size: 40x24

Public Announcement to the shareholders of
Godavari Fertilisers and Chemicals Limited

This public announcement (“PA”) is being issued by Kotak Mahindra Capital Company Limited (“Manager to the Offer”) for and on behalf of Coromandel Fertilisers Limited (“CFL” or the “Acquirer”) pursuant to and in compliance with, among others, regulation 11(1) and regulation 12 of the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 1997, as amended (“Regulations”) issued by the Securities and Exchange Board of India (“SEBI”).

THE OFFER

1. This open offer (“Offer”) is being made by the Acquirer. This Offer is subject to the receipt of certain approvals as more fully set forth in the section titled “Statutory and Other Approvals required for this Offer” (see paragraph 23 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/- per Share. Pursuant to the same, CFL and IFFCO 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/- (“Share Capital”).
3. The Acquirer as on the date of this PA holds 1,44,22,252 Shares being 45.07% of the Share Capital of the Target and the Seller as on the date of this PA holds 80,01,000 Shares being 25.00% of the Share Capital 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. Pursuant to this Offer, the Acquirer proposes to acquire up to 64,00,000 Shares of the Target (“Offer Size”) representing 20.00% of the Share Capital at a price of Rs. 150/- (Rupees One Hundred and Fifty only) for each Share of the Target (“Offer Price”), to be paid in cash in accordance with the Regulations. There are no partly paid-up shares of the Target. This Offer is not subject to any minimum level of acceptance.
5. The Shares of the Target are listed on the National Stock Exchange of India Limited (“NSE”) and the Hyderabad Stock Exchange Limited (“HSE”) and are traded under the permitted category of the Bombay Stock Exchange Limited (“BSE”). For the 6 calendar months prior to the month of this PA, the annualised trading volume on NSE was 4.72% of the Share Capital. Further, there has been no trade on the HSE during this period. Accordingly, the Shares of the Target are infrequently traded on NSE and HSE.
6. 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
	- Industry Average PE Multiple	9.7
	- Offer Price PE Multiple**	11.5

**Capital Market (January 15-January 28, 2007 Issue, Volume No. XXI/23)*

***Offer Price/EPS*

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

7. The Acquirer, as on the date of this PA holds Shares of the Target as described in paragraph 3 herein.
8. The Manager to the Offer does not hold any Shares in the Target, as on the date of this PA.
9. The Acquirer is permitted to revise this Offer upward up to seven working days prior to the date of closure of the Offer. In the event of such a revision, an announcement will be made in the same newspapers in which this PA has appeared and the revised offer price would be paid for all validly accepted equity shares tendered anytime during the Offer.

INFORMATION ABOUT ACQUIRER

10. The Acquirer, Coromandel Fertilisers Limited, was incorporated on 16 October 1961 as a private limited company and was converted into a public limited company on 16 April 1964 and has its registered and corporate office at Coromandel House, 1-2-10 Sardar Patel Road, Secunderabad – 500003.
11. CFL belongs to the Murugappa Group and the promoters of CFL hold 70.15% of the fully paid up equity share capital of CFL. Amongst the promoters of CFL, EID Parry (India) Limited (A Murugappa Group Company) has the largest holding at 69.05% (also belongs to the Murugappa Group). The financial details of the Acquirer are as follows:

(All amounts in Rs lacs except otherwise stated)

Total Income^	1,87,470.63
Profit after Tax^	8,354.64
Networth^	43,798.70
Paid-up equity share capital^	2,540.56
Book Value per share (Rs)*	34.5
RONW (%)*	20.5%
EPS (Rs.)*	6.5
P/E*	11.3

^Audited financials from Annual Report of the company for FY2005-06.

** Capital Market (January 15-January 28, 2007 Issue, Volume No. XXI/23)*

12. The shares of CFL are listed on NSE and BSE.
13. CFL is in the business of manufacturing and marketing phosphatic fertilisers – complex fertilizers of different grades, single super phosphate (SSP) and pesticides. CFL has five manufacturing/formulation units located in the states of Andhra Pradesh, Tamil Nadu and Maharashtra. CFL’s products are marketed through 13 marketing offices and a network of over 7,000 dealers.

INFORMATION ABOUT THE TARGET

(The disclosures mentioned under this section have been sourced from publicly available sources and from information available from the Target).

14. Godavari Fertilisers and Chemicals Limited, has its registered and corporate office at 3rd Floor, Coromandel House, 1-2-10, Sardar Patel Road, Secunderabad – 500003. GFCL was incorporated on 17 December 1981 as a private limited company and subsequently converted into a public company with effect from 31 August 1984. The Company has not changed its name since its incorporation. The registered office of the Company was shifted from 50, Sebastian Road, Secunderabad 500003 to its current location as above in the month of February 2005.
15. As on the date of this PA, the total paid-up equity share capital of the Target is Rs 32.00 cr constituting of 3,20,00,000 equity shares of Rs.10/- each and there are no partly paid-up equity shares of the Target.
16. GFCL is engaged in the business of manufacture and marketing of phosphatic fertilizers.
17. Brief financial data on the Target is as follows:

(All amounts in Rs lacs except otherwise stated)

Total Income^	1,52,564.42
Profit after Tax ^	2,610.00
Paid-up equity share capital^	3,200.00
Networth^	10,063.07
Book Value per Share (Rs)*	31.4
RONW (%)*	28.6%
EPS (Rs.)*	7.6
P/E*	7.9

^Audited financials from Annual Report of the company for FY2005-06.

** Capital Market (January 15-January 28, 2007 Issue, Volume No. XXI/23)*

18. The Shares of the Target are listed on NSE and HSE and are traded under the permitted category of BSE.

REASONS FOR THE ACQUISITION AND OFFER AND FUTURE PLANS ABOUT TARGET

19. As stated in paragraph 3 hereinabove, pursuant to the Sale, the Shares of the Target owned by and voting rights available to the Acquirer would increase from 45.07% to 70.07% of the Share Capital. 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. Hence, this Offer is pursuant to regulation 11(1) and regulation 12 and other applicable provisions of the Regulations involving substantial acquisition of shares or voting rights with change in control or management.
20. As of date of this PA, the Acquirer does not have any plans to dispose of or otherwise encumber any substantial assets of the Target in the next two years except in the ordinary course of business of the Target and except to the extent required for the purpose of restructuring and/or rationalisation, reorganization, arrangements of operations, assets, investments, liabilities or otherwise of the Target. Notwithstanding the immediately preceding sentence, the Board of Directors of the Target will take appropriate decisions in these matters as per the requirements of the business and in line with the opportunities from time to time.
21. 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.
22. Other than in the ordinary course of business, the Acquirer undertakes that it shall not sell, dispose of or otherwise encumber any substantial asset of the Target except with the prior approval of the shareholders of the Target.

STATUTORY AND OTHER APPROVALS REQUIRED FOR THIS OFFER

23. 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.
24. To the best of knowledge and belief of the Acquirer, as of the date of this PA, 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.
25. 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.
26. No approvals are required from FIs/Banks for the Offer.
27. 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. 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.

FINANCIAL ARRANGEMENTS

28. 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.
29. 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 23, 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.

OTHER TERMS OF THIS OFFER

30. A letter of offer (“Letter of Offer”) specifying the detailed terms and conditions of this Offer along with the Form of Acceptance cum Acknowledgement (“Form of Acceptance”) and Form of Withdrawal will be mailed to all the shareholders (except the parties to the SPA) of the Target whose names appear on the register of members of the Target at the close of business hours on January 25, 2007 (“Specified Date”). A copy of the Letter of Offer (including Form of Acceptance and Form of Withdrawal) is expected to be available on SEBI website (http://www.sebi.gov.in) during the period the Offer is open and may also be downloaded from the site. In case of non-receipt of the Letter of Offer, shareholders may download the same from the SEBI website 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/ ownership of Shares.
31. All the shareholders (except the parties to SPA) who own the Shares of Target anytime before the closure of the Offer are eligible to participate in the Offer.
32. Persons who have acquired Shares of the Target but whose names do not appear in the register of members of the Target on the Specified Date or those who have not received the Letter of Offer, may also participate in this Offer by submitting an application on a plain paper giving details regarding their shareholding and confirming their agreement to participate in this Offer as per the terms and conditions of this Offer. This should be sent to Cameo Corporate Services Limited, as per contact details provided in paragraph 47, appointed as the “Registrar to the Offer” together with the relevant share certificate(s) and transfer deeds if the Shares are held in physical form, photocopy of the Depository Paticipant Instruction slip duly acknowledged by the DP in case of Shares held in dematerialized form, the original contract note issued by a registered share broker of a recognized stock exchange through whom such Shares were acquired and/or such other documents as may be specified. No indemnity would be required from unregistered shareholders.
33. Shareholders who are holding Shares in physical form and wish to tender their Shares will be required to send the Form of Acceptance, original Share Certificate(s) and transfer form(s) duly signed and witnessed to the Registrar to the Offer as per contact details provided in paragraph 47, in accordance with the instructions specified in the Letter of Offer and the Form of Acceptance so that the same are received on or before the closure of the Offer, i.e. March 20, 2007.
34. In case the shareholders of the Target hold the Shares in dematerialized form, those desirous of participating in this Offer may send their application to the Registrar to the Offer, such that the applications are received by the Registrar to the Offer, on or before the closure of the Offer, stating the name, address, number of Shares held, number of Shares offered, Depository Participant (“DP”) name, DP ID number, 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 in as per instructions given under:

DP Name	Indian Overseas Bank
DP ID Number	IN302437
Beneficiary Account Number	20115977
ISIN	INE507C01012
Market	Off-market
Execution Date	On or before March 20, 2007

Shareholders should ensure credit of their shares in favour of the aforesaid depository account before the close of business hours on the date of closure of the Offer.

35. All owners of equity shares of GFCL, registered or unregistered who wish to avail of and accept the Offer can also hand deliver the Form of Acceptance along with all the relevant documents at any of the collection centres mentioned below in accordance with the procedure as set out in the Letter of Offer. All centres mentioned herein below would be open on all working days as follows:

No.	Collection Centre	Address of Collection Centre	Contact Person	Email Address	Phone No.	Fax	Mode of delivery
1.	Chennai	Cameo Corporate Services Limited Subramanian Building 1, 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	+91-9892 2 35816	+91-22-22644325	Hand Delivery
3.	Hyderabad	Cameo Corporate Services Limited 9-1-152/A, II Floor Opp. St Patricks High School, Sebastian Rd., 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*

36. If the Shares tendered in this Offer by the shareholders of the Target are more than the Shares to be acquired under this Offer, the acquisition of Shares from each shareholder will be on a proportionate basis as per provisions of the regulation 21(6) of the Regulations such that the acquisition from each shareholder shall not be less than the minimum marketable lot or the entire holding, if it is less than the marketable lot.
37. The unaccepted share certificates, transfer forms and other documents, if any, would be returned by registered post at the shareholders’ sole risk. Unaccepted 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 received from their depository participant.
38. The Registrar to the Offer will hold in trust the Forms of Acceptance, Shares, share certificates, transfer deed(s) and/or other documents on behalf of the shareholders of the Target whose Shares have been validly accepted under this Offer, till the cheques/ drafts for the consideration are despatched and unaccepted share certificates/ Shares, if any are despatched/ returned to the relevant shareholders.
39. The payment of consideration for validly accepted Shares will be made by the Acquirer in cash through account payee cheques, drafts or warrants, etc. sent by registered post in accordance with the Regulations.
40. Non-resident shareholders who wish to tender their Shares in the Offer are advised to note that tax will be deducted at source as per applicable regulations under Indian Income Tax Act, 1961.
41. The Offer Programme is as under:

Activity	Date	Day
Specified Date	25-Jan-07	Thursday
Last date for dispatch of Letter of Offer to the shareholders of the Target	26-Feb-07	Monday
Offer Opens on	**1-Mar-07**	**Thursday**
Offer Closes On	**20-Mar-07**	**Tuesday**
Last date for a competitive bid, if any	15-Feb-07	Thursday
Last date for revising the Offer Price / Offer Size	9-Mar-07	Friday
Last date for withdrawing acceptance of the Offer	15-Mar-07	Thursday
Last date for communicating acceptance (in full or part) and rejection of applications and payment of consideration for applications accepted	4-Apr-07	Wednesday

GENERAL

42. Shareholders who have accepted this Offer by tendering the requisite documents, in terms of the PA / Letter of Offer, can withdraw the same up to 3 (three) working days prior to the date of the closure of this Offer.
43. As per the Regulations, the Acquirer can revise the Offer Price upwards up to 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 this PA has appeared and the revised price would be paid to all shareholders who shares are validly accepted in this Offer.
44. **If there is competitive bid:**
    (i) The public offers under all the subsisting bids shall close on the same date.
    (ii) As the offer price can not be revised during 7 working days prior to the closing date of the offers / bids, it would, therefore, be in the interest of shareholders to wait till the commencement of that period to know the final offer price of each bid and tender their acceptance accordingly.
45. The Acquirer, Seller and Target have 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.
46. This PA is expected to be available on the SEBI website at http://www.sebi.gov.in.
47. Pursuant to regulation 13 of the Regulations, the Acquirer (Coromandel Fertilisers Limited, Registered office: Coromandel House, 1-2-10, Sardar Patel Road, Secunderabad – 500003) has appointed Kotak Mahindra Capital Company Limited as the Manager to the Offer and has appointed Cameo Corporate Services Limited as the Registrar to the Offer (Address: Subramanian Building, No. 1, Club House Road, Chennai - 600002, Phone: +91-44-28460390 /28461948, Fax: +91-44-28460129, Email: cameo@cameoindia.com, Contact Person: Mr. A. Sivasubramanian).
48. The Board of Directors of the Acquirer accepts full responsibility for the information contained in this PA and also accept responsibility for the obligations of an acquirer as laid down in the Regulations.

Issued by the Manager to the Offer for and on behalf of the Acquirer

kotak Investment Banking

Kotak Mahindra Capital Company Limited
Bakhtawar 3rd Floor, 229 Nariman Point, Mumbai – 400 021
Tel. No.: +91-22-66341100, Fax No.: +91-22-2284 0492,
Email: gfcl.offer@kotak.com
Contact Person: Mr. Chandrakant Bhole

Dated : January 25, 2007
Place : Mumbai