LETTER OF OFFER ("LETTER OF OFFER/LOF")

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

This Letter of Offer is being sent to you as equity shareholder(s) of GMR Industries Limited ("GIL" or the "Target"). If you require any clarifications about the action to be taken, you may consult your stock broker or an investment consultant or the Manager to the Offer or the Registrar to the Offer. In the event you have sold your equity shares in Target, please hand over this Letter of Offer, the accompanying Form of Acceptance-cum-Acknowledgement (FOA), Form of Withdrawal and Transfer Deed to the purchaser of the equity shares or the member of stock exchange through whom the said sale was effected.

E.I.D. - Parry (India) Limited ("Acquirer")
Registered Office: Dare House, Parrys Corner, Chennai – 600 001.
Tel.: +91-044 - 2530 6789 Fax: +91-044 -2534 1609.

makes a cash Offer at Rs. 110.69 (Rupees One hundred ten and sixty-nine paise only) per fully paid up equity share to acquire upto 39,92,342 equity shares of Rs. 10 each fully paid up representing 20% of the Fully Paid Up Voting Equity Share Capital of GMR Industries Limited ("Target")

Registered and Head Office: 25/1 Skip House, Museum Road, Bangalore – 560025, Karnataka, India
Tel: +91-80-40534000 Fax: +91-80-40534057

ATTENTION

1. For the purpose of computing the voting percentage, the voting rights as at the expiration of 15 days after the closure of the Offer has been reckoned.
2. The Offer is being made by the Acquirer pursuant to regulations 10 and 12 of the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 1997 and subsequent amendments thereto ("SEBI (SAST) Regulations" or "Regulations").
3. The Offer would require the approval from the Reserve Bank of India ("RBI") under the Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder ("FEMA") for acquiring equity shares from non-resident shareholders validly tendered under the Offer at the Offer Price. The Acquirer has received the RBI Approval vide their letter dated June 14, 2010. Except for the RBI approval as mentioned above, as on the date of this Letter of Offer, no other statutory approval is required to acquire the equity shares tendered pursuant to this Offer. However, the Offer would be subject to all statutory approvals as may become applicable even at a later date.
4. 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 (i.e. July 29, 2010) to the date of the closing of the Offer (i.e August 03, 2010).
5. The Acquirer is permitted to revise the Offer Price and/or the number of equity shares contemplated by the Offer upward at any time up to 7 working days prior to the date of the closing of the Offer (i.e. August 03, 2010). If there is any upward revision in the Offer Price and/or the number of equity shares by the Acquirer till the last date of revision i.e. July 23, 2010 or in case of withdrawal of the Offer, the same would be informed by way of a public announcement in the same newspapers where the original Public Announcement had appeared on April 26, 2010 and as mentioned in point 3.2 of this Letter of Offer and the same revised price would be payable by the Acquirer to all shareholders who tendered their equity shares at any time during the Offer and which are accepted by the Acquirer under the Offer.
6. The Offer is not subject to any minimum level of acceptance by the public shareholders.
7. If there is a competitive bid:

Ø The public offers under all the subsisting bids shall close on the same date.

Ø As the Offer Price cannot be revised during 7 (seven) working days prior to the Closing Date of the Offer, 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.

8. No competitive bid has been announced as of the date of this Letter of Offer.
9. The Public Announcement and this Letter of Offer (including Form of Acceptance-cum- Acknowledgement and Form of Withdrawal) are/will be available on SEBI's web-site (www.sebi.gov.in).
10. If non-resident shareholders, overseas corporate bodies and foreign shareholders had required any RBI or Foreign Investment Promotion Board ("FIPB") approval in respect of the equity shares held by them in the Target, they will be required to submit the previous RBI/ FIPB approvals that they would have obtained for holding the equity shares of the Target. In the event such permissions are not submitted, the Acquirer reserves the right to reject such equity shares tendered in the Offer.
11. In case of delay in receipt of other requisite approvals in relation to the Offer, SEBI has the power to grant an extension of time to the Acquirer for payment of consideration to the shareholders, subject to the Acquirer agreeing to pay interest for the delayed period if directed by SEBI in terms of Regulation 22(12) of the SEBI (SAST) Regulations.

MANAGER TO THE OFFER	REGISTRAR TO THE OFFER
ENAM Securities Private Limited 801/802 Dalamal Towers, Nariman Point, Mumbai - 400 021. Tel.: +91-22-6638 1800 Fax: +91-22-2284 6824 Email: gmropenoffer@enam.com Contact Person: Ms. Lakha Nair & Ms. Dipali Dalal SEBI Registration No.: INM000006856	**Karvy Computershare Private Limited** Karvy House, 46, Avenue 4, Street No. 1 Banjara Hills, Hyderabad 500 034. Tel No.: +91 - 40-23420815-23. Fax No.: +91- 40-23431551. Email id: murali@karvy.com. Contact Person: Mr. M. Muralikrishna
OFFER OPENS ON : Thursday, July 15, 2010	**OFFER CLOSES ON :** Tuesday, August 03, 2010

SCHEDULE OF MAJOR ACTIVITIES OF THE OFFER

Activity	Day and Date	Revised Day and Date
Public Announcement	Monday, April 26, 2010	Monday, April 26, 2010
Specified Date*	Friday, April 30, 2010	Friday, April 30, 2010
Last date for a Competitive Bid, if any	Monday, May 17, 2010	Monday, May 17, 2010
Last date by which Letter of Offer will be dispatched to shareholders of the Target	Monday, June 07, 2010	Monday, July 12, 2010
Date of opening of the Offer	Friday, June 18, 2010	Thursday, July 15, 2010
Last date for revising the Offer Price/number of equity shares	Monday, June 28, 2010	Friday, July 23, 2010
Last date of withdrawal of tendered application by the shareholders of the Target	Friday, July 02, 2010	Thursday, July 29, 2010
Date of closing of the Offer	Wednesday, July 07, 2010	Tuesday, August 03, 2010
Date by which acceptance/rejection under the Offer would be intimated and the corresponding payment for the acquired and/or the unaccepted equity shares/share certificate(s) will be dispatched.	Thursday, July 22, 2010	Wednesday, August 18, 2010

**Specified Date is only for the purpose of determining the names of the public shareholders of the Target as on such date to whom the Letter of Offer would be sent. All owners (registered or unregistered) of the equity shares of the Target, except the parties to the SPA, are eligible to participate in the Offer anytime before the closure of the Offer.*

RISK FACTORS

Given below are the risks related to the proposed Offer and associated with the Acquirer:

Risk Factors associated with the Acquirer

1. The Acquirer does not provide any assurance with respect to the market price of the equity shares of the Target before, during or after the Offer and expressly disclaims any responsibility or obligation of any kind (except as required by applicable law) with respect to any decision by any shareholder on whether to participate or not to participate in the Offer.

Risk Factors associated with the Open Offer

1. Where the number of equity shares offered for sale by the shareholders is more than the equity shares agreed to be acquired by the Acquirer, the Acquirer shall accept the offers received from the shareholders on a proportionate basis in consultation with the Manager to the Offer, in accordance with Regulation 21(6) of the SEBI (SAST) Regulations. Hence, there is no certainty that all equity shares tendered by the shareholders in the Offer will be accepted, in the event there is oversubscription of the Offer.

2. The Offer would require the approval from the RBI under the FEMA for acquiring equity shares from non-resident shareholders validly tendered under the Offer at the Offer Price. The Acquirer has received the approval from RBI. Except for the RBI approval as mentioned above , as of the date of this Letter of Offer, no other statutory approval is required to acquire the equity shares tendered pursuant to this Offer. However, the Offer would be subject to all statutory approvals that may become applicable at a later date. The Acquirer reserves the right to withdraw the Offer in accordance with Regulation 27 of the SEBI (SAST) Regulations in the event the requisite statutory approvals for the purpose of this Offer or those that may be necessary at a later date are refused.

3. In the event of regulatory approvals (if any) not being received in a timely manner or litigation leading to a stay on the Offer, or SEBI instructing that the Offer should not proceed, the Offer process may be delayed beyond the schedule indicated in this Letter of Offer. Consequently, the payment of consideration to the shareholders whose equity shares have been accepted in the Offer, as well as the return of the equity shares not accepted by the Acquirer, may be delayed. Shareholders should note that after the last date for withdrawal of acceptances under the Offer (i.e. July 29, 2010), shareholders who have lodged the equity shares will not be able to withdraw them even if the acceptance of equity shares under the Offer and dispatch of consideration gets delayed. The tendered equity shares and documents will be held by the Registrar to the Offer, until such time as the process of acceptance of such equity shares and the payment of consideration thereto is completed.

4. The equity shares tendered in the Offer will be held in trust by the Registrar to the Offer until the completion of the Offer (in accordance with the Regulations and other applicable laws, rules and regulations), and the shareholders will not be able to trade, sell, transfer, exchange or otherwise dispose of such equity shares until the completion of the Offer or withdrawal of the Offer in accordance with Regulation 27 of the SEBI (SAST) Regulations. During such period there may be fluctuations in the market price of the equity shares. Accordingly, the Acquirer does not make any assurance with respect to the market price of the equity shares at any time, whether during or upon or after the completion of the Offer, and disclaim any responsibility or obligation of any kind (except as required by applicable law) with respect to any decision by any shareholder on whether to participate or not to participate in the Offer.

5. The Acquirer and the Manager to the Offer accept no responsibility for statements made otherwise than in the Public Announcement or this Letter of Offer or in the advertisements or other materials issued by, or at the instance of the Acquirer and the Manager to the Offer, and anyone placing reliance on any other source of information, would be doing so at his/her/their own risk.

   The risk factors set forth above do not relate to the present or future business or operations of the Target or any other matters and are neither exhaustive nor intended to constitute a complete or comprehensive analysis of the risks involved in or associated with the participation by any shareholder in the Offer. Each shareholder of the Target is hereby advised to consult with legal, financial, tax, investment or other advisors and consultants of their choosing, if any, for further risks with respect to each such shareholder's participation in the Offer and related sale and transfer of equity shares of the Target to the Acquirer.

CONTENTS

1. DEFINITIONS

Acquirer or E.I.D.	E.I.D. - Parry (India) Limited
BSE	Bombay Stock Exchange Limited.
CDSL	Central Depository Services (India) Limited.
Closing Date	The date of acquisition of the Sale Shares by the Acquirer in terms of the SPA
CER Price	CER Price has been defined under the SPA to mean an amount representing the actual percentage of Sale Shares transferred to the Acquirer on the closing date under the SPA, of any income not exceeding Rs. 5,00,00,000 (Rupees five crores) realised by the Target for the period between April 01, 2010 and December 31, 2010 on account of CER.
Companies Act	Companies Act, 1956, as amended.
Depository Participant or DP	Karvy Stock Broking Limited
ECS	Electronic Clearing System.
Escrow Bank	HDFC Bank Limited
Escrow Agent	ING Vysya Bank Limited
FEMA	The Foreign Exchange Management Act, 1999, as amended.
FII(s)	Foreign Institutional Investors registered with SEBI.
Form of Acceptance or FOA	Form of Acceptance-cum-Acknowledgement accompanying this Letter of Offer.
Form of Withdrawal	Form of Withdrawal accompanying this Letter of Offer.
Fully Paid Up Equity Share Capital/	Fully paid-up capital for the Target as defined under Regulation
Fully Paid Up Voting Equity Share Capital	21(5) of the Regulations
IFSC	Indian Financial System Code.
Insider Regulations	SEBI (Prohibition of Insider Trading) Regulations, 1992
MICR	Magnetic Ink Character Recognition.
Manager to the Offer / Merchant Banker	Enam Securities Private Limited.
MSE	Madras Stock Exchange Limited
NEFT	National Electronic Fund Transfer.
NRI(s)	Non-Resident Indians.
Non-Resident Shareholder(s)	Persons resident outside India as defined under FEMA, holding equity shares of the Target.
NSDL	National Securities Depository Limited.
NSE	National Stock Exchange of India Limited.
OCB(s)	Overseas Corporate Bodies.
Offer or Open Offer	Open Offer to acquire up to 39,92,342 equity shares of the Target of face value of Rs.10 each representing in the aggregate up to 20% of the fully paid up equity share capital of the Target at a price of Rs. 110.69 (Rupees One hundred ten and sixty-nine paisa only) per fully paid up equity share, payable in cash.
Offer Period	From April 25, 2010 to August 18, 2010 .
Offer Price	Rs. 110.69 per fully paid-up Share.
Offer Size	Up to 39,92,342 equity shares of the Target of face value of Rs.10 each representing in the aggregate upto 20% of the fully paid up equity share capital of the Target.
LOF/Letter of Offer	This Letter of Offer dated July 08, 2010
PAT	Profit after tax
Persons eligible to participate in the Offer	All owners (registered or unregistered) of equity shares of the Target, except the parties to the SPA, are eligible to participate in the Offer anytime before the closure of the Offer.
Public Announcement or PA	Public Announcement for the Open Offer issued on behalf of the Acquirer on April 26, 2010.

RTGS	Real Time Gross Settlement.
Registrar or Registrar to the Offer	Karvy Computershare Private Limited, an entity registered with SEBI under SEBI (Registrar to Issue and Share Transfer Agents) Regulations, 1993, as amended.
RBI	The Reserve Bank of India.
Rs.	Indian Rupees.
SEBI	Securities and Exchange Board of India .
SEBI Act	Securities and Exchange Board of India Act, 1992, as amended.
SEBI (SAST) Regulations or Regulations	SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 1997, as amended.
Sale Shares	upto 1,29,75,110 but not less than 1,01,80,471 equity shares agreed to be sold under the SPA dated April 25, 2010
SPA/Agreement	Share Purchase Agreement dated April 25, 2010
Seller	GMR Holdings Private Limited.
Special Depository Account	GIL Escrow Demat Account
Specified Date	April 30, 2010
Target or GIL	GMR Industries Limited

2. DISCLAIMER CLAUSE

IT IS TO BE DISTINCTLY UNDERSTOOD THAT FILING OF THIS 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 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 GIL TO MAKE AN INFORMED DECISION WITH REGARD TO THE OFFER. SEBI DOES NOT TAKE ANY RESPONSIBILITY EITHER FOR FINANCIAL SOUNDNESS OF THE ACQUIRER OR THE TARGET WHOSE EQUITY SHARES / CONTROL IS PROPOSED TO BE ACQUIRED OR FOR THE CORRECTNESS OF THE STATEMENTS MADE OR OPINIONS EXPRESSED IN THIS LETTER OF OFFER. IT SHOULD ALSO BE CLEARLY UNDERSTOOD THAT WHILE THE ACQUIRER IS PRIMARILY RESPONSIBLE FOR THE CORRECTNESS, ADEQUACY AND DISCLOSURE OF ALL RELEVANT INFORMATION IN THIS LETTER OF OFFER, THE MERCHANT BANKER IS EXPECTED TO EXERCISE DUE DILIGENCE TO ENSURE THAT THE ACQUIRER DULY DISCHARGE ITS RESPONSIBILITIES ADEQUATELY. IN THIS BEHALF AND TOWARDS THIS PURPOSE, ENAM SECURITIES PRIVATE LIMITED HAS SUBMITTED A DUE DILIGENCE CERTIFICATE DATED MAY 7, 2010 TO SEBI IN ACCORDANCE WITH THE SEBI (SAST) REGULATIONS AND SUBSEQUENT AMENDMENTS THEREOF. THE FILING OF THIS LETTER OF OFFER DOES NOT, HOWEVER, ABSOLVE THE ACQUIRER FROM THE REQUIREMENT OF OBTAINING SUCH STATUTORY CLEARANCES AS MAY BE REQUIRED FOR THE PURPOSE OF THE OFFER.

3. DETAILS OF THE OFFER

3.1 Background to the Offer

3.1.1 This Open Offer is being made under regulations 10 and 12 of the Regulations, by E.I.D. - Parry (India) Limited, the Acquirer to the equity shareholders of GMR Industries Limited.

3.1.2 On April 25, 2010 the Acquirer executed a share purchase agreement ("**Agreement**" or "**SPA**") with GMR Holdings Private Limited ("**GMR Holdings**" or "**Seller**") for the acquisition of up to 1,29,75,110 but not less than 1,01,80,471 equity shares of the Target at a price of Rs. 54.85 ("**Equity Purchase Price**") per equity share ("**Sale Shares**") of par value of Rs. 10 each, constituting up to 65% but not less than 51% of the issued and paid up equity share capital of the Target, for an aggregate consideration of up to Rs. 71,16,84,783.50 (Rupees Seventy-one crores sixteen lakhs eighty-four thousand seven hundred eighty-three and fifty paisa only) but not less than Rs. 55,83,98,834.35 (Rupees fifty-five crores eighty-three lakhs ninety-eight thousand eight hundred thirty-four and thirty-five paisa only). The Seller has also agreed to sell 1,28,31,880, 8% non-cumulative redeemable preference shares of Rs. 11 each at a price of Rs 11 ("**Preference Purchase Price**") aggregating to Rs. 14,11,50,680 (Rupees Fourteen crores eleven lakhs fifty thousand six hundred and eighty only).

3.1.3 In addition, the Acquirer has agreed to pay to the Seller, on or prior to January 15, 2011, an amount representing the actual percentage of Sale Shares transferred to the Acquirer on the closing date under the SPA, of any income not exceeding Rs. 5,00,00,000 (Rupees five crores only) realised by the Target for the period between April 01, 2010 and December 31, 2010 on account of CER ("**CER Price**"). For this purpose CER has been defined under the SPA to mean carbon credits that are to be issued for the period from 1st October 2007 to 31st March 2010 (estimated to be 71,725 CERs) by the Clean Development Mechanism- Executive Board of the United Nations Framework Convention on Climate Change for emission reductions achieved by the CDM Project Number 0505, i.e., methane recovery and power generation in the distillery plant of the Target at its plant in Sankili, Andhra Pradesh. CER Price has been defined under the SPA to mean an amount representing the actual percentage of Sale Shares transferred to the Acquirer on the closing date under the SPA, of any income not exceeding Rs. 5,00,00,000 (Rupees five crores) realised by the Target for the period between April 01, 2010 and December 31, 2010 on account of CER. The negotiated price for the purpose of calculation of the offer price under this Open Offer takes into account the CER Price. The negotiated price under the SPA, assuming maximum payment for CER is, Rs. 57.35 per Sale Share. No compensation either directly or indirectly is being given to the sellers (i.e. those selling shares under the SPA) apart from the consideration specifically mentioned in this LOF.

3.1.4 The above SPA will result in acquisition of up to 65% but not less than 51% of the issued and paid up equity share capital of GIL. The Seller has agreed to transfer a minimum of 1,01,80,471 equity shares i.e. constituting at least 51% of the paid up equity share capital of GIL. In the event that the public shareholding tendered to the Acquirer in this Open Offer constitutes less than 14% of the equity share capital of GIL, the Seller shall sell to the Acquirer such additional number of Sale Shares at Rs. 54.85 per share such that the shareholding of the Acquirer post acquisition shall be not less than 65% of the issued and paid up equity share capital of GIL The SPA provides that this purchase (if it were to take place) will be completed simultaneously with the purchase of the Sale Shares that represent 51% of the equity share capital of the Target but in any event no later than the "Long Stop Date" as agreed under the SPA i.e., a date that is before fifteen days from the date of dispatch by the Acquirer of the consideration payable to the public shareholders of the Target pursuant to this Open Offer or such other period as may be mutually agreed between the Parties, subject to compliance with applicable Law.

3.1.5 The Acquirer and the Seller have also entered into an escrow agreement on April 25, 2010 with ING Vysya Bank Limited having its registered and corporate office at ING Vysya House, 22, M.G.Road, Bangalore- 560 001(the "**Escrow Agent**") pursuant to which, the aforesaid 1,01,80,471 Sale Shares constituting 51% of the equity share capital ("**SPA Escrow Shares**") and the Preference Shares will be held in an escrow account administered by the Escrow Agent, and the SPA Escrow Shares and the Preference Shares will continue to remain in the escrow account until completion of the Open Offer formalities.

3.1.6 Details of the 'Seller' who is the shareholder of GIL are mentioned hereunder:-

Name of the Seller	Registered Address	Number of sharesheld as on the date of PA	% of outstanding Equity share capital held as on the date of SPA in GIL	Number of shares being sold to the Acquirer as per SPA	% of fully paid up equity share capital in GIL being sold to the Acquirer as per the SPA
GMR Holdings Private Limited	25/1 Skip House, Museum Road, Bangalore – 560025, Karnataka	1,49,40,288	74.84%	Up to 1,29,75,110 but not less than 1,01,80,471 equity shares; and 12,831,880 8% Non-Cumulative Preference Shares of Rs 11 each	Upto 65% but not less than 51% of the equity share capital and100% of the preference share capital

3.1.7 Certain key terms of the SPA are as follows:

3.1.7.1 On or after Closing Date, the transfer of the Sale Shares from the Seller to the Acquirer can occur either by way of a block deal through the floor of the stock exchange or through an off-market transfer on a spot delivery basis. The transfer of the Preference Shares shall be effected off-market.

3.1.7.2 The Seller has agreed to transfer a minimum of 1,01,80,471 equity shares i.e. constituting at least 51% of the issued and paid up equity share capital of GIL. In the event that the public shareholding tendered to the Acquirer in this Open Offer constitutes less than 14% of the equity share capital of GIL, the Seller shall sell to the Acquirer such additional number of Sale Shares at Rs. 54.85 per share such that the shareholding of the Acquirer post acquisition shall be not less than 65% of the issued and paid up equity share capital of GIL.

3.1.7.3 In addition to the consideration payable by the Acquirer to the Seller calculated at the Equity Purchase Price for the Sale Shares, and the Preference Purchase Price for the Preference Shares, the Acquirer has also agreed to pay the CER Price in terms of the SPA.

3.1.7.4 The Seller and the Acquirer have entered into an escrow agreement with ING Vysya Bank Limited for the purpose of securing the due performance by them of their obligations under the SPA.

3.1.7.5 The Seller and Acquirer have agreed, that at the option of the Acquirer, the Seller shall cause the Company to appoint one nominee director of the Acquirer to its Board forthwith upon the Acquirer depositing (at its option), the entire purchase price payable under this Open Offer into an escrow account in terms of Regulation 22(7) of the Regulations.

3.1.7.6 The Acquirer shall have the obligation to acquire the Sale Shares and the Preference Shares of the Seller subject to the satisfaction of certain conditions precedent as detailed in the SPA including inter alia:

a. Completion by the Acquirer of all its obligations under this Open Offer, as certified to the Acquirer by ENAM as the Manager to the Offer;

b. The Seller not being in breach of any of its obligations under the Agreement to the extent to be complied with prior to closing date under the SPA and;

c. The Seller having obtained an in-principle approval from the lenders of the Target for the consummation of the transactions set out in the Agreement provided that the Acquirer is obligated to provide all necessary assurances and comfort as may be required by the lenders for providing a mutually acceptable alternate security, to enable release of the security created in favour of the lenders over certain fixed deposits and guarantees provided by the Target's group companies to secure the borrowings of the Target or alternatively retire the facility on the closing date under the SPA.:

3.1.7.7 Consequent to the acquisition of the Sale Shares the Acquirer shall assume control and shall be the "promoter" of GIL, as the term is understood under applicable law. The existing promoters of the Target i.e., GMR Holdings and Mr. Srinivasa Bommidala, shall be de-classified as "promoters" of the Target.

3.1.7.8 The board of directors of the Target will be reconstituted on the date of purchase of the Sale Shares so as to provide the Acquirer control. The existing promoters shall be entitled to appoint one nominee director on the board of directors of the Target until such time that they collectively hold at least (i) 10% of the equity share capital of the Target; or (ii) 7.5% of equity share capital of the Target, in the event that inter alia the Seller is required to sell Sale Shares constituting more than 51% of the equity share capital of the Target.

3.1.7.9 In consideration of the aggregate purchase price being received by the Seller under the SPA from the Acquirer, the Seller has agreed to undertake customary non-competition and non-solicitation obligations.

3.1.7.10 The SPA also contains customary provisions including provisions in relation to representations, warranties and related indemnity obligations.

3.1.7.11 The Acquirer shall promptly take all necessary action to ensure that within 60 (sixty) days of the Closing Date or such other extended time as may be mutually agreed between the Parties: (i) the name of the Company is changed such that it does not contain or reference the words "GMR"; and (ii) the Company ceases to use its current logo

3.1.7.12 The SPA contains a provision that the parties to the SPA shall not act upon the sale and purchase of the Sale Shares in the event of non-compliance with the provisions of the Regulations by the Acquirer.

3.1.8 Pursuant to the substantial acquisition of equity shares and control, this mandatory Offer is being made by the Acquirer in compliance with regulations 10 and 12 and other applicable provisions of SEBI (SAST) Regulations (the "Offer" or "Open Offer"). The Acquirer hereby makes this Offer to the shareholders of the Target (other than the parties to the SPA) to acquire up to 39,92,342 equity shares of the Target of face value of Rs.10 each representing in aggregate 20% of the fully paid up equity share capital of the Target at a price of Rs. 110.69/- (Rupees One hundred ten and sixty-nine paisa only) per fully paid up equity share ("Offer Price") payable in cash subject to the terms and conditions mentioned in the PA and in the Letter of Offer that will be sent to the shareholders in accordance with the SEBI (SAST) Regulations (the "Letter of Offer"). This Offer is not subject to any minimum level of acceptance.

3.1.9 The Acquirer has no existing shareholding in the Target.

3.1.10 The Acquirer, the Target and the Seller have not been prohibited by SEBI from dealing in securities, in terms of directions issued under Section 11B of the SEBI Act or under any other regulation made under the SEBI Act.

3.2 The Offer:

3.2.1 This Offer is being made by the Acquirer as a result of proposed acquisition of upto 65% of the issued and paid up equity share capital of the Target by the Acquirer as stated in point 3 above.

3.2.2 In view of the above, the Offer is a mandatory Open Offer under regulations 10 and 12 of the SEBI (SAST) Regulations.

3.2.3 The Offer is not conditional on any minimum level of acceptance by the shareholders of the Target.

3.2.4 The Acquirer is making an Open Offer to acquire up to 39,92,342 equity shares of the face value of Rs. 10 each, representing in aggregate 20% of the fully paid up equity share capital of the Target in terms of regulation 21(1) of the SEBI (SAST) Regulations, at a price of Rs. 110.69 (Rupees One hundred ten and sixty-nine paise only) per fully paid up equity share payable in cash subject to the terms and conditions set out in the PA and the Letter of Offer in accordance with the SEBI (SAST) Regulations.

3.2.5 This Offer is being made to all the shareholders of the Target (other than the parties to the Agreement). The Acquirer will acquire all the shares of the Target that are validly tendered as per terms of the Offer subject to a maximum of 39,92,342 equity shares being 20% of the fully paid up equity share capital of the Target.

3.2.6 Offer is subject to the receipt of the statutory and other approvals mentioned in point 10 of this Letter of Offer. In terms of regulation 27 of the Regulations, if the statutory approvals are refused, the Offer would stand withdrawn.

3.2.7 Neither the Acquirer nor its directors have acquired any equity shares of the Target during the period after the date of the Public Announcement up to the date of this LOF.

3.2.8 There are no partly paid up equity shares in the Target. The equity shares of the Target will be acquired by the Acquirer as fully paid up, free from all liens, charges and encumbrances and together with the rights attached thereto, including all rights to dividend, bonus and rights offer declared thereof.

3.2.9 This is not a competitive bid.

3.2.10 The Public Announcement, as per Regulation 15(1) of the Regulations, was made in the following newspapers on April 26, 2010:

Newspaper	Language	Editions
Financial Express	English	All
Jansatta	Hindi	All
Navshakti	Marathi	Mumbai
Samyukta Karnataka	Kannada	Bangalore

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

3.2.11 If there is any upward revision in the Offer Price/Offer Size by the Acquirer through the last date of revision (i.e., July 23, 2010) or in case of withdrawal of the Offer, such upward revision or withdrawal would be disclosed to shareholders of the Target by way of a public announcement in the newspapers in which the PA was published on April 26, 2010 and accordingly the revised price per equity share of the Target in the Offer would be payable by the Acquirer to all shareholders who validly tendered their equity shares of the Target at any time during the Offer and which are accepted by the Acquirer, in each case under the terms of the Offer and in accordance with applicable law.

3.2.12 The Offer is subject to the terms and conditions set out in this Letter of Offer.

3.2.13 The Offer would require the approval from the RBI under the FEMA for acquiring the equity shares from non-resident shareholders validly tendered under the Offer at the Offer Price. The Acquirer has received the approval from RBI. . Except for the RBI approval as mentioned above, as of the date of this Letter of Offer, no other statutory approval is required for the Acquirer to acquire the equity shares tendered pursuant to this Offer. In terms of Regulation 27 of the Regulations, if the statutory approvals are refused, the Offer would stand withdrawn.

3.2.14 As on date of this LOF, the Manager to the Offer does not hold any equity shares in the Target.

4. RATIONALE FOR THE ACQUISITION AND OFFER

4.1 The Offer is being made pursuant to acquisition of up to 1,29,75,110 but not less than 1,01,80,471 equity shares representing upto 65% but not less than 51% of the issued and paid up equity share capital through the SPA dated April 25, 2010 as stated in clause I above. This will result in substantial acquisition of equity shares in and change in control of the Target in terms of the SEBI (SAST) Regulations. Hence, this Open Offer is being made in compliance with regulations 10 and 12 read with other applicable provisions of the SEBI (SAST) Regulations.

4.2 The Acquirer's major business is sugar and is one of the largest sugar producers in Tamil Nadu. Hence the Acquirer believes that the Target's business of sugar production fits into its overall strategy and complement its existing business model. Acquiring the Target will accelerate the Acquirer's strategy of growth. This acquisition will help the Acquirer to gain significant presence in the neighbouring states which offers high cane potential, good water availability and access to main sugar markets.

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

4.4 The Acquirer undertakes not to sell, dispose off or otherwise encumber any substantial assets of Target, other than in the ordinary course, except with the prior approval of the shareholders of Target.

5. INFORMATION ON THE ACQUIRER

5.1 Information on E.I.D. - Parry (India) Limited (Acquirer / E.I.D.)

5.1.1 The Acquirer, E.I.D. - Parry (India) Limited, is a public limited company incorporated on September 22, 1975 under the Companies Act, 1956 and having its registered office at Dare House, Parrys Corner, Chennai – 600 001. The telephone number is 044 - 2530 6789 and the fax number is 044 -2534 1609. The Shares of the Company are listed on the Madras Stock Exchange Limited ("MSE"), the Bombay Stock Exchange Limited ("BSE") and the National Stock Exchange of India Limited ("NSE"). The Global Depository Receipts (GDRs) are listed on Luxembourg Stock Exchange. The Acquirer has applied to MSE for voluntary delisting of its Equity Shares under SEBI Delisting of Equity Shares Regulations 2009 and the application is pending.

5.1.2 In January 1976, under a scheme of amalgamation, EID Parry acquired the assets and liabilities of E.I.D. Parry Limited, a limited liability company incorporated under the Companies Act 1862-1893 of the United Kingdom which had its origins in the House of Parry established in Madras by Thomas Parry in 1788.

E.I.D.- Parry (India) Limited manufactures and markets Sugar, Power, Industrial Alcohol, Bio-Products and Nutraceuticals and has been a pioneer in many fields., including setting up of India's first chemical fertiliser plant - at Ennore, Sugar plant - at Nellikuppam and Sanitaryware plant - at Ranipet. The Company was directly engaged in the sanitaryware business under the brand name "Parryware" since 1952 upto February 2006 and through a joint venture with Roca Sanitario, SA, upto July 2008.

The Acquirer has the following subsidiaries Coromandel International Ltd. Parry Chemicals Ltd., CFL Mauritius Ltd., Coromandel Brasil Limitada, Sadashiva Sugars Ltd., Parrys Investments Ltd., Parrys Sugar Ltd., Parry America Inc. Coromandal Bathware Ltd., Parry Infrastructure Company Private Ltd. and Parry Phytoremedies Private Ltd.

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

5.1.4 The authorized capital of E.I.D. - Parry (India) Limited is Rs. 101,50,00,000 divided into 25,75,00,000 equity shares of Rs. 2 each and 50,00,000 Redeemable Preference Shares of Rs.100 each. The current subscribed and paid up capital is Rs. 17,27,99,920 divided into 8,63,99,960 Equity Shares of Rs. 2 each. The subscribed and paid up capital has increased from Rs.17,27,16,940 as on March 31, 2010, consequent to the allotment of 41,490 equity shares of Rs.2 each under ESOP Scheme during the period from April 01, 2010 to June 30, 2010.. As on April 26, 2010 the closing price per equity share of the acquirer on NSE was Rs. 366.50 and on BSE was Rs. 366.35.

5.1.5 Details of the board of directors of E.I.D., as on date of the PA, are shown below:

Name and Designation	Residential Address	Qualification	Nature of Experience	Date ofJoining
Mr. A. Vellayan Chairman	5, Ambadi Road Kotturpuram Chennai - 600 085	Diploma in Industrial Administration from Aston University, Birmingham, U.K. and Masters in Business Studies from the	General Management Besides his vast experience in managing diverse areas of business for more than 29 years, Mr. A. Vellayan is actively associated with several leading industry associations. He is the past President of Fertiliser Association of India (FAI) -Southern Region, ICC India, and the All India Cycle	November 1, 1999

Name and Designation	Residential Address	Qualification	Nature of Experience	Date ofJoining
		University of Warwick Business School, U.K	Manufacturer's Association. He is the present Co-Chairman of FAI, He is also the past Vice President of All India Shippers Council and Federation of Indian Export Organisation. He was a member of the National Export Committee, Confederation of Indian Industry (CII) and Madras Management Association. Mr.A. Vellayan is the President for Southern Indian Chamber of Commerce & Industry (SICCI) and a member of the executive committee of FICCI, Delhi,	
Mr.K.Raghunandan Managing Director	2/2 Boat Club Road, R.A.Puram Chennai - 600 028	Chemical Engineer and MS from IIT, Madras	General Management Mr.K.Raghunandan worked in ICI Group of Companies before moving to EID Parry and was appointed as the Deputy Managing Director with effect from February 1, 2008. He took over as Managing Director with effect from May 1, 2008. He has around 29 years of experience including 21 years in EID Parry in Process, Plant Operations, Sales & Marketing of Farm Inputs, Information Technology, Strategic Planning and Business Development. He is a member of the Shares & Shareholders/Investors Grievance Committee.	February 1, 2008
Mr. Anand Narain Bhatia Director	C-288, Defence Colony, New Delhi-110 024	Degree in Economics from Cambridge University	General Management He has 39 years of industrial experience. He joined Hindustan Lever (HLL) in 1970 as a Management Trainee and in 1980 seconded to Unilever Colombia (South America) as Marketing Manager, Detergents. On his return to HLL in 1983 he served as Marketing Controller Detergents and in 1984 was transferred to Lipton India Limited (LIL) as V.P. Foods, handling the Edible Fats and Dairy business which had been moved to LIL from HLL. He was appointed as Director of Foods and Beverages on the Board of LIL in 1990. In 1992 he assumed charge as Managing Director of Lipton. He was seconded to Unilever once more and worked in the Latin America and Central Asia Regional office in London. He was also Chairman of Unilever Carribbean. He is the Chairman of the Shares & Shareholders/Investors Grievance Committee, member of the Audit Committee and Compensation & Nomination Committee.	January 19, 2004
Mr. V Manickam Director	Flat No.3, Jeevan Anand Rajab Ali Patel Lane Bhulabhai Desai Road Mumbai- 400 026	B.Sc. ACA	Financial ServicesHe is the Executive Director of Life Insurance Corporation of India (Investment-M&A) Mumbai.	November 28, 2008
Mr. M. B. N. Rao Director	Flat No. A 906, PurvaHeights14, Bannerghatta Road, Bilekahalli, Bangalore - 560 076	Graduate in Agriculture, Associate of the Chartered Institute of Bankers and Fellow of the Indian Institute of Banking & Finance	BankingHe is the former Chairman and Managing Director of Canara Bank. He was also Chairman and Managing Director of Indian Bank during the period from 2003 to 2005. He is a Graduate in Agriculture and an Associate of the Chartered Institute of Bankers and a Fellow of the Indian Institute of Banking & Finance. He was a Banker with over 38 years of hands on experience, with over 9 years of overseas experience and as the Board level appointee for about 8 years and at Chairman level for about 5 years. He is also on the Board of several reputed companies. He is a member of the Audit Committee of the Board.	August 1, .2009
Mr. V Ravichandran Director	F-2, Plot no. 21, Street No. 3, Umanagar, Begumpet, Hyderabad - 500 016.	Post Graduate Diploma in Management from IIM, Ahmedabad. ICWA and ACS	General Management He has 30 years of experience including 25 years in the Murugappa Group.He is the Managing Director of Coromandel International Limited, a subsidiary of E.I.D.-Parry	October 30, 2009

Name and Designation	Residential Address	Qualification	Nature of Experience	Date ofJoining
			(India) Limited. He is a member of the Audit Committee, Compensation & Nomination Committee and Shares & Shareholders/ Investors Grievance Committee.	
Mr. R. A. Savoor Director	201, Pine View 9, Edward Road Bangalore - 560052	B.Sc. Tech	General Management He was with Castrol India Ltd. for 34 years, of which 12 years as Chief Executive and Managing Director. Under his leadership Castrol India had grown from being a minor oil company to becoming the number 2 lubricant company in India and the second largest Castrol Company worldwide. He has 40 years of industrial experience. He is also the Chairman of Audit Committee and Compensation & Nomination Committee.	March 22,2002

As on the date of the Public Announcement, none of the directors of the Acquirer is on the Board of Directors of the Target. As per regulation 22(7) the Acquirer has nominated one director on the board of the Target.

5.1.6 The standalone audited financial highlights of the Acquirer for the last 3 financial years, as required under Point No. 4.1.11 and 4.1.12 of Annexure I to the 'Standard Letter of Offer for an Open Offer', as certified by M/s Deloitte Haskins & Sells Chartered Accountants , Firm Registration No. 008072S,vide their certificate dated May 3, 2010, are as below:

a. There are no adjustments / rectification in respect of incorrect accounting policies or failures to make provisions or other adjustments which resulted in audit qualifications.

b. There are no material amounts relating to adjustments for last three years which need to be adjusted in arriving at the profits of the years to which they relate

c. There has been no change in accounting policy during the last three years.

d. There are no extra-ordinary items that need to be disclosed separately in the accounts.

e. The below mentioned adjusted financial details of assets and liabilities has been prepared after deducting the balance outstanding on revaluation reserve account from both fixed assets and reserves and the net worth arrived after adjusting the same.

The adjusted financial details of the Acquirer after above adjustments are as under:

(Amounts in Rs. lakhs, except ratios and share data)

Particulars	Financial year ended March 31, 2010 @	Financial year ended March 31, 2009	Financial year ended March 31, 2008
Profit And Loss Statement			
Income from operations	114,732	78,524	65,087
Other Income $	14,950	89,248	6,864
Total Income	129,682	167,772	71,951
Total Expenditure	94,146	71,233	68,146
Profit Before Depreciation Interest and Tax	35,536	96,539	3,805
Depreciation	6,933	5,017	4,403
Interest	3,857	2,682	3,252
Profit Before Tax (before extra ordinary item)	24,746	88,840	(3,850)
Profit Before Tax (after extra ordinary item)	24,746	88,840	(3,850)
Provision for Tax	4,218	19,644	(2,192)
Profit After Tax	20,528	69,196	(1,658)
Balance Sheet			
Paid up Share Capital	1,727	1,722	1,785
Reserves and Surplus (Excluding Revaluation Reserves)	107,339	94,628	48,833
Miscellaneous Expenditure to the extent not written off or adjusted	—	(4)	(11)
Networth	109,066	96,346	50,607
Secured Loans	48,663	38,325	44,653

Particulars	Financial year ended March 31, 2010 @	Financial year ended March 31, 2009	Financial year ended March 31, 2008
Unsecured Loans	8,889	15,528	13,508
Deferred Tax Liability (net)	13,875	10,888	5,112
Total	**180,493**	**161,087**	**113,880**
Net Fixed Assets	84,650	85,942	61,999
Investments	68,282	48,561	18,344
Net Current Assets	27,561	26,584	33,537
Total	**180,493**	**161,087**	**113,880**
Dividend (%)	500%	1000%	25%
Earning Per Share =(Profit After Tax /Number of shares)	23.81	77.80	(1.86)
Return on Networth (%) =(Profit After Tax ×100%)/Networth}	18.8%	71.8%	(3.3)%
Book Value Per Share =(Networth/Number of shares)	126.48	111.88	56.70

@ The accounts are yet to be adopted by the shareholders.

$ Other Income for the year ended March 31, 2009 includes Profit of Rs. 74,639 Lakhs on Sale of 47%stake in Parryware Roca Private Limited .

Reason for increase in Total Income : -

Total income comprises of Income from operations and Other income. The major component of income from operations is derived from Sugar Segment. Income from operations for the year 2008-09 was Rs. 78,524 Lakhs and for the year 2007-08 was Rs.65,087 Lakhs. The increase of income from operations was mainly due to higher sale price of sugar as compared with the previous year. Income from operations for the year 2009-10 was Rs. 114,732 Lakhs as compared with the previous year 2008-09 of Rs. 78,524 Lakhs and the increase was mainly due to increase in selling price of sugar.

The Other income for the year 2007-08 was Rs. 6,864 Lakhs primarily from dividend income received. The Other income of Rs. 89,248 Lakhs for the year 2008-09 was mainly on account of profit on sale of 47% stake in Parryware Roca Private Limited - Rs. 74,639 Lakhs and dividend income of Rs. 11,573 Lakhs. Other income of Rs. 14,950 Lakhs for the year 2009-10 includes dividend income of Rs. 10,017 Lakhs.

Reason for increase in PAT :

The company has incurred a Loss of Rs.1,658 Lakhs during the year 2007-08 due to lower income from operations. PAT for the year 2008-09 was Rs. 69,196 Lakhs and the increase in PAT for the year 2008-09 as compared with 2007-08, was largely due to profit on sale of investment of Rs. 74,639 Lakhs as explained above besides increase in operating income.

As other income for the year 2009-10 was lower as compared with the year 2008-09, the PAT for the year 2009-10 of Rs. 20,528 Lakhs was also comparatively lower as compared with the year 2008-09.

SIGNIFICANT ACCOUNTING POLICIES OF THE ACQUIRER:

1.1 Accounting Convention

The financial statements have been prepared under the historical cost convention on accrual basis and in accordance with the accounting principles generally accepted in India and comply with mandatory Accounting Standards notified by the Central Government of India under the Companies (Accounting Standards) Rules, 2006 and with the relevant provisions of the Companies Act, 1956, except for certain fixed assets which are revalued.

1.2 Use of Estimates

The preparation of financial statements requires estimates and assumptions to be made that affect the reported amount of assets and liabilities on the date of the financial statements and the reported amount of revenues and expenses during the reporting period. Management believes that the estimates used in the preparation of financial statements are prudent and reasonable. Actual results could differ from these estimates. Any revision to accounting estimates is recognised prospectively in the current and future periods.

1.3 Fixed Assets : -

Fixed Assets (other than those which have been revalued) are stated at historical cost less accumulated depreciation. Cost includes related taxes, duties, freight, insurance and other incidental expenses related to the acquisition and installation of assets and borrowing cost incurred up to the date when the assets are ready for its intended use, but excludes duties and taxes that are recoverable subsequently from taxing authorities. The revalued fixed assets are restated at their estimated current replacement values as on 30th June 1987 as determined by the valuers.

Intangible Assets are stated at cost of acquisition less accumulated amortisation.

Leasehold land and leasehold improvements are amortised over the primary period of lease.

Borrowing costs

Borrowing Costs that are attributable to the acquisition or construction of assets that necessarily take a substantial period of time to get ready for its intended use are capitalised as part of the cost of qualifying asset when it is possible that they will result in future economic benefits and the cost can be measured reliably. Other borrowing costs are recognised as an expense in the period in which they are incurred.

1.4 Depreciation : -

(i) Depreciation on fixed assets (other than revalued land and buildings and leased assets) is calculated on Straight line method on following basis:

Assets acquired upto June 30, 1987 on the basis of specified period under section 205(2) (b) of the Companies Act, 1956.

In respect of assets acquired after June 30, 1987, except assets relating to Nutraceutical Division, depreciation is charged based on estimated useful life of the assets at rates which are higher than the rates specified in Schedule XIV of the Companies Act. The depreciation rates followed are specified below : -

Buildings	1.67% to 3.65%
Plant and Machinery	4.75% to 25.89%
Vehicles	23.75%
Computers	31.67%
Furniture & Office Equipments	4.75 % to 23.75 %

In respect of Assets relating to Nutraceuticals Division, Assets are depreciated at rates specified in Schedule XIV of the Companies Act, 1956.

(ii) In respect of additions and deletions during the year, depreciation charge is provided on pro-rata basis.

(iii) Leased assets are fully depreciated over the primary lease period.

(iv) Assets costing individually Rs 5000 or less are fully depreciated in the year of addition.

(v) The difference between the depreciation for the year on revalued buildings and depreciation calculated on the original cost is recouped from the fixed assets revaluation reserve

(vi) Cost of patent is amortised over a period of 3 years.

1.5 Investments

Long term investments are stated at cost. Provision for diminution in value is made if the decline is other than temporary in nature. Current Investments are stated at lower of cost and fair value determined on the basis of each category of investments.

1.6 Inventories

(i) Inventories are valued at the lower of cost and net realisable value.

(ii) Cost includes all direct costs and applicable production overheads in the case of finished goods and work in progress, incurred in bringing such inventories to their present location and condition. Cost also includes all taxes and duties, but excludes duties and taxes that are subsequently recoverable from taxing authorities.

(iii) Raw materials, boughtout items, consumables and stores and spares are valued at lower of weighted average cost and estimated net realisable value.

(iv) By products are valued at net realizable value.

(v) Work-in-progress and Finished Goods are valued at lower of cost and net realisable value. Excise Duty is included in the value of finished goods inventory.

1.7 Revenue Recognition

i) Revenue from sale is recognized when risks and rewards of ownership are transferred to the buyer under the terms of the contract.

ii) Sales include Excise duty recovered and are stated net of trade discounts and sales returns.

iii) Income from services rendered is booked based on agreements/arrangements with the concerned parties.

iv) Export Incentive under Duty Entitlement Pass Book Scheme are treated as income in the year of export at the estimated realisable value.

v) Interest on investments is booked on a time proportion basis taking into account the amounts invested and the rate of interest.

vi) Dividend income is accounted for in the year in which the right to receive the payment is established.

1.8 Foreign Currency Transactions

Foreign Currency Transactions are recorded at rates of exchange prevailing on the date of transaction. Monetary assets and liabilities denominated in foreign currencies as at the balance sheet date are translated at the rate of exchange prevailing at the year-end. Exchange differences arising on actual payments/realisations and year-end restatements are dealt with in the Profit & Loss Account.

The company enters into forward exchange contracts and other instruments that are in substance a forward exchange contract to hedge its risks associated with foreign currency fluctuations. The premium or discount arising at the inception of the foreign exchange contract or similar instrument is amortised as expense or income over the life of the contract. Exchange difference on such contracts is recognised in the Profit & Loss Account in the year in which the exchange rates change.

Any profit or loss arising on cancellation of a forward exchange contract is recognized as income or expense for the year.

1.9 Derivative Instruments and Hedge Accounting

The company uses forward contracts to hedge its risks associated with foreign currency fluctuations relating certain firm commitments and forecasted transactions. The Company designates these as cash flow hedges.

The use of forward contracts is governed by the company' policies on the use of such financials derivatives consistent with the company's risk management strategy. The company does not use derivative financial instruments for speculative purposes.

Forward contract derivative instruments are initially measured at fair value, and are re-measured at subsequent reporting dates. Changes in the fair value of these derivatives that are designated and effective as hedges of future cash flows are recognized directly in "Hedge Reserve Account" under Shareholders' Funds and the ineffective portion is recognized immediately in the profit and loss account.

Changes in the fair value of derivative financial instruments that do not qualify for hedge accounting are recognized in the Profit and Loss Account as they arise.

Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated, or exercised, or no longer qualifies for hedge accounting. If any of these events occur or if a hedged transaction is no longer expected to occur, the net cumulative gain or loss recognized in "Hedging Reserve Account" under Shareholders' fund is transferred to the Profit and Loss account for the year.

1.10 Employee Benefits

a. (i) Short Term Employee Benefits :

All employee benefits payable wholly within twelve months of rendering the service are classified as short term employee benefits. Short term employee benefits, including accumulated compensated absences, at the balance sheet date, are recognized as an expense as per the Company's scheme based on expected obligations on undiscounted basis.

b. Long Term Employee Benefits :

The obligation for long term employee benefits such as long term compensated absence is provided for based on actuarial valuation as at the balance sheet date, using the Projected Unit Credit Method.

(i) Defined Contribution Plans: -

The company's superannuation scheme, state governed provident fund scheme and employee state insurance scheme are defined contribution plans. Fixed contributions to the Superannuation Fund, which is administered by trustees and managed by LIC are charged to the Profit and Loss Account. The Company has no liability for future Superannuation Fund benefits other than its annual contribution and recognizes such contributions as an expense in the year incurred.

The contribution paid/payable under the schemes is recognised during the period in which the employee renders the related service.

ii. Defined Benefit Plans: -

Employees pension scheme and provident fund scheme managed by Trust are the company's defined benefit plans. The company also makes annual contribution to a Gratuity fund administered by LIC.

The present value of obligation under such defined benefit plans is determined based on actuarial valuation as at the balance sheet date, using the Projected Unit Credit Method. Actuarial gains/losses are absorbed in the financial statements.

(ii) Deferred Compensation cost

In respect of stock options, Stock options granted to the employees under the stock option scheme established are evaluated as per the accounting treatment prescribed by the Employee Stock Option Scheme and Employee Stock Purchase Scheme Guidelines, 1999 issued by Securities Exchange Board of India. The Company follows the intrinsic value method of accounting for the options and accordingly, the excess of market value of the stock options as on date of grant over the exercise price of the options, if any, is recognized as deferred employee compensation cost and is charged to the Profit and Loss Account on graded vesting basis over the vesting period of the options.

1.11 Miscellaneous Expenditure

Voluntary Separation Scheme expenditure is amortised over the expected period of future benefits but not over a period of more than five years.

1.12 Taxes on Income

Current Tax is determined based on the liability computed in accordance with the relevant tax rates and tax laws.

Deferred tax is recognised for timing differences arising between the taxable income and accounting income computed using the tax rates and the laws that have been enacted or substantively enacted as of the balance sheet date. Deferred Tax assets in respect of unabsorbed depreciation and carry forward of losses under tax laws, are recognized if there is virtual certainty that there will be sufficient future taxable income available to realize such Deferred Tax assets. Other Deferred Tax assets are recognized if there is a reasonable certainty that there will be sufficient future taxable income available to realise such Deferred Tax assets.

1.13 Provision, Contingent Liabilities and Contingent Assets

Provisions are recognized only when there is a present obligation as a result of past events and when a reasonable estimate of the amount of obligation can be made. Contingent liability is disclosed for (i) possible obligation which will be confirmed only by future events not wholly within the control of the company or (ii) present obligations arising from past events where it is not probable that an outflow of resources will be required to settle the obligation or a reliable estimate of the amount of the obligation cannot be made. Contingent assets are neither recognized nor disclosed in the financial statements.

1.14 Segment reporting :

a. The generally accepted accounting principles used in the preparation of the financial statements are applied to record revenue and expenditure in individual segments.

b. Segment revenue and segment results include transfers between business segments. Such transfers are accounted for at the agreed transaction value and such transfers are eliminated in the consolidation of the segments.

c. Expenses that are directly identifiable to segments are considered for determining the segment result. Expenses which relate to the company as a whole and are not allocable to segments are included under unallocated corporate expenses.

d. Segments assets and liabilities include those directly identifiable with the respective segments. Unallocated corporate assets and liabilities represent the assets and liabilities that relate to the company as a whole and not allocable to any segment.

1.15 Impairment of Assets

The carrying amounts of assets are reviewed at each balance sheet date if there is any indication of impairment based on internal/ external factors. An impairment loss is recognized wherever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of the assets net selling price and value in use.

Details of contingent liability as at March 31, 2010 are given below:

		2009-10 (Rs. Lakhs)	2008-09 (Rs. Lakhs)
(a)	Letters of Credit and Bank Guarantees established for Purchases of Raw Materials, Spares and Capital Goods	28674	3561
(b)	Income Tax demands contested for which no Provision has been made	3326	2209
(c)	Claims against the Company for Sales Tax, Excise Duty and others including Industrial Disputes not acknowledged as Debt and not provided for.	1378	1194
(d)	Certain Industrial Disputes are pending before Tribunal / High Courts.The liability of the Company in respect of these disputes depends upon the final outcome of such cases and the quantum of which is not currently ascertainable.		
(e)	The Statutory Minimum Price of sugar cane for the sugar year 2002-03 notified on December 12, 2002 at Rs 645/MT was increased to Rs 695/MT on January 9, 2003. Since the increase was arbitrary the same was legally challenged by the South Indian Sugar Mills Association (of which the company is a member) and the matter is pending before the Hon'ble Supreme Court of India. Based on legal advice, pending disposal of cases, no provision has been considered in the Accounts.	826	1115
(f)	The company had an opening export obligation of 22,641 MT arising out of raw sugar imported against Advance licences in earlier years. In respect of raw sugar imported during the year, no additional export obligation has arisen. Balance export obligations is 22,641 MT as on March 31, 2010.		

5.1.7 The promoter and promoter group of the Acquirer includes Parry Agro Industries Ltd , New Ambadi Estates Pvt Ltd, Ambadi Enterprises Ltd, S Vellayan, A Venkatachalam, A Vellayan, M V Subbiah, M V Valli Murugappan, A V Arunachalam, Arun Alagappan, Lalitha Vellayan, M M Muthiah, M M Veerappan, M M Murugappan, M V Muthiah, M V Subramanian, A M M Arunachalam & Sons Pvt Ltd, M V Murugappan, M A M Arunachalam, A A Alagammai, Meyyammai Venkatachalam, V Narayanan, V Arunachalam, M V AR Meenakshi, A M Meyyammai, M A Alagappan, M M Venkatachalam, Sigapi Arunachalam, M V Seetha Subbiah, AR Lakshmi Achi Trust, Cholamandalam MS General Insurance Company Ltd, Lakshmi Venkatachalam, M V Murugappan, A M M Vellayan Sons Pvt Ltd, Karthik Subbiah, Kabir Subbiah, Meenakshi Murugappan, M. Seethalakshmi, A Keertika Unnamalai, Carborundum Universal Ltd, Pranav Alagappan, M M Muthiah Sons Pvt Ltd, M M Seethalakshmi with aggregate holding of 4,07,47,207 shares representing 47.18 % stake. The Acquirer was taken over by the Murugappa group in 1981 and is a member of the Murugappa Group. The shareholding pattern of the Acquirer as on date of PA, is as under

Sr. No	Shareholder Category	No. of equity shares held	%
1	Promoter & Promoter Group	4,07,47,207	47.18
2	FII/ Mutual Fund/Banks/Financial Institutions /Bodies Corporate	2,63,53,344	30.52
3	Other Public (including Custodians)	1,92,57,919	22.30
	Total Paid Up Capital (1+2+3)	**8,63,58,470**	**100%**

5.1.8 The details of the companies promoted by E.I.D. are mentioned below:

1. Coromandel International Ltd.

Date of Incorporation	October 16, 1961		
Nature of Business	Manufacture and sale farm inputs		
	Rs. in Lakhs except EPS		
Particulars	**31-Mar-08**	**31-Mar-09**	**31-Mar-10**
Equity capital, Reserves (excluding revaluation reserves)	79,444	112,714	143,499
Total Income	380,011	966,781	652,685
Profit After Tax (PAT)	20,976	49,638	46,820
Earnings Per Shares (EPS)-Basic	14.99	35.48	33.43
Earnings Per Shares (EPS)-Diluted	14.94	35.42	33.08
Net Asset Value (NAV)	79,444	112,714	143,499

2. Parry Chemicals Ltd.

Date of incorporation	May 26, 1995		
Nature of Business	Pesticides Trading		
	Rs. in Lakhs except EPS and NAV		
Particulars	**31-Mar-08**	**31-Mar-09**	**31-Mar-10**
Equity capital, Reserves (excluding revaluation reserves)	159	164	166
Total Income	101	44	57
Profit After Tax (PAT)	34	5	2
Earnings Per Shares (EPS)	6.73	1.04	0.34
Net Asset Value (NAV)	159	164	166

3. CFL Mauritius Ltd.

Date of incorporation	June 17, 2008		
Nature of Business	Holding investments		
	***Rs. In Lakhs except EPS**		
Particulars	**31-Dec-07**	**31-Dec-08**	**31-Dec-09**
Equity capital, Reserves (excluding revaluation reserves)	NA	857	1922
Total Income	NA	-	754
Profit After Tax (PAT)	NA	(19)	697
Earnings Per Shares (EPS)	NA	(1.14)	36.85
Net Asset Value (NAV)	NA	857	1922

* Includes fair value gain on revaluation of available for sale financial assets amounting to USD 10.62 million

4. Coromandel Brasil Limitada

Date of incorporation	November 24, 2008		
Nature of Business	Trading of farm inputs		
	*Rs. In Lakhs except EPS		
Particulars	**31-Dec-07**	**31-Dec-08**	**31-Dec-09**
Equity capital, Reserves (excluding revaluation reserves)	NA	NA	7
Total Income	NA	NA	-
Profit After Tax (PAT)	NA	NA	(6)
Earnings Per Shares (EPS)	NA	NA	(1149)
Net Asset Value (NAV)	NA	NA	7

5. Sadashiva Sugars Ltd.

Date of incorporation	January 3, 2002		
Nature of Business	Manufacturer of Sugar		
	Rs. in Lakhs except EPS		
Particulars	**31-Mar-08**	**31-Mar-09**	**31-Mar-10**
Equity capital, Reserves (excluding revaluation reserves)	4,703	6,195	4,566
Total Income	-	1,124	
Profit After Tax (PAT)	6	-	(1,470)
Earnings Per Shares (EPS)	0.04	-	(2.67)
Net Asset Value (NAV)	4703	6195	4566

6. Parrys Investments Ltd.

Date of incorporation	March 26, 1983		
Nature of Business	Investment company		
	Rs. in Lakhs except EPS		
Particulars	**31-Mar-08**	**31-Mar-09**	**31-Mar-10**
Equity capital, Reserves (excluding revaluation reserves)	40	42	44
Total Income	2	2	2
Profit After Tax (PAT)	1	2	2
Earnings Per Shares (EPS)	0.51	0.78	0.66
Net Asset Value (NAV)	40	42	44

7. Parrys Sugar Ltd.

Date of incorporation	November 24, 2005		
Nature of Business	Trading of Sugar		
	Rs. in Lakhs except EPS		
Particulars	**31-Mar-08**	**31-Mar-09**	**31-Mar-10**
Equity capital, Reserves (excluding revaluation reserves)	169	178	187
Total Income	12	15	13
Profit After Tax (PAT)	9	9	9
Earnings Per Shares (EPS)	0.62	0.60	0.61
Net Asset Value (NAV)	169	178	187

8. Parry America Inc.

Date of incorporation	December 14, 2000		
Nature of Business	Manufacture of Organic natural pesticide product		
	*Rs. in Lakhs except EPS		
Particulars	**31-Mar-08**	**31-Mar-09**	**31-Mar-10**
Equity capital, Reserves (excluding revaluation reserves)	67	110	159
Total Income	1332	1385	1397
Profit After Tax (PAT)	20	43	49
Earnings Per Shares (EPS)	4000	5534	6306
Net Asset Value (NAV)	1332	1385	1397

9. Parry Infrastructure Company Private Ltd.

Date of incorporation	January 6, 2006		
Nature of Business	Infrastructure projects		
	Rs. in Lakhs except EPS and NAV		
Particulars	**31-Mar-08**	**31-Mar-09**	**31-Mar-10**
Equity capital, Reserves (excluding revaluation reserves)	1.00	496	501
Total Income	158	176	189
Profit After Tax (PAT)	(1)	(4)	6
Earnings Per Shares (EPS)	(1)	-	-
Net Asset Value (NAV)	1	496	501

10. Parry Phytoremedies Private Ltd.

Date of incorporation	May 8, 2003		
Nature of Business	Manufacturer of Tomato Lycopene		
	Rs. in Lakhs except EPS and NAV		
Financial Year	**31-Mar-08**	**31-Mar-09**	**31-Mar-10**
Equity capital, Reserves (excluding revaluation reserves)	148	19	(70)
Total income	231	440	603
Profit After Tax (PAT)	(94)	(129)	(89)
Earnings Per Shares (EPS)	(73.62)	(75.79)	(52.28)
Net Asset Value (NAV)	148	19	(70)

Financials of foreign subsidiaries are based on the rate of exchange for the year and closing exchange rate as at the end of each financial year as applicable

None of the above mentioned companies promoted by the Acquirer is a sick industrial unit,

5.1.9 The Acquirer is in compliance of the provisions of Chapter II of the SEBI (SAST) Regulations.

5.1.10 Except as stated in point 4.3 and 4.4, the Acquirer currently has no plans for the Target.

5.1.11 The Acquirer has complied with the conditions of Corporate Governance as stipulated in Clause 49 of the Listing Agreement with the Stock Exchanges.

5.1.12 There were no merger/demergers /spinoff during the last 3 yrs.

5.1.13 Pending litigation matters

Sl. No.	Subject	Summary	Status
1	Writ proceeding in relation to free sale of sugar (1 proceeding, value not quantified)	The Acquirer has filed a writ petition before the Madras High Court against the Union of India and others with respect to the free sale of sugar produced by its existing units.	The Acquirer has obtained interim orders in its favour from the High Court of Madras
2	Writ proceedings in relation to the electricity generated by the Acquirer (5 proceeding, approximately Rs.245 Lakhs is claimed against the Acquirer) and Rs.450 Lakhs is claimed by the Acquirer.	(i) These disputes include (i) a writ petition before the Madras High Court challenging the amendment to the Tamil Nadu Tax on Consumption or Sale of Electricity Act, 2003 by which 10 paise per unit is sought to be levied on the captive consumption of electricity.	The Acquirer has obtained interim orders in its favour from the High Court of Madras
		(ii) writ petitions before the Madras High Court against the Tamil Nadu Electricity Board and others challenging various Board Proceedings of the TNEB in capping the Tariff, introduction of dual part tariff, and change of base year	Writ Petitions posted for final hearing.
3	Consumer Disputes Proceedings (2 Proceedings,) approximately Rs. 1.10 Lakhs is claimed against the Acquirer;	i) The Acquirer has filed an Appeal before the State Consumer Disputes Redressal Commission Chennai against the District Consumer Forum, Karur awarding Rs.1.00 Lakh to the Ryot for delay in harvesting the Sugarcane	The State Consumer Disputes Redressal Commission Chennai vide its order dated 9.10.2009 granted Stay of the Consumer Forum Order subject to depositing Rs.52,000/-. The Acquirer has complied with the Conditional Order.

Sl. No.	Subject	Summary	Status
		ii) The Acquirer is a party to the Consumer Complaint made against it before the District Consumer Forum Cuddalore relating to non-payment of differential SAP for Rs.300.	The Acquirer has filed its objections. Case posted for hearing.
4	Proceedings in relation to the acquisition of New Horizon Sugar Mills, Ariyur, Puducherry under SARFAESI Act. (4 Cases) Supreme Court – 2 High Court - 1 DRAT - 1	i) Supreme Court has granted leave in respect of the Special Leave Petition filed by the Acquirer on the applicability or otherwise of the Limitation Act vis-à-vis the SARFAESI Act. ii) The Acquirer is a party before the Proceedings initiated by NHSM (borrower) challenging the Order of the Madras High Court in directing NHSM to pre-deposit as contemplated under the SARFAESI Act. iii) The Acquirer is a party before the Proceedings initiated by NHSM (borrower) challenging the Order of DRT in confirming the Sale of Plant and Machinery under a Public Auction by Indian Bank under SARFAESI Act. iv) The Acquirer is a proforma party against the proceedings initiated by the Labour Commissioner, Puducherry for Release of Rs.4.63 Crores lying as deposit with the Madras High Court deposited by Indian Bank towards settlement of workers dues.	Supreme Court has admitted the Civil Appeal The Acquirer has been served with Notice and objections are yet to be filed. The Acquirer has filed its objections and in view of the Stay granted by the Supreme Court all proceedings of DRAT are stayed. Case is listed for hearing.
5	Writ proceeding in relation to the grant of subsidy by the Ministry of Non-Conventional Energy Sources (MNES) for setting up Co-generation Project. Receivable Rs.4.50 Crores	The Acquirer has filed Writ Appeal before the Madras High Court challenging the Order of the Single Judge in dismissing the Writ Petition filed by the Acquirer against the withdrawal of grant of subsidy for its Nellikuppam Co-generation Plant during 1994.	Writ Appeal posted for hearing.
6	Writ proceedings in relation to the transaction of acquisition of Shares of GMR Industries from GMR Holdings in respect of Lease of the Co-operative sugar factory (2 proceedings, value not quantifiable)	The Acquirer is party to writ petitions filed against it before the High Court of Karnataka by Shree Renuka Sugars Limited and by shareholders of Sri Dhanalakshmi Sahakari Sakkare Karkhane Niyamit challenging the acquisition of shares of GMR Industries from GMR Holdings in respect of the lease of the Ramdurg unit to the Target.	The Acquirer has filed its counter affidavit and the hearing is yet to take place.The Acquirer has been served with Notice and is yet to file its objections
7	Writ Proceedings against Kolkata Port Trust demanding damages together with interest in respect of the lease of the godowns	The Acquirer has filed Writ Appeal before the Division Bench of the Calcutta High Court challenging the Order of the Single Judge in dismissing the Writ filed by the Acquirer challenging the Order of the Estate Officer, in demanding Rs.31.16 Lakhs as damages on account of unauthorised occupation of the godowns under the Public Premises (Eviction) Act,	The Acquirer has deposited Rs.31.16 Lakhs before the High Court on 1.12.2009 as per the Interim direction of the High Court. Final hearing of the case during July, 2010.

Sl. No.	Subject	Summary	Status
8	Land related cases (3 proceedings, value cannot be quantifiable) Sivagangai Land Case - 2 Nos Cuddalore Land Case – 1 No	The Acquirer is party to 3 suits filed by parties claiming ownership over part of the lands acquired from them and claiming ownership on the basis of Gift Deed. These suits are before the Sub-Court – Sivagangai and Cuddalore.	Cases are at Trial Stage
9	Recovery Proceedings filed by the Acquirer (3)	i) The acquirer has filed Recovery Proceedings against J K Pharmachem in the winding up Petition pending before the Madras High Court for recovery of Rs.44.64 Lakhs. ii) The Acquirer is a party to the proceedings initiated by the State Trading Corporation before TIZ Hazari Court, New Delhi for recovery of Rs.5.83 Lakhs against the Acquirer towards differential cost incurred by the Acquirer for non-lifting of Sugar by the STC. iii) The Acquirer has filed proceedings against a Contractor Mr Venkat Rao for recovery of Rs.65 Lakhs towards delay in execution of work at the City Civil Court, Vadodara. The Contractor has filed a suit seeking recovery of Rs. 11.57 Crores from the company being the loss alleged to have been suffered due to delay in supplying the materials arising out of the contract which includes the loss of bonus.	Case pending Acquirer has filed its Claim Petition before the Official Liquidator The Acquirer has furnished Bank Guarantee for Rs.3.74 Lacs as per the directions of the Court. Case posted for trial. Case pending.
10	Writ Proceeding (1) in relation to the Demarcation of Cane Area	The Acquirer Has filed Writ Petition to restrain the Agricultural Secretary, Govt of Tamil Nadu from de-reserving the cane area belonging to the Acquirer to Tilan Sugars	Madras High Court hasgranted Interim Stay and the case is yet to be listed for hearing.
11	Proceedings relating payment of stamp duty and transfer charges on the Amalgamation of Falcon Gulf Ceramics Ltd (FGCL) and Johnson Pedder Private Ltd (JPPL) with Acquirer in respect of the Sanitaryware Divisions (2) at Alwar and Dewas (value cannot be quantified)	i) The Acquirer has initiated Writ Proceeding against the registering authority demanding Rs.90 Lakhs towards Stamp duty and Registration charges on the Amalgamation of FGCL with the Acquirer as per the Rajasthan High Court .ii) Based on the Writ Proceedings initiated by the Acquirer the Indore Bench of the M.P. High Court has directed the Collector of Stamps, Indore to adjudicate the issue relating to the applicability or otherwise of payment of stamp duty on the transfer of land from JPPL to the Acquirer.	Rajasthan High Court has granted interim stay of the recovery.Writ Petition pending. Hearing not yet commenced.
12	Labour Proceedings(40) Value cannot bequantified	The Acquirer is a party to certain industrial disputes including back wages and Workmen Compensation	Outcome pending.
13	Taxes and RevenueDisputes (31)Approximately Rs.12,371 Lakhs	The Acquirer is a party to the disputes before various Forums –Assistant Commissioner/Deputy Commissioner, Tribunal, High Courts relating to the demands for payment of income tax, central excise, customs, service tax and sales tax.	The cases are at various stages before the appropriate authorities.

5.1.14 Details of the Compliance Officer of the Acquirer is as follows-
Ms.G.Jalaja
Address-E.I.D.- Parry (India) Limited
Dare House, Parrys Corner
Chennai- 600 001
Tel: +91 - 044 - 25340799 (Dir); +91- 044 - 25306789
Fax: +91—044-25341609
Email- jalajag@parry.murugappa.com

6. DISCLOSURE UNDER REGULATION 21(2)

6.1 Upon completion of the Offer, assuming full acceptances in the Offer and proposed acquisition of equity shares as mentioned in point 3, the Acquirer will hold 1,41,72,813 equity shares constituting 71 % of the issued and paid up equity share capital of the Target and will not result in public shareholding falling below the limit specified in Clause 40A of the Listing Agreement.

7. INFORMATION ON THE TARGET

7.1 GMR Industries Limited is incorporated on 30th June 1986 under the Companies Act, 1956 and having its registered office at 25/1 Skip House, Museum Road, Bangalore – 560025, Karnataka. The name of the Company was changed from Sree Sarada Ferro Alloys Ltd to GMR Vasavi Industries Limited on February 1, 1994. The name of the Company was further changed to GMR Technologies & Industries Limited on April 12, 2000 and was further again, changed to GMR Industries Limited on January 30, 2004

7.2 GMR Industries Limited (GIL) is a distinguished and rapidly expanding sugar producer in India. GIL is the agri-business division of GMR Group, one of the fastest growing organizations In India. GIL is primarily engaged in the business of production of sugar and other associated products and also cogeneration of power.

7.3 As on the date of the PA, GIL's authorized capital is Rs. 75,00,00,000 consisting of 5,19,00,000 Equity Shares of face value of Rs. 10/- each and 2,10,00,000 (8%) Non-Cumulative Preference Shares of face value of Rs. 11/- each. The subscribed, issued and paid up share capital of the Target consists of 1,99,61,707 equity shares of Rs.10/- each aggregating Rs. 19,96,17,070 and 1,28,31,880 (8%) Non- Cumulative Preference shares of Rs. 11/- each aggregating to Rs. 14,11,50,680. There are no partly paid up shares in the Target.

7.4 The equity shares of the Target are listed on the BSE and NSE. The Target was earlier listed on Hyderabad Stock Exchange Limited ("HSE") from 4th June, 1992 onwards till the Hyderabad Stock Exchange was de-recognized with effect from September 19, 2007 and since then the Target shares are not traded on HSE. The equity shares are frequently traded on NSE and infrequently traded on BSE.

7.5 The Promoter and Promoter Group of the Target consists of GMR Holdings Private Limited (74.84%) and Mr. Srinivasa Bommidala (approx 0.001%). The Promoter and Promoter Group of the Target collectively held 14,941,280 fully paid up equity shares in the Target constituting 74.85% of the fully paid up equity share capital. As explained in point 3, the Seller, who is part of the Promoter and Promoter Group for the Target has agreed to sell upto 1,29,75,110 equity shares (65%) but not less than 1,01,80,471 (51%) equity shares of the fully paid up equity share capital to the Acquirer.

7.6 The capital build-up of the Target since its inception is as follows:

Date of Allotment	Number of shares allotted	% of equity shares issued of the cumulative capital(%)	Cumulative paid up capital (INR)	Nature of Payment of Consideration	Mode of Allotment	Identity of allottees (promoter/ and promoter group/ ex-promoters/others)	Status of Compliance
June 30, 1986	900	100	9,000	Cash	Subscription to Memorandum of Association – Incorporation	Promoters/Promoter Group	Complied with the provisions of Companies Act,
May 15, 1989	22,690	96.18	2,35,900	Cash	Preferential allotment	Promoters/Promoter Group	Complied with the provisions of the Companies Act.
July 3, 1989	135,950	85.21	15,95,400	Cash	Preferential allotment	Promoters/Promoter Group	Complied with the provisions of the Companies Act.
November 24, 1989	367,600	69.73	52,71,400	Cash	Preferential allotment	Promoters/Promoter Group	Complied with the provisions of the Companies Act.
December 12, 1990	356,800	40.36	88,39,400	Cash	Preferential allotment	Promoters/Promoter Group	Complied with the provisions of the Companies Act.
June 29, 1991	191,105	17.78	1,07,50,450	Cash	Preferential allotment	Promoters/Promoter Group	Complied with the provisions of the Companies Act.
October 31, 1991	145,755	11.94	1,22,08,000	Cash	Preferential allotment	Promoters/Promoter Group	Complied with the provisions of the Companies Act.
October 31, 1991	147,300	10.77	1,36,81,000	Cash			

May 6, 1992	3,404,000	71.33	4,77,21,000	Cash	IPO	Promoters/Promoter Group, Public and employees	Complied with the provisions of the Companies Act.
February 3, 1995	9,061,200	65.50	13,83,33,000	Cash	Rights Issue	All shareholders	Complied with the provisions of the SEBI guidelines & the Companies Act.
March 17, 2000	8,788,857	38.85	22,62,21,570	Other than cash	Pursuant to amalgamation of Varalakshmi Sugars Limited with the Company	Promoters/Promoter Group and Public	Complied with the provisions of the Companies Act.
March 17, 2000	4,400,000	16.28	27,02,21,570	Cash	Conversion of unsecured loans of group/ associate companies into equity shares.	Promoters/Promoter Group	Complied with the provisions of the Companies Act.
August 14, 2004	5,174,145	16.07	32,19,63,020	Other than cash	Pursuant to amalgamation of Varalakshmi International Limited with the Company	romoters/Promoter Group, Public	Complied with the provisions of the SEBI guidelines & the Companies Act.
July 30, 2007	(12,234,595)	(38.00)	19,96,17,070	NA	Pursuant to scheme of demerger of Ferro Alloys Division into GMR Ferro Alloys & Industries Limited the share capital of the Company was restructured by way of reducing the paid up share capital of the Company from INR 321,963,020 to INR 199,617,070, .	NA	Complied with the provisions of the SEBI guidelines & the Companies Act., .

7.7 The equity shares of the Target have been listed on the BSE since November 18, 1992 and on the NSE since April 28, 2006.

7.8 The Target has the following manufacturing facilities::

(1) An Integrated sugar plant located at Sankili in Srikakulam district of Andhra Pradesh that has a cane crushing capacity of 5000 tonnes per day, Co-generation capacity of 16 Megawatt (MW) and a Distillery unit capacity of 45 Kilo litres per day (KLPD),

(2) An Integrated Sugar Plant located at Haliyal, Uttara Kannada District, Karnataka that has a cane crushing capacity of 3500 tons per day (TCD) expandable to 5000 TCD, Co-generation capacity of 24 Megawatt (MW) and a Distillery unit capacity of 45 Kilo litres per day (KLPD) and,

(3) A Leased Sugar unit at Ramdurg, Belgaum District in Karnataka that has a cane crushing capacity of 2500 TCD, scalable to 4000 TCD and Co-generation capacity of 6 MW expanded to 15 MW

7.9 There has been no suspension of trading of the equity shares of the Target by any stock exchange(s), as applicable, during the last three years. And as on date of the Public Announcement the trading of equity shares of the Target has not been suspended either on the BSE or NSE.

7.10 As confirmed by the Target, it has duly complied with all the provisions of the listing agreements entered into with the stock exchanges i.e. BSE and NSE and there is no penal action/charges pending against the Target by any of the stock exchanges it is listed on.

7.11 There are no outstanding convertible instruments in the Target.

7.12 The Target and the promoter/promoter group and the Seller (who is the promoter) have duly complied with the provisions of Chapter II of the SEBI (SAST) Regulations from time to time except for few delays.

7.13 As on date of the Public Announcement, the Board of directors of the Target was as below:

Name and Designation	Residential Address	Qualification	Nature of Experience	Date of Appointment
Mr.K.Balasubrarnanian Chairman	No.38, RukminiRoad, KalakshetraColony, Chennai- 600090	Graduate in commerce from the University of Madras, Advanced Management Programme from Harvard Business School	45 years of experience in international banking, finance and general management.	October 27, 2009
Mr.R.Ramakrishnan Managing Director	Flat No D-1102, 11th Floor, Mantri Tranquil, Survey No. #7/9/13, Gubbalala Village Subramanyapura Road (Off Kanakapura Road) Bangalore -560061	B.Com, Mechanical Engg. and PG in Business Management	40 years of experience in the area of Manufacturing, Sales & Marketing, Product development, International Business development.	August 12, 2006
Mr.T.C.S.Reddy Director-Technical	Flat No, 201 MSR's Kunwar Rani Palace Plot Nos. 82 and 83, Methodist Colony Begumpet Hyderabad - 500 016	BE (Mech)ANSI	37 years of experience in Sugar Technology	August 12, 2006
Mr.V.P.Singh Director	B-303, Chaitanya TowersPrabhadevi Dadar (West) MUMBAI – 400 025	P. G. in Commerce, Laws and Banking	42 years of experience in banking and financial services.	October 24, 2005
Mr.A.Sankara Rao Executive Director	Opp. LIC Office Srikakulam Road RAJAM – 532 127 Srikakulam District	B. Com	27 years of experience in commodity trading, general administration and Management.	October 30, 2004
Mr.Uday M Chitale Director	167-C, Poonawadi Dr. Ambedkar Road Dadar MUMBAI – 400 014	Chartered Accountant	36 years of experience in Finance, international business negotiations and commercial dispute resolution;	August 12, 2006
Mr.S.Sandilya Director	B-17, Kailash Colony New Delhi – 110 048	B. Com M. B. A. from IIM- Ahmedabad	41 years of experience in Finance, General Administration and Management.	October 26, 2006
Mr.N.V.Varadarajulu Director	Nirmala Nilayam H.No.3-6-147/A, Himayat Nagar Hyderabad – 500 029	B. E. (Mechanical) PG Diploma in Sugar Engineering	44 years of experience in erection and commissioning, rehabilitaton, modernization and expansion of sugar plants,	January 30, 2000
Mr. D. Kumaraswamy Director	Flat No.B-601, Mantri Pride, 1st Cross, Mountain Road, Jayanagar 1st Block, Bangalore-560011	B.Com., Chartered Accountant & Company Secretary	Over 25 years of experience in Finance, General Administration and Management	May 18, 2010

As on the date of the Public Announcement, none of the directors of the Target were on the board of the Acquirer. Mr. D. Kumaraswamy has been appointed by the Acquirer on board of the Target effective from May 18, 2010 in accordance with the terms of the SPA and in compliance with regulation 22(7).

7.14 No merger/demerger/spin off have taken place in the Target during the period of last three years except as mentioned below:

- Pursuant to a scheme of arrangement under Sections 391 to 394 of the Companies Act, the High Court of Andhra Pradesh at Hyderabad sanctioned the merger of Bharat Sugar Mills Limited with GMR Industries and demerger of Ferro Alloys Undertaking of GMR Industries into GMR Ferro Alloys & Industries Limited effective from April 1, 2006.

7.15 The brief audited financial statements for financial years ended March 31, 2008, March 31, 2009 and March 31, 2010 are as below:

(Amounts in Rs. lakhs, except ratios and share data)

Particulars	**Financial year ended March 31, 2010**	**Financial year ended March 31, 2009**	**Financial year ended March 31, 2008@**
Income from operations	19,764.49	12,684.33	15,254.62
Other Income	2,991.76	806.66	934.04
Total Income	22,756.25	13,490.99	16,188.66
Total Expenditure	21,011.23	10,429.64	12,348.28
Profit Before Depreciation Interest and Tax	1,745.02	3,061.35	3,840.38
Depreciation	2,687.48	1,781.46	1,440.33
Interest	4,209.89	2,051.50	1,289.46
Prior Period Income	-	-	34.39
Profit Before Tax (before extra ordinary item)	(5152.35)	(771.61)	1,144.98
Profit Before Tax (after extra ordinary item)	(5,983.64)	(771.61)	1,144.98
Provision for Tax#	(140.55)	(832.91)	494.34
Profit After Tax	(5,843.09)	61.30	650.64
Balance Sheet			
Share Capital*	3,407.68	3,407.68	3,407.68
Paid up Equity Share Capital	1,996.17	1,996.17	1,996.17
Reserves and Surplus (Excluding Revaluation Reserves)	3,467.27	9,310.37	9,288.72
Misc. Expenses not written off			
Networth	6,874.96	12,718.05	12,696.40
Secured Loans	53,372.97	41,923.68	25,944.89
Unsecured Loans	-	1,500.00	6,500.00
Deferred Tax Liability (net)	2,237.84	2,433.95	3,293.17
Total	62,485.77	58,575.68	48,434.46
Net Fixed Assets	50,581.75	52,168.22	47,348.06
Investments	1,368.09	524.31	558.83
Net Current Assets	10,535.93	5,883.15	527.57
Total	**62,485.77**	**58,575.68**	**48,434.46**

**Includes Preference Capital of Rs 1,411.51 lakhs

After minority interests

@ The company had no subsidiaries and hence no consolidated accounts in fiscal 2008

Source: Annual reports

Other Financial Data	**2009-2010**	**2008-2009**	**2007-2008**
Dividend (%)	-	-	10%
Earning Per Share (EPS) =(Profit After Tax /Number of shares)	Rs.(29.93)	Rs. (0.35)	Rs.2.60
*Return on Networth (%) =(Profit After Tax ×100%)/Networth}	(106.95)%	0.54%	5.77%
*Book Value per Share =(Networth/Number of shares)	Rs.27.37	Rs.56.64	Rs.56.53

*Net worth has been calculated excluding preference capital

7.16 The reasons for rise/fall in total income and profit after tax (PAT) for the respective years is given below:

For the Financial year 2009-10, the total income was at Rs.22,756.25 Lakhs as against Rs.13,490.99 lakhs for the year 2008-09. The increase in revenue was mainly due to the commencement of operations at the two plants at Haliyal and Ramdurg. The PAT was negative at Rs.5,843.09 Lakhs as against the profit of Rs.61.30 Lakhs for the year 2008-09. The performance of the Company was adversely affected due to low capacity utilization coupled with thinner margins, increase in levy percentage and drop in selling price of sugar towards the end of the year leading to lower valuation of inventory. The distillery capacities were underutilized due to non availability of molasses. The production at the plants at Haliyal and Ramdurg was also affected by initial stabilization issues and unavailability of harvesting and transportation labours. In addition there was a breakdown in Ramdurg plant for which the company lost production for nearly three weeks. With Haliyal and Ramdurg fully commercialized the Company also had to absorb higher incidence of interest and overheads whilst operating at capacities not commensurate with the cost structure.

7.17 Pre and Post- Offer share holding pattern of the Target is as follows:

Shareholders' Category	No. of Share-holders	Shareholding & voting rights prior to the acquisition .		Equity shares/ voting rights acquired which triggered off the Regulations		Equity shares/ voting rights to be acquired in Open Offer (Assuming full acceptances)		Share holding / voting rights after the Open Offer (Assuming full acceptances)#	
	As on 30.06.2010	(A)		(B)		(C)		(D) = (A) + (B) + (C)	
		No.	%	No.	%	No.	%	No.	%
(1) Promoter/ promoter group									
Parties to the SPA									
a) GMR Holdings Pvt Ltd	1	1,49,40,288	74.84	(1,01,80,471)	(51.00)	-	-	-	-
b) Mr. Srinivasa Bommidala	1	992	0.01	-	-	-	-	-	-
Total (1)	2	1,49,41,280	74.85	-	-	-	-	-	-
(2) Acquirer									
E.I.D. - Parry (India) Limited*				1,01,80,471*	51.00	39,92,342	20.00	1,41,72,813	71.00
(3) Parties to SPA other than (1)(a) & (2)		Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
(4) Public	N.A.		N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
a. FIs/MFs/FIIs/ Banks, SFIs	10	2112678	10.58	-	-				
b. Others	18622	2907749	14.56	-	-				
Bodies Corporate	325	654013	3.28	-	-				
Trusts	1	181198	0.91	-	-				
Individuals	17954	1922934	9.63	-	-				
NRIs/OCBs	148	91238	0.45	-	-				
HUF	156	41474	0.21						
Clearing members	38	16892	0.08	—	-				
Total (4) (a+b)	18632	5,020,427	25.15	-	-	(39,92,342)	(20.00)	57,88,894	29.00
GRAND TOTAL (1+2+3+4)	**18634**	**1,99,61,707**	**100.00**	**1,01,80,471**	**51.00**	**(39,92,342)**	**(20.00)**	**1,99,61,707**	**100**

*Assuming the Seller sells 1,01,80,471 (51%) under the SPA dated April 25, 2010.

As explained in clause 3.1.7.7, post the completion of the Open offer, the existing promoters of the Target i.e., GMR Holdings Private Limited ("GHPL") and Mr. Srinivasa Bommidala, shall be de-classified as "promoters" of the Target. Accordingly the table above shows their shareholding post the open offer being clubbed with public shareholding under (4) above.

The Total No of Shareholders as on 30 June 2010- 18,634.

7.18 Details of the change in the promoters' holding in the Target requiring compliance with the provisions of the SEBI (SAST) Regulations/other applicable regulations under the SEBI Act, 1992 and other statutory requirements, are mentioned below:

Date	Details	No of shares	Compliance under regulations	Cumulative promoters holding (no. of shares)	Share capital of the company (no. of shares)	Cumulative promoters holding (%)	Difference In Cumulative Promoter Holding (%)
31-Mar-98				5,639,445	13,833,300	40.77%	
28-Sep-98	sold in open market	(130,600)		5,508,845	13,833,300	39.82%	-0.94%
31-Mar-99	sold in open market	(349,245)		5,159,600	13,833,300	37.30%	-2.52 %
30-Sep-99		802,745		5,962,345	13,833,300	43.10%	5.80%
17-Mar-00	Allotment of shares pursuant to merger of Varalakshmi Sugars with the Company	7,783,057	SEBI SAST Regulations- 11(1) & Companies Act, 1956 - u/s 391-394	13,745,402	22,622,157	60.76%	17.66%
17-Mar-00#	Conversion of unsecured debt	4,400,000	SEBI SAST Regulations 3(4), 3(1)(c)(i) & Companies Act, 1956.	18,145,402	27,022,157	67.15%	6.39%
31-Mar-00	open market purchase	2,700		18,148,102	27,022,157	67.16%	0.01%
31-Mar-01	open market purchase	162,400	SEBI SAST Regulations-11(1)	18,310,502	27,022,157	67.76%	0.60%
31-Mar-02	open market purchase	1,459,420	SEBI SAST Regulations- 11 (1)	19,769,922	27,022,157	73.16%	5.40%
31-Mar-03#	Inter- se transfer between promoters	13,964,464	SEBI SAST Regulations [3(1) (e)]	20,169,433	27022157		
31-Mar-03	open market purchase	399,511	SEBI SAST Regulations- 11(1)	20,169,433	27,022,157	74.64%	1.48%
31-Mar-04	sold in open market	(2,565,195)	SEBI SAST Regulations	17,604,238	27,022,157	65.15%	-9.49%
7-Aug-04	sold in open market	(800)		17,603,438	27,022,157	65.14%	0.00%
14-Aug-04	Allotment of shares consequent upon merger of Varalakshmi Interna- tional Ltd. and others	5,174,045	SEBI SAST Regulations [3(1) (j)] & the Companies Act. u/s 391-394	22,777,483	32,196,302	70.75%	5.60%
31-Mar-05	open market purchase	11,250		22,788,733	32,196,302	70.78%	0.03%
20-Aug-05				22,788,733	32,196,302	70.78%	0.00%
31-Mar-06	Transfer of shares held by VIPL, VFPL & GIPL to GHPL consequent upon the merger of Vasavi Finance Pvt. Ltd., Varalakshmi Investments Pvt. Ltd. and GMR Investments Pvt. Ltd. with GMR Holdings Pvt Ltd (GHPL).	5,116,145	SEBI SAST Regulations [3(1) (j)] & the Companies Act u/s 391 -394	22,788,733	32,196,302	70.78%	0.00%
28-Sep-06*		(4,300) *		22,784,433	32,196,302	70.77%	-0.01%
31-Mar-07*		4,300*		22,788,733	32,196,302	70.78%	0.00%
30-Jul-07	Reduction of shares in view of Demerger of Ferro Unit	(8,659,719)	Companies Act - u/s 391-394	14,129,014	19,961,707	70.78%	0.00%
25-Sep-07	Sold in open market	(2,046)		14,126,968	19,961,707	70.77%	-0.01%
31-Mar-08	Inter se transfer from GVL Investments Pvt. Ltd. to GHPL	664,590	SEBI SAST Regulations- 7(3)	14,126,968	19,961,707	70.77%	0.00%

Date	Details	No of shares	Compliance under regulations	Cumulative promoters holding (no. of shares)	Share capital of the company (no. of shares)	Cumulative promoters holding (%)	Difference In Cumulative Promoter Holding (%)
19-Sep-08	-	-	-	14,126,968	19,961,707	70.77%	0.00%
31-Mar-09				14,126,968	19,961,707	70.77%	0.00%
29-Apr-09	open market purchase	86,382	SEBI SAST Regulations- 11(2), 7(1A)	14,213,350	19,961,707	71.20%	0.43%
4-May-09	open market purchase	94,500	SEBI SAST Regulations - 11(2), 7(1A)	14,307,850	19,961,707	71.68%	0.47%
5-May-09	open market purchase	75,500	SEBI SAST Regulations- 11(2), 7(1A)	14,383,350	19,961,707	72.05%	0.38%
6-May-09	open market purchase	102,547	SEBI SAST Regulations- 11(2), 7(1A)	14,485,897	19,961,707	72.57%	0.51%
7-May-09	open market purchase	178,000	SEBI Regulations- 11(2), 7(1A)	14,663,897	19,961,707	73.46%	0.89%
8-May-09	open market purchase	126,134	SEBI SAST Regulations - 11(2), 7(1A)	14,790,031	19,961,707	74.09%	0.63%
11-May-09	open market purchase	109,936	SEBI SAST Regulations - 11(2), 7(1A)	14,899,967	19,961,707	74.64%	0.55%
12-May-09	open market purchase	41,313	SEBI SAST Regulations - 11(2), 7(1A)	14,941,280	19,961,707	74.85%	0.21%
31-Mar-10	-	-	-	14,941,280	19,961,707	74.85%	0.00%

** Individual promoters sold shares, however these shares were pending registration in favour of the transferee. These shares inadvertently were excluded in the total number of promoter group's shares in the SAST reporting for the record date filing of September '06*

 # There have been certain delays in Takeover Regulations Compliances. SEBI may initiate suitable action against the alleged non-compliance and delays

7.19 The Target has complied with all the provisions under Clause 49 of the Listing Agreement relating to corporate governance.

7.20 Details of Pending Litigations as on the date of the PA as confirmed by the Target are as follows :

Sl.No.	Subject	Summary	Status
1	Writ proceedings in relation to free sale of sugar statutory minimum price (9 proceedings, value not quantified)	The Target together with certain shareholders of the Target have filed two writ petitions before the High Court of Karnataka and five writ petitions before the High Court of Andhra Pradesh, all against the Union of India and others with respect to the free sale of sugar produced by its existing units. The Target along with other members of the South India Sugar Mills Association have also filed two writ petitions before the High Court of Andhra Pradesh, all against the Union of India and others with respect to the fixation of the statutory minimum price.	The Target has obtained interim orders in its favour from the High Court of Karnataka and the High Court of Andhra Pradesh. The matter relating to fixation of statutory minimum price is yet to be heard.
2	Writ proceedings in relation to electricity generated by the Target (6 proceedings, approximately Rs. 999.41 Lakhs is claimed by the Target and approximately Rs. 243.90 Lakhs claimed against the Target)	These disputes include (i) a writ petition against the Target filed by the Government of Karnataka before the High Court of Karnataka, and a petition filed by Hubli Electricity Company Ltd before the Karnataka Electricity Regulatory Commission relating to open access for sale of electricity; (ii) appeals filed before the Supreme Court relating to disputes under power purchase agreements executed by the Target; (iii) a writ petition before the Andhra Pradesh High Court against the Union of India, the Government of Andhra Pradesh and others.	(i) Counters have been filed. Hearing is yet to take place. (ii) In two matters hearing is over, reserved for orders, in other matter counters have been filed (iii) stay is granted by the High Court
3	Recovery proceedings (132 proceedings, value claimed by the Target approx. Rs.138.78 Lakhs ; approximately Rs. 16.37 Lakhs is claimed against the Target)	These proceedings relate to recovery suits filed by and against the Target at various forums including against labour contractors and farmers at the Target's units. The suit filed against the Target is pertaining to recovery of amounts allegedly payable by the target towards the purchase of a bottle washing machine and also a conveyor plant.	These suits are at various stages of the proceedings.
4	Consumer disputes proceedings (4 proceedings, approximately Rs.113.95 Lakhs is claimed by the Target; and approximately Rs. 88 Lakhs is claimed against the Target)	The Target had filed consumer complaint against United India Insurance Company and New India Assurance Company Ltd , before the District Consumer Forum, .pertaining to insurance claim. Further, the Target is party to consumer complaints made against it before the District Consumer Forum at Srikakulam relating to quality of cane seeds and other facilities provided.	The dispute raised against New India Insurance Company claiming compensation of Rs.84.99 Lakhs is reserved for passing of orders. The other dispute (9.96 lakhs) pertaining to New India Assurance Company Ltd is yet to be listed for hearing The matter pertaining to insurance claim for short supply of the materials against United India assessed at Rs.19 Lakhs is yet to be listed for hearing. Regarding the consumer cases filed against the Company one matter for Rs.1.95 Lakhs has been dismissed. In the other matter an appeal has been filed challenging the order of the district forum in awarding the compensation to the farmer and is listed for final hearing.
5	Arbitration proceedings (1 proceeding, approximately USD 383,277.78 claimed against the Target)	This proceeding relates to dispute before the Korean Commercial Arbitration Board concerning certain products supplied by an erstwhile undertaking of the Target to KTC Korea Limited, in the years 2007 and 2008.	Hearing is yet to take place.

Sl. No.	Subject	Summary	Status
6	Tax and revenue disputes (20 proceedings, approximately Rs.310.88 Lakhs is claimed against the Target)	The Target is party to disputes before various forums including the High Court of Andhra Pradesh, Commissioner of Central Excise and Customs (Appeals) Visakhapatnam relating to demands for payments of sales tax and central excise and service tax.	The cases are at various stages before the appropriate authorities.
7	Writ proceedings in relation to bid for sugar factory (6 proceedings, value not quantifiable)	The Target is party to writ petitions filed against it before the Circuit Bench Dharwad/ High Court of Karnataka by Shree Renuka Sugars Limited and by shareholders of Sri Dhanalakshmi Sahakari Sakkare Karkhane Niyamit challenging the award of the lease of the Ramdurg unit to the Target/ challenging the Share Purchase Agreement dated 25.04.2010 between the Target and the Acquirer so far as it relates to the said Lease	The Target has filed counter affidavits and the hearing is yet to take place.
8	Public Interest Litigation (1 proceedings, value not quantifiable)	Dandeli Bachao Andolan Samithi represented by its secretary Roshan Shivaram Netravalli and Gourish Krishna Babrekar have filed a writ petition against the Government of Karnataka and others including the Target, before the High Court of Karnataka claiming that the Government of Karnataka has illegally granted permission to the Target to lay pipeline to draw water from the river Kali to the Target's Haliyal unit, through protected forest areas.	The Target has filed a counter affidavit to the writ petition and the hearing is yet to take place.
9	Land related cases (5 proceedings, value not quantifiable)	The Target is party to two suits where erstwhile landowners are claiming additional compensation for the land acquired from them by the Government of Karnataka and the KIADB for setting up the Haliyal Unit. These suits are before the Court of Civil Judge (Senior Division), Yellapur, Uttar Kannada . One suit is before the High Court of Andhra Pradesh pertaining to specific performance of an agreement of sale dated March 12, 1995 for sale of a certain property belonging to the respondents (other than Target. The other two suits filed against the Company pertains to eviction and granting of injunction for erection of pole on farmers land.	Hearing is yet to take place. In electricity pole erection case, the temporary injunction granted by the Court has been vacated.
10	Labour proceedings (4 proceedings, approximately Rs. 12.38 Lakhs claimed against the Target)	The Target is party to certain industrial disputes including in relation to back wages and workmens' compensation.	Matter to be listed for hearing.
11	Writ Proceedings (3) in relation to grant of Cane Area and IEM	The Target and its subsidiary are party to certain proceedings where the cane area allocation and grant of IEM by the Government has been challenged before the High Court of Karnataka.	Matter to be listed for hearing.

7.21 Details of the compliance officer of the Target are as follows:

Biswa Mohan Rath,

Address: Skip house,

25/1 Museum road, Bangalore-560025

Tel No: 080-40534021, Fax No: - 40534057

8. OFFER PRICE AND FINANCIAL ARRANGEMENTS

8.1 Justification for the Offer Price

8.1.1 The equity shares of the Target are listed on the BSE and the NSE.

8.1.2 The annualized trading turnover in the shares of the Target in each of the above mentioned Stock Exchanges based on trading volume during 1st October, 2009 to 31st March, 2010, viz. six calendar months preceding the month in which the PA is made is as given below:

Stock Exchange	Total No. of equity shares traded during 6 calendar months prior to the month in which the PA was made	Total No. of Listed equity shares	Annualized Trading Turnover (as % of Total equity shares Listed)
BSE	4,49,227	1,99,61,707	4.50%
NSE	7,00,585	1,99,61,707	7.02%

(Source: www.bseindia.com and www.nseindia.com,)

8.1.3 The equity shares of the Target are frequently traded on the NSE and infrequently traded on BSE in terms of Regulation 20(5) of the SEBI (SAST) Regulations

8.1.4 The Offer Price of Rs. 110.69/- (Rupees One hundred ten and sixty-nine paise only) per fully paid up equity share is justified in terms of regulation 20(4) and 20(5) of the SEBI (SAST) Regulations being the highest of the following:

(a)	The negotiated price under SPA	Rs 57.35 per share*
(b)	Highest price paid by the Acquirer for acquisitions during the 26 weeks prior to the date of Public Announcement	N.A.
(c)	The average of the weekly high and low of closing prices of the shares on NSE of the Target for the 26 weeks preceding the date of the Public Announcement (i.e. April 26, 2010)	Rs 110.40 per share
(d)	The average of the daily high and low prices of the shares on NSE of the Target for the two weeks preceding the date of the Public Announcement (i.e. April 26, 2010)	Rs. 110.69 per share
(e)	Other parameters based on the consolidated audited accounts of the Target for financial year ended on March 31, 2010.	
	(i) Return on Average Networth (%)	Negative
	(ii) Book Value per Share (Rs.)	Rs. 27.35
	(iii) (a) Earning Per Share (Rs.) – Basic	Negative
	(b) Earnings Per Share (Rs.) – Diluted	Negative
	(iv) Price Earning Ratio	N.A. (Since EPS is negative)

The negotiated price under SPA includes the Equity Purchase Price of Rs 54.85 and maximum price that would be paid for CERs*

The Target is engaged in manufacturing of Sugar which falls under Industry segment "Sugar" with an industry P/E of 8.6 (Source: Capital Market Volume: XXV/04-April 19-May 02, 2010). The Industry PE is not strictly comparable as the Industry segment covered by the Capital Market consists of companies, which have varied and different businesses compared to GIL and also vary widely in terms of financial parameters with GIL.

8.1.5 Mr. Parag Ved of M/s. SSPA & CO Chartered Accountants, Membership No. 102432, has vide their report dated April 25, 2010 stated that, based on the decision of Hon'ble Supreme Court of India in the case of Hindustan Lever Employee Union Vs. Hindustan Lever Limited, 1995 (83 Com case 30), the fair value per share (on weighted average basis) of the Target would be Rs. 52.87/- per share.

Relevant extracts of the above mentioned report by Mr Parag Ved are reproduced below:-

1. Valuation as per the Net Assets Method

The value of shares of GMR as per Net Assets Value method has been arrived at as under,

The book value of assets and liabilities on the valuation date is considered based on the audited consolidated financial statements for the year ended March 31, 2010.We have made appropriate adjustment for contingent liability adjusted for *probability of devolvement, appreciation in value of investments, liability on account of preference shares after considering tax impact wherever applicable.*

The value per share has been arrived at by dividing the adjusted net assets by the outstanding number of equity shares as on the valuation date.

2. Valuation as per the Profit Earnings Capitalisation Value Method

The value of shares of GMR as per PECV method has been arrived at as under:

To work out the maintainable profits, we have considered Profit before Tax (PBT) for financial years 2007-08, 2008-09 and 2009-10 after making adjustments for non-recurring, extraordinary items of Income or expenditure. The adjusted PBT of GMR for FY 2008-09 and FY 2009-10 is negative. In FY 2007-08, the Company has made profits, however due to losses incurred by the Company in FY 2008-09 and FY 2009-10, the average of adjusted PBT for FY 2007-08, FY 2008-09 and FY 2009-10 is negative.

Since the maintainable PBT of GMR is negative, the value per share under this method has been considered as Nil.

3. Valuation based on Market Price Method

For the purpose of market price method, we have considered weighted average market price of the Company on the National Stock Exchange for the period of six months ended April 23, 2010 (being last trading day prior to date of public announcement). Total Value of the shares traded is divided by the total volume of the shares traded for the period of six months to arrive at the weighted average market price.

<u>Fair Value</u>

Relying on the Supreme Court's judgement in case of Hindustan Lever Employees' Union Vs. Hindustan Lever Limited and Others "that in case of amalgamation a combination of all or some of the methods of valuation may be adopted for the purpose of fixation of the exchange ratio of the shares of the two Companies" we have thought fit to apply a weight of 2 each to the value per share arrived under Profit Earnings Capitalisation Value Method and Market Price Method and a lower weight of 1 to the value per share arrived under Net Assets Method to arrive at the fair value per share.

*In view of the foregoing, the fair value of GMR works out to **Rs.52.87** per share.*

8.1.6 In view of the above, the Offer Price of Rs. 110.69 (Rupees One hundred ten and sixty-nine paisa only) is justified in terms of Regulation 20(4) and 20 (5) of the Regulations.

Calculation of average price as per Regulation 20 (4) (c) of the Regulations is as follows:

26 Weeks weekly high/low preceding the Public Announcement date i.e. (26-April-2010)

Weeks	To	Closing High	Closing Low	Average	Volume
1	1-Nov-2009	89.35	79.20	84.28	13,170
2	8-Nov-2009	82.35	78.40	80.38	7,027
3	15-Nov-2009	84.30	83.20	83.75	8,653
4	22-Nov-2009	86.70	83.90	85.30	9,659
5	29-Nov-2009	85.00	80.65	82.83	16,329
6	6-Dec-2009	84.05	81.50	82.78	28,326
7	13-Dec-2009	86.30	82.15	84.23	27,185
8	20-Dec-2009	110.25	90.65	100.45	60,538
9	27-Dec-2009	104.75	95.25	100.00	63,556
10	3-Jan-2010	115.85	105.05	110.45	23,137
11	10-Jan-2010	140.90	121.65	131.28	93,144
12	17-Jan-2010	139.95	120.85	130.40	33,167
13	24-Jan-2010	154.30	137.55	145.93	76,091
14	31-Jan-2010	133.35	123.60	128.48	4,279
15	7-Feb-2010	143.15	129.80	136.48	14,193
16	14-Feb-2010	141.70	133.90	137.80	19,755
17	21-Feb-2010	135.40	130.00	132.70	14,365
18	28-Feb-2010	129.50	123.40	126.45	13,715

Weeks	To	Closing High	Closing Low	Average	Volume
19	7-Mar-2010	134.35	123.55	128.95	12,261
20	14-Mar-2010	128.15	117.30	122.73	21,186
21	21-Mar-2010	113.30	102.55	107.93	34,465
22	28-Mar-2010	101.00	98.80	99.90	14,821
23	4-Apr-2010	119.60	99.45	109.53	57,654
24	11-Apr-2010	120.95	109.40	115.18	249,552
25	18-Apr-2010	111.85	105.05	108.45	56,413
26	25-Apr-2010	122.35	105.20	113.78	2,709,816
	Average Price	**Rs 110.40**			

Average Price of Daily High & Low of the Closing Prices quoted on the National Stock Exchange during the last two weeks preceding the public announcement date i.e. (26-April-2010)

Day No.	Date	High	Low	Average	Volume
1	12-Apr-2010	114.10	110.50	112.30	17,451
2	13-Apr-2010	112.75	109.00	110.88	10,850
3	15-Apr-2010	112.00	104.00	108.00	16,306
4	16-Apr-2010	108.95	103.10	106.03	11,806
5	19-Apr-2010	106.95	99.00	102.98	9,001
6	20-Apr-2010	109.15	105.10	107.13	5,050
7	21-Apr-2010	118.20	106.75	112.48	212,946
8	22-Apr-2010	123.40	103.95	113.68	656,227
9	23-Apr-2010	134.35	111.10	122.73	1,826,592
	Average Price	**Rs 110.69**			

8.1.7 The Acquirer has not acquired any equity shares of the Target from the date of the PA up to the date of the Letter of Offer. If the Acquirer acquires equity shares of the Target after the date of the Public Announcement and up to 7 working days prior to the closure 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 applications received under the Offer.

8.2 Funding arrangement for the Offer:

8.2.1 The Acquirer has made firm financial arrangement for financing the acquisition of equity shares under the Open Offer, in terms of Regulation 16 (xiv) of the Regulations.

8.2.2 The total funds required for implementation of the Offer at Rs. 110.69/- (Rupees One hundred ten and sixty-nine paisa only) per fully paid up equity share is Rs. 44,19,12,335.98 (Rs. Forty-four crores nineteen lakhs twelve thousand three hundred and thirty-five and ninety-eight paisa only/-) assuming that full acceptance for the Offer is received ("Offer Consideration"). In accordance with regulation 28 read with regulation 22(7) of the SEBI (SAST) Regulations, the Acquirer has deposited cash amounting to Rs. 44,19,12,335.98 (Rupees Forty-four crores nineteen lakhs twelve thousand three hundred and thirty-five and ninety-eight paisa only) ("Escrow Amount") with the HDFC Bank Fort Branch ("HDFC Bank"), a banking company incorporated under the Companies Act and whose registered office is HDFC Bank House, Senapati Bapat Marg, Lower Parel (West), Mumbai - 400013, (hereinafter referred to as "HDFC") in the account name "EIL-GIL Escrow Account"(having account number 00600350084084) empowering ENAM, the Manager to the Offer, to issue instructions. The source of the funds is from internal accruals .The Escrow Amount represents 100% of the Offer Consideration, in accordance with regulation 28 of the SEBI (SAST) Regulations read with the second proviso to Regulation 22(7). In accordance with regulation 28 of the SEBI (SAST) Regulations, ENAM has been duly authorized to issue instructions to HDFC Bank

In accordance with regulation 28 read with regulation 22(7) of the SEBI (SAST) Regulations, the Acquirer through the Manager to the Offer's instructions dated April 26, 2010, has caused a lien to be marked by HDFC Bank, against the fixed deposit of Rs. 44,19,12,335.98 for the said amount, ("Lien Amount"), in favour of the Manager to the Offer with value date of April 24, 2010. The Lien Amount represents 100% of the Offer Consideration. In accordance with regulation 28 of the SEBI (SAST) Regulations, the Manager to the Offer has been duly authorized to realize the value of the aforesaid Lien. Since the Lien Amount constitutes 100% of the Offer Consideration payable to the shareholders assuming full acceptance under the Offer, the Acquirer would be entitled to appoint its nominees on the board of directors of the Target after a period of 21 days from the date of PA in accordance with regulation 22(7) of the Regulations.

8.2.3 Parag Ved of M/s. SSPA & CO Accountants, Membership No. 102432., located at 1st floor "Arjun", Plot No. 6A, V.P. Road, Andheri West, Mumbai 400058, has by his letter dated, April 25, 2010 certified that Acquirer has adequate resources to meet the financial requirements of the Offer.

8.2.4 Based on the above, the Manager to the Offer is satisfied about the ability of the Acquirer and to implement the Offer in accordance with the SEBI (SAST) Regulations as firm financial arrangements are in place to fulfill the obligations under the SEBI (SAST) Regulations.

9. TERMS AND CONDITIONS OF THE OFFER

9.1 The Acquirer made a Public Announcement on April 26, 2010 for the Offer. This Offer is being made to all the equity shareholders of the Target (other than the parties to the Agreement) and the Letter of Offer together with the Form of Acceptance, Form of Withdrawal and Transfer Deed (for shareholders holding equity shares in the physical form) is being mailed to those shareholders of the Target whose names appear on the register of members of the Target and to the beneficial owners of the equity shares of the Target whose names appear as beneficiaries in the statement of beneficial ownership of the respective depositories, at the close of business on the Specified Date (i.e. April 30, 2010). Owners of equity shares but not registered as shareholder(s) are also eligible to participate in the Offer at any time prior to the date of closing of the Offer. No Letter of Offer together with a Form of Acceptance, Form of Withdrawal and Transfer Deed will be mailed to the parties to the Agreements.

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

9.3 This Offer is subject to receipt of the statutory approvals mentioned in point 10 of this LOF. In terms of Regulation 27 of the Regulations, if the statutory approvals are refused, the Offer would stand withdrawn.

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

9.5 The Offer will open on July 15, 2010 and close on August 03, 2010 .

9.6 The Offer is not subject to any minimum level of acceptance. The acceptance of the Offer is entirely at the discretion of the equity shareholders of the Target. Each shareholder of the Target to whom the Offer is being made, is free to offer his shareholding in the Target, in whole or in part while accepting the Offer.

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

9.8 Tendered equity shares that are subject to any charge, lien or encumbrance or court order/any other attachment/dispute are liable to be rejected. Tendered equity shares, that are the subject matter of litigation or are held in abeyance due to pending court cases, such that the shareholder(s) of the Target may be precluded from transferring the equity shares during pendency of the said litigation, are liable to be rejected unless directions/orders regarding the free transferability of such equity shares are received together with the equity shares tendered under the Offer prior to the date of closing of the Offer.

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

9.10 The securities transaction tax will not be applicable to the equity shares accepted in the Offer.

10. STATUTORY/OTHER APPROVALS REQUIRED FOR THE OFFER

10.1 The Offer would require the approval from the RBI under the FEMA for acquiring equity shares from non-resident shareholders validly tendered under the Offer. The Acquirer has received the approval from RBI.

10.2 To the best of the knowledge of the Acquirer, as on the date of the Public Announcement, there are no other statutory approvals required to implement the Offer, other than those indicated above. If any other statutory approvals become applicable, the Offer would be subject to such statutory approvals. The Acquirer, in terms of Regulation 27 of SEBI (SAST) Regulations, will have a right not to proceed with the Offer in the event the statutory approvals indicated above are refused.

10.3 If non-resident shareholders, overseas corporate bodies and foreign shareholders had required any RBI or Foreign Investment Promotion Board ("FIPB") approval in respect of the equity shares held by them in the Target, they will be required to submit the previous RBI/FIPB approvals that they would have obtained for holding the equity shares of the Target. In case such permissions are not submitted, the Acquirer reserves the right to reject such equity shares tendered in the Offer.

10.4 In case of delay in receipt of the above statutory approvals in relation to the Offer, SEBI has the power to grant extension of time to the Acquirer for payment of consideration to the shareholders of the Target, subject to the Acquirer agreeing to pay interest for the delayed period as directed by SEBI in terms of Regulation 22(12) of the SEBI (SAST) Regulations. Further, if the delay occurs on account of willful default by the Acquirer in obtaining the requisite approvals, Regulation 22(13) of the SEBI (SAST) Regulations will also become applicable.

10.5 If the Acquirer fails to obtain the requisite approvals in time due to willful default or neglect or inaction or non-action on their part, the amount lying in the Escrow Account shall be subject to forfeiture and be dealt with in the manner provided in Regulation 28 (12) (e) of the Regulations.

10.6 The Acquirer reserves the right to withdraw the Offer in the event of the requisite statutory approvals being refused. In the event of such withdrawal, a public announcement will be made in the same newspapers in which the Public Announcement was made.

11. PROCEDURE FOR ACCEPTANCE AND SETTLEMENT OF THE OFFER

11.1 The Acquirer has appointed Karvy Computershare Private Limited as Registrar to the Offer.

11.2 The Registrar has set up the following centres to collect the acceptances being tendered in this offer:

	Collection Centre	Address of Collection Centres	Contact Person	Phone No.	Fax	Mode of delivery
1.	**Mumbai**	**Karvy Computershare. Pvt Ltd.24,Maharashtra Chamber. of Commerce. Lane, Opp. MSC Bank, Fort Mumbai – 400 023**	**Ms.Nutan Shirke**	**022- 66382666**	**022-66331135**	**Hand Delivery**
2.	**New Delhi**	**Karvy Computershare. Pvt Ltd. 105-108, Arunachal Bldg., 19, Barakhamba Road, Connaught place, New Delhi -110 001**	**Mr. Rakesh Kr Jamwal / Vinod Singh Negi**	**011-43509200**	**011-41036370**	**Hand Delivery**
3.	**Ahmedabad**	**Karvy Computershare. Pvt Ltd. 201-203,Shail,Opp: Madhusudhan HouseBehind Girish Cold Drinks Off C G Road Ahmedabad ~ 380 006**	**Mr.Aditya Gupta/ Robert Joeboy**	**079-26400527/ 66614772**	**079-26565551**	**Hand Delivery**
4.	**Chennai**	**Karvy Computershare. Pvt Ltd. No. 33/1, Venkatraman Street, T.Nagar, Chennai – 600017**	**Mr. Gunashekhar**	**044 – 28151793/ 28151794**	**044-28153181**	**Hand Delivery**
5.	**Hyderabad**	**Karvy Computershare. Pvt Ltd. Plot No 17-24, Vithalrao Nagar, Madhapur, Hyderabad 500 081**	**Ms. Rinki Sareen**	**040-44655000/ 23420818-23**	**040-23431551**	**Hand Delivery/ Regd Post**
6.	**Kolkata**	**Karvy Computershare. Pvt Ltd. 49, Jatin Das Road, Nr. Deshpriya Park, Kolkatta 700 029**	**Mr. Sujit Kundu/ Mr. Debnath**	**033-24644891**	**033-24644866**	**Hand Delivery**
7.	**Bengaluru**	**Karvy Computershare. Pvt Ltd. No. 59, Skanda, Putana Road, Basavanagudi Bengaluru 560 004**	**Mr. Kumaraswamy/ Ms. V Sudha**	**080- 26621192**	**080-26621169**	**Hand Delivery**
8.	**Jaipur**	**Karvy Computershare Pvt Ltd, S-16/A,Land mark.Opp: Jaiclub Mahaveer Marg C-Scheme, Jaipur, 302001**	**Mr .Vinod**	**0141-2375099**	**N A**	**Hand Delivery**
9.	**Pune**	**Karvy Computershare Pvt Ltd. Shrinath Plaza, C wing, Office No. 58&59,3rd Floor, Dyaneshwar paduka chowk, Slno.184/4.Off-FC Road. Pune, 411004**	**Ms. Sandhya**	**020-25532078/ 783**	**N A**	**Hand Delivery**
10.	**Visakhapatnam**	**Karvy Computershare Pvt Ltd, 47-14-4,Eswar Paradise, Dwaraka Nagar, Main Road, Visakhapatnam-530016**	**Mr .Seetharam**	**0891-2752915-18**	**0891-2752872**	**Hand Delivery**

The documents can be tendered at the above centres between 10.00 am to 3.00 pm from Monday to Friday and 10.00 am to 1.00 pm on Saturdays. The centres will be closed on Sundays and public holidays.

Shareholders of the Target, other than the parties to the Agreements, who wish to avail this Offer should forward the under mentioned documents, by hand delivery on days and during the business hours mentioned above, at any of the collection centres listed above, or by registered post to the Registrar to the Offer, Karvy Computershare Private Limited, Unit: "GMR Industries Limited - Open offer" Plot no 17-24, Vithal rao Nagar, Madhapur, Hyderabad 500 081;Tel: +91 - 40-/44655000/ 23420815-23. Fax: +91 - 40-23431551, E-mail: murali@karvy.com, Contact Person: Murali Krishna, so as to reach the Registrar on or before August 03, 2010 (i.e. the date of closing of the Offer)..

In case of dematerialised equity shares, the shareholders should ensure that the credit to the Special Depository Account mentioned in point 11.4 below of this Letter of Offer should be received on or August 03, 2010 . In order to ensure this, beneficial owners should tender the Delivery Instructions at least two working days prior. Form of Acceptance of such dematerialised equity shares not credited to the Special Depository Account before the date of closing of this Offer is liable to be rejected.

The Share certificate(s), share transfer form, Form of Acceptance and other documents, as required should be sent only to the Registrar to the Offer, at the collection centres mentioned in point 11.2 above of this Letter of Offer. No document should be sent to the Acquirer or the Manager to the Offer or the Target.

11.3 Procedure for equity shares held in physical form

- **Registered shareholders of the Target should enclose:**

➢ Form of Acceptance duly completed and signed in accordance with the instructions contained therein, by sole/joint shareholders whose name(s) appears on the equity share certificate(s) and in the same order and as per the specimen signature lodged with the Target;

➢ Original equity share certificate(s);

➢ Valid share transfer deed(s) duly signed as transferor(s) by the sole/joint shareholder(s) in the same order and as per specimen signatures lodged with the Target and duly witnessed at the appropriate place. The transfer deed should be left blank, except for the signatures as mentioned above. Attestation, where required (thumb impressions, signature difference, etc.) should be done by a Magistrate, Notary Public or Special Executive Magistrate or a similar authority holding a public office and authorized to use the seal of his office or a member of a recognized stock exchange under their seal of office and membership number or manager of the transferor's bank. A blank share transfer form is enclosed along with this Letter of Offer.

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

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

- **Unregistered owners of equity shares of the Target should enclose:**

➢ Form of Acceptance duly completed and signed in accordance with the instructions contained therein;

➢ Original equity share certificate(s);

➢ Original broker contract note;

➢ Valid share transfer deed(s) as received from the market. The details of buyer should be left blank failing which the same will be considered invalid under the Offer. All other requirements for valid transfer (including matching of signatures) will be preconditions for acceptance.

➢ The acknowledgement received, if any, from the Target in case the equity shares have been lodged with the Target. Such persons should instruct the Target and its Registrar and Transfer agents to send the transferred share certificate(s) directly to the collection centres as mentioned in point 11.2 above of the Letter of Offer. The applicant should ensure that the certificate(s) reach the designated collection centre before the date of closing of the Offer.

Unregistered owners can send their acceptance of the Offer in writing to the Registrar to the Offer, Karvy Computershare Private Limited, at the collection centres as mentioned in point 11.2 above of the Letter of Offer, on plain paper stating name, address, number of equity shares held, no. of equity shares offered, distinctive numbers, folio numbers, together with the original share certificate(s), valid transfer deeds in case of equity shares held in physical form or photocopy or counterfoil of the delivery instructions in "Off-market" mode in case of equity shares held in dematerialised form and the original contract note issued by the broker through whom they acquired their equity shares. No indemnity is required from the unregistered owners.

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

11.4 Procedure for equity shares held in dematerialised form

- **Beneficial Owners should enclose:**

➢ Form of Acceptance duly completed and signed in accordance with the instructions contained therein, by sole/joint shareholders whose names appear in the beneficiary account and in the same order therein. The Form of Acceptance has to be tendered by the beneficial holder of equity shares only.

In case of non-receipt of the aforesaid documents, but receipt of the equity shares in the Special Depository Account, the Offer shall be deemed to be accepted.

➢ A photocopy or counterfoil of the Delivery Instructions in "Off-market" mode, duly acknowledged by the beneficial owners depository participant and filled as per the details of the Special Depository Account given below.

➢ The Registrar to the Offer, Karvy Computershare Private Limited, has opened a special depository account with National Securities Depository Limited ("NSDL") called, "GIL Escrow Demat Account". Beneficial owners are requested to fill in the following details in the delivery instructions for the purpose of crediting their equity shares in the special depository account:

Depository Participant ("DP") Name	Karvy Stock Broking Limited
DP ID	IN300394
Client ID	17618062
Account Name	GIL Escrow Demat Account
Depository	NSDL

Shareholders, having their beneficiary account with CDSL have to use inter-depository delivery instruction slip for the purpose of crediting their equity shares in favour of the Special Depository Account with NSDL. Since the equity shares of the Target are in compulsory demat mode, the minimum marketable lot for such equity shares will be one.

- **Shareholders who have sent their equity share certificates for dematerialisation should enclose:**

➢ Form of Acceptance duly completed and signed in accordance with the instructions contained therein by the sole/joint equity shareholders whose name appears on the equity share certificate and in the same order and as per the specimen signature lodged with the Target.

➢ A copy of the dematerialisation request form duly acknowledged by the equity shareholders depository participant.

Such equity shareholders should ensure that the credit of their equity shares tendered under Offer to the Special Depository Account is made on or before the date of closing of the Offer, otherwise the same are liable to be rejected. Alternatively, if the equity shares sent for dematerialisation are yet to be processed by the equity shareholders depository participants, the equity shareholders can withdraw their dematerialisation request and tender the equity share certificates in the Offer as per procedure mentioned in point 11.3 of the Letter of Offer.

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

- **By equity shareholders holding equity shares in physical form**

In case of non-receipt of the Letter of Offer, eligible persons may send their acceptance of the Offer in writing to the Registrar to the Offer, Karvy Computershare Private Limited, at the collection centres as mentioned in point 11.2 above of the Letter of Offer, on plain paper stating their name, address, number of equity shares held, no. of equity shares offered, distinctive numbers, folio numbers together with the original share certificate(s), valid transfer deeds in case of equity shares held in physical form, so as to reach the Registrars to the Offer on or before the date of closing of the Offer.

Shareholders who have lodged their equity shares for transfer with the Target must also send the acknowledgement received, if any, from the Target towards such lodging of equity shares.

Shareholders who have sent their equity share certificates for dematerialisation should send a copy of the dematerialised request form duly acknowledged by their depository participant.

- **By equity shareholders holding equity shares in dematerialised form**

  Beneficial Owners may send the acceptance of the Offer in writing to the Registrar to the Offer, Karvy Computershare Private Limited, at the collection centres as mentioned in point 11.2 above of the Letter of Offer, on plain paper, stating name, address, number of equity shares held, number of equity shares offered, DP name, DP ID, beneficiary account number and a photocopy or counterfoil of the delivery instructions in "Off market" mode, duly acknowledged by the beneficial owners depository participant, in favour of the Special Depository Account, the details of which are mentioned in point 11.4 above of the Letter of Offer, so as to reach the Registrar to the Offer on or before the closing of the Offer.

  Shareholders, having their beneficial account with CDSL have to use inter-depository delivery instruction slip for the purpose of crediting their equity shares in favour of the Special Depository Account with NSDL.

  No indemnity is required while sending the acceptance of the Offer on plain paper.

  Shareholders not receiving the Letter of Offer, if they so desire, may also apply on the Form of Acceptance downloaded from SEBI web site (www.sebi.gov.in).

11.6 As per the provisions of section 196D(2) of the Income-tax Act, 1961, and as amended ("Income-tax Act"), no deduction of tax at source shall be made from any income by way of capital gains arising from the transfer of securities referred to in section 115AD payable to a Foreign Institutional Investor as defined in section 115AD of the Income-tax Act. However, if the equity shares are held by the FIIs on trade account or if the FIIs fails to certify in the Form of Acceptance that the equity shares are held by it on investment/capital account, then the Acquirer will deduct tax at source from the gross proceeds at the applicable tax rate. Further, Non Resident Individuals, Overseas Corporate Bodies, FIIs holding equity shares on trade account and other non-resident shareholders will be required to submit a No Objection Certificate ("NOC") or Tax Clearance Certificate or Certificate for Deduction of Tax at Lower Rate from Income Tax authorities under the Income-tax Act indicating the amount of tax to be deducted by the Acquirer before remitting the consideration. In case the aforesaid NOC or Tax Clearance Certificate or Certificate for Deduction of Tax at Lower Rate is not submitted, the Acquirer will arrange to deduct tax at the rate as may be applicable to the relevant category of shareholders on the entire consideration amount payable to such shareholders.

If non-resident shareholders, overseas corporate bodies and foreign shareholders had required any RBI or FIPB approval in respect of the equity shares held by them in the Target, they will be required to submit the previous RBI/FIPB approvals that they would have obtained for holding the equity shares of the Target. In the event such permissions are not submitted, the Acquirer reserves the right to reject such equity shares tendered in the Offer.

11.7 The shareholders should also provide all relevant documents, which are necessary to ensure transferability of the equity shares in respect of which the acceptance is being sent in connection with the Offer. Such documents may include, but are not limited to:

i. duly attested death certificate and succession certificate in case of single shareholder;

ii. duly attested Power of Attorney if any person apart from the shareholder has signed the Form of Acceptance and/or transfer deed(s);

iii. in case of companies, the necessary corporate authorization (including applicable resolutions, consents and approvals of the applicable governing bodies of such companies);

iv. any other relevant documentation.

11.8 The Registrar to the Offer will hold in trust the Form of Acceptance, equity share certificates, transfer deeds and equity shares lying in credit of the Special Depository Account and other documents on behalf of the shareholders of the Target who have tendered in the Offer, until the cheques/drafts for the consideration and/or the unaccepted equity shares/equity share certificates are dispatched/ returned. The Acquirer would not have access to these equity shares until such time.

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

11.10 If the number of equity shares tendered by the shareholders in connection with the Offer is more than the Offer Size, the acquisition from each shareholder will be as per Regulation 21(6) of the Regulations, on a proportionate basis in consultation with the Manager to the Offer taking care to ensure that the basis of acceptance is decided in a fair and equitable manner and does not result in non-marketable lots. Provided that, acquisition of equity shares from a shareholder, shall not be less than the minimum marketable lot or the entire holding, if it is less than the marketable lot. As the equity shares trade in compulsory dematerialized segment, the minimum marketable lot for the equity shares is 1 (one).

11.11 The consideration for the equity shares of the Target accepted by the Acquirer will be paid through any of the modes mentioned in 11.13 by crossed account payee cheques/demand drafts, etc. Such cheques/demand drafts exceeding Rs. 1,500 or unaccepted equity share certificates, transfer deeds and other documents, if any, will be returned by registered post/speed post at the shareholders'/ unregistered owners' sole risk, to the sole/first shareholder/unregistered owner. Cheques/demand drafts for Rs 1,500 or less will be sent under certificate of posting. All cheques/demand drafts will be drawn in the name of the first holder, in case of joint registered holders.

In case of dematerialised equity shares, the equity shares would reside in the Special Depository Account as mentioned above. The Registrars to the Offer will debit the Special Depository Account to the extent of payment of consideration made by the Acquirer and give instructions for the credit to the beneficial account of the Acquirer. The equity shares held in dematerialised form to the extent not accepted as a result of non-payment/part payment of consideration by the Acquirer under the Offer will be released to the beneficial owner's depository account with the respective beneficial owners depository participant as per details furnished by the beneficial owner in the Form of Acceptance, at the sole risk of the beneficial owners.

11.12 In terms of Regulation 22(5A) of the Regulations, shareholders desirous of withdrawing their acceptance tendered by them in the Offer, may do so up to three working days prior to the date of closing of the Offer (i.e. July 29, 2010). The withdrawal option can be exercised by submitting the documents as per the instructions below, so as to reach the Registrars to the Offer at any of the collection centres mentioned above as per the mode of delivery indicated therein on or before August 03, 2010 .

a) The withdrawal option can be exercised by submitting the following:

i. For equity shares held in dematerialised form:

Beneficial owners should enclose:

- Duly signed and completed Form of Withdrawal accompanying this LOF. The signature(s) should be attested by the depository participant.
- Acknowledgement slip in original/copy of the submitted Form of Acceptance submitted by registered post.1Photocopy of the delivery instruction in "Off-market" mode or counterfoil of the delivery instruction in "Off-market" mode, duly acknowledged by the depository participant.

ii. For equity shares held in physical form:

Registered shareholders should enclose:

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

Unregistered owners should enclose:

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

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

- In case of physical equity shares: name; address; distinctive numbers; folio number, number of equity shares tendered and to be withdrawn; and
- In case of dematerialized equity shares: name; address; number of equity shares offered and number of equity shares to be withdrawn; DP name; DP ID; beneficiary account number and a photocopy of the 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 Special Depository Account;

- Acknowledgement slip in original/Copy of the submitted Form of Acceptance submitted by registered post.

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

c) The intimation of returned equity shares to the Shareholders will be at the address as per the records of the Target /Depository as the case may be.

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

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

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

g) Shareholders holding equity shares in dematerialized form are requested to issue the necessary standing instruction for receipt of the credit in their DP account.

11.13 Mode of making payment

The payment of consideration, would be done through any of the following modes:

a. National Electronic Clearing System (NECS) – Payment of consideration would be done through ECS for applicants having an account at any of the76 centres where the facility is available. This mode of payment of consideration would be subject to availability of complete bank account details including the MICR code as appearing on a cheque leaf, from the depositories. The payment of consideration through ECS is mandatory for applicants having a bank account at any of the abovementioned 68 centres, except where the applicant, being eligible, opts to receive payment through direct credit or RTGS.

b. Direct Credit – Applicants having bank accounts with HDFC Bank Limited, shall be eligible to receive consideration through direct credit. Charges, if any, levied by the Bank for the same would be borne by the Acquirer.

c. RTGS – Applicants having a bank account at any of the 76 centres where the facility is available and whose consideration amount exceeds Rs. One lakh have the option to receive payment through RTGS. Such eligible applicants who indicate their preference to receive payment through RTGS are required to provide the IFSC code in the Form of Acceptance. In the event the same is not provided, payment shall be made through ECS. Charges, if any, levied by the HDFC Bank Limited for the same would be borne by the Acquirer. Charges, if any, levied by the applicant's bank receiving the credit would be borne by the applicant.

d. National Electronic Fund Transfer (NEFT) – Payment of consideration shall be undertaken through NEFT wherever the applicants' bank has been assigned the Indian Financial System Code (IFSC), which can be linked to a Magnetic Ink Character Recognition (MICR), if any, available to that particular bank branch. IFSC will be obtained from the website of RBI as on a date immediately prior to the date of payment of consideration, duly mapped with MICR numbers. Wherever the applicants have registered their nine digit MICR number and their bank account number while opening and operating the demat account, the same will be duly mapped with the IFSC of that particular bank branch and the payment of consideration will be made to the applicants through this method. In the event that NEFT is not operationally feasible, the payment would be made through any one of the other modes as mentioned above.

e. For all other applicants, including those who have not updated their bank particulars with the MICR code, the payments will be dispatched under certificate of posting for value up to Rs. 1,500 and through Speed Post/Registered Post for payments of Rs. 1,500 and above. Such payments will be made by cheques, pay orders or demand drafts drawn on HDFC Bank Limited and payable at par.

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

Provided that where the Acquirer 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 willful default or neglect of the Acquirer or failure of the Acquirer to diligently pursue the applications for such approvals, grant extension of time for the purpose, subject to the Acquirer agreeing to pay interest to the shareholders for delay beyond 15 days, as may be specified by SEBI from time to time, in accordance with Regulation 22(12) of the Regulations.

12. DOCUMENTS FOR INSPECTION

The following documents will be available for inspection to the shareholders of the Target at GMR Industries Limited , 25/1 Skip House, Museum Road, Bangalore – 560025, Karnataka on all working days, from the date of opening of the Offer till the date of closing of the Offer, between 11.00 a.m. and 3.00 p.m., except Saturdays, Sundays and Public Holidays:

1. Certificate of Incorporation, Memorandum and Articles of Association, as applicable of the Acquirer and Target.
2. Annual Reports of the Acquirer and Target for the accounting years ended for March 31, 2007, 2008, and 2009.
3. Certificate dated May 3, 2010 from Delloitte Haskins & Sells, certifying the financial data of the Acquirer.
4. Copy of the SPA dated April 25, 2010 and Escrow Agreement dated April 25, 2010.
5. Letter dated April 25, 2010 from M/s SSPA & CO Chartered Accountants, confirming that the Acquirer have adequate financial resources free from any lien or encumbrance and have from such resources deposited Rs. 44,19,12,335.98 in the Escrow Account with HDFC for the successful completion of this open offer.
6. Letter from the Escrow Bank dated April 24, 2010 confirming cash deposit of Rs. 44,19,12,335.98 deposited in the Escrow Account and a lien marked in favor of the Manager to the Offer.
7. Copy of the observation letter from SEBI, dated July 2, 2010 in terms of proviso to Regulation 18(2) of the Regulations.
8. A published copy of the Public Announcement issued on April 26, 2010.
9. Agreement with DP for opening the Special Depository Account

13. DECLARATION BY THE ACQUIRER

The Acquirer and all its Directors severally and jointly accept the responsibility for the information contained in this Letter of Offer. The Acquirer is responsible for the fulfillment of its obligations under the SEBI (SAST) Regulations. The person signing this Letter of Offer is duly and legally authorized by the Acquirer to sign the Letter of offer.

By Order of the Board,

For and on behalf of the Acquirer

Sd/ -
Mr. K .Raghunandan
(Managing Director)

Date: July 8, 2010

Enclosed:
a) Form of Acceptance-cum-Acknowledgement
b) Form of Withdrawal
c) Transfer Deed for shareholders holding equity shares of the Target in physical form

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