, 2007	Thursday
Last date for withdrawing acceptance of the Offer	March 14, 2007	Wednesday
Date by which the acceptance/rejection would be intimated and the corresponding payment for the acquired Shares and/or the share certificate(s)/demat delivery instruction for the rejected Shares will be dispatched/issued	April 4, 2007	Wednesday

RISK FACTORS

- This Offer is subject to the receipt of certain approvals as more fully set forth in the paragraph 83 below.
- The Acquirer makes no assurance with respect to the market price of the Shares both during the Offer period and upon the completion of the Offer, and disclaim any responsibility with respect to any decision by the Shareholders on whether or not to participate in the Offer.
- Association of GFCL with the Acquirer does not warrant any assurance with respect to the future financial performance of GFCL.
- The risks set forth above pertain to the Offer and not in relation to the future operations or performance of GFCL. Further, the risks are not intended to cover a complete analysis of all risks as perceived in relation to the Offer or risks arising from association of GFCL with the Acquirer, but are only indicative.

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KEY DEFINITIONS

Acquirer, CFL	Coromandel Fertilisers Limited (a company incorporated under the Companies Act, 1956) having its registered office at "Coromandel House", 1-2-10, Sardar Patel Road, Secunderabad - 500003
BSE	Bombay Stock Exchange Limited
Cash Deposit	The amount of Rs. 24,00,00,000 (Rupees Twenty Four Crores only) held in the escrow account with Kotak Mahindra Bank Limited, 5 C/ II Mittal Court, 224 Nariman Point, Mumbai - 400021
FEMA	Foreign Exchange Management Act, 1999, as amended
Form	Form of Acceptance-cum-Acknowledgement attached to this Letter of Offer
GFCL / Target	Godavari Fertilisers and Chemicals Limited (a company incorporated under the Companies Act, 1956) having its registered office at 3rd Floor, "Coromandel House", 1-2-10, Sardar Patel Road, Secunderabad - 500003
HSE	The Hyderabad Stock Exchange Limited
Seller, IFFCO	Indian Farmers Fertiliser Cooperative Limited
Letter of Offer/ LOF	This Letter of Offer dated February 21, 2007
Manager to the Offer	Kotak Mahindra Capital Company Limited, the merchant bankers appointed by the Acquirer pursuant to regulation 13 of the Regulations, having its registered office at Bakhtawar, 3rd Floor, 229 Nariman Point, Mumbai 400 021
NSE	The National Stock Exchange of India Limited
Offer	Offer being made by the Acquirer to the Shareholders of the Target to purchase upto 64,00,000 Shares at the Offer Price payable in cash
Offer Price	Price of Rs. 150/- (Rupees One Hundred and Fifty Only) per Share
Offer Size, Offer Shares	64,00,000 Shares of GFCL. These Shares represent 20% of the fully diluted equity capital and at the Offer Price assuming full acceptance aggregate to Rs.96,00,00,000/-
PA/Public Announcement	Announcement of this Offer made on behalf of the Acquirer to the shareholders of the Target published on January 25, 2007 and corrigendum to the public announcement published on February 21, 2007 which appeared in all the available editions of Financial Express, Janasatta, Vaartha (Hyderabad edition) and Navshakti (Marathi edition).
RBI	The Reserve Bank of India
Registrar to the Offer	Cameo Corporate Services Limited, the registrars and share transfer agents appointed by the Acquirer, having its registered office at 73, Armenian Street, Chennai-600001 and its principal office at Subramanian Building, No 1, Club House Road, Chennai-600002

Regulations	Securities & Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 1997 and subsequent amendments thereto
SEBI	Securities and Exchange Board of India
SPA	Agreement entered into on January 23, 2007 between CFL and IFFCO for the acquisition of 80,01,000 fully paid-up equity Shares equivalent to 25.00% of the paid-up equity share capital of Target
Sale	Sale of 80,01,000 fully paid-up equity Shares equivalent to 25.00% of the paid-up equity share capital of Target by IFFCO to CFL
Shareholders	Shareholders of GFCL
Share/Shares	Fully paid-up equity share/shares of Rs.10/- each of GFCL
Specified Date	January 25, 2007 being the date for the purpose of determining the names of the Shareholders to whom the Letter of Offer will be sent
Stock Exchanges	HSE and NSE

Note : *All terms beginning with a capital letter used in this Letter of Offer, but not otherwise defined herein, shall have the meanings ascribed thereto in the Regulations.*

I. DISCLAIMER CLAUSE

IT IS TO BE DISTINCTLY UNDERSTOOD THAT FILING OF DRAFT LETTER OF OFFER WITH SEBI SHOULD NOT IN ANY WAY BE DEEMED OR CONSTRUED THAT THE SAME HAS BEEN CLEARED, VETTED OR APPROVED BY SEBI. THE DRAFT LETTER OF OFFER HAS BEEN SUBMITTED TO SEBI FOR A LIMITED PURPOSE OF OVERSEEING WHETHER THE DISCLOSURES CONTAINED THEREIN ARE GENERALLY ADEQUATE AND ARE IN CONFORMITY WITH THE REGULATIONS. THIS REQUIREMENT IS TO FACILITATE THE SHAREHOLDERS OF GODAVARI FERTILISERS AND CHEMICALS LIMITED TO TAKE AN INFORMED DECISION WITH REGARD TO THE OFFER. SEBI DOES NOT TAKE ANY RESPONSIBILITY EITHER FOR FINANCIAL SOUNDNESS OF THE ACQUIRER(S), PACs OR THE COMPANY WHOSE SHARES/CONTROL IS PROPOSED TO BE ACQUIRED OR FOR THE CORRECTNESS OF THE STATEMENTS MADE OR OPINIONS EXPRESSED IN THE LETTER OF OFFER. IT SHOULD ALSO BE CLEARLY UNDERSTOOD THAT WHILE THE ACQUIRER(S) IS (ARE) PRIMARILY RESPONSIBLE FOR THE CORRECTNESS, ADEQUACY AND DISCLOSURE OF ALL RELEVANT INFORMATION IN THIS LETTER OF OFFER, THE MERCHANT BANKER IS EXPECTED TO EXERCISE DUE DILIGENCE TO ENSURE THAT ACQUIRER(S) DULY DISCHARGES ITS (THEIR) RESPONSIBILITY ADEQUATELY. IN THIS BEHALF, AND TOWARDS THIS PURPOSE, THE MANAGER TO THE OFFER, KOTAK MAHINDRA CAPITAL COMPANY LIMITED, HAS SUBMITTED A DUE DILIGENCE CERTIFICATE DATED JANUARY 25, 2007 TO SEBI IN ACCORDANCE WITH THE SEBI (SUBSTANTIAL ACQUISITION OF SHARES AND TAKEOVERS) REGULATIONS, 1997 AND SUBSEQUENT AMENDMENT(S) THEREOF. THE FILING OF THE LETTER OF OFFER DOES NOT, HOWEVER, ABSOLVE THE ACQUIRER(S) FROM THE REQUIREMENT OF OBTAINING SUCH STATUTORY CLEARANCES AS MAYBE REQUIRED FOR THE PURPOSE OF THE OFFER.

II. THE DETAILS OF THE OFFER

Background to the Offer

1 This Offer is being made by the Acquirer pursuant to regulation 11(1), regulation 12 and other applicable provisions of the Regulations involving substantial acquisition of shares or voting rights with change in control or management. This Offer is subject to the receipt of certain approvals as more fully set forth in the section titled "Statutory Approvals" (see paragraph 83 below).

2 On January 23, 2007, the Board of Directors of the Acquirer decided to acquire the entire shareholding of Indian Farmers Fertiliser Cooperative Limited ("IFFCO" or "Seller") in Godavari Fertilisers and Chemicals Limited ("GFCL" or "Target") constituting 80,01,000 fully paid-up equity shares of Rs. 10/- each ("Shares") being 25.00% of the paid-up equity share capital and voting rights of GFCL at a price of Rs. 150/- (Rupees One Hundred and Fifty only) per Share. Pursuant to the same, CFL and IFFCO in a negotiated deal entered into a Share Purchase Agreement ("SPA") dated January 23, 2007 ("Sale"). Both the Acquirer and the Seller are promoters of the Target. Post the Sale, the Seller shall cease to hold any shares in the Target and hence, will cease to be a promoter of the Target. As per the terms of the SPA, the mode of payment of consideration for the Sale shall be by way of cash. The fully paid-up equity capital of GFCL is Rs 32,00,00,000/- (Rupees Thirty Two Crores only) ("Share Capital") comprising of 3,20,00,000 fully paid-up equity shares of Rs 10/- each ("Shares"). The SPA contains a clause that in the event the Regulations are not complied with pursuant to the Sale, the Sale shall not be acted upon by the Acquirer and the Seller.

3 The Acquirer as on the date of the PA held 1,44,22,252 Shares being 45.07% of the Share Capital and the Seller as on the date of the PA held 80,01,000 Shares being 25.00% of the Target. As a result of the above Sale, the Acquirer would hold 2,24,23,252 Shares being 70.07% of the Share Capital of the Target. The Acquirer and the Seller had entered into a shareholders' agreement dated July 25, 2003 whereby certain operational, management and minority protection rights were provided to each party to the agreement. Pursuant to the Sale, the aforementioned shareholders' agreement shall stand terminated.

4 The details of Seller are as follows (information from Seller's website www.iffco.nic.in):
Name: Indian Farmers Fertiliser Cooperative Limited
Address: IFFCO Sadan, C-1, District Centre, Saket Place, New Delhi -110017
Phone: +91-11-42592626, 26542625, Fax: +91-11-42592650

5 The change in control of Target is pursuant to the SPA signed between Acquirer and Seller as referred to above.

6 None of the Acquirer, Seller or Target has been prohibited by SEBI from dealing in securities, in terms of direction under section 11B of the SEBI Act or under any of the regulations made under the SEBI Act.

7 Currently, on the Board of Directors of the Target there are 3 directors out of a total of 8 directors, namely Mr. A Vellayan, Mr. KA Nair and Mr. V Ravichandran who are also on the Board of the Acquirer. After successful completion of the Open Offer, it is proposed that the two directors nominated by the Seller on the Board of Target (being Mr Sheesh Pal Singh and Mr. Rakesh Kapur) will step down and CFL will have the right to nominate new directors as it may consider necessary.

Details of the Proposed Offer

8 In accordance with regulations 14(1) and 15 of the Regulations, the Acquirer has made a Public Announcement on January 25, 2007 and a corrigendum to the public announcement on February 21, 2007 ("PA"). This PA was made strictly in accordance with regulation 15 of the Regulations and was published in all the available editions of Financial Express and Jansatta, Mumbai edition of Navshakti and Hyderabad edition of Vaartha. A copy of the Public Announcement and this Letter of Offer (including the Form of Acceptance-cum-Acknowledgement and the Form of Withdrawal) are expected to be available on SEBI's website (www.sebi.gov.in).

9 Pursuant to this Offer, the Acquirer proposes to acquire upto 64,00,000 Shares representing 20% of the total voting capital as well as equity capital of the Target at a price of Rs.150/- (Rupees one hundred and fifty only) per Share to be paid in cash in accordance with the Regulations. This Offer is not conditional upon any minimum level of acceptance and does not have any differential pricing.

10 Any Shares to be acquired under this Letter of Offer are to be free from all liens, charges and encumbrances and will be acquired together with all rights attached thereto.

11 The Letter of Offer is being sent to those Shareholders whose name(s) appeared in the Register of Members of the Target at the close of business hours on January 25, 2007, being the Specified Date (except the Acquirer and parties to the SPA), as required under the Regulations.

12 This Offer is made to all Shareholders except the Acquirer and the parties to the SPA.

13 The Acquirer has not acquired/been allotted any Shares of the Target during the last 12 months before the PA and from the date of the PA to the date of the Letter of Offer.

14 There has been no competitive bid till date.

Object of the Acquisition/Offer

15 CFL believes that this Sale and Offer will facilitate implementation of growth plans in the farm inputs business and achieve greater synergies, operational efficiencies and optimize product mix.

16 Acquisition of GFCL stake from the Seller will consolidate market position of the Acquirer and the Target in the main captive market of Andhra Pradesh. Currently both the companies hold market share of 65% in the phosphatic fertiliser segment. Going forward companies can jointly work on prudent product mix, effective utilisation of their respective facilities for maximising revenues, increased market penetration and sharing of key market inputs for strategic decision making.

III. BACKGROUND OF THE ACQUIRER

17 CFL was incorporated on October 16, 1961 as a private limited company and was converted into a public limited company on April 16, 1964. CFL is a part of the Murugappa Group of Companies and has its registered office at “Coromandel House”, 1-2-10, Sardar Patel Road, Secunderabad - 500 003. CFL is in the business of manufacturing and marketing phosphatic fertilisers - complex fertilisers of different grades, single super phosphate (SSP) and pesticides.

18 CFL has complied with the provisions of Chapter II of the Regulations within the time specified in the Regulations.

19 CFL is a subsidiary of E.I.D Parry (India) Limited, a Murugappa Group company, which holds 69.05% of the equity capital of CFL. The other persons in the promoter group hold 1.10% of equity share capital of CFL. The shareholding pattern of CFL as on December 31, 2006 is as follows:

Sr. No.	Shareholder's Category	No. of Shares Held	% Holding
1.	Promoters	89,109,620	70.15%
2.	Mutual Funds/ FIs/ Banks/ Insurance Companies/ FIIs	14,090,670	11.09%
3.	Public	23,827,495	18.76%
	Total	127,027,785	100.00%

20 The addresses of the Board of Directors of CFL are given below

Name, Designation and Residential Address	Experience (Years)	Area of Experience	Qualification	Date of Appointment
A Vellayan **Chairman** 5, Ambadi Road Kotturpuram Chennai - 600 085	30	Marketing, Business Administration	Master of Business Studies (U.K), Diploma in Industrial Administration (U.K)	25/10/1999
V Ravichandran **Managing Director** Flat No.F-2 Plot No.21, Street No 3 Uma Nagar Begumpet Hyderabad - 500 016	26	General Management, Finance, Marketing	Bachelor in Engineering, Post Graduate Diploma in Business Administration (IIMA), Cost Accountant, Company Secretary	22/01/2004
K Anil Nair **Director** Plot No 157 8-2-601/J Road No.10 Banjara Hills Hyderabad - 500 034	33	General Management	Bachelor in Engineering, Post Graduate Diploma in Business Administration (IIMA)	15/07/2004
S Viswanathan **Director** A-46, Vanaprastha Kasturi Naika Palayam Vadavalli Post Coimbatore - 641 041	42	Finance and General Management	Chartered Accountant, Company Secretary, Bachelor in Science	22/01/2004
M M Venkatachalam **Director** 20/1, Valliammai Achi Road Kotturpuram Chennai - 600085	25	General Management	B.Sc (Agricultural Sciences); MBA (USA)	23/01/2007
T M M Nambiar **Director** 172, Jupiter Apartments Cuffe Parade, Colaba Mumbai - 400 005	40	Finance, General Management	Chartered Accountant	22/01/2004
M K Tandon **Director** Flat No 205, Challenger Tower 4,Thakur Village Samta Nagar Kandivali (East) Mumbai - 400 101	41	Insurance Industry, General Management	Degree in law, Master in Commerce	28/03/2004
D E Udwadia **Director** Empress Court Dinshaw Vacha Road Mumbai - 400 020	38	Solicitor	Degree in Law, Masters in Arts	05/04/1999

21 Out of the above Directors, Shri K. Anil Nair, Shri A Vellayan and Shri V Ravichandran are also on the Board of Directors of the Target and therefore, as required under regulation 22(9) of the Regulations, they have recused themselves from the Board of the Target and have not/will not participate in any matter concerning or relating to the Offer. None of the other Directors are on the Board of Target

22 After successful completion of the Open Offer, it is proposed that the two directors nominated by the Seller on the Board of Target will step down and CFL will have the right to nominate new directors as it may consider necessary.

23 The Shares of the Acquirer are listed on the NSE and the BSE.

24 Total paid-up capital of CFL as of March 31, 2006 was Rs 2,540.56 lakhs, the face value is Rs 2/- per share. The closing market price as on January 24, 2007 on NSE was Rs 91.40 per share.

25 CFL's standalone audited financials for the last 3 financial years and the standalone financials as certified by the Auditors for the nine month period ended December 31, 2006 are as under:

Rs in Lakhs

Profit & Loss Statement	Financial year ended March 31, 2004*	Financial year ended March 31, 2005*	Financial year ended March 31, 2006*	Nine months ended Dec 31, 2006^
Income from Operations	121,156.93	152,507.59	184,690.64	-
Other Income	1,101.81	2,909.37	2,779.99	-
Total Income	122,258.74	155,416.96	187,470.63	160,734.00
Total Expenditure	109,045.40	140,617.60	169,825.82	142,471.00
Profit Before Depreciation Interest and Tax	13,213.34	14,799.36	17,644.81	18,263.00
Depreciation	3,264.25	3,510.36	3,707.88	2,706.00
Interest	2,871.73	1,873.30	2,400.61	2,162.00
Profit Before Tax	7,077.36	9,415.70	11,536.32	13,395.00
Extraordinary item - dimunition in value of investments	NIL	129.00	NIL	NIL
Provision for Tax	2,766.80	2,367.23	3,181.68	4,780.00
Profit After Tax	4,310.56	6,919.47	8,354.64	8,615.00
Profit After Tax (without considering Extraordinary item)	4,310.56	7,048.47	8,354.64	8,615.00

Source: Annual Reports of the company for FY 2005-06, FY 2004-05 and FY 2003-04
* Audited
^ Certified by the statutory auditors via its limited review certificate dated January 23, 2007

Rs in Lakhs

Balance Sheet Statement	Financial year ended March 31, 2004*	Financial year ended March 31, 2005*	Financial year ended March 31, 2006*	Nine months ended Dec 31, 2006^
Sources of Funds				
Paid-up Share Capital	2,540.56	2,540.56	2,540.56	2,540.56
Reserves and Surplus	31,240.44	35,982.48	41,258.14	NA
Networth	33,781.00	38,523.04	43,798.70	NA
Secured Loans	18,621.61	17,311.95	21,093.06	NA
Unsecured Loans	10,937.35	9,479.30	21,532.93	NA
Total Loans	29,558.96	26,791.25	42,625.99	NA
Deferred Tax Liability	8,890.38	8,895.27	7,516.41	NA
Total	**72,230.34**	**74,209.56**	**93,941.10**	
Uses of Funds				
Net Fixed Assets	38,243.32	36,530.91	35,800.64	NA
Capital Work-in-Progress	189.49	1,220.35	566.35	NA
Investments	13,616.82	13,487.82	16,180.93	NA
Deferred Tax Asset	174.61	202.27	Nil	NA
Net Current Assets	20,006.10	22,768.21	41,393.18	NA
Total miscellaneous expenditure not written off	Nil	Nil	Nil	NA
Total	**72,230.34**	**74,209.56**	**93,941.10**	

Source: Annual Reports of the company for FY 2005-06, FY 2004-05 and FY 2003-04
* Audited
^ Certified by the statutory auditors via its limited review certificate dated January 23, 2007

Other Financial Data	Financial year ended March 31, 2004	Financial year ended March 31, 2005	Financial year ended March 31, 2006	Nine months ended Dec 31, 2006^
Dividend (%)	65.00%	75.00%	85.00%	NA
Earning Per Share #	3.39	5.45	6.57	6.78
Return on Net worth*	12.76%	17.96%	19.08%	NA
Book Value Per Share**,#	26.59	30.33	34.48	NA

Source: Annual reports and the latest quarterly results
* Profit After Tax/Networth
**Networth/No of equity shares
^ Certified by the statutory auditors via its limited review certificate dated January 23, 2007
# Effective January 9, 2006 equity shares of CFL of nominal value of Rs 10/- each were split into 5 equity shares of Rs 2/- each. Correspondingly, EPS and BVPS for FY 2004 and FY 2005 have been restated based on current nominal equity share capital.

26 There have been no changes in accounting policy for the Acquirer over the past 3 years.

27 For FY 2004, the total assets and liabilities after deducting revaluation reserves of Rs 675.93 lakhs was Rs 71,554.41 lakhs (adjusted networth of Rs 33,105.07 lakhs, adjusted net fixed assets (excluding CWIP) of Rs 37,567.39 lakhs). For FY 2005, the total assets and liabilities after deducting revaluation reserves of Rs 616.64 lakhs was Rs 73,592.92 lakhs (adjusted networth of Rs 37,906.40 lakhs, adjusted net fixed assets (excluding CWIP) of Rs 35,914.27 lakhs). For FY 2006 there were no revaluation reserves. There have been no accounting changes over last 3 financial years warranting any change in financials for CFL. There are no other adjustments to be made as per clause 11 of Annexure I of the Format of the Standard Letter of Offer as specified by SEBI.

28 Companies promoted by Acquirer (besides the Target) are Parry Chemicals Limited and Ficom Organics Limited. Details of the companies for the last 3 years are provided as under:

(a) **Parry Chemicals Limited** (incorporated May 26, 1995), involved in manufacturing and trading in pesticides

(Rs Lakhs unless stated otherwise)

	FY 2004	FY 2005	FY 2006
Equity Capital	50.00	50.00	50.00
Reserves (excluding revaluation reserves)	47.22	67.40	74.64
Total Income	3,727.61	4,096.05	3,264.74
Profit After Tax	9.35	20.18	7.24
EPS (Rs)	1.87	4.04	1.44
Net Asset Value (Book value per share) (Rs)	19.44	23.48	24.93

Parry Chemicals Limited is not a sick industrial unit within the meaning of clause (0) of subsection (1) of the section 3 of the Sick Industrial Companies (Special Provisions) Act, 1985.

(b) **Ficom Organics Limited** (incorporated May 18, 1979), Product range includes agrochemicals, malathion technicals, etc

(Rs Lakhs unless stated otherwise)

	FY 2004	FY 2005	FY 2006
Equity Capital	619.39	619.39	619.39
Reserves (excluding revaluation reserves)	1,877.11	1,766.56	270.06
Total Income	5,804.00	6,359.73	5,193.27
Profit After Tax	(208.75)	(110.55)	(1,496.50)
EPS (Rs)	(3.37)	(1.79)	(24.17)
Net Asset Value (Book value per share) (Rs)	40.32	38.54	14.36

Ficom Organics Limited is not a sick industrial unit within the meaning of clause (0) of subsection (1) of the section 3 of the Sick Industrial Companies (Special Provisions) Act, 1985.

29 Object of the acquisition: To facilitate implementation of growth plans of farm inputs business and achieve greater synergies, operational efficiencies and optimize product mix.

30 Proposed changes in the Target, post acquisition: On completion of the open offer, the two directors nominated by the Seller will step down and CFL will have the right to nominate new directors as it may consider necessary.

31 Future plans and strategies of the Acquirer with regard to the Target: The Acquirer has plans to implement certain growth plans in GFCL which would enable GFCL to increase their volume of production / sales and in turn increase their market share in the phosphatic fertiliser business.

32 As of date of the PA, the Acquirer does not have any plans in the next two years to dispose of or otherwise encumber any assets of the Target except in the ordinary course of business of the Target, and except to the extent required for the purpose of restructuring and/or rationalization, reorganization, arrangements of operations, assets, investments, liabilities or otherwise of the Target. Notwithstanding the above, the Board of Directors of the Target may take appropriate decisions in these matters as per the requirements of business and in line with the opportunities from time to time.

33 The Acquirer undertakes that it shall not sell, dispose of or otherwise encumber any substantial assets of the Target except with the prior approval of the shareholders of the Target.

34 As per the audited financials as of March 31, 2006, the contingent liabilities in respect of matters under dispute relating to income-tax amounted to Rs.290.00 lakhs and other contingent liabilities amounted to Rs.286.43 lakhs.

35 Reasons for the fall/rise in total income:

The profit after tax for the FY 2004-05 was Rs 6,919.47 lakhs compared to Rs 4,310.56 lakhs in FY 2003-04. The increase in profit was due to higher production and sales volumes, improvements in operating efficiencies, and control in distribution and borrowing costs. CFL also took a credit of Rs 1,637 lakhs towards provision for taxation for earlier years, as no longer required.

The profit after tax for the FY 2005-06 was Rs 8,354.64 lakhs as compared to Rs 6,919.47 lakhs in the FY 2004-05. The increase in profit was due to improved performance mainly on account of significant increase in production and sales volume of complex fertilisers, improved operating efficiencies, control on conversion and distribution costs, optimal product mix and better logistics management. CFL also took credit of Rs. 1176 lakhs toward write back of tax provision relating to earlier year as no longer required.

36 Details of earlier acquisitions made by CFL in the Target:

	No. of Shares Acquired	**% Holding Acquired**	**Compliance with Regulations**
From Secondary Market (upto 1.4.2003)	44,13,103	13.79	Complied
From Secondary Market (between 1.4.2003 to 19.5.2003)	1,50,000	0.47	Complied
Acquisition from Govt of AP	82,80,000	25.88	Complied
Acquisition through Open Offer on 1.11.2003	47,79,149	14.93	Complied
Sale to:			
- Foskor Ltd - 23.2.2004	(16,00,000)	(5.0)	Complied
- Groupe Chimique Tunisien - 29.3.2004	(16,00,000)	(5.0)	Complied
Net holding as on date of PA	**1,44,22,252**	**45.07**	

37 Significant accounting policies of CFL

Basis of preparation of accounts: The financial statements have been prepared on the basis of going concern, under the historic cost conversion, to comply in all material aspects with applicable accounting principles in India, the Accounting Standards issued by the Institute of Chartered Accountants of India and the relevant provisions of the Companies Act, 1956.

Fixed Assets: Fixed assets are shown at cost or valuation less depreciation.

Depreciation on Fixed Assets: Depreciation is provided on the straight-line method. Lease-hold land is being amortised over the lease period.

Foreign Currency Transactions: Transactions made during the year in foreign currency are recorded at the exchange rate prevailing at the time of transactions. Assets and Liabilities related to foreign currency transactions remaining unsettled at the year-end are translated at contract rates, when covered by foreign exchange contracts and at year-end rate in other cases.

Investments: Long term investments are valued at cost of acquisition including related expenses. Provision is made when there is permanent fall in value of such investments.

Inventories: Stores and spares are valued at weighted average cost. Other inventories are valued at lower of cost and net realisable value.

Sundry Debtors and Advances: Specific debts and advances identified as irrecoverable and doubtful are written off or provided for respectively.

Revenue Recognition: Sale of goods is recognised at the point of despatch to customers. Sales include amounts recovered towards excise duty and exclude sales tax. Dividend income from investments is accounted for when declared. Subsidy is recognised on the basis of the concession scheme announced by the Government of India from time to time. Subsidy is accounted for on the basis of sale made by the company.

Retirement Benefits: Retirement benefits to employees are provided for by means of Provident Fund, Superannuation, Gratuity and Leave Encashment.

Leases: The lease rentals paid under such agreements are charged to profit and loss account.

Taxes on Income: Provision for current tax is made for the amount of tax payable in respect of taxable income for the year under Income Tax Act, 1961. Deferred tax is recognised on timing differences being the difference between taxable income and accounting income that originate in one period and are capable of reversal in subsequent periods, subject to consideration of prudence.

38 The company has been regular in complying with all the requirements of corporate governance including the requirements relating to independent directors, internal controls, corporate disclosures and reporting, whistle blower policy, code of conduct, etc.

39 Details of pending litigations against the Acquirer relate to certain sales-tax, excise duty and cess matters, that have not been deposited on account of the dispute, are as under:

Name of the statute	Nature of the dues	Amount (Rs.in lacs)	Year to which they relate	Forum where the dispute is pending
Karnataka Sales Tax Act, 1957	Turnover Tax	8.33	1993-1994	Sales Tax Appellate Tribunal
AP General Sales Tax Act, 1957	Sales Tax on water	26.72	1994-1995 to 1995-1996	Sales Tax Appellate Tribunal
Central Excise Act, 1944	Disallowances / Demands	368.03	1997-1998 to 2005-2006	Commissioner (Appeals)/Customs, Excise and Service Tax Appellate Tribunal
Electricity Supply Act, 1948	Cess on generation of Electricity	184.63	2003-2004 to 2005-2006	High Court of Madras and Andhra Pradesh

40 The Compliance Officer of CFL is Mr. M.R. Rajaram, Company Secretary, address “Coromandel House”, 1-2-10 Sardar Patel Road, Secunderabad - 500003 (Tel: +91-40-27842034, Fax: +91-40-27844117, Email-id: RajaramMR@cfl.murugappa.com)

41 In 2003-04, the Farm Inputs Division of E.I.D. Parry (India) Limited was merged into CFL through a scheme of arrangement approved by Hon'ble High Courts of Madras and Andhra Pradesh. The appointed date was 1/04/2003 and the effective date of merger was 1/12/2003. In December 2006, CFL formulated a Scheme of Amalgamation of M/s Ficom Organics Limited and its wholly owned subsidiary M/s Rasilah Investments Ltd., with itself and it is currently in the process of obtaining the necessary approvals for the said Scheme as per the provisions of Section 394 of the Companies Act, 1956. There has been no other merger/de-merger or spin off in CFL during the past three years.

42 CFL was incorporated on October 16, 1961 as a private limited company and was converted into a public limited company on April 16, 1964. There has been no other change in the name of the company thereafter.

43 CFL believes this acquisition will facilitate implementation of growth plans of farm inputs business and achieve greater synergies, operational efficiencies and optimize product mix.

44 Pursuant to this Offer, if the public shareholding reduces below 25% of the Share Capital of the Target, the Acquirer undertakes to comply with the continuous listing guidelines laid out in the Listing Agreement of the Target with stock exchanges as required by regulation 21(2) of the Regulations. The Acquirer shall either sell-down its shareholding in the Target in a transparent and non-disruptive manner or endeavour to get the Target to issue additional Shares to the public such that the minimum public holding threshold of 25% is regained within the timeline specified in the Listing Agreement.

IV. BACKGROUND OF THE TARGET

45 Godavari Fertilisers and Chemicals Limited, having its registered and corporate office at 3rd Floor, “Coromandel House”, 1-2-10, Sardar Patel Road, Secunderabad - 500003 (Tel No.: +91-40-27701871,27702522 & Fax No.: +91-40-27701541), was incorporated on December 17, 1981 as a private limited company and subsequently converted into a public company with effect from August 31, 1984. The company has not changed its name since incorporation. The registered office of the company was shifted from 50, Sebastian Road, Secunderabad 500 003 to the present address in the month of February 2005.

46 GFCL is engaged in the business of manufacture and marketing of phosphatic fertilisers. GFCL became part of the Murugappa Group in July 2003, when CFL acquired a 25.88% equity stake from the Government of Andhra Pradesh, one of the original promoters of GFCL. CFL currently holds 45.07% of the equity of GFCL. The other major shareholders are IFFCO, which holds 25%, Foskor Ltd of South Africa and Groupe Chimique Tunisien of Tunisia, who hold 5% each. GFCL has its manufacturing unit at Kakinada (1.1 million metric tonnes p.a.) and has 9 regional marketing offices with a wide network of more than 5,000 dealers. (Further information about the Target is available at its website www.gfcl.co.in)

47 Share Capital of the Target as on the date of PA.

	Number of shares / voting rights	% of shares / voting rights
Fully paid-up equity shares	3,20,00,000	100
Partly paid-up equity shares	-	-
Total paid-up equity shares	3,20,00,000	100
Total voting rights in the Target	3,20,00,000	100

48 Build-up of the current capital structure of the Target since inception is as under:

Date of Allotment	No and % of Shares Issued	Cumulative Paid-up Capital	Mode of Allotment	Identity of Allottees (Promoters/ ex-Promoters/ Others)	Status of Compliance with applicable provisions of SEBI SAST or other statutory requirements
30-12-1981	50,000 (0.16% of current, 100% of post issue)	50,000	Private Placement	Govt. of AP (Ex Promoter)	Complied
30-06-1982	50,000 (0.16% of current, 50% of post issue)	1,00,000	Private Placement	Govt. of AP (Ex Promoter)	Complied
22-04-1983	11,00,000 (3.44% of current, 91.67% of post issue)	12,00,000	Private Placement	Govt. of AP (Ex Promoter)	Complied
29-08-1983	1,00,000 (0.31% of current, 7.69% of post issue)	13,00,000	Private Placement	IFFCO (Promoter)	Complied
05-11-1985	29,84,000 (9.32% of current, 69.65% of post issue)	42,84,000	Private Placement	Government of AP & IFFCO (Promoter)	Complied
06-08-1986	2,77,16,000 (86.61% of current, 86.61% of post issue)	3,20,00,000	Public Issue	Govt. of AP (Ex Promoter), IFFCO (Promoter), and Public	Complied

49 There has been no suspension of trading in Shares of the Target.

50 All Shares of the Target are listed on the NSE and HSE. No Shares of the Target are subject to lock-in.

51 As on the date of PA, there are no convertible instruments outstanding or any partly paid-up equity shares.

52 The Target, Seller and Acquirer are in compliance with Chapter II of the Regulations.

53 The Shares of the Target are listed and traded on the NSE and the HSE. The Shares are traded under permitted category of the BSE. No penal / punitive actions have been taken by the Stock Exchanges.

54 The Board of Directors of the Target, as of the date of the PA, is as under:

Name of director	Residential address	Work experience	Qualifications	Date of appointment
A Vellayan	5, Ambadi Road Kotturpuram Chennai 600085	30 years	Master of Business Studies (U.K), Diploma in Industrial Administration (U.K)	12-07-2003
Sheesh Pal Singh	502, Sri Nagar Railway Road Hapur, Ghaziabad, Uttar Pradesh	30 years	M.A.L.T.	17-07-2006
Rakesh Kapur	D-II/307,Vinay Marg, Chanakyapuri New Delhi 110021	28 years	B.Tech (Mech Engg.) PG Diploma in International Marketing.	17-07-2006

BVR Mohan Reddy	Plot No.1020 Road No.46, Jubilee Hills Hyderabad 500033	32 years	B.E., M.Tech., MSE	31-07-2003
Santosh Reddy	8-2-287/11/1 Road No.14, Banjara Hills Hyderabad 500034	40 years	Post Graduate in Arts	30-03-2004
K Balasubramanian	No.18, Temple Avenue, Srinagar Colony Chennai 600015	40 years	Graduate in Commerce. Advanced Management Program from Harvard Business School.	17-10-2006
V Ravichandran	Flat No.F2, Plot No.21, St. No.3 Uma Nagar Begumpet Hyderabad 500016	26 years	Bachelor in Engineering, Post Graduate Diploma in Business Administration (IIMA), Cost Accountant, Company Secretary	14-7-2004
K A Nair	Plot No.157, H. No.8-2-601/J Road No.10 Banjara Hills Hyderabad 500034	33 years	Bachelor in Engineering Post Graduate Diploma in Business Administration (IIMA)	17-9-2003

Common Directors on the Boards of CFL and GFCL are Mr. A Vellayan, Mr. K A Nair and Mr. V Ravichandran.

Short profile for each of the directors

Mr. A Vellayan: He holds a Diploma in Industrial Administration from Aston University, Birmingham, UK and Master in Business Studies from University of Warwick Business School, UK. He is a director in many companies. He has held positions such as Vice President, Federation of Indian Export Organisation and Member of National Export Committee - Confederation of Indian Industry. He is presently Chairman of E.I.D. Parry (India) Limited, Coromandel Fertilisers Limited, Godavari Fertilisers And Chemicals Limited and Cholamandalam DBS Finance Limited.

Mr. Sheesh Pal Singh: He is associated with Cooperative movement. He is a Director on the Board of IFFCO. He is also the Chairman of PCB, Ghaziabad and Cane Union Ltd., Hapur. He is on the Advisory Committee of IFFCO and KRIBHCO and Director of Cane Development Committee, Simbholy, Dist. Ghaziabad.

Mr. Rakesh Kapur: He is an Indian Revenue Service Officer and is presently the Finance Director of IFFCO. Prior to joining IFFCO, he has held various senior assignments in Government of India, which include Joint Secretary (Commercial), TRAI, Director in Ministry of Chemicals & Fertilisers, Additional Assessor & Collector, Municipal Corporation of Delhi and also various postings in Income Tax Department. He is on the Board of various companies, including IFFCO-TOKIO General insurance Ltd., IFFCO-TOKIO Insurance Services Ltd., IFFCO Kisan Bazar Ltd. and IFFCO Chhattisgarh Power Ltd.

Mr. B V R Mohan Reddy: He is a Graduate in Mechanical Engineering from Andhra University. He also holds a master's degree in Management Engineering from University of Michigan, USA, besides a master's degree in Industrial Engineering from the Indian Institute of Technology (IIT), Kanpur. He is the founder Chairman and Managing Director of M/s. Infotech Enterprises Limited. He is also on the Board of Vizag IT Park Limited, Ocimum Bio-Solutions Ltd and Tele Atlas (India) P. Ltd. He is now the Executive Council member of NASSCOM and currently is the Chairman of NASSCOM's Engineering Services Forum.

Mr. Santosh Reddy: He is a Post Graduate in Arts. He is on the Board of the following companies: The Global Green Co. Ltd., Orient Longman P. Ltd. Durandel Foods P Ltd., Concord Containers P Ltd., Masanto Containers P Ltd. and Samanto Laminating P Ltd.

Mr. K Balasubramanian: Mr. K. Balasubramanian has close to 40 years of experience in International Banking. After working in India with two of the country's largest banks for about 10 years, he joined American Express Bank. During his 25 year tenure with American Express Bank, he held senior positions in Marketing, Credit and General Management in several Asian and European countries. During his career, he has also served as the Country Head for Korea, India and Nepal as well as the Chief Credit Officer for the Asia-Pacific region and Indian subcontinent. Later he was the MD and CEO for ING Vysya Bank for two years.

He is a member of the Group Executive Council of GMR Group. Apart from serving on the boards of GMR Infrastructure Ltd and other GMR group companies, he is the Chairman of GMR Industries Limited and the GMR Power Corporation Pvt. Ltd.

Mr. V Ravichandran: Mr. V Ravichandran is a Graduate in Engineering and did his Post Graduate Diploma from Indian Institute of Management, Ahmedabad. He is also a Cost Accountant and a Company Secretary. He worked with M/s Ashok Leyland Limited for a period of 5 years. Presently he is with Coromandel Fertilisers Limited as its Managing Director. He is also on the Board of Parry Agrochem Export Limited, Godavari Fertilisers And Chemicals Limited, Parry Chemicals Limited and The Fertiliser Association of India.

Mr. K A Nair: He is an Engineer from Madras University and holds Post Graduate Diploma in Business Administration from IIM, Ahmedabad. He worked with a multi-national company for 12 years before joining Coromandel Fertilisers Ltd. in the year 1991. He moved to Godavari Fertilisers And Chemicals Limited, in July 2003 and is currently its Managing Director.

55 The Target has not undergone any merger/demerger/spinoff during the last 3 years.

56 There have been no name changes of the Target since incorporation (however, was incorporated as a private limited company on December 17, 1981 and subsequently converted into a public company with effect from August 31, 1984).

57 The latest audited financials of the Target are as follows:

Rs. in Lakhs

Profit & Loss Statement	Financial year ended March 31, 2004*	Financial year ended March 31, 2005*	Financial year ended March 31, 2006*	Nine months ended Dec 31, 2006^
Income from operations	89,708.44	1,20,005.22	1,51,998.41	1,41,873.72
Other Income	642.55	1,140.78	566.01	205.67
Total Income	90,350.99	1,21,146.00	1,52,564.42	1,42,079.39
Total Expenditure	86,681.70	1,16,117.89	1,45,732.32	1,32,564.51
Profit Before Depreciation Interest and Tax	3,669.29	5,028.11	6,832.10	9,514.88
Depreciation	750.56	750.26	797.91	494.13
Interest	1,890.65	1,686.10	1,830.78	2,507.01
Profit Before Tax	1,028.08	2,591.75	4,203.41	6,513.74
Provision for Tax	312.85	882.47	1,593.41	2,205.64
Profit After Tax	715.23	1,709.28	2,610.00	4,308.10

Source: Annual Reports of the company for FY 2005-06, FY 2004-05 and FY 2003-04

* Audited

^ Certified by the statutory auditors via its limited review certificate dated January 18, 2007

Rs. in Lakhs

Balance Sheet Statement	Financial year ended March 31, 2004*	Financial year ended March 31, 2005*	Financial year ended March 31, 2006*	Nine months ended Dec 31, 2006^
Sources of Funds				
Paid-up Share Capital	3,200.00	3,200.00	3,200.00	3,200.00
Reserves and Surplus	3,638.35	4,982.83	6,863.07	NA
Networth	6,838.35	8,182.83	10,063.07	NA
Secured Loans	23,046.58	21,648.59	25,497.62	NA
Unsecured Loans	5,653.51	2,795.85	19,527.85	NA
Deferred Tax Liability	1,760.38	2,223.54	1,971.16	NA
Total	**37,298.82**	**34,850.81**	**57,059.70**	
Uses of Funds				
Net Fixed Assets (including CWIP)	9,189.03	8,577.45	8,493.44	NA
Investments	753.75	2,253.75	753.75	NA
Net Current Assets	26,043.27	22,923.02	47,700.71	NA
Deferred Tax Asset	1,312.77	1,096.59	111.80	NA
Total miscellaneous expenditure not written off	NIL	NIL	NIL	NA
Total	**37,298.82**	**34,850.81**	**57,059.70**	

Source: Annual Reports of the company for FY 2005-06, FY 2004-05 and FY 2003-04

* Audited

^ Certified by the statutory auditors via its limited review certificate dated January 18, 2007

Other Financial Data	Financial year ended March 31, 2004*	Financial year ended March 31, 2005*	Financial year ended March 31, 2006*	Nine months ended Dec 31, 2006^
Dividend (%)	NIL	10	20	NA
Earning Per Share (Rs.)	2.24	5.34	8.16	13.46
Return on Net worth*	10.46%	20.89%	25.94%	NA
Book Value Per Share** (Rs.)	21.37	25.57	31.45	NA

Source: Annual reports and the latest quarterly statement

* Profit After Tax/Networth

**Networth/No of equity shares

^ Certified by the statutory auditors via its limited review certificate dated January 18, 2007.

58 Rise in income and PAT is on account of improved sale, improved operating efficiencies, tight control of fixed costs and better market collections

59 Pre and post Offer shareholding pattern of the Target is as follows:

Shareholder's category	Shares / voting rights prior to the Sale (A)		Shares / voting rights acquired in the Sale (B)		Shares/voting rights to be acquired in the Offer (Assuming full acceptance) (C)		Shares / voting rights after the Sale and Offer (A+B+C=D)	
	No.	%	No.	%	No.	%	No.	%
1. Promoter Group (a) Parties to the Agreement: Indian Farmers Fertiliser Cooperative Ltd.	80,01,000	25.00	(80,01,000)	(25.00)	NIL	NIL	NIL	NIL
(b) Promoters other than (a) above	NA	NA	NA	NA	NA	NA	NA	NA
Total 1(a) + 1(b)	**80,01,000**	**25.00**	**(80,01,000)**	**(25.00)**	**NIL**	**NIL**	**NIL**	**NIL**
2. Acquirer Coromadel Fertilisers Ltd.	1,44,22,252	45.07	+80,01,000	+25.00	64,00,000	20.00	2,88,23,252	90.07
Total (1+2) (Promoter group including the Acquirer)	**2,24,23,252**	**70.07**	**NIL**	**NIL**	**64,00,000**	**20.00**	**2,88,23,252**	**90.07**
3. Parties to the Agreement other than above	NA	NA	NA	NA	NA	NA	NA	NA
4. Public (other than parties to agreement, Acquirer and PACs)							This will depend on response from and within each category of (4)	
(a) FIs/ MFs/ FIIs/Banks/SFIs	53,756	0.17	NIL	NIL	NIL	NIL		
(b) Others	95,22,992	29.76						
Total 4(a)+4(b)	**95,76,748**	**29.93**	**NIL**	**NIL**	**NIL**	**NIL**		
Total (1+2+3+4)	**3,20,00,000**	**100.00**					**3,20,00,000**	**100.00**

Note: Shareholding Pattern as on January 19, 2007 as per data supplied by the Target
No. of public shareholders was 26,977 as on December 31, 2006 (source: NSE website)

60 Details of change in shareholding of promoters are as under:

	No of Shares	Capital as on date*	Resultant Share Holding %
By CFL			
From Secondary Market (upto 1.4.2003)	44,13,103	3,20,00,000	13.79
From Secondary Market (between 1.4.2003 to 19.5.2003)	1,50,000	3,20,00,000	14.26
Acquisition from Govt of AP	82,80,000	3,20,00,000	40.13
Acquisition through Open Offer on 1.11.2003	47,79,149	3,20,00,000	55.07
Sale to:			
- Foskor Ltd - 23.2.2004	(16,00,000)	3,20,00,000	50.07
- Groupe Chimique Tunisien - 29.3.2004	(16,00,000)	3,20,00,000	45.07
CFL Net holding as on date of PA	**1,44,22,252**	**3,20,00,000**	**45.07**
By IFFCO			
Issue of shares - August 29, 1983	1,00,000	13,00,000	7.69
Issue of shares - November 5, 1985	20,00,000	42,84,000	49.02
Issue of shares - August 6, 1986	58,70,000	3,20,00,000	24.91
From Secondary Market - July 2003	31,000	3,20,00,000	25.00
IFFCO Net holding as on date of PA	**80,01,000**	**3,20,00,000**	**25.00**

* As per details in paragraph 48 above.

61 The Target has confirmed that it has not been prohibited by SEBI from dealing in securities, in terms of direction issued under Section 11B or any other regulations made under the SEBI Act, 1992.

62 The following is the statement of contingent liabilities as of 31 December 2006 Income-tax Rs. 952.47 lakhs; Sales-tax Rs.91.84 lakhs and other matters - Rs.778.33 lakhs.

63 The Target has complied with provisions of clause 49 of the Listing Agreement in particular and all other provisions of the Listing Agreement have also been complied with.

64 Compliance Officer: Mr. P. Varadarajan, Company Secretary; "Coromandel House", 1-2-10, Sardar Patel Road, Secunderabad 500003, Andhra Pradesh (Tel: +91-40-27701871/ 27702522, Fax No.:+91-40-27701541); Email:varadarajanp@gfcl.murugappa.com.

V. OFFER PRICE AND FINANCIAL ARRANGEMENTS

Justification of Offer Price

65 The Shares of the Target are listed on HSE and NSE and are traded under the permitted category of the BSE. The Acquirer has not acquired or been allotted any Shares of the Target in the last 12 months.

66 Trading data is as follows:

Name of Stock Exchanges	Total No of Shares Traded During the 6 Calendar Months Prior to Month in Which PA was Made	Total No of Listed Shares	Annualised Trading Turnover (% of Total Listed Shares)
NSE	7,55,238	3,20,00,000	4.72
HSE	NIL	3,20,00,000	-
BSE (permitted category)	6,19,706	3,20,00,000	3.87
	Max of above:		**4.72%**

Source: BSE, NSE Websites, company certification on HSE trading data

Since the annualised trading turnover for the Target for the 6 calendar months prior to the month of the PA does not equal or exceed 5% on any exchange, the Shares are deemed to be infrequently traded as per explanation (i) to regulation 20(5) of the Regulations.

67 In accordance with regulation 20(5), the Offer Price has been determined taking into account the following:

a)	Negotiated price under the SPA (Rs/Share)	Rs 150/-
b)	Highest price paid by Acquirer for any acquisition of shares including allotment in a public or rights or preferential issue during the past 26 weeks	NA
c)	Other financial parameters	
	- Book Value per Share*	Rs. 31.4
	- Earning Per Share (EPS)*	Rs. 13.1
	- Earning Per Share (EPS) (Based on March 31, 2006)*	Rs. 7.6
	- Industry Average PE Multiple*	9.7
	- Offer Price PE Multiple**	11.5
	- Offer Price PE Multiple***	19.7

*Capital Market (January 15 - January 28, 2007 Issue, Volume No. XXI/23)
**Offer Price/EPS as in the abovementioned issue of the Capital Market
*** Offer Price/EPS as of March 31, 2006

In view of the above, the Offer Price of Rs. 150/- is justified in terms of regulation 20(5).

68 There is no non-compete agreement entered into between the Acquirer and the Seller with respect to the Sale that resulted in this Offer.

69 Based on the above and in the opinion of the Manager to the Offer and the Acquirer, the Offer Price is justified as per the Regulations.

70 As per the Regulations, the Acquirer can revise the Offer Price upwards upto 7 working days prior to the closure of this Offer and the revision, if any, in the Offer Price would be announced in the same newspapers where the PA has appeared and the revised price will be paid for all Shares acquired pursuant to this Offer.

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

Financial Arrangements

72 The total financial resources required for this Offer, assuming full acceptance will be Rs.96,00,00,000/- (Rupees Ninety Six Crores only) ("Maximum Consideration"). The Acquirer proposes to fund the Offer out of their internally generated funds and general purpose corporate borrowings. In accordance with regulation 28 of the Regulations, the Acquirer has deposited in an escrow account with Kotak Mahindra Bank Limited ("Deposit Bank"), having a branch at 5 C/II Mittal Court, 224 Nariman Point, Mumbai - 400021, an amount of Rs. 24,00,00,000/- (Rupees Twenty Four Crores only) in cash ("Cash Deposit"), which is equivalent to 25% of the Maximum Consideration. The Manager to the Offer is empowered to realize the value of escrow account in terms of Regulations and to instruct the Deposit Bank to issue bankers cheques or demand drafts for amounts as provided in the Regulations.

73 The Acquirer has made firm financial arrangements for the Maximum Consideration by way of the Cash Deposit and a line of credit number IC-2007/359, IAS-307, dated January 22, 2007 from HDFC Limited. GMK Associates, Chartered Accountants (Partner G Satyanarayana Murty, Membership number 29919, Phone. +91-40-23201357) have confirmed vide their letter dated January 24, 2007 that the Acquirer has made the firm arrangements for meeting their obligations under the Regulations. On the basis of the foregoing, the Manager to the Offer confirms that adequate funds are available with the Acquirer through verifiable means to implement this Offer in full.

VI. TERMS AND CONDITIONS OF THE OFFER

74 This Offer is made to all Shareholders of the Target (except the Acquirer and parties to the SPA) and also to persons who acquire Shares before or during the Offer Period and tender these Shares into the offer so as to credit those Shares to the account designated for the Offer on or before March 20, 2007. The Letter of Offer together with the Form of Acceptance-cum-Acknowledgement and Form of Withdrawal will be mailed to the shareholders of the Target (except the Acquirer and parties to the SPA) whose names appear on the Register of Members of the Target and the beneficial owners of the Shares of the Target, whose names appear as beneficiaries on the records of the respective Depositories, on January 25, 2007. Accidental omission to dispatch this Letter of Offer to any person to whom this Offer is made or the non-receipt or delayed receipt of this Letter of Offer by any such person will not invalidate this Offer in any way.

75 The Acquirer will acquire the Offer Shares, 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. There are no locked-in Shares in the Target.

76 To the extent of the Offer Size, all the Shares of the Target that are validly tendered pursuant to this Offer are proposed to be acquired by the Acquirer.

77 The Regulations provide for an upward revision of the Offer Price and the number of Shares to be acquired, at any time up to 7 working days prior to the closure of the Offer viz. upto March 8, 2007 and allows withdrawal of the Offer under certain circumstances. Any such revision / withdrawal would be informed by way of an announcement in the same newspapers where the original Public Announcement appeared. In case of revision, the revised price will be payable by the Acquirer for all the Offer Shares that are validly tendered pursuant to the Offer.

78 Each equity shareholder of the Target to whom this Offer is being made is free to offer his shareholding in the Target in whole or in part while accepting this Offer. The acceptance must be unconditional and should be absolute and unqualified.

79 Shareholders who hold Shares in physical form and who wish to tender their Shares will be required to send the form of Acceptance-cum-Acknowledgement, duly signed and completed in the manner specified therein together with all the necessary documents, as specified in the section of this Letter of Offer entitled "Procedure for Acceptance and Settlement", to the Registrar to the Offer at any of its collection centers mentioned under section VII of this Letter of Offer, either by hand delivery during business hours or by registered post so that the same are received on or before the closing date i.e. March 20, 2007.

80 In respect of dematerialised Shares, the credit for the Shares tendered must be received in the special account (as specified in section VII) on or before 5 p.m. Indian Standard Time on March 20, 2007. If the Shareholders hold their Shares through CDSL, their Depository Participant Instruction will have to take the form of an inter-depository delivery instruction to CDSL for the purpose of crediting their Shares in favour of the special depository account with NSDL as mentioned in section VII below.

81 The Acquirer will not be responsible in any manner for any loss of Share certificate(s) and/or Offer acceptance documents during transit and the shareholders of the Target are advised to adequately safeguard their interest in this regard. In case of any lacunae and/or defect or modifications in the documents/forms submitted, the acceptance is liable to be rejected.

82 The instructions, authorizations and provisions contained in the Form of Acceptance-cum-Acknowledgement constitute part of the terms of this Letter of Offer.

Statutory and Other Approvals required for this Offer

83 The Offer is subject to the receipt of approval from Reserve Bank of India ("RBI") under the Foreign Exchange Management Act, 1999 ("FEMA") for the acquisition of Shares by the Acquirer from non-resident persons under the Offer.

84 To the best of knowledge and belief of the Acquirer, as of the date of this Letter of Offer, there are no other statutory approvals required to acquire the Shares validly accepted under this Offer. If any other statutory approvals are required or become applicable, the Offer would be subject to the receipt of such other statutory approvals.

85 It may be noted that in case of non-receipt of statutory approvals within time, SEBI has a power to grant an extension of time to the Acquirer for payment of consideration to shareholders subject to the Acquirer agreeing to pay interest for the delay, as directed by SEBI under regulation 22(12) of the Regulations.

86 No approvals are required from FIs/Banks for the Offer.

VII. PROCEDURE FOR ACCEPTANCE AND SETTLEMENT

87 The Shareholders of the Target, who wish to avail of and accept this Offer should deliver the documents mentioned below as soon as possible by Registered Post with acknowledgement due or in person or by courier, so as to reach the Registrar to the Offer or the Registrar's Collection Centers at the addresses mentioned in paragraph 102 below before 5 pm Indian Standard Time on March 20, 2007. Shareholders are advised to ensure that the Form of Acceptance-cum-Acknowledgement and other documents are complete in all respect; otherwise the same is liable to be rejected. In the case of dematerialized Shares, the Shareholders are advised to ensure that their Shares are credited in favour of the special depository account before 5 pm Indian Standard Time on March 20, 2007. The Form of Acceptance-cum-Acknowledgment of such dematerialised Shares not credited in favour of the special depository account before the close of the Offer is liable to be rejected.

88 Documents to be delivered by all Shareholders

(a) For Shares held in the DEMATERIALIZED FORM

(i) Form of Acceptance-cum-Acknowledgement duly completed and signed in accordance with the instructions contained therein by all the beneficial holders of the Shares, as per the records of the Depository Participant ("DP").

(ii) Photocopy of the Delivery Instruction in "Off-market" mode or counterfoil of the delivery instruction slip in "Off-market" mode, duly acknowledged by the DP. The details of the special depository account are as follows:

DP Name	Indian Overseas Bank
DP ID Number	IN302437
Account name	Cameo Corporate Services Limited-Escrow A/C Godavari Fertilisers and Chemicals Ltd
Beneficiary Account Number	20115977
ISIN	INE507C01012
Market	Off-Market
Date of credit	On or before March 20, 2007

Please note the following:

(i) For each delivery instruction, the beneficial owner should submit a separate Form of Acceptance-cum-Acknowledgement.

(ii) The Registrar to the Offer is not bound to accept those acceptances, for which corresponding Shares have not been credited to the above special depository account as on the date of closure of the Offer.

(b) In case of Shares held in the PHYSICAL MODE by REGISTERED SHAREHOLDERS:

(i) Form of Acceptance-cum-Acknowledgement duly completed and signed in accordance with the instructions contained therein, by all Shareholders. In case of Shares held in joint names, names should be filled up in the same order in which they hold Shares in the company. This order cannot be changed or altered nor can any new name be added for the purpose of accepting the Offer;

(ii) Original equity share certificate(s); and

(iii) Valid equity share transfer form(s) duly signed by transferor (by all the equity Shareholders in case the Shares are in joint names) as per the specimen signatures lodged with the Target and duly witnessed at the appropriate place(s).

PLEASE DO NOT FILL IN ANY OTHER DETAILS IN THE TRANSFER DEED.

(c) In case of Shares held in the PHYSICAL MODE by PERSONS NOT REGISTERED AS SHAREHOLDERS:

(i) Form of Acceptance-cum-Acknowledgement duly completed and signed in accordance with the instructions contained therein;

(ii) Original equity share certificate(s) accompanied by valid share transfer forms as received from the market, wherein the name of the transferee has not been filled in; and

(iii) Original broker contract note of a registered broker of a recognized stock exchange in relation to the purchase of the Shares being tendered in this case.

(iv) In case the share certificate(s) and the transfer deed(s) are lodged with the Target/its transfer agents for transfer, then the acceptance shall be accompanied by the acknowledgment of lodgment with, or receipt by, the company/its transfer agents, of the share certificate(s) and the transfer deed(s).

(v) No indemnity is required from persons not registered as Shareholders.

PLEASE DO NOT FILL IN ANY OTHER DETAILS IN THE TRANSFER DEED.

89 Non-resident Shareholders should, in addition to above, enclose copy(ies) of permission(s) received from Reserve Bank of India to acquire the Shares held by them in the Target.

90 Shareholders who have sent their physical Shares for dematerialization may participate in the Offer by submitting the Form of Acceptance-cum-Acknowledgement along with a copy of the dematerialization request form duly acknowledged by the Depository Participant. Shareholders who have sent their physical Shares for dematerialization need to ensure that the process of getting their Shares dematerialized is completed well in time so that the credit in the special depository account duly instructed by the Shareholder should be received on or before the close of the Offer i.e. March 20, 2007, else the application will be rejected.

91 In case of non-receipt of the Letter of Offer, the eligible Shareholders may obtain a copy of the Letter of Offer from the SEBI website www.sebi.gov.in, or obtain a copy of the same from the Manager to the Offer or Registrar to the Offer on providing suitable documentary evidence of acquisition of the Shares. Alternatively those desirous of tendering their Shares to the Acquirer may participate in the Offer as follows:

(a) In case Shares are held in the dematerialized form

by sending their consent in writing on a plain paper to the Registrar to the Offer, such that it is received by the Registrar to the Offer before 5 p.m. Indian Standard Time on March 20, 2007, stating the name, address, no. of Shares held, no. of Shares offered, DP name, DP ID, beneficiary account number along with a photocopy of the Delivery Instruction in "Off-market" mode, duly acknowledged by the DP, in favour of "Cameo Corporate Services Limited - Escrow A/C Godavari Fertilisers and Chemicals Ltd " filled as specified in paragraph 88 above.

(b) In case of Shares held in the physical mode

by sending their consent in writing to the Registrar to the Offer, on a plain paper stating the name, address, no. of Shares held, no. of Shares offered, distinctive nos., folio no., the original contract note issued by a registered share broker of a recognized stock exchange through whom such Shares were acquired, along with the original share certificate(s) and transfer deed(s) duly signed (as specified in paragraph 88 above), either by hand delivery or by Registered Post or courier, such that these are received by the Registrar to the Offer before 5 p.m. Indian Standard Time on March 20, 2007.

92 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):

- Duly attested death certificate and succession certificate (in case of single Shareholder) in case the original Shareholder has expired.
- Duly attested power of attorney if any person apart from the Shareholder has signed acceptance form or transfer deed(s).
- No objection certificate from any lender, if the Shares in respect of which the acceptance is sent, were under any charge, lien or encumbrance.
- In case of companies, the necessary certified corporate authorizations (including board and/or general meeting resolutions).

93 In case the number of Shares validly tendered in the Offer by the shareholders of the Target 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 Regulations, on a proportional basis in such a way that the acquisition from any Shareholder shall not be less than the minimum marketable lot, or the entire holding if it is less than the marketable lot. As the Shares trade in the compulsory dematerialized settlement segment of NSE, the minimum marketable lot for the Shares is 1 (one).

94 In terms of the Regulations, Shareholders desirous of withdrawing their acceptances tendered in the offer can do so up to three working days prior to the close of the Offer i.e. upto March 14, 2007. The withdrawal option can only be exercised by submitting the Form of Withdrawal as per the instructions below so as to reach the Registrar to the Offer at its address Cameo Corporate Services Limited (address: Subramanian Building, No. 1, Club House Road, Chennai - 600002, phone: +91-44-28460390 or +91-44-28461948, fax: +91-44-28460129, email: siva@cameoindia.com, Contact Person: Mr. A Sivasubramanian, Sr. Executive) either by hand delivery or by registered post and up to three working days prior to the closure of the Offer in terms of Regulation 22(5A) of the Regulations.

95 As per the provisions of Section 195(1) of the IT Act, any person responsible for paying to a non-resident any sum chargeable to tax is required to deduct tax at source (including surcharge). Since the Offer consideration would be chargeable to capital gains under Section 46A of the IT Act, the Acquirer will need to deduct tax at source (including surcharge) at the applicable capital gains tax rate on the gross consideration payable to the following categories of shareholders, as given below:

- **Non-resident Indians:** The Acquirer will deduct tax at source (including surcharge) at the applicable rates on the Offer Price of Rs 150/- per Share.
- **Non-domestic companies:** The Acquirer will deduct tax at source (including surcharge) at the applicable rates on the Offer Price of Rs 150/- per Share.

96 FIIs enjoy exemption from tax deduction at source on capital gains under Section 196D(2) of the IT Act and hence no tax shall be deducted on amount payable to FIIs subject to receipt of an undertaking from them stating their residential status that it does not have a permanent establishment in India, the amount received by them as a part of the Offer constitutes capital gains and does not constitute business income for them and that similar gains have been taxed as capital gains by the tax authorities in India in the past.

97 For the purpose of determining as to whether the capital gains are short-term or long-term in nature:

- In the case of physical Shares registered with the Target, the date of registration of the Shares with the Target shall be taken as the date of acquisition.
- In the case of physical Shares not registered with the Target, the capital gain shall assumed to be short-term in nature.
- In the case of dematerialized Shares, the date of credit of the Shares to the shareholders demat account shall be taken as the date of acquisition.
- In case of any ambiguity, incomplete or conflicting information or the information not being available with the Target regarding the same, the capital gain shall be assumed to be short-term in nature.

98 In the event the aforementioned categories of shareholders require non-deduction of tax or deduction of tax at a lower rate or on a lower amount, they would need to obtain an order from the Income Tax authorities under Section 195(3) or Section 197 of the IT Act, and submit the same while submitting the Form. On failure to produce such certificate from the Income Tax authorities, tax will be deducted as aforesaid, and a certificate in the prescribed form shall be issued to that effect

99 As per the prevailing laws as regards deduction of income tax at source, no tax will be deducted at source for resident shareholders.

100 All shareholders are advised to consult their tax advisors for the treatment that may be given by their respective assessing officers in their case, and the appropriate course of action that they should take. The Acquirer and the Manager to the Offer do not accept any responsibility for the accuracy or otherwise of such advice. The aforesaid treatment of tax deduction at source may not necessarily be the treatment also for filing the return of income.

101 Subject to the Statutory Approvals as stated in paragraph 83 above, the Acquirer intends to complete all formalities, including the payment of consideration under the Regulations within a period of 15 days from the closure of the Offer, i.e. April 4, 2007 and for the purpose open a special account as provided under regulation 29 of the Regulations, provided that where the Acquirer is unable to make the payment to the Shareholders who have accepted the Offer before the said period of 15 days due to non-receipt of requisite statutory approvals, SEBI may, if satisfied that non-receipt of requisite statutory approvals was not due to any wilful default or neglect of the Acquirer or failure of the Acquirer to diligently pursue the applications for such approvals, grant extension of time for the purpose under regulation 22(12) of the Regulations, subject to the Acquirer agreeing to pay interest to the Shareholders for delay beyond 15 days, as may be specified by SEBI from time to time.

102 The Form of Acceptance-cum-Acknowledgement along with all the relevant documents should be submitted at any of the collection centres below.

No.	Collection Centre	Address of Collection Centre	Contact Person Centre	Email Address	Phone No.	Fax	Mode of delivery
1.	Chennai	Cameo Corporate Services Limited Subramanian Building1, Club House Road Chennai - 600002	Mr. A Sivasubramanian Sr. Executive	siva@cameoindia.com	+91-44-28460390 +91-44-28461948	+91-44-28460129	Registered Post/Hand Delivery
2.	Mumbai	Cameo Corporate Services Limited 304, Sai Sadan-III Floor,76-78 Mody Street, Fort Mumbai - 400001	Mr. Prashant N Sanil Asst. Vice President	prashant@ cameoindia.com	+91-9892235816	+91-22-22644325	Hand Delivery
3.	Hyderabad	Cameo Corporate Services Limited 9-1-152/A, II Floor Opp. St patricks High School, Sebastian Road, Secunderabad-500003	Mr. G Nagesh, Executive	cameohyd@ cameoindia.com	+91-40-64537951	NA	Hand Delivery

Working Hours: Monday to Friday 10 AM to 5 PM; Holidays: Saturdays, Sundays and Bank Holidays

NO SHARES OR DOCUMENTS SHOULD BE SENT DIRECTLY TO THE ACQUIRER/TARGET/MANAGER TO THE OFFER

103 The unaccepted share certificates, transfer forms and other documents, if any, would be returned by registered post at the Shareholders' sole risk. Shares, to the extent unaccepted, held in dematerialized form will be credited back to the beneficial owners' depository account with the respective depository participant as per details furnished in the Form of Acceptance-cum-Acknowledgement.

104 Applicants who cannot hand deliver their documents at the collection centres referred to above, may send the same by registered post, at their own risk and cost, to the Registrar to the Offer at its address Subramanian Building, No. 1, Club House Road, Chennai - 600002, phone: +91-44-28460390.

105 The Registrar to the Offer will hold in trust the share certificates, credit of dematerialized Shares, form of acceptance duly filled in and the transfer deed(s) on behalf of the shareholders of the Target who have accepted the Offer, till such time as the Acquirer completes the obligations under the Offer.

106 The payment of consideration for accepted applications will be made by the Acquirer in cash through account payee cheques, drafts, warrants, etc. sent by registered post in accordance with the Regulations, and the same will be drawn in the name of the first named person in case of joint Shareholders. It is desirable that Shareholders provide bank details in the Form of Acceptance-cum-Acknowledgement, so that the same can be incorporated in the cheque/demand draft/pay order.

107 A copy of this Letter of Offer (including the Form of Acceptance-cum-Acknowledgement and Form of Withdrawal) is expected to be available on SEBI's web-site (www.sebi.gov.in) during the period the Offer is open. Eligible Shareholders can make an application in the Offer in the form downloaded from SEBI's website as one of the alternatives for applying in the Offer.

108 In case of non-receipt of the form of withdrawal, the withdrawal option can be exercised by making an application on plain paper along with the following details:

(a) In case of physical Shares: Name, address, distinctive numbers, folio nos. number of shares tendered/withdrawn

(b) In case of dematerialized Shares: Name, address, number of Shares tendered/withdrawn, DP name, DP ID, Beneficiary account no. and a photocopy of delivery instruction in "off market" mode or counterfoil of the delivery instruction in "off market" mode, duly acknowledged by the DP in favour of the Depository Escrow Account

VIII. DOCUMENTS FOR INSPECTION

Copies of the following documents will be available for inspection at the office of the Manager to the Offer at 3rd floor, Bakhtawar, 229 Nariman Point, Mumbai 400 021 on any working day (i.e. Monday to Friday and not being a bank holiday in Mumbai) between 10:30 am to 1:00 pm from the date of opening of the Offer up to the closure of this Offer.

1) Certified true copies of certificate of incorporation and the Memorandum and Articles of Association of CFL.
2) Copies of Annual Reports for CFL and GFCL for the years ended 31st March 2004, 2005 and 2006.
3) Certified Financial Statements of CFL and GFCL for period April 1, 2006 to December 31, 2006.
4) Certified true copy of the Sale and Purchase Agreement signed between CFL and IFFCO, signed on January 23, 2007.
5) Letter from Kotak Mahindra Bank Limited dated January 24, 2007, confirming the amount kept in an escrow account and empowering the Manager to the Offer in accordance with the Regulations.
6) Certificate from GMK Associates (Partner G Satyanarayana Murty, Membership no.: 29919, contact no.: +91-40-23201357), dated January 24, 2007, stating that the Acquirer has adequate financial resources for fulfilling all its obligations under the Offer for a value up to Maximum Consideration.
7) Copy of the agreement dated January 24, 2007 entered into with Indian Overseas Bank for opening special depository account.
8) A published copy of the Public Announcement dated January 25, 2007 and the corrigendum to the public announcement dated February 21, 2007.
9) SEBI's observation letter dated February 19, 2007.

IX. DECLARATION BY THE ACQUIRER

The Board of Directors of CFL accept full responsibility, jointly and severally, for the information (except for the information relating to the Target, which has been compiled from publicly available sources or as received from the Target) contained in this Letter of Offer as evidenced by the signature of their authorized representative for this purpose. The Acquirer would be responsible for ensuring compliance with the Regulations.

Signed for and on behalf of the Board of Directors of
Coromandel Fertilisers Limited

Name	:	TMM Nambiar
Designation	:	Director
Date	:	February 21, 2007
Place	:	Hyderabad

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GODAVARI FERTILISERS AND CHEMICALS LIMITED OPEN OFFER

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

FORM OF ACCEPTANCE - CUM ACKNOWLEDGEMENT

OFFER

OPENS ON : 1-Mar-07 (Thursday)

CLOSES ON : 20-Mar-07 (Tuesday)

From:

Folio No./DP ID No./Client ID No.:

Tel No. Fax No.: E-mail:

To,

The Acquirer - Godavari Fertilisers and Chemicals Limited Open Offer

C/o Cameo Corporate Services Limited

Subramanian Building

1, Club House Road

Chennai - 600 002

Dear Sir,

Sub : Open Offer for purchase of up to 64,00,000 Shares, representing 20% of the equity share capital of Godavari Fertilisers and Chemicals Limited, at the Offer Price by Coromandel Fertilisers Limited in accordance with the public announcement dated January 25, 2007, corrigendum to the public announcement dated February 21, 2007 and the Letter of Offer.

I/We refer to the public announcement dated January 25, 2007 and corrigendum to the public announcement dated February 21, 2007 ("PA") and the Letter of Offer for acquiring the equity shares held by me/us in Godavari Fertilisers and Chemicals Limited. I/We, the undersigned have read the PA and Letter of Offer and understood their contents including the terms and conditions as mentioned therein.

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 Depository Participant ("DP") in respect of my Shares as detailed below:

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

I/We have executed an off-market transaction for crediting the Shares to the special depository account as per the details below

☐ via a delivery instruction from my account with NSDL

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

DP Name : Indian Overseas Bank, DP ID Number : IN302437,

Beneficiary Account Name : Cameo Corporate Services Limited-Escrow A/C Godavari Fertilisers and Chemicals Ltd., Beneficiary Account Number : 20115977

ISIN : INE507C01012, Market : Off market, Date of Credit : On or before March 20, 2007

*Shareholders should ensure that the Shares are credited in the aforementioned account before the close of business hours on March 20, 2007

I/We note and understand that the Shares would lie in the special depository account until the time the Acquirer dispatches the purchase consideration 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 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(s)	Certificate No(s)	Distinctive No(s)		No. of Shares
			From	To	
1.					
2.					
3.					
4.					
5.					
				Total No. of Equity Shares	

(In case the space provided is inadequate, please attach a separate sheet with details.)

I/We note and understand that the Registrar to the Offer will hold the original share certificate(s) and valid share transfer deed in trust for me/us until the time the Acquirer dispatches the purchase consideration 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.

Tear along this line

ACKNOWLEDGEMENT SLIP

Godavari Fertilisers and Chemicals Limited Open Offer

Received from Mr./Ms. ______________________________ residing at ______________________________ a Form of Acceptance cum Acknowledgement for ______________ Shares along with:

☐ copy of depository instruction slip from DP ID ______________ Client ID ______________

☐ ______________ Share certificate(s) ______________ transfer deed(s) under folio number(s) ______________

for accepting the Offer made by the Acquirer.

Stamp of Collection Centre:		Signature of Official:		Date of Receipt:	

For NRIs/ OCBs/ FIIs/ Foreign Shareholders:

(Foreign Institutional Investors enjoy exemption from tax deduction at source on capital gains under Section 196D(2) of the Income-tax Act, 1961 and hence no tax shall be deducted on amount payable to FIIs subject to receipt of an undertaking from them stating their residential status that it does not have a permanent establishment in India, the amount received by them as a part of the Offer constitutes capital gains and does not constitute business income for them and that similar gains have been taxed as capital gains by the tax authorities in India in the past.)

I/We have enclosed the following documents:

☐ No Objection Certificate / Tax Clearance Certificate from Income Tax Authorities.
☐ RBI approvals for acquiring Shares of Godavari Fertilisers and Chemicals Limited hereby tendered in the Offer.
☐ Others

I/We confirm that the equity shares of Godavari Fertilisers and Chemicals Limited, which are being tendered herewith by me/us under this Offer, are free from liens, charges and encumbrances of any kind whatsoever.

I/We authorize the Acquirer to accept the Shares so offered which it may decide to accept in consultation with the Manager to the Offer and in terms of the Letter of Offer and I/We further authorize the Acquirer to return to me/us, share certificate(s)/Shares in respect of which the Offer is not found valid/not accepted without specifying the reasons thereof.

I/We authorize the Acquirer and the Registrar to the Offer and the Manager to the Offer to send by Registered Post/UCP as may be applicable at my/our risk, the draft/cheque/warrant, 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. In case I have tendered my Shares in dematerialized form, I authorize Acquirer and the 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 participant for the purpose of mailing the aforementioned instruments.

I/We authorize the Acquirer to accept the Shares so offered or such lesser number of Shares that it 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.

Yours faithfully,

Signed and Delivered

	FULL NAME(S) OF THE SHAREHOLDERS	SIGNATURE
First/Sole Holder		
Joint Holder 1		
Joint Holder 2		
Joint Holder 3		

Address of First/Sole

Shareholder____

Place:

Date:

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 demat form, the Bank account as obtained from the beneficiary position download to be provided by the depositories will be considered and the warrants will be issued with the said Bank particulars, and not any details provided herein.

Name of the Bank		Branch	
Account Number		Savings/Current/(Others: please specify)	

(1) **All queries** pertaining to this Offer may be directed to the Registrar to the Offer as detailed in section VII of Letter of Offer.

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

(2) **Shareholders holding registered physical 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 the Target Company and duly witnessed at the appropriate place. Please do not fill in any other details in the transfer deed.

(3) **Shareholders holding Shares in dematerialised form** should submit the Form duly completed and signed in accordance with the instructions contained therein by all the beneficial holders of the Shares, as per the records of the Depository Participant ("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 the Target Company, 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 physical 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 the Target Company/its transfer agents for transfer, then the Form shall be accompanied by the acknowledgment of lodgment with, or receipt by, the Target Company/its transfer agents, of the share certificate(s) and transfer deed(s). Persons under this clause should submit their acceptance and necessary documents by registered post or courier or in person to the Registrar at their offices as mentioned above.

The sole/first holder may also mention particulars relating to savings/current account number and the name of the bank and branch with whom such account is held in the respective spaces allotted in the Form, to enable the Registrar to print the said details in the cheques after the name of the payee.

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

(8) **Non-resident Shareholders** are advised to refer to the clause on taxation in Section VII of 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/shareholder 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 apart from 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.

GODAVARI FERTILISERS AND CHEMICALS LIMITED OPEN OFFER

FORM OF WITHDRAWAL

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

From:
Folio No./DP ID No./Client ID No.:

OFFER OPENS ON	**: 1-Mar-07 (Thursday)**
LAST DATE OF WITHDRAWAL	**: 14-Mar-07 (Wednesday)**
OFFER CLOSES ON	**: 20-Mar-07 (Tuesday)**

Tel No. Fax No.: E-mail:

To,
The Acquirer - Godavari Fertilisers and Chemicals Limited Open Offer
C/o Cameo Corporate Services Limited
Subramanian Building, 1, Club House Road, Chennai - 600 002

Dear Sir,

Sub : Open Offer for purchase of up to 64,00,000 Shares, representing 20% of the equity share capital of Godavari Fertilisers and Chemicals Limited, at the Offer Price by Coromandel Fertilisers Limited in accordance with the public announcement dated January 25, 2007, corrigendum to the public announcement dated February 21, 2007 and the Letter of Offer.

I/We refer to the public announcement dated January 25, 2007 and corrigendum to the public announcement dated February 21, 2007 ("PA") and the Letter of Offer for acquiring the equity shares held by me/us in Godavari Fertilisers and Chemicals Limited. I / We, the undersigned have read the aforementioned PA and the Letter of Offer and understood their contents including the terms and conditions as mentioned therein.

I / We hereby consent unconditionally and irrevocably to withdraw my / our Shares from the Offer and I / we further authorize the Acquirer to return to me / us, the tendered Share Certificate(s) / Share(s) at my / our sole risk.

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

I / We note that this Form of Withdrawal should reach the Registrar to the Offer on or before the last date of withdrawal i.e. March 14, 2007.

I / We note the Acquirer / Manager to the Offer / Registrar to the Offer shall not be liable for any postal delay / loss in transit of the Shares held in physical form and also for the non-receipt of Shares held in the dematerialized form in the DP account due to inaccurate / incomplete particulars/ instructions.

I / We also note and understand that the Acquirer will return the original share certificate(s), share transfer deed(s) / Shares in dematerialized form only on completion of verification of the documents, signatures and beneficiary position as available with the depositories from time to time.

The particulars of tendered original share certificate(s) and duly signed transfer deed(s) are detailed below:

Sr. No.	**Ledger Folio No(s)**	**Certificate No(s)**	**Distinctive No(s)**		**No. of Shares**
			From	**To**	
1.					
2.					
3.					
4.					
5.					
				Total No. of Equity Shares	

(In case the space provided is inadequate, please attach a separate sheet with details.)

I / We hold the following Shares in dematerialized form and had executed an off-market transaction for crediting the Shares to the "Cameo Corporate Services Limited - Escrow A/C Godavari Fertilisers and Chemicals Ltd". Please find enclosed a photocopy of the depository delivery instruction(s) duly acknowledged by DP. The particulars of the account from which my / our Shares have been tendered are as follows:

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

I / We note that the Shares will be credited back only to that depository account, from which the Shares have been tendered and necessary standing instructions have been issued in this regard.

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

In case of dematerialized Shares, I / we confirm that the signatures have been verified by the DP as per their records and the same have been duly attested.

Yours faithfully,

Signed and Delivered

	FULL NAME(S) OF THE SHAREHOLDERS	**SIGNATURE**
First/Sole Holder		
Joint Holder 1		
Joint Holder 2		
Joint Holder 3		

Address of First/Sole Shareholder____
Place:
Date:

Tear along this line

ACKNOWLEDGEMENT SLIP

Godavari Fertilisers and Chemicals Limited Open Offer

Received from Mr./Ms. ____________________________________ residing at ________________________ a Form of withdrawal for ____________________ Shares along with:

- ☐ copy of depository instruction slip from DP ID ____________________ Client ID ____________________
- ☐ copy of acknowledgement slip issued when depositing dematerialized Shares
- ☐ copy of acknowledgement slip issued when depositing physical shares - for withdrawing from the Offer made by the Acquirer.

Stamp of Collection Centre:		Signature of Official:		Date of Receipt:	

(1) **All queries** pertaining to this Offer may be directed to the Registrar to the Offer as detailed in section VII of Letter of Offer.

(2) **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 the Target Company, 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 Counter Offer.

(3) **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.

(4) **In case of bodies corporate,** certified copies of appropriate authorization (including Board/shareholder 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.

(5) **All the Shareholders** should provide all relevant documents which are necessary to ensure transferability of the Shares in respect of which the withdrawal 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 apart from the shareholder has signed withdrawal form or transfer deed(s).

PRINTED MATTER
BOOK-POST

UNDER CERTIFICATE OF POSTING

If undelivered, please return to:

coromandel
gromor

Coromandel Fertilisers Limited
"COROMANDEL HOUSE" 1-2-10, Sardar Patel Road,
Secunderabad - 500 003, Andhra Pradesh, India.
Ph: 040-27842034 / 7212
Fax: 040-27844117
Website: www.cflindia.com

MURUGAPPA
GROUP