DRAFT LETTER OF OFFER
THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

This draft letter of offer ("**Draft Letter of Offer**" / "**DLoF**") is sent to you as a Shareholder (as defined below) of Mangalore Chemicals & Fertilizers Limited ("**MCF**" / "**Target Company**" / "**Target**"). If you require any clarification about the action to be taken, you may consult your stock broker, investment consultant, the Manager to the Offer or the Registrar to the Offer. In case you have recently sold your Equity Shares in MCF, please hand over the Letter of Offer and the accompanying Form of Acceptance-cum-Acknowledgement (as defined below) and transfer deed to the member of stock exchange through whom the said sale was effected.

Open Offer ("Offer")

BY

ZUARI FERTILISERS AND CHEMICALS LIMITED ("ACQUIRER")

Registered office: Jai Kisaan Bhawan, Zuarinagar, Goa – 403 726; Tel.: +91 832 259 2440; Fax: +91 832 2555279

ALONG WITH

ZUARI AGRO CHEMICALS LIMITED ("PAC")

Registered office: Jai Kisaan Bhawan, Zuarinagar, Goa – 403 726; Tel.: +91 832 259 2440; Fax: +91 832 2555279

TO ACQUIRE

up to 3,07,00,000 (Three Crore Seven Lakh) fully paid-up equity shares of face value of Rs. 10 (Rupees Ten) each (each an "**Equity Share**"), constituting 25.90% (Twenty Five point Nine Per Cent) of the Voting Share Capital (as defined below) from the Shareholders.

OF

MANGALORE CHEMICALS & FERTILIZERS LIMITED ("TARGET COMPANY")

Registered office: UB Tower, Level 11, UB City, No. 24, Vittal Mallya Road, Bangalore – 560001; Tel.: +91 80 39856000; Fax: +91 80 39855588

AT A PRICE OF

Rs. 91.92 (Rupees Ninety One and Paise Ninety Two only) per Equity Share ("Offer Price") payable in cash

pursuant to the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 and subsequent amendments thereto ("**SEBI (SAST) Regulations**")

Notes:

1. This Offer is being made by the Acquirer and the PAC pursuant to Regulation 6 and other applicable Regulations of the SEBI (SAST) Regulations.
2. This Offer is not conditional upon any minimum level of acceptance in terms of Regulation 19 of the SEBI (SAST) Regulations.
3. This Offer is subject to certain statutory and regulatory approvals as set out in paragraph 6.16 – Statutory & Other Approvals.
4. **This Offer is NOT a competing offer in terms of Regulation 20 of the SEBI (SAST) Regulations.**
5. The Acquirer and/or PAC may withdraw the Offer under Regulation 23 of the SEBI (SAST) Regulations in the event that the approvals specified herein are not obtained or are finally refused or are otherwise not met with for reasons outside the reasonable control of the Acquirer and/or PAC.
6. If there is any upward revision in the Offer Price or the number of Equity Shares sought to be acquired in this Offer, prior to commencement of 3 (three) Working Days before the commencement of the Tendering Period, i.e. up to Thursday, January 22, 2015, the same will be notified to the public by way of a public announcement on Friday, January 23, 2015, in the same newspapers where the detailed public statement in relation to this Offer ("**DPS**") was published. Such revised amount of the Offer Price would be payable for all the Equity Shares validly tendered anytime during the Tendering Period.
7. In the event that the number of Equity Shares validly tendered by the Shareholders under this Offer is more than the Offer Size (defined below), the Acquirer shall accept the Equity Shares received from the Shareholders on a proportionate basis in consultation with the Manager to the Offer.
8. A copy of the public announcement in relation to this Offer ("**PA**"), the Detailed Public Statement and this Draft Letter of Offer is also available on the website of SEBI (www.sebi.gov.in).

MANAGER TO THE OFFER	REGISTRAR TO THE OFFER
ICICI SECURITIES LIMITED ICICI Centre, H.T. Parekh Marg, Churchgate, Mumbai – 400020, India Tel: +91 22 2288 2460/70 Fax: +91 22 2282 6580 Email: project.ather@icicisecurities.com Website: www.icicisecurities.com Contact person: Mr. Ayush Jain / Mr. Vishal Kanjani SEBI Registration Number: INM000011179	**CAMEO CORPORATE SERVICES LIMITED** Subramanian Building, No.1 Club House Road, Chennai 600 002 Tel: +91-44-28460390 Toll Free No.: 1800-102-3669 Fax: +91-44-28460129 E-mail: mcfl.openoffer@cameoindia.com Website: www.cameoindia.com Contact Person: Ms. Sreepriya .K, Head – RTA & Company Secretary SEBI Registration Number: INR000003753

SCHEDULE OF MAJOR ACTIVITIES RELATING TO THE OFFER

Activity	Day and Date
Date of the PA	Thursday, December 04, 2014
Date of publishing the DPS	Thursday, December 11, 2014
Filing of the Draft Letter of Offer with SEBI	Thursday, December 18, 2014
Last date for public announcement of a competing offer(s)	Friday, January 02, 2015
Last date for receipt of comments from SEBI on the DLoF (in the event, SEBI has not sought clarifications or additional information from the Manager to the Offer)	Friday, January 09, 2015
Identified Date*	Tuesday, January 13, 2015
Date by which Letter of Offer will be dispatched to the Shareholders as on the Identified Date	Tuesday, January 20, 2015
Last date for upward revision of Offer Price and / or Offer Size	Thursday, January 22, 2015
Last date for publication in newspapers regarding the upward revision of Offer Price and / or Offer Size	Friday, January 23, 2015

Last date by which the recommendation of the committee of independent directors of the Target Company will be published	Friday, January 23, 2015
Date of public announcement for opening of the Offer in the newspapers where the DPS has been published	Tuesday, January 27, 2015
Date of commencement of the Tendering Period (Offer opening date)	Wednesday, January 28, 2015
Date of expiry of the Tendering Period (Offer closing date)	Tuesday, February 10, 2015
Last date of communicating rejection / acceptance and payment of consideration for accepted Equity Shares and / or share certificate(s) / demat delivery instruction for rejected Equity Shares will be dispatched / issued	Wednesday, February 25, 2015

**Date falling on the 10th (tenth) Working Day prior to the commencement of the Tendering Period. Identified date is only for the purpose of determining the Shareholders of the Target Company to whom the Letter of Offer shall be mailed. It is clarified that all the Shareholders (as defined below), registered or unregistered, of the Target Company who own Equity Shares are eligible to participate in this Offer at any time during the Tendering Period.*

RISK FACTORS

The risk factors set forth below pertain to this Offer, the Acquirer and the PAC and are not in relation to the present or future business operations of the Target Company or other related matters. These are neither exhaustive nor intended to constitute a complete analysis of the risks involved in the participation by a Shareholder in this Offer, but are merely indicative. Shareholders are advised to consult their stockbrokers, investment consultants and/or tax advisors, for understanding and analyzing all risks associated with respect to their participation in this Offer. For capitalized terms used herein please refer to the section on Definitions and Abbreviations set out below.

A. Risks relating to this Offer

1. The Acquirer and the PAC had earlier received an approval from the Competition Commission of India ("**CCI**") vide an order dated September 4, 2014, as published on September 15, 2014 to acquire up to 3,08,13,939 equity shares of the Target Company representing 26% of the share capital of the Target Company pursuant to an open offer. However, the Acquirer had acquired only 42,424 equity shares of the Target Company pursuant to such approval. Pursuant to this Offer, the Acquirer seeks to acquire upto 3,07,00,000 equity shares representing 25.90% of the share capital of the Target Company. The Acquirer has intimated the abovementioned facts to the CCI pursuant to a letter dated December 10, 2014 and requested the CCI to consider the Offer as falling under the aegis of the transaction approved by the aforesaid order of CCI dated September 4, 2014, as published on September 15, 2014. Pursuant to the response of CCI, if a specific approval is required by the Acquirer in relation to this Offer, the Acquirer shall file an application with the CCI for the necessary approval. As of the date of this Draft Letter of Offer, to the best of the knowledge of the Acquirer and the PAC, there are no other statutory approvals required by the Acquirer and/or the PAC to complete this Offer. However, in case any statutory approvals are required by the Acquirer and/or the PAC at a later date, before the Closure of the Tendering Period, this Offer shall be subject to such approvals and the Acquirer and/or the PAC shall make the necessary applications for such approvals. In case of delay in receipt of any such statutory approvals, as per Regulation 18(11) of the SEBI (SAST) Regulation**s**, SEBI may, if satisfied, that non-receipt of such approvals was not attributable to any wilful default, failure or neglect on the part of the Acquirer and/or the PAC to diligently pursue such approvals, grant an extension of time for the purpose of completion of this Offer, subject to the Acquirer agreeing to pay interest to the Shareholders for delay beyond 10 (ten) Working Days from the date of Closure of the Tendering Period, at such rate as may be specified by SEBI. Accordingly, in case of delay in receipt of any such statutory approvals, this Offer process may be delayed beyond the schedule of activities indicated in this Draft Letter of Offer. Consequently, the payment of consideration to the Shareholders whose Equity Shares are validly accepted in this Offer, as well as the return of Equity Shares not validly accepted in this Offer, may be delayed. Where the statutory approvals extend to some but not all the Shareholders, the Acquirer will have the option to make payment of the consideration to such Shareholders in respect of whom no statutory approvals are required in order to complete this Offer. The Acquirer and/or the PAC will have the right, under Regulation 23 of the SEBI (SAST) Regulations to withdraw this Offer in the event any such statutory approvals, as may be required, are not granted or are finally refused for reasons outside the reasonable control of the Acquirer and/or PAC.

2. The acquisition of Shares tendered by NRIs and erstwhile OCBs are subject to appropriate approval/exemption from the Reserve Bank of India. NRI and erstwhile OCB holders of the Equity Shares must obtain all requisite approvals to tender the Equity Shares held by them pursuant to this Offer (including without limitation, the approval from the RBI or FIPB) and submit such approvals along with the Form of Acceptance-cum-Acknowledgement and other

documents required in terms of the Letter of Offer. Further, if the Shareholders who are not persons resident in India (including NRIs, OCBs, QFIs and FIIs) require or had required any approvals (including from the RBI or FIPB) in respect of the Shares held by them, they will be required to submit such previous approvals that they would have obtained for holding the Shares, to tender the Shares held by them pursuant to this Offer, along with the other documents required to be tendered to accept this Offer. In the event such approvals are not submitted, the Acquirer and/or PAC reserves its right to reject such Shares tendered in this Offer. If the Equity Shares are held under general permission of the RBI, the non-resident Shareholder should state that the Equity Shares are held under general permission and clarify whether the Equity Shares are held on repatriable basis or non repatriable basis.

3. In the event that either: (a) there is any litigation that leads to an injunction or stay on this Offer or restricts or restrains the Acquirer and/or the PAC from performing their obligations hereunder; or (b) SEBI instructs the Acquirer and/or the PAC not to proceed with this Offer, then this Offer process may not proceed or may be delayed beyond the schedule of activities indicated in this Draft Letter of Offer. Consequently, the payment of consideration to the Shareholders whose Equity Shares are validly accepted in this Offer as well as the return of the Equity Shares not validly accepted in this Offer by the Acquirer, may be delayed.

4. The Shareholders who have lodged their acceptance to this Offer are not entitled to withdraw such acceptance during the Tendering Period, even if the tender of the Equity Shares in this Offer is rejected and / or dispatch of consideration is delayed.

5. The Registrar to the Offer will hold in trust the Equity Shares, by holding the share certificates pertaining to the Equity Shares held in physical form and the Equity Shares held in demat form in the Depository Escrow Account, along with the documents submitted by the Shareholders, on behalf of the Shareholders who have tendered their Equity Shares, till the completion of the formalities of this Offer, and the Shareholders will not be able to trade in such Equity Shares which are in the custody of the Registrar to the Offer, even if the acceptance of the Equity Shares in this Offer is rejected and/or dispatch of payment consideration is delayed. Further, during such period, there could be fluctuations in the market price of the Equity Shares that may adversely impact the Shareholders who have tendered their Equity Shares in this Offer. It is understood that the Shareholders will be solely responsible for their decisions regarding their participation in this Offer.

6. This Offer is an offer to acquire up to 3,07,00,000 (Three Crore Seven Lakh) Equity Shares, representing 25.90% (Twenty Five point Nine Per Cent) of the Voting Share Capital. In case of over-subscription of this Offer, acceptance will be determined by the Acquirer and the PAC in consultation with the Manager to the Offer, on a proportionate basis and hence there is no certainty that all the Equity Shares validly tendered by the Shareholders in this Offer will be accepted.

7. This Draft Letter of Offer has not been filed, registered or approved in any jurisdiction outside India. Recipients of this Draft Letter of Offer who are resident in jurisdictions outside India should inform themselves of and comply with all applicable legal requirements. This Offer is not directed towards any person or entity in any jurisdiction or country where the same would be contrary to applicable laws or regulations or would subject the Acquirer and the PAC or the Manager to the Offer to any new or additional registration requirements. This is not an offer for sale or a solicitation of an offer to buy in the United States of America and cannot be accepted by any means or instrumentality from within the United States of America.

8. The Shareholders are advised to consult their respective tax advisors for assessing the tax

liability, pursuant to this Offer, or in respect of other aspects such as the treatment that may be given by their respective assessing officers in their case, and the appropriate course of action that they should take. The Acquirer, the PAC and the Manager to the Offer do not accept any responsibility for the accuracy or otherwise of the tax provisions set forth in this Draft Letter of Offer.

9. The Acquirer, the PAC and the Manager to the Offer accept no responsibility for statements made otherwise than in the PA, the DPS, this Draft Letter of Offer or in the advertisement or any materials issued by or at the instance of the Acquirer and/or PAC, excluding such information pertaining to the Target Company, which has been obtained from publicly available sources or provided or confirmed by the Target Company. Any person placing reliance on any other source of information will be doing so at his/her/its own risk.

B. Risks relating to the Acquirer and the PAC

1. The Acquirer and the PAC make no assurances with respect to their investment / divestment decisions relating to their proposed shareholding in the Target Company.

2. The Acquirer and the PAC make no assurances with respect to the continuation of the past trend in the financial performance or the future performance of the Target Company.

3. The Acquirer, the PAC and the Manager to the Offer make no assurances with respect to the market price of the Equity Shares before, during or after this Offer and expressly disclaim their responsibility or obligation of any kind (except as required under applicable law) with respect to any decision by any Shareholder on whether to participate or not to participate in this Offer.

4. All the validly tendered Equity Shares under the Open Offer shall be acquired by the Acquirer. The consideration payable for the Equity Shares accepted under the Open Offer shall be paid by the Acquirer and therefore all the financial obligations under the Open Offer shall be met by the Acquirer.

GENERAL

This Draft Letter of Offer together with the DPS that was published on December 11, 2014 and the PA dated December 4, 2014 in connection with the Offer, has been prepared for the purposes of compliance with the applicable laws and regulations of the SEBI (SAST) Regulations. Accordingly the information disclosed may not be the same as that which would have been disclosed if this document had been prepared in accordance with the laws and regulations of any jurisdiction outside of India. Neither the delivery of this Draft Letter of Offer and/or the Letter of Offer, under any circumstances, create any implication that there has been no change in the affairs of the Target Company and the Acquirer, the PAC and persons deemed to be acting in concert with the Acquirer, since the date hereof or that the information contained herein is correct as at any time subsequent to this date. Nor is it to be implied that the Acquirer, the PAC or any persons deemed to act in concert with the Acquirer are under any obligations to update the information contained herein at any time after this date.

No action has been or will be taken to permit this Offer in any jurisdiction where action would be required for that purpose. The Letter of Offer shall be dispatched to all Shareholders whose name appears on the register of members of the Target Company, at their stated address, as of the Identified Date. However, receipt of this Letter of Offer by any Shareholder in a jurisdiction in which it would be illegal to make this Offer, or where making this Offer would require any action to be taken (including, but not restricted to, registration of the Draft Letter of Offer and/or the Letter of Offer under any local securities laws), shall not be treated by such Shareholder as an offer being made to them and shall be construed by them as being sent for information purposes only. Accordingly no such Shareholder may tender his, her or its Equity Shares in this Offer.

Persons in possession of the Draft Letter of Offer and/or the Letter of Offer are required to inform themselves of any relevant restrictions. Any Shareholder who tenders his, her or its Equity Shares in this Offer shall be deemed to have declared, represented, warranted and agreed that he, she or it is authorized under the provisions of any applicable local laws, rules, regulations and statutes to participate in this Offer.

CURRENCY OF PRESENTATION

- In this Draft Letter of Offer, all references to "Rs."/"Rupees"/"INR" are to Indian Rupee(s).
- In this Draft Letter of Offer, any discrepancy in any table between the total and sums of the amount listed are due to rounding off and/or regrouping.

TABLE OF CONTENTS

DEFINITIONS AND ABBREVIATIONS

Term	Definition
Acquirer	Zuari Fertilisers and Chemicals Limited, having its registered office at Jai Kisaan Bhawan, Zuarinagar, Goa – 403 726
Adventz Group	The group of companies controlled by Mr. Saroj Kumar Poddar
Board / Board of Directors	Board of Directors of the Target Company
BSE	BSE Limited
BgSE	Bangalore Stock Exchange Limited
CCI	Competition Commission of India
CDSL	Central Depository Services (India) Limited
Chairman of the Board	Chairman of the Board of Directors of the Target Company
CIN	Corporate Indentification Number
Closure of the Tendering Period	The last day by which the Shareholders may tender their Equity Shares in acceptance of the Offer, i.e. Tuesday, February 10, 2015
Depository Escrow Account	The depository account opened by the Registrar to the Offer with Stock Holding Corporation Of India Limited, having DP ID of IN301080 and beneficiary client ID of 22847941
Depositories	CDSL and NSDL
DP	Depository Participant
DPS / Detailed Public Statement	Detailed public statement in relation to this Offer published on December 11, 2014, by the Manager to the Offer, on behalf of the Acquirer and the PAC
Draft Letter of Offer / DLoF	This draft letter of offer dated December 18, 2014
Equity Shares / Shares	Fully paid-up equity shares of the Target Company, having a face value of Rs. 10 (Rupees Ten) each
Equity Share Capital / Voting Share Capital	Fully diluted voting equity share capital of the Target Company, as of the 10th Working Day from the Closure of the Tendering Period of the Offer (as calculated in paragraphs 2.2.6 and 4.4 below)
Escrow Account	A cash escrow account opened by the Acquirer with HDFC Bank Limited acting through its branch at Manekji Wadia Building, Ground Floor, Nanik Motwani Marg, Fort, Mumbai – 400001
Escrow Amount	The amount deposited by the Acquirer in one or more account(s), having lien marked with an irrevocable right to encash the proceeds in favour of the Manager to the Offer, in compliance with Regulation 17 of the SEBI (SAST) Regulations.
Escrow Bank / HDFC Bank	HDFC Bank Limited, having its registered office at HDFC Bank House, Senapati Bapat Marg, Lower Parel (W), Mumbai, Maharashtra – 400013 and acting through its office at Manekji Wadia Building, Ground Floor, Nanik Motwani Marg, Fort, Mumbai – 400001
FII(s)	Foreign Institutional Investor(s), as defined under Section 115AD of the Income Tax Act
FIPB	Foreign Investment Promotion Board
Form of Acceptance-cum-Acknowledgement	The form of acceptance-cum-acknowledgement, which will be a part of the Letter of Offer
GAAP	Generally Accepted Accounting Principles
GoI	Government of India
ICAI	Institute of Chartered Accountants of India
IFSC	Indian Financial System Code

Identified Date	Tuesday, January 13, 2015, i.e. the date falling on the 10th (tenth) Working Day prior to the commencement of the Tendering Period, for the purposes of determining the Shareholders to whom the Letter of Offer shall be sent
Income Tax Act	Income-Tax Act, 1961 and subsequent amendments thereto
Indian GAAP	GAAP, as applicable to Indian companies
I-Sec	ICICI Securities Limited, having its registered office at ICICI Centre, H.T. Parekh Marg, Churchgate, Mumbai – 400020
Letter of Offer / LOF	The letter of offer dated [●].
Listing Agreements	Listing agreements entered into by the Target Company with BSE, NSE and the BgSE
Manager to the Offer	I-Sec
Maximum Consideration	Total funding requirement for this Offer of INR 282,19,44,000 (Rupees Two Hundred and Eighty Two Crore, Nineteen Lakhs, Forty Four Thousand only), assuming full acceptance of this Offer unless there is a revision in the Offer Price or Offer Size.
MICR	Magnetic Ink Character Recognition
NEFT	National Electronic Funds Transfer
NRI	Non Resident Indian, as defined under the Foreign Exchange Management (Deposit) Regulations, 2000
NSDL	National Securities Depository Limited
NSE	National Stock Exchange of India Limited
OCB	Overseas Corporate Body, as defined under Foreign Exchange Management (Deposit) Regulations, 2000
Offer / Open Offer	This open offer, which is being made by the Acquirer along with the PAC to the Shareholders of the Target Company, for acquiring up to 3,07,00,000 (Three Crore Seven Lakh) Equity Shares, representing 25.90% (Twenty Five point Nine Per Cent) of the Voting Share Capital
Offer Period	The period between the date of PA and the date on which the payment of consideration to the Shareholders whose Equity Shares are validly accepted in this Offer, is made, or the date on which this Offer is withdrawn, as the case may be
Offer Price	Price of INR 91.92 (Rupees Ninety One and Paise Ninety Two only)
Offer Size	Up to 3,07,00,000 (Three Crore Seven Lakh) Equity Shares, representing 25.90% (Twenty Five point Nine Per Cent) of the Voting Share Capital
Overseas Tax	Tax payable under the tax laws applicable in overseas jurisdictions
PA / Public Announcement	Public announcement dated December 4, 2014, issued by the Manager to the Offer on behalf of the Acquirer and the PAC, in relation to this Offer
PAC	Zuari Agro Chemicals Limited having its registered office at Jai Kisaan Bhawan, Zuarinagar, Goa – 403 726; Tel.: +91 832 2592180; Fax: +91 832 2555279
PAN	Permanent Account Number
QFI	Qualified Financial Institution
RBI	Reserve Bank of India
Registrar to the Offer	Cameo Corporate Services Limited, having its registered office at Subramanian Building, No.1 Club House Road, Chennai 600 002; Tel: +91-44-28460390
Rs. / Rupees / INR	Indian Rupees
RTGS	Real Time Gross Settlement

SCRR	Securities Contract (Regulation) Rules, 1957 and subsequent amendments thereto
SEBI	Securities and Exchange Board of India
SEBI Act	Securities and Exchange Board of India Act, 1992, as amended from time to time
SEBI (SAST) Regulations	Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 and subsequent amendments thereto
Shareholders	Public shareholders of the Target Company excluding the persons acting in concert or deemed to be acting in concert with such parties including the PAC
Stock Exchanges	Stock exchanges where Equity Shares of the Target Company are listed i.e. BSE, NSE and BgSE
Target Company	Mangalore Chemicals & Fertilizers Limited, having its registered office at UB Tower, Level 11, UB City, No. 24, Vittal Mallya Road, Bangalore – 560001
Tax Clearance Certificate / TCC	Certificate to be furnished by the NRIs/OCBs/FIIs and other non-resident Shareholders indicating the amount to be deducted by the Acquirer under the Income Tax Act, before remitting the consideration for the Equity Shares tendered by them under the Offer
Tendering Period	Period commencing from Wednesday, January 28, 2015 and closing on Tuesday, February 10, 2015 (both days inclusive), or such other revised period pursuant to the SEBI (SAST) Regulations
Working Day	A working day of SEBI in Mumbai

***Note:** All terms beginning with a capital letter used in this Draft Letter of Offer, and not specifically defined herein, shall have the meanings ascribed to them in the SEBI (SAST) Regulations.*

1. DISCLAIMER CLAUSE

"IT IS TO BE DISTINCTLY UNDERSTOOD THAT FILING OF THE DRAFT LETTER OF OFFER WITH SEBI SHOULD NOT IN ANY WAY BE DEEMED OR CONSTRUED THAT THE SAME HAS BEEN CLEARED, VETTED OR APPROVED BY SEBI. THE DRAFT LETTER OF OFFER HAS BEEN SUBMITTED TO SEBI FOR A LIMITED PURPOSE OF OVERSEEING WHETHER THE DISCLOSURES CONTAINED THEREIN ARE GENERALLY ADEQUATE AND ARE IN CONFORMITY WITH THE SEBI (SUBSTANTIAL ACQUISITION OF SHARES AND TAKEOVERS) REGULATIONS, 2011 AND SUBSEQUENT AMENDMENT(S) THERETO. THIS REQUIREMENT IS TO FACILITATE THE SHAREHOLDERS OF MANGALORE CHEMICALS & FERTILIZERS LIMITED TO TAKE AN INFORMED DECISION WITH REGARD TO THE OFFER. SEBI DOES NOT TAKE ANY RESPONSIBILITY EITHER FOR FINANCIAL SOUNDNESS OF THE ACQUIRER, THE PAC OR THE TARGET COMPANY WHOSE SHARES/CONTROL IS PROPOSED TO BE ACQUIRED OR FOR THE CORRECTNESS OF THE STATEMENTS MADE OR OPINIONS EXPRESSED IN THIS DRAFT LETTER OF OFFER. IT SHOULD ALSO BE CLEARLY UNDERSTOOD THAT WHILE THE ACQUIRER AND THE PAC ARE PRIMARILY RESPONSIBLE FOR THE CORRECTNESS, ADEQUACY AND DISCLOSURE OF ALL RELEVANT INFORMATION IN THIS DRAFT LETTER OF OFFER, THE MANAGER TO THE OFFER IS EXPECTED TO EXERCISE DUE DILIGENCE TO ENSURE THAT THE ACQUIRER AND PAC DULY DISCHARGE THEIR RESPONSIBILITY ADEQUATELY. IN THIS BEHALF, AND TOWARDS THIS PURPOSE, THE MANAGER TO THE OFFER, I-SEC, HAS SUBMITTED A DUE DILIGENCE CERTIFICATE DATED DECEMBER 18, 2014 TO SEBI IN ACCORDANCE WITH THE SEBI (SUBSTANTIAL ACQUISITION OF SHARES AND TAKEOVERS) REGULATIONS, 2011 AND SUBSEQUENT AMENDMENT(S) THERETO. THE FILING OF THE DRAFT LETTER OF OFFER DOES NOT, HOWEVER, ABSOLVE THE ACQUIRER OR THE PAC FROM THE REQUIREMENT OF OBTAINING SUCH STATUTORY CLEARANCES AS MAY BE REQUIRED FOR THE PURPOSE OF THE OFFER."

2. DETAILS OF THIS OFFER

2.1 Background to this Offer

2.1.1 The Offer is a voluntary open offer, being made to the Shareholders of the Target Company pursuant to Regulation 6 of the SEBI (SAST) Regulations.

2.1.2 The objective of this Offer is to seek to consolidate the shareholding of the Acquirer in the Target Company. The Acquirer and the PAC believe that the line of business of the Acquirer and PAC being similar to the line of business of the Target Company, the successful completion of the Offer will create synergies between the operations of the Target Company and those of the Acquirer and PAC. The Acquirer and the PAC intend to continue with the existing line of business of the Target Company and expand it with financial support and by harnessing the aforesaid synergies.

2.1.3 The shareholders forming a part of the promoter / promoter group of the Target Company shall not be eligible to tender their shares in the Offer.

2.1.4 The Acquirer and the PAC have not been prohibited by SEBI from dealing in securities in terms of any directions issued under Section 11B of the SEBI Act or under any other applicable regulations made under the SEBI Act.

2.1.5 This Offer does not entitle the Acquirer and the PAC to nominate any additional directors on the Board of Directors of the Target Company. However, it may be noted that pursuant to the agreement dated May 12, 2014 executed by the Acquirer, PAC, United Breweries (Holdings) Limited, Kingfisher Finvest India Limited and McDowell Holdings Limited, the Acquirer and PAC have a right to appoint a director on the Board of the Target Company, which has not yet been exercised. The Acquirer and the PAC may exercise the aforesaid right and appoint a director on Board of the Target Company after the Offer.

2.1.6 As per Regulation 26(6) of the SEBI (SAST) Regulations, the Board of Directors shall constitute a committee of independent directors to provide their written reasoned recommendation on the Offer to the Shareholders and such recommendations shall be published at least two (2) Working Days before the commencement of the Tendering Period in the same newspapers where the DPS related to the Offer was published, in compliance with Regulation 26(7) of the SEBI (SAST) Regulations.

2.2 Details of the proposed Offer

2.2.1 This Offer is being made in compliance with Regulation 6 of the SEBI (SAST) Regulations, as a voluntary open offer.

2.2.2 The Public Announcement was issued on December 4, 2014 to the Shareholders of the Target Company through the Stock Exchanges, by the Manager to the Offer for and on behalf of the Acquirer and the PAC.

2.2.3 Subsequently, the Acquirer and the PAC published the Detailed Public Statement dated December 10, 2014 on December 11, 2014 in the following newspapers:

Newspaper	Language	Editions
Financial Express	English	All
Jansatta	Hindi	All
Mumbai Lakshadeep	Marathi	Mumbai
Hosa Digantha	Kannada	Bengaluru

A copy of the DPS is also available on the website of SEBI: www.sebi.gov.in

2.2.4 This Offer is being made by the Acquirer, along with the PAC, to all the Shareholders of the Target Company, to acquire up to 3,07,00,000 (Three Crore Seven Lakh) Shares, representing 25.90% (Twenty Five point Nine Per Cent) of the Voting Share Capital of the Target Company, at a price of Rs. 91.92 (Rupees Ninety One and Paise Ninety Two only) per Equity Share, to be paid in cash, in accordance with Regulation 9(1)(a) of the SEBI (SAST) Regulations and subject to the terms and conditions set out in the PA, the DPS and this Draft Letter of Offer.

2.2.5 There are no partly paid up Equity Shares in the Target Company. Further, there is no differential pricing for the Offer.

2.2.6 The calculation of the Equity Share Capital / Voting Share Capital of the Target Company and the Offer Size is as follows:

Particulars	Issued and Paid up Equity Shares and Voting Rights	% of Total Equity Shares / Voting Share Capital
Fully paid up Equity Shares as on the date of PA	11,85,15,150	100%
Partly paid up Equity Shares as on the date of PA	Nil	Nil
Total	**11,85,15,150**	**100%**

VOTING SHARE CAPITAL **(as on the 10th Working Day from the Closure of the Tendering Period of the Offer)**	
Equity Shares as on the date of PA	11,85,15,150
Offer Size (25.90% of the Voting Share Capital)	3,07,00,000

2.2.7 All the Equity Shares validly tendered under this Offer to the extent of 25.90% of the Voting Share Capital of the Target Company will be acquired by the Acquirer in accordance with the terms and conditions set forth in this Draft Letter of Offer. The Shareholders of the Target Company who tender their Equity Shares under this Offer should ensure that the Equity Shares are clear from all liens, charges and encumbrances. The Acquirer shall acquire the Equity Shares of the Shareholders of the Target Company, who validly tender their Equity Shares, together with all rights attached thereto, including all rights to dividends, bonuses and rights offers declared thereon.

2.2.8 This Offer may be subject to certain statutory and regulatory approvals as set out in paragraph 6.16 – Statutory & Other Approvals of this Draft Letter of Offer. In terms of Regulation 23(1) of the SEBI (SAST) Regulations, in the event that the approvals specified in paragraph 6.16 – Statutory & Other approvals are not obtained or are finally refused or are otherwise not met with for reasons outside the reasonable control of the Acquirer, this Offer shall stand withdrawn. In the event of such a withdrawal of the Offer, the Acquirer and the PAC (through the Manager to the Offer) shall make a public announcement, within 2 (two) Working Days of such withdrawal, in the same newspapers in which this DPS has been published and such public announcement will also be sent to SEBI, Stock Exchanges and to the Target Company at its registered office.

2.2.9 This Offer is not a competing offer in terms of Regulation 20 of the SEBI (SAST) Regulations.

2.2.10 This Offer is not conditional upon any minimum level of acceptance in terms of Regulation 19 of SEBI (SAST) Regulations.

2.2.11 The Acquirer and the PAC have not acquired any Equity Shares after the date of the PA, i.e. December 4, 2014, and up to the date of this Draft Letter of Offer.

2.2.12 As per Clause 40A of the Listing Agreements, read with Rule 19A of the SCRR, the Target Company is required to maintain at least 25% public shareholding as determined in accordance with the SCRR, on a continuous basis for listing. The acquisition of the Equity Shares proposed to be acquired under this Offer together with the Equity Shares currently held by the Acquirer and the PAC shall not result in the public shareholding in the Target Company falling below the minimum level required for continued listing under Clause 40A of the Listing Agreements and Rule 19A of the SCRR.

2.3 Objects of this Offer

2.3.1 The objective of this Offer is to seek to consolidate the shareholding of the Acquirer in the Target Company. The Acquirer and the PAC believe that the line of business of the Acquirer and PAC being similar to the line of business of the Target Company, the successful completion of the Offer will create synergies between the operations of the Target Company and those of the Acquirer and PAC. The Acquirer and the PAC intend to continue with the existing line of business of the Target Company and expand it with financial support and by harnessing the aforesaid synergies.

2.3.2 In terms of Regulation 25(2) of the SEBI (SAST) Regulations, the Acquirer and PAC do not currently have any intention to alienate, restructure, dispose of or otherwise encumber any assets of the Target Company in the succeeding 2 (two) years from the completion of this Offer, except in the ordinary course of business. The Acquirer and PAC undertake that they will not restructure, sell, lease, dispose of or otherwise encumber any substantial assets of the Target Company other than in the ordinary course of business, except with the prior approval of the shareholders of the Target Company through a special resolution, passed by way of postal ballot during the succeeding 2 (two) years from the completion of this Offer.

3. BACKGROUND OF THE ACQUIRER AND THE PAC

A. Zuari Fertilisers and Chemicals Limited

3.1 The Acquirer, a public limited company, was incorporated as Zuari Fertilisers and Chemicals Limited on August 11, 2009 at Goa under the Companies Act, 1956, as amended. The name of the Acquirer has never been changed since the date of its incorporation.

3.2 The Acquirer was set up for manufacturing and trading of organic and inorganic fertilizers. The Acquirer is presently setting up a 600 TPD Single Super Phosphate (SSP) fertilizer plant at Mahad in Maharashtra.

3.3 The Acquirer is registered with the Registrar of Companies, Goa, Daman and Diu, bearing CIN - U24120GA2009PLC006158. The registered office of Acquirer is situated at Jai Kisaan Bhawan, Zuarinagar, Goa – 403 726, Tel: 0832 2592440, Fax: 0832 2555279.

3.4 The Acquirer is part of the Adventz Group. The Adventz Group, controlled by Mr. Saroj Kumar Poddar, comprises of companies in various verticals with major interests in agri-business, engineering and infrastructure, emerging lifestyles and services.

3.5 The Acquirer is a wholly-owned subsidiary of PAC. The issued and paid up share capital of Acquirer is INR 15,35,00,000 comprising 1,53,50,000 equity shares of face value of INR 10 per equity share. As on the date of this Draft Letter of Offer, the Acquirer does not have any partly paid-up equity shares.

3.6 The equity shares of the Acquirer are not listed on any stock exchange. The shareholding pattern of the Acquirer as on the date of this DLoF is as follows:

Sr. No.	Shareholder's Category	No. of equity shares held	Percentage of equity shares held
1	Promoters	1,53,50,000	100.00%
2	FII/ Mutual-Funds/ FIs / Banks	-	-
3	Public	-	-

Sr. No.	Shareholder's Category	No. of equity shares held	Percentage of equity shares held
	Total Paid Up Capital	**1,53,50,000**	**100.00%**

3.7 Names, details of experience, qualifications, and date of appointment of the directors on the board of directors of the Acquirer, are as follows:

Sr. No.	Name of Director, DIN and Designation	Experience	Qualification	Date of Appointment
1.	Mr. Saroj Kumar Poddar DIN: 00008654 Designation: Director	Over 40 years of experience. Leading Indian industrialist of international repute and chairman of the Adventz Group. The group has promoted various projects including joint ventures with leading international corporations.	B. Com (Hons) from Calcutta University	May 31, 2011
2.	Mr. Narayanan Suresh Krishnan DIN: 00021965 Designation: Director	Over 27 years of experience in corporate finance, strategy planning in fertilisers, energy, infrastructure and cement sectors. Associated with Adventz Group and related companies for nearly two decades.	B.E. Hons and M.Sc. from BITS (Pilani)	August 11, 2009
3.	Mr. Naveen Kumar Kapoor DIN: 01680157 Designation: Director	Over 35 years of experience in Agri business; worked with Chambal Fertilisers and several other multinational companies, professional experience includes diverse functional responsibilities in sales and marketing, supply chain, and international trade	B.Sc., M.B.A	August 11, 2009
4.	Mr. Soundara Raghavan Rangachari DIN: 00362555 Designation: Director	Over 40 years of experience in corporate finance, strategy, planning, operations for industries such as fertilizers, chemicals, steel, textile and electronics	Chartered Accountant & Company Secretary	May 9, 2013

There are no directors representing the Acquirer on the Board of Directors of the Target Company.

3.8 As on the date of this DLoF, the Acquirer holds 1,95,14,211 Equity Shares representing 16.47% of the Voting Share Capital of the Target Company and is a promoter of the Target Company. Except for this holding in the Target Company and being a promoter of the Target Company, the Acquirer, its directors and its key managerial employees have no other interest in the Target Company.

3.9 The Acquirer did not hold any Equity Shares in the Target Company prior to September 23, 2011 and hence the provisions of Chapter II of the SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 1997 and subsequent amendments thereto are not applicable to the Acquirer. The Acquirer has complied with the applicable provisions of Chapter V of the SEBI (SAST) Regulations, with respect to its holding in the Target Company, within the time period specified therein.

3.10 As on the date of this Draft Letter of Offer, the Acquirer has not acquired any Equity Shares of the Target Company post the date of the PA.

3.11 The key financial information of Acquirer is as follows:

All figures in INR crores

Profit & Loss Statement	6 Months Ended September 30	Financial Year Ended March 31,		
	2014	**2014**	**2013**	**2012**
Income from Operations	0.00	0.94	-	-
Other Income	2.02	5.94	3.61	0.86
Total Income	**2.02**	**6.88**	**3.61**	**0.86**
Total Expenditure	**1.40**	**3.96**	**4.60**	**1.59**
Profit/(Loss) before Depreciation, Interest & Tax	**0.62**	**2.92**	**(0.99)**	**(0.73)**
Depreciation	0.01	0.02	0.02	0.02
Interest and Finance Charges	6.54	10.49	2.45	0.42
Profit/ (Loss) Before Tax	**(5.93)**	**(7.59)**	**(3.46)**	**(1.17)**
Provision for Tax	-	-	-	-
Profit/ (Loss) After Tax	**(5.93)**	**(7.59)**	**(3.46)**	**(1.17)**

All figures in INR crores

Balance Sheet	6 Months Ended September 30	As on March 31,		
	2014	**2014**	**2013**	**2012**
Sources of Funds				
Paid up Share Capital	15.35	15.35	0.05	0.05
Reserves and Surplus (excluding Revaluation Reserves)	(18.38)	(12.45)	(4.86)	(1.40)
Net worth	**(3.03)**	**2.90**	**(4.81)**	**(1.35)**
Secured Loans	35.16	22.45	-	-
Unsecured Loans	177.39	148.28	46.67	67.50
Total	**209.52**	**173.63**	**41.86**	**66.15**
Uses of funds				
Net fixed assets (Note – 1)	65.16	49.94	11.78	4.59
Investments	95.51	95.51	-	-
Net current assets	39.77	18.12	16.59	18.51
Other net assets	9.09	10.06	13.49	43.05
Total miscellaneous expenditure not written off	0.00	-	-	-
Total	**209.52**	**173.63**	**41.86**	**66.15**

(In INR, except percentages)

Other Financial Data	6 Months Ended September 30	Financial Year Ended March 31,		
	2014	**2014**	**2013**	**2012**
Dividend (%)	-	-	-	-
Earnings Per Share (EPS) - Basic and Diluted	(7.70)*	(14.12)	(692.35)	(232.20)

** EPS is calculated on the basis of net income for 6 month period ended September 30, 2014 and is annualized.*

Note:

1. *Net Fixed Assets include Capital Work-in-progress.*
2. *The financial information set forth above has been extracted from the audited financial statements of the Acquirer as at and for the financial years ended March 31, 2014, March 31, 2013 and March 31, 2012 and management certified financial statements of the Acquirer as at and for the 6 month period ended September 30, 2014.*

3.12 As on September 30, 2014, the Acquirer does not have any contingent liabilities.

B. Zuari Agro Chemicals Limited

3.13 PAC was incorporated as a public limited company on September 10, 2009 at Goa under the Companies Act, 1956, as amended in the name and style as 'Zuari Holdings Limited'. The name of PAC was changed to its present name on September 28, 2012 pursuant to fresh certificate of incorporation, consequent upon change of name, issued by Registrar of Companies, Goa, Daman and Diu.

3.14 PAC, part of the Adventz Group, manufactures, sells, and trades fertilizers in India. It has manufacturing facilities at Zuarinagar, Goa, which produce Urea and complex fertilizers. It also sells other agricultural inputs, such as micronutrients, specialty fertilizers, composts, organic manure and seeds.

3.15 PAC is registered with the Registrar of Companies, Goa, Daman and Diu, bearing CIN - L65910GA2009PLC006177. The registered office of PAC is situated at Jai Kisaan Bhawan, Zuarinagar, Goa – 403 726, Tel: 0832 2592440, Fax: 0832 2555279. The corporate office of PAC is situated at Global Business Park, Tower 'A', 5th Floor, M.G. Road, Gurgaon – 122 002, Haryana.

3.16 PAC is the holding company of the Acquirer. PAC is a part of the Adventz Group which is controlled by Mr. Saroj Kumar Poddar.

3.17 The issued and paid up share capital of PAC is INR 42,05,80,060 comprising of 4,20,58,006 equity shares of INR 10 each. The brief shareholding pattern of PAC as on December 12, 2014 is provided below:

Sr. No.	Shareholder's Category	No. of equity shares held	Percentage of equity shares held
1	Promoters and Promoter Group	2,74,58,274	65.29%
2	FII/ Mutual-Funds/ FIs / Banks	25,60,597	6.09%
3	Public	1,20,39,135	28.62%
	Total Paid Up Capital	**4,20,58,006**	**100.00%**

As on December 12, 2014, except as mentioned below, no public shareholder is holding more than 5% of the equity capital of PAC:

Sr. No.	Shareholder	No. of equity shares held	Percentage of equity shares held
1	SIL Investments Limited	32,08,000	7.62%

3.18 Names, details of experience, qualifications, and date of appointment of the directors on the board of directors of PAC, are as follows:

Sr. No.	Name of Director, DIN and Designation	Experience	Qualification	Date of Appointment
1.	Mr. Saroj Kumar Poddar DIN: 00008654 Designation: Chairman	Over 40 years of experience. Leading Indian industrialist of international repute and chairman of the Adventz Group. The	B. Com (Hons) from Calcutta University	May 20, 2011

		group has promoted various projects including joint ventures with leading international corporations.		
2.	Mr. Akshay Poddar DIN: 00008686 Designation: Whole-time Director	Over 14 years of track record of promoting and managing businesses in diversified industries like fertilizers, agri-inputs, heavy engineering, process engineering, sugar, consumer products, real estate, investments and furniture etc.	Honors in Accounting & Finance from London School of Economics and Political Science, University of London	November 14, 2011
3.	Mr. Narayanan Suresh Krishnan DIN: 00021965 Designation: Managing Director	Over 26 years of experience in corporate finance, strategy planning in fertilisers, energy, infrastructure and cement sectors, he has been associated with the Adventz Group and related companies over nearly two decades.	B.E. Hons and M.Sc. from BITS (Pilani)	September 10, 2009
4.	Mr. Jayant Narayan Godbole DIN: 00056830 Designation: Director	Over 37 years of diversified experience ranging from production-in-charge of a private sector SSI, Managing Director of IDBI, advisor to state Government of Sabah in Malaysia	Chemical engineer from IIT Bombay and MBA in Financial Management from Jamnalal Bajaj Institute of Management Studies	May 20, 2011
5.	Mr. Marco Philippus Ardeshir Wadia DIN: 00244357 Designation: Director	Over 28 years of experience in the legal profession with specialization in corporate matters, mergers and acquisitions, Partner in Crawford Bayley & Co., Advocates and Solicitors	LLB	May 20, 2011
6.	Mr. Gopal Krishna Pillai DIN: 02340756 Designation: Director	Retired IAS official, served in the state level and the central level at various positions. Mr. Pillai retired from government service in June 2011 after serving as Secretary, Ministry of Home Affairs	M.Sc. in Chemistry from IIT Madras	July 30, 2012

There are no directors representing PAC on the Board of Directors of the Target Company.

3.19 As on the date of this DLoF, PAC does not hold any Shares of the Target Company. Except for the following agreements with the Target Company and being a part of the promoter group of the Target Company, the PAC, its directors and its key managerial employees have no other interest in the Target Company:

- PAC has executed a contract manufacturing agreement dated March 13, 2014 with the Target Company for manufacturing of Di Ammonium Phosphate and NPK (20:20:0:13);

- PAC has executed a memorandum of understanding dated April 11, 2014 with the Target Company for sale of Di Ammonium Phosphate and Muriate of potash on high sea sale basis.

- PAC has executed a High Sea Sales agreement dated November 7, 2014 with the Target Company for sale of Phosphoric Acid.

- PAC has executed a contract for Handling & Transportation of Imported Fertilizers dated November 15, 2014 with the Target Company.

3.20 As PAC has never held any Equity Shares of the Target Company in the past 10 years, the provisions with regard to disclosures under Chapter II of the SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 1997 and subsequent amendments thereto, and the provisions with regard to disclosures under Chapter V of the SEBI (SAST) Regulations are not applicable to PAC.

3.21 As on the date of this Draft Letter of Offer, PAC has not acquired any Equity Shares of the Target Company post the date of the PA.

3.22 The key financial information of PAC is as follows:

All figures in INR crores

Profit & Loss Statement	**6 Months Ended September 30**	**Financial Year Ended March 31,**		
	2014	**2014**	**2013**	**2012**
	Standalone	**Consolidated**		
Net Income from Operations	2,561.07	7,340.75	7,889.14	8,221.26
Other Income	19.64	80.05	101.50	93.40
Total Income	**2,580.71**	**7,420.80**	**7,990.64**	**8,314.66**
Total Expenditure	**2,471.59**	**7,072.97**	**7,554.05**	**7,930.67**
Profit/(Loss) before Depreciation, Interest & Tax	**109.12**	**347.83**	**436.59**	**383.99**
Depreciation	8.58	34.02	38.09	28.64
Interest and Finance Charges	124.66	379.82	303.34	87.91
Profit/ (Loss) Before Tax	**(24.13)**	**(66.01)**	**95.16**	**267.44**
Tax	(8.19)	(9.44)	20.72	86.85
Profit/ (Loss) After Tax	**(15.94)**	**(56.57)**	**74.44**	**180.59**
Less: Share of Minority Interest in Profits	-	(12.30)	10.13	16.18
Net Profit / (Loss) After Tax and Minority Interest attributable to shareholders of ZACL	**(15.94)**	**(44.27)**	**64.31**	**164.41**

All figures in INR crores

Balance Sheet	**6 Months Ended September 30**	**As on March 31,**		
	2014	**2014**	**2013**	**2012**
	Standalone	**Consolidated**		
<u>Sources of Funds</u>				
Paid up Share Capital	42.06	42.06	42.06	42.06
Reserves & Surplus (excluding Revaluation Reserves)	743.14	975.34	1,026.96	977.42
Net worth	**785.20**	**1,017.40**	**1,069.02**	**1,019.48**
Secured Loans	1,393.32	3,545.58	3,983.95	3,251.72
Unsecured Loans	350.00	201.01	442.50	325.00
Other Net Liabilities (Note – 1)	-	91.09	26.72	48.28
Total	**2,528.51**	**4,855.08**	**5,522.19**	**4,644.48**
<u>Uses of funds</u>				

Net fixed assets (Note – 2)	323.49	731.59	508.38	395.64
Investments	328.90	205.84	0.77	0.81
Net current assets	1,811.71	3,917.65	5,013.04	4,248.03
Other Net non-current Asset(Note -1)	64.42	-	-	-
Total miscellaneous expenditure not written off	-	-	-	-
Total	**2,528.51**	**4,855.08**	**5,522.19**	**4,644.48**

(In INR, except percentages)

Other Financial Data	6 Months Ended September 30	Financial Year Ended March 31,		
	2014	2014	2013	2012
	Standalone	Consolidated		
Dividend (%)	-	30%	30%	30%
Earnings Per Share (EPS) - Basic and Diluted	(7.56)*	(10.52)	15.29	49.35

** EPS is calculated on the basis of net income for 6 month period ended September 30, 2014 and is annualized.*

Notes:

1. *Other Net liabilities include aggregate of Other Long Term Liabilities, Long Term Provisions, Deferred Tax Liabilities and Minority Interest after netting off Long Term Loans and Advances, Other Non-Current Assets, and Deferred Tax Assets.*
2. *Net Fixed Assets include Goodwill on Consolidation and Capital Work-in-progress.*
3. *The financial information set forth above has been extracted from the audited consolidated financial statements of PAC as at and for the financial year ended March 31, 2014, March 31, 2013 and March 31, 2012 and from the limited reviewed standalone financial statements of PAC as at and for the 6 month period ended September 30, 2014.*
4. *The fertilizer business of Zuari Global Limited (erstwhile Zuari Industries Limited) was demerged into PAC with effect from July 1, 2011.*

3.23 Details of contingent liabilities of PAC as on September 30, 2014 is as provided below:

Particulars	Amount (INR Crore)
Custom/Excise Demands	5.26
Sales Tax/ VAT Demands	0.72
Claims by suppliers and Others	1.51
Total	**7.49**
Bank Guarantees	84.03

3.24 The equity shares of PAC are listed on BSE (Scrip ID: ZUARIAGRO, Scrip Code: 534742) and NSE (Symbol: ZUARI, ISIN: INE840M01016). The equity shares of PAC were listed on BSE and NSE on November 27, 2012 pursuant to demerger of the fertilizer business of Zuari Global Limited (erstwhile Zuari Industries Limited) into PAC. The closing price of the equity shares of the PAC as quoted on BSE on December 17, 2014 is Rs. 250.40 and on NSE on December 17, 2014 is Rs. 248.05.

3.25 The PAC has complied with all the provisions of the listing agreements of the BSE and the NSE relating to corporate governance.

3.26 Details of the compliance officer of the PAC are as follows:
Mr. R.Y. Patil
Chief General Manager & Company Secretary
Zuari Agro Chemicals Limited

Jai Kisaan Bhawan
Zuarinagar – Goa 403 726
Tel No. : 91-832-2592440
Fax No. : 91-832-2555279
E-mail: shares@adventz.com
investor.relations@adventz.com

Relationship between the Acquirer and PAC:

The Acquirer is a wholly-owned subsidiary of PAC.

4. BACKGROUND OF THE TARGET COMPANY

4.1 The Target Company, a public limited company, was incorporated on July 18, 1966 as 'Malabar Chemicals & Fertilizers Limited' in Bangalore under the provisions of the Companies Act, 1956, as amended. The name was subsequently changed to 'Mangalore Chemicals & Fertilizers Limited' on August 25, 1971. There has been no change in the name of the Target Company in the last 3 (three) years.

4.2 The Target Company is registered with the Registrar of Companies, Karnataka, bearing CIN - L24123KA1966PLC002036. Its registered office is situated at UB Tower, Level 11, UB City, No. 24, Vittal Mallya Road, Bangalore – 560001.

4.3 The Target Company is engaged in the manufacture and sale of urea, di-ammonium phosphate and complex fertilizers, ammonium bi-carbonate, sulphonated naphthalene formaldehyde, plant nutrition products and plant protection chemicals. It has one manufacturing facility located at Penambur, Mangalore in Karnataka.

4.4 The equity share capital structure of the Target Company is set forth below:

Particulars	Issued and paid up capital	Percentage of Voting Share Capital
Fully paid up Equity Shares as of the PA date	11,85,15,150	100.0
Partly paid up Equity Shares as of the PA date	Nil	Nil
Total paid up Equity Shares as of the PA date	11,85,15,150	100.0
Voting Share Capital	**11,85,15,150**	**100.0**

4.5 All the Equity Shares are listed on BSE (Scrip ID: MANGCHEM, Scrip Code: 530011), NSE (Symbol: MANGCHEFER, ISIN: INE558B01017), and BgSE, and are not currently suspended from trading on any of the Stock Exchanges. The Equity Shares of the Target Company are frequently traded on BSE and NSE and are infrequently traded on BgSE within the meaning of Regulation 2(1)(j) of the SEBI (SAST) Regulations.

4.6 As on the date of this DLoF, there are currently no outstanding partly paid up equity shares or any other instruments convertible into Equity Shares of the Target Company at a future date.

4.7 The details of the board of directors of the Target Company are provided below:

Name of the Director	Date of appointment	Designation
Mrs. Ritu Mallya	December 4, 2014	Director
Mr. Deepak Anand	April 27, 2005	Managing Director

Mr. S R Gupte	December 23, 1996	Director
Mr. Pratap Narayan	January 31, 2002	Independent Director
Mr. Srinivasulu Reddy Magunta	August 7, 2014	Independent Director
Mr. K Prabhakar Rao	October 27, 2006	Whole-time Director

4.8 The Target Company has not been involved in any merger, de-merger, spin-off or hiving off during the last 3 (three) years.

4.9 Brief audited financials of the Target Company as of and for the financial years ended March 31, 2014, 2013 and 2012 and limited reviewed financials for the 6 months ended September 30, 2014 are provided below:

All figures in INR crores

Profit & Loss Statement	**6 Months Ended September 30**	**Financial Year Ended March 31,**		
	2014	**2014**	**2013**	**2012**
Income from Operations	1,627.72	3,310.26	2,779.59	3,707.18
Other Income	2.44	4.54	10.45	12.95
Total Income	**1,630.16**	**3,314.81**	**2,790.04**	**3,720.13**
Total Expenditure	**1,523.79**	**3,090.05**	**2,604.81**	**3,511.40**
Profit/(Loss) before Depreciation, Interest & Tax	**106.37**	**224.76**	**185.22**	**208.74**
Interest & Bank Charges	62.97	102.45	86.97	29.11
Depreciation	13.30	28.76	29.01	77.16
Profit/ (Loss) Before Tax	**30.10**	**93.55**	**69.24**	**102.47**
Tax	(2.70)	22.62	2.67	33.37
Profit/ (Loss) After Tax	**32.80**	**70.93**	**66.57**	**69.10**

All figures in INR crores

Balance Sheet	**6 Months Ended September 30**	**As on March 31,**		
	2014	**2014**	**2013**	**2012**
Sources of Funds				
Paid up Share Capital	118.55	118.55	118.55	118.55
Reserves & Surplus (excluding Revaluation Reserves)	468.01	437.23	382.94	333.01
Amount received against Conversion of Warrants	-	-	-	-
Net worth	**665.86**	**555.78**	**501.49**	**451.55**
Secured Loans	663.27	1,434.29	1,142.09	1,181.67
Unsecured Loans	87.38	87.38	87.38	142.38
Other non-current liabilities	125.04	129.66	85.23	77.22
Total	**1,462.25**	**2,207.11**	**1,816.19**	**1,852.82**
Uses of funds				
Net fixed assets (excluding Revaluation Reserves)	564.11	545.87	403.59	407.95
Investments	200.00	200.00	200.00	-
Net current assets	628.91	1,386.28	1,183.42	1,265.16
Other non-current assets	69.23	74.96	29.17	179.71
Total miscellaneous expenditure not written off	-	-	-	-
Total	**1,462.25**	**2,207.11**	**1,816.19**	**1,852.82**

(In INR, except percentages)

Other Financial Data	6 Months Ended September 30	Financial Year Ended March 31,		
	2014	2014	2013	2012
Dividend (%)	-	12%	12%	12%
Earnings Per Share (EPS) - Basic and Diluted	5.53*	5.99	5.62	5.83
Return on Net worth (%)	11.18%*	12.76%	13.27%	15.30%
Book Value per share	49.48	46.90	42.31	38.10

** EPS and Networth are calculated on the basis of net income for 6 month period ended September 30, 2014 and are annualized.*

(Source: Letter from the Target Company dated December 16, 2014)

4.10 The shareholding pattern of the Target Company before and after this Offer (considering shareholding information as on December 12, 2014) is as follows:

(All % figures given below are calculated on the Voting Share Capital)

Shareholders' category	Shareholding & voting rights prior to the agreement/ acquisition and Offer.		Shares /voting rights agreed to be acquired which triggered off the SEBI (SAST) Regulations		Shares/voting rights to be acquired in Offer (Assuming full acceptance)		Shareholding / voting rights after the acquisition and offer.	
	(A)		(B)		(C)		(A)+(B)+(C)	
	No.	%	No.	%	No.	%	No.	%
(1) Promoter group								
a. Parties to agreement, if any	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
b. Promoters other than (a) above and 2(a) below	2,60,42,896	21.97	Nil	Nil	Nil	Nil	2,60,42,896	21.97
Total 1 (a+b)	**2,60,42,896**	**21.97**	**Nil**	**Nil**	**Nil**	**Nil**	**2,60,42,896**	**21.97**
(2) Acquirers*								
a. Main Acquirer	1,95,14,211	16.47	Nil	Nil	3,07,00,000	25.90	5,02,14,211	42.37
b. PACs	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Total 2 (a+b)	**1,95,14,211**	**16.47**	**Nil**	**Nil**	**3,07,00,000**	**25.90**	**5,02,14,211**	**42.37**
Total (1 + 2)	**4,55,57,107**	**38.44**	**Nil**	**Nil**	**3,07,00,000**	**25.90**	**7,29,58,043**	**61.56**
(3) Parties to agreement other than(1) (a) & (2)	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
(4) Public (other than parties to agreement, acquirers & PACs)								
a. FIs/MFs/FIIs/ Banks, SFIs	43,06,052	3.63	Nil	Nil	This will depend on the response from and within each category of (4)			
b. Others	6,86,51,991	57.93	Nil	Nil				
Total (4)(a+b)	**7,29,58,043**	**61.56**	**Nil**	**Nil**	**(3,07,00,000)**	**(25.90)**	**4,22,58,043**	**35.66**
GRAND TOTAL (1+2+3+4)	**11,85,15,150**	**100.00**	**Nil**	**Nil**	**Nil**	**Nil**	**11,85,15,150**	**100.00**

** The Acquirer and the PAC are a part of the promoter/ promoter group of the Target Company.*

4.11 SEBI may initiate appropriate action against the existing promoters of the Target Company for violation of the SEBI (SAST) Regulations, in terms of the SEBI Act, SEBI (SAST) Regulations and other applicable regulations in this regard.

4.12 <u>Material development(s) in relation to the Target Company:</u>

As per Government of India (GoI) notification No. 12012/3/2010-FPP dated April 02, 2014, under clause 4 - "The production of high cost naphtha based urea units namely SPIC (Tuticorin), MFL (Manali) and MCFL (Mangalore) will continue under modified NPS-III till the gas availability and connectivity is provided to these units or June 2014 whichever is earlier, beyond which subsidy for naphtha based plants will not be paid." As per Government of India notification no. 12012/3/2010-FPP dated September 03, 2014, urea production was approved for a period upto September 30, 2014. In view of the above, the urea plant of the Target Company has been shut from October 01, 2014. The Target Company is taking appropriate action to resolve the matter including legal options.

5. OFFER PRICE AND FINANCIAL ARRANGEMENTS

5.1 Justification of Offer Price

5.1.1 This Offer is a voluntary open offer, being made to the Shareholders of the Target Company pursuant to Regulation 6 of the SEBI (SAST) Regulations.

5.1.2 The Equity Shares of the Target Company are listed on BSE, NSE and BgSE.

5.1.3 The annualized trading turnover based on the trading volume of the Equity Shares of the Target Company on BSE, NSE and BgSE during December 1, 2013 to November 30, 2014 i.e. 12 (twelve) calendar months preceding December 2014, the month in which the PA was issued, is as under:

Stock Exchange	Number of Equity Shares traded during the 12 calendar months prior to the month in which the PA was issued	Total number of listed Equity Shares during this period	Annualized trading turnover (as a percentage of total listed Equity Shares)
BSE	2,32,82,021	11,85,15,150	19.64%
NSE	4,79,50,990	11,85,15,150	40.46%
BgSE	Trading data is Not Available		

Source: www.bseindia.com and www.nseindia.com

Therefore, in terms of Regulation 2(1)(j) of the SEBI (SAST) Regulations, the Equity Shares are frequently traded on NSE and BSE and infrequently traded on BgSE.

5.1.4 Further, the Equity Shares are more frequently traded on NSE as compared to BSE in terms of trading volume during the immediately preceding 60 (sixty) trading days from the date of the PA, which is detailed below:

Stock Exchange	Number of Equity Shares traded during immediately preceding 60 trading days from the date of the PA
BSE	1,09,04,796
NSE	2,13,94,433

Source: www.bseindia.com and www.nseindia.com

5.1.5 The Offer Price of Rs. 91.92 (Rupees Ninety One and Paise Ninety Two only) per Equity Share is justified in terms of Regulations 8(2) and 8(5) of the SEBI (SAST) Regulations, being higher than the highest of the following:

(a)	Highest negotiated price for any acquisition under the agreement attracting the obligation to make the Offer	Not Applicable
(b)	Volume-weighted average price paid or payable by the Acquirer or the PAC, during the 52 weeks immediately preceding the date of the PA.	Rs. 81.60*
(c)	Highest price paid or payable for any acquisition, by the Acquirer or the PAC, during the 26 weeks immediately preceding the date of the PA.	Rs. 81.60
(d)	Volume-weighted average market price of the Equity Shares for a period of 60 trading days immediately preceding the date of the PA as traded on the stock exchange where the maximum volume of trading in the Equity Shares are recorded during such period, provided such Equity Shares are frequently traded.	Rs. 91.9133
(e)	Per Equity Share value, as required under Regulation 8(5) of the SEBI (SAST) Regulations.	Not Applicable

** The Acquirer acquired 42,424 shares in the open offer made pursuant to the public announcement dated May 12, 2014 at a price of Rs. 81.60 per share, plus interest of INR 1.30 per Equity Share calculated at 10% per annum per Equity Share payable to the successful shareholders for the validly accepted shares due to the delay in payment beyond the scheduled payment date. Other than the aforementioned, neither the Acquirer, nor the PAC have acquired any shares during 52 weeks immediately preceding the date of the Public Announcement.*
(Source: Certificate dated December 9, 2014 from M/s. K. J. Sheth & Associates (Chartered Accountants))

5.1.6 The price and volume data of the Equity Shares on NSE, i.e. where the Equity Shares are most frequently traded, for a period of 60 (sixty) trading days immediately preceding the date of the PA, as per Regulation 8(2) of the SEBI (SAST) Regulations, are set forth below:

Sr. No.	Date	Total Traded Quantity of Equity Shares	Total Turnover (in Rs. Lakhs)	Volume weighted average price (in Rs.)
1	3-Dec-14	61,691	53.75	87.13
2	2-Dec-14	227,901	200.48	87.97
3	1-Dec-14	1,018,885	953.70	93.60
4	28-Nov-14	32,703	26.81	81.98
5	27-Nov-14	38,903	31.25	80.33
6	26-Nov-14	28,886	23.31	80.70
7	25-Nov-14	48,194	37.88	78.60
8	24-Nov-14	43,622	35.30	80.92
9	21-Nov-14	38,371	31.39	81.81
10	20-Nov-14	34,359	28.78	83.76
11	19-Nov-14	52,131	45.27	86.84

Sr. No.	Date	Total Traded Quantity of Equity Shares	Total Turnover (in Rs. Lakhs)	Volume weighted average price (in Rs.)
12	18-Nov-14	96,238	84.89	88.21
13	17-Nov-14	720,711	672.82	93.36
14	14-Nov-14	10,345	8.34	80.62
15	13-Nov-14	50,158	40.38	80.51
16	12-Nov-14	34,606	29.02	83.86
17	11-Nov-14	31,529	27.03	85.73
18	10-Nov-14	57,956	50.93	87.88
19	7-Nov-14	51,841	43.08	83.10
20	5-Nov-14	20,239	17.13	84.64
21	3-Nov-14	50,082	42.85	85.56
22	31-Oct-14	66,525	57.24	86.04
23	30-Oct-14	48,951	43.17	88.19
24	29-Oct-14	28,927	25.62	88.57
25	28-Oct-14	42,009	36.56	87.03
26	27-Oct-14	73,949	66.72	90.22
27	23-Oct-14	14,402	12.80	88.88
28	22-Oct-14	116,119	105.35	90.73
29	21-Oct-14	71,736	64.35	89.70
30	20-Oct-14	646,633	612.56	94.73
31	17-Oct-14	1,518,689	1,432.45	94.32
32	16-Oct-14	1,110,692	1,044.66	94.05
33	14-Oct-14	874,994	830.10	94.87
34	13-Oct-14	1,106,087	1,051.05	95.02
35	10-Oct-14	129,654	122.54	94.51
36	9-Oct-14	274,057	261.31	95.35
37	8-Oct-14	957,706	966.45	100.91
38	7-Oct-14	1,246,919	1,285.20	103.07
39	1-Oct-14	1,234,590	1,256.73	101.79
40	30-Sep-14	1,121,634	1,086.57	96.87
41	29-Sep-14	3,726,697	3,496.54	93.82
42	26-Sep-14	1,682,406	1,456.91	86.60
43	25-Sep-14	264,364	195.46	73.94
44	24-Sep-14	187,148	141.07	75.38
45	23-Sep-14	379,016	290.72	76.70
46	22-Sep-14	408,768	311.79	76.28
47	19-Sep-14	65,010	47.38	72.88
48	18-Sep-14	68,713	49.64	72.24
49	17-Sep-14	130,603	94.01	71.98
50	16-Sep-14	320,413	228.71	71.38
51	15-Sep-14	36,270	25.13	69.29
52	12-Sep-14	73,601	51.30	69.70

Sr. No.	Date	Total Traded Quantity of Equity Shares	Total Turnover (in Rs. Lakhs)	Volume weighted average price (in Rs.)
53	11-Sep-14	109,509	77.09	70.40
54	10-Sep-14	26,137	18.00	68.87
55	9-Sep-14	82,516	57.53	69.72
56	8-Sep-14	32,345	22.22	68.70
57	5-Sep-14	87,811	60.30	68.67
58	4-Sep-14	51,925	36.17	69.66
59	3-Sep-14	175,257	122.81	70.07
60	2-Sep-14	52,300	35.72	68.30
Total		**21,394,433**	**19,664**	
Volume Weighted Average Market Price (Total turnover divided by total traded Equity Shares)				**91.9133**

(*Source: NSE website*)

5.1.7 In view of the various parameters considered and presented in the table in paragraph 5.1.5, above, in the opinion of the Acquirer, PAC and the Manager to the Offer, the Offer Price of Rs. 91.92 (Rupees Ninety One and Paise Ninety Two only) per Equity Share, being higher than the highest of the prices mentioned above, is justified in terms of Regulation 8 of the SEBI (SAST) Regulations.

5.1.8 There have been no corporate actions by the Target Company warranting adjustment of any of the relevant price parameters under Regulation 8(9) of the SEBI (SAST) Regulations. *(Source: www.nseindia.com, www.bseindia.com)*. The Offer Price may be revised in the event of any corporate actions like bonus, rights, split etc. where the record date for effecting such corporate actions falls within 3 (three) Working Days prior to the commencement of tendering period of the Offer.

5.1.9 There has been no revision in the Offer Price by the Acquirer and/or the PAC as of the date of this Draft Letter of Offer. Any upward revision in the Offer Price and/or Offer Size may be done at any time prior to the commencement of the last three working days before the date of commencement of the Tendering Period i.e. by Thursday, January 22, 2015 and will be notified to Shareholders.

5.1.10 Revisions in the Offer Price for any reason including competing offers shall be done prior to the commencement of the last 3 (three) Working Days before the commencement of the Tendering Period and will be notified to the Shareholders by (i) notification to the Stock Exchanges, SEBI and the Target Company at its registered office, and (ii) public announcement in the same newspapers in which the DPS has been published. Further, in the event of such revision, the Acquirer / PAC shall make corresponding increases to the Escrow Amount. Such revision would be done in compliance with other formalities prescribed under the SEBI (SAST) Regulations.

5.1.11 The Acquirer and/or PAC shall not acquire any Equity Shares of the Target Company during the Offer Period other than under the Offer. Further, the Acquirer and/or PAC shall not acquire any Equity Shares of the Target Company for a period of six months after completion of the Offer except pursuant to another voluntary open offer, provided that the Acquirer and/or PAC shall be entitled to making a competing offer upon any other person making an open offer for acquiring the Equity Shares.

5.1.12 If the Acquirer and /or the PAC acquire any Equity Shares during the period of 26 (twenty-six) weeks after the Tendering Period under another open offer under the SEBI (SAST) Regulations, or pursuant to the SEBI (Delisting of Equity Shares) Regulations, 2009 at a price higher than the Offer Price, no difference in price shall be required to be paid to the Shareholders whose Equity Shares have been accepted in the Offer.

5.2 Financial Arrangements

5.2.1 The Maximum Consideration for this Offer is Rs. 282,19,44,000 (Rupees Two Hundred and Eighty Two Crore, Nineteen Lakhs, Forty Four Thousand only) assuming full acceptance of this Offer and the same is not subject to differential pricing.

5.2.2 The Acquirer has made firm financial arrangements for financing the acquisition of Shares under the Offer, in terms of Regulation 25(1) of the SEBI (SAST) Regulations. The Acquirer proposes to fund the Offer from its domestic bank accounts and / or through PAC, from its available / arranged domestic funds through infusion of share capital and / or extension of loan and / or inter-corporate deposits to the Acquirer.

5.2.3 The Acquirer has furnished an unconditional, irrevocable and on demand bank guarantee dated December 9, 2014 in favour of the Manager to the Offer from HDFC Bank Limited acting through its Panjim branch, Goa having bank guarantee No: 059GT01143430002 for an amount of INR 70,55,00,000 (Rupees Seventy Crores Fifty Five Lacs only) (the "**Bank Guarantee**") in terms of Regulation 17(3)(b) of the SEBI (SAST) Regulations, which is more than the minimum prescribed amount of 25% of the Offer Size calculated in accordance with Regulation 17(1) of the SEBI (SAST) Regulations. The Manager to the Offer has been duly authorised to realize the value of the Bank Guarantee in terms of the SEBI (SAST) Regulations. The Acquirer undertakes that in case the Offer process is not completed within the validity period of the Bank Guarantee i.e. by April 15, 2015, then the Bank Guarantee will be further extended by at-least 30 (thirty) days from the date of completion of payment of consideration to the Shareholders who have validly tendered the equity Shares held by them in the Target Company in this Offer.

5.2.4 Further, the Acquirer and the Manager to the Offer have, entered into an escrow agreement dated December 9, 2014 with HDFC Bank Limited acting through its branch at Manekji Wadia Building, Ground Floor, Nanik Motwani Marg, Fort, Mumbai – 400 001, in terms of which the Acquirer has opened a cash Escrow Account with the Escrow Bank. The Acquirer has deposited a sum of INR 2,83,00,000 (Rupees Two Crores Eighty Three Lakhs) in the Escrow Account being higher than the amount required under Regulation 17(4) of the SEBI (SAST) Regulations (i.e. 1% (one per cent) of the Maximum Consideration). The Manager to the Offer has been authorized by the Acquirer to operate and realize the monies lying to the credit of the Escrow Account in terms of the SEBI (SAST) Regulations.

5.2.5 In case of any upward revision of the Offer Price and / or the Offer Size, the Acquirer shall deposit such additional funds into the Escrow Account and / or increase the Bank Guarantee amount by such extent, so as to comply with the requirements of Regulation 17 of the Regulations, prior to effecting such revision in terms of Regulation 17(2) of the SEBI (SAST) Regulations.

5.2.6 M/s. V. Sankar Aiyar & Co., Chartered Accountants (having membership no. 081350), having their address at Satyam Cinema Complex, Ranjit Nagar Community Centre, New Delhi – 110 008 (Tel: +91 11 2570 2074; Fax: +91 11 2570 5010), have vide their letter dated December 4, 2014, certified on the basis of their examination of the financial accounts of the Acquirer and PAC, that they, individually / jointly have adequate liquid financial resources (assets that can be realized) to fulfill all their financial obligations relating to this Offer.

5.2.7 Based on the above, the Manager to the Offer is satisfied that firm financial arrangements through verifiable means have been put in place by the Acquirer to fulfill the payment obligations of the Acquirer and PAC in relation to this Offer in accordance with the SEBI (SAST) Regulations.

6. TERMS AND CONDITIONS OF THIS OFFER

6.1 This Offer is being made by the Acquirer and the PAC to all the Shareholders, whose names appear in the register of members of the Target Company as of the close of business on Tuesday, January 13, 2015 i.e. the Identified Date; (ii) the beneficial owners of the Equity Shares whose names appear as beneficiaries on the records of the respective Depositories, as of the close of business on Tuesday, January 13, 2015, i.e. the Identified Date; and (iii) those persons who acquire the Equity Shares any time prior to the date of the Closure of the Tendering Period for this Offer, i.e. Tuesday, February 10, 2015 but who are not the registered Shareholders.

6.2 This Offer is being made by the Acquirer and the PAC to all the Shareholders to acquire up to 3,07,00,000 (Three Crore Seven Lakh) Equity Shares, representing 25.90% (Twenty Five point Nine Per Cent) of the Voting Share Capital, subject to the terms and conditions mentioned in the PA, DPS and the Letter of Offer.

6.3 This Offer is not conditional upon any minimum level of acceptance in terms of Regulation 19 of the SEBI (SAST) Regulations.

6.4 This Offer is a voluntary open offer in terms of Regulation 6 of the SEBI (SAST) Regulations. This Offer is not a competing offer under Regulation 20 of the SEBI (SAST) Regulations.

6.5 There has been no revision in the Offer Price as of the date of this Draft Letter of Offer. Further revisions in the Offer Price for any reason including competing offers shall be done prior to the commencement of the last three Working Days before the commencement of the Tendering Period and will be notified to the Shareholders by (i) notification to the Stock Exchanges, SEBI and the Target Company at its registered office, and (ii) public announcement in the same newspapers in which the DPS has been published. Such revision would be done in compliance with other formalities prescribed under the SEBI (SAST) Regulations.

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

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

6.8 Each Shareholder to whom this Offer is being made is free to offer the Equity Shares in whole or in part while accepting this Offer.

6.9 The Shareholders who tender their Equity Shares in this Offer shall ensure that the Equity Shares are free and clear from all liens, charges and encumbrances. The Acquirer / PAC shall acquire the Equity Shares that are validly accepted in this Offer, together with all rights attached thereto, including the rights to dividends, bonuses and rights offers declared thereon.

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

6.11 The acceptance of this Offer must be unconditional, absolute and unqualified and should be sent with the attached Form of Acceptance-cum-Acknowledgement duly filled in, signed by the applicant Shareholder(s), which should be received by the Registrar to the Offer at the collection centers mentioned in paragraph 7.5 below on or before **<u>17:00 hours on Tuesday, February 10, 2015</u>**, i.e. Closure of the Tendering Period. In the event any change or modification is made to the Form of Acceptance-cum-Acknowledgement or if any condition is inserted therein by the Shareholder, the Manager to the Offer and the Acquirer reserve the right to reject the acceptance of this Offer by such Shareholder.

6.12 The Shareholders who have accepted this Offer by tendering their Equity Shares and requisite documents in terms of the PA, DPS and the Letter of Offer are **<u>not</u>** entitled to withdraw such acceptance during the Tendering Period for this Offer.

6.13 In the event that the aggregate of the Equity Shares tendered in this Offer by the Shareholders are more than the Offer Size, the acquisition of the Equity Shares from each Shareholder will be on a proportionate basis.

6.14 Incomplete Forms of Acceptance-cum-Acknowledgement, including non-submissions of necessary enclosures, if any, are liable to be rejected. Further, in case the documents/forms submitted are incomplete and/or if they have any defect or modifications, the Equity Shares tendered are liable to be rejected.

6.15 To the best of the knowledge of the Acquirer and the PAC, there are no Equity Shares which are subject to any lock-in conditions.

6.16 **Statutory & Other Approvals**

6.16.1 The Acquirer and the PAC had earlier received an approval from the CCI vide an order dated September 4, 2014, as published on September 15, 2014 to acquire up to 3,08,13,939 equity shares of the Target Company representing 26% of the share capital of the Target Company pursuant to an open offer. However, the Acquirer had acquired only 42,424 equity shares of the Target Company pursuant to such approval. Pursuant to this Offer, the Acquirer seeks to acquire upto 3,07,00,000 equity shares representing 25.90% of the share capital of the Target Company. The Acquirer has intimated the abovementioned facts to the CCI pursuant to a letter dated December 10, 2014 and requested the CCI to consider the Offer as falling under the aegis of the transaction approved by the aforesaid order of CCI dated September 04, 2014, as published on September 15, 2014. Pursuant to the response of CCI, if a specific approval is required by the Acquirer in relation to this Offer, the Acquirer shall file an application with the CCI for the necessary approval.

6.16.2 As of the date of this DLoF, to the best of the knowledge of the Acquirer and the PAC, there are no statutory approvals required by the Acquirer and/or the PAC to complete this Offer other than as set out in 6.16.1 above. However, in case any statutory approvals are required by the Acquirer and/or the PAC at a later date before the Closure of the Tendering Period, this Offer shall be subject to such approvals and the Acquirer and/or PAC shall make the necessary applications for such statutory approvals.

6.16.3 The acquisition of Shares tendered by NRIs and OCBs are subject to approval/exemption, if applicable, from the Reserve Bank of India. NRI and OCB holders of Shares, if any, must obtain all requisite approvals required to tender the Shares held by them pursuant to this Offer (including without limitation, the approval from the RBI or FIPB or any other regulatory body) and submit such approvals, along with the Form of Acceptance-cum-Acknowledgement and other documents required in terms of the Letter of Offer. Further, if the Shareholders who are not persons resident in India (including NRIs, OCBs, QFIs and FIIs) require or had required any approvals (including from the RBI or FIPB or any other regulatory body) in respect of the Shares held by them, they will be required to submit such previous approvals that they would have obtained for holding the Shares, to tender the Shares held by them pursuant to this Offer, along with the other documents required to be tendered to accept this Offer. In the event such approvals are not submitted, the Acquirer and/or PAC reserves its right to reject such Shares tendered in this Offer. If the Equity Shares are held under general permission of the RBI, the non-resident Shareholder should state that the Equity Shares are held under general permission and clarify whether the Equity Shares are held on repatriable basis or non repatriable basis.

6.16.4 Subject to the receipt of statutory approvals, if required, the Acquirer and PAC shall complete all requirements relating to this Offer within 10 (ten) Working Days from the date of closure of the Tendering Period to those Shareholders whose share certificates and other documents are found valid and in order and are accepted for acquisition by the Acquirer.

6.16.5 In case of delay in receipt of any such statutory approvals, as per Regulation 18(11) of the SEBI (SAST) Regulations, SEBI may, if satisfied, that non-receipt of such approvals was not attributable to any wilful default, failure or neglect on the part of the Acquirer and/or the PAC to diligently pursue such approvals, grant an extension of time for the purpose of completion of this Offer, subject to the Acquirer / PAC agreeing to pay interest to the Shareholders for delay beyond 10 (ten) Working Days from the Closure of the Tendering Period at such rate, as may be specified by SEBI. Provided where the statutory approvals extend to some but not all Shareholders, the Acquirer / PAC will have the option to pay the consideration to such Shareholders in respect of whom no statutory approvals are required in order to complete this Offer.

6.16.6 The Acquirer and the PAC will have the right not to proceed with this Offer in accordance with Regulation 23 of the SEBI (SAST) Regulations, in the event the statutory approvals indicated above are refused for any reason outside the reasonable control of the Acquirer / PAC. In the event of withdrawal of this Offer, a public announcement will be made (through the Manager to the Offer) stating the grounds and reasons for the withdrawal of the Offer in accordance with Regulation 23(2) of the SEBI (SAST) Regulations, within 2 (two) Working Days of such withdrawal, in the same newspapers in which this DPS is published and such public announcement will also be sent to the Stock Exchanges, SEBI and the Target Company at its registered office.

7. PROCEDURE FOR ACCEPTANCE AND SETTLEMENT OF THIS OFFER

7.1 A tender of Equity Shares pursuant to any of the procedures described in the Letter of Offer will constitute a binding agreement between the Acquirer / PAC and the tendering Shareholder, including the tendering Shareholder's acceptance of the terms and conditions of the Letter of Offer. The acceptance of this Offer is entirely at the discretion of the Shareholders. The acceptance of this Offer by the Shareholders must be absolute and unqualified. In the event any change or modification is made to the Form of Acceptance-cum-Acknowledgement or if any acceptance to this Offer is conditional and/ or incomplete in any respect, the Manager to the Offer, the Acquirer, and the PAC reserve the right to reject the acceptance of the Offer by such

Shareholder.

7.2 The Letter of Offer with the Form of Acceptance-cum-Acknowledgement will be mailed to (i) all the Shareholders, whose names appear in the register of members of the Target Company as of the close of business on the Identified Date; and (ii) the beneficial owners of the Equity Shares whose names appear as beneficiaries on the records of the respective Depositories, as of the close of business on the Identified Date.

7.3 Every Shareholder in the Target Company, regardless of whether she/ he/ it held the Equity Shares on the Identified Date, or has not received the Letter of Offer, is entitled to participate in the Offer. Accidental omission to dispatch this Letter of Offer to any Shareholder to whom this Offer has been made or non-receipt of this Letter of Offer by any such Shareholder shall not invalidate this Offer in any way.

7.4 The Offer shall open on Wednesday, January 28, 2015 and shall remain open till Tuesday, February 10, 2015. The Shareholders can also download the Letter of Offer along with the Form of Acceptance-cum-Acknowledgement from the website of SEBI (www.sebi.gov.in), or obtain it from the Registrar to the Offer and send in their acceptances to the Registrar to the Offer by filling the same.

7.5 The Shareholders who wish to accept this Offer can hand-deliver the Form of Acceptance-cum-Acknowledgement along with the other documents required to accept this Offer, at any of the collection centers mentioned below during business hours on or before 17:00 hours on Tuesday, February 10, 2015, i.e. the Closure of the Tendering Period, in accordance with the procedure as set out in this DLoF:

S. No.	City	Contact Person	Address	Tel. No.	Fax No.	E-mail ID	Mode of Delivery
1.	Mumbai	Mr. Prashant Sanil	Cameo Corporate Services Ltd , 3rd Floor, 304, Sai Sadan, 76-78 Mody Street, Fort, Mumbai - 400 001	022 22644325	022 22644325	prashant@cameoindia.com	Hand Delivery
2.	Bangalore	Mr. Janardhana	Cameo Corporate Services Ltd , No.9., KRV Tower, 4th Floor, T C Palya Main Road, Akshaya Nagar, Near Rammurthy Nagar, (Above SBI, Akshay Nagar branch), Bangalore - 560 016	9740266722	-	janardhana@cameoindia.com	Hand Delivery
3.	Kolkata	Mr. Patit Paban Bishwal	Cameo Corporate Services Ltd, C/o BPD Consultants Pvt Ltd., 50, Weston Street, 1st Floor, Room No.105, Kolkata - 700 012	033 - 40036051 / 9830573647	-	bpdlolkata@gmail.com, pbishwal@gmail.com	Hand Delivery
4.	Ahmedabad	Mr. M. Bala Subramaniam	Cameo Corporate Services Ltd, C/o Shree Vidhya Consultancy, No.4, II Floor, Prasiddhi Complex - 1, Opp.: Ambedkar Hall, Saraspur, Ahmedabad - 380018	079 - 22920024	-	bhavanai0811@gmail.com	Hand Delivery
5.	New Delhi	Mr. R Sridhar	Cameo Corporate Services Ltd, C/o Sterling Services, F-63 1st Floor, Bhagat Singh Market, Near gole Market,	011 4353 3256 /	-	sterlingservices@in.com	Hand Delivery

			Opp SBI ATM, Connaught Place, New Delhi - 110 001	9312546905			
6.	Chennai	Ms. Sreepriya. K	Cameo Corporate Services Ltd, Subramanian Building, No.1, Club House Road, Chennai - 600 002	044 - 28460 390	044 - 2846 1989	mcfl.openoffer@cameoindia.com	Post and Hand delivery
7.	Mangalore	Mr. Dinesh	Cameo Corporate Services Ltd, Sona Palace, 1st Floor, # 1-N-4-261/1 Near Infosys, Kottara Junction Bus Stop Mangalore – 575 006	9844489615 & 8147587338	-	mangalore@cameoindia.com	Hand Delivery
8	Pune	Mr. Nishikant Hiray	Cameo Corporate Services Limited, C/o. Kanj Corporate Consultants Private Limited, 1-2, Aishwarya Sankul, Opposite Joshi Railway Museum, G. A. Kulkarni Path, Kothrud, Pune 411038	020-25461561, 020-25466265	020-25461561	nishikant.hiray@kanjcs.com	Hand Delivery

All of the centers mentioned above will be open as follows:
Business Hours: *Monday to Friday: 10:30 to 17:00*
Holidays: *Saturdays, Sundays and Public Holidays*

7.6 The Equity Shares and all other relevant documents should only be sent to the Registrar to the Offer and not to the Manager to the Offer, the Acquirer, the PAC or the Target Company.

7.7 Shareholders who cannot hand deliver their documents at any of the collection centers referred to above, may send the same by registered post with acknowledgement due or by courier, at their own risk and cost, to the Registrar to the Offer at its address: Cameo Corporate Services Ltd, Subramanian Building, No.1, Club House Road, Chennai - 600 002; Contact Person: Ms. Sreepriya K., so as to reach the Registrar to the Offer on or before 17:00 hours on Tuesday, February 10, 2015, i.e. Closure of the Tendering Period.

7.8 <u>Shareholders who are holding Equity Shares in physical form:</u>

7.8.1 The Shareholders who are holding the Equity Shares in physical form and who wish to tender their Equity Shares in this Offer will be required to duly complete, sign and send the Form of Acceptance-cum-Acknowledgement in accordance with the instructions contained therein, by sole/joint Shareholders whose name(s) appears on the share certificate(s) and in the same order and as per the specimen signature lodged with the Target Company. This order cannot be changed or altered nor can any new name be added for the purpose of accepting this Offer. Original share certificate(s) and valid transfer deed(s), duly completed and signed, in accordance with the instructions specified in this DLoF and the Form of Acceptance-cum-Acknowledgement along with self attested copy of PAN cards of all the transferors are required to be submitted.

7.8.2 Valid transfer deed(s) should be duly signed as transferor(s) by the sole/joint Shareholder(s) in the same order and as per specimen signatures lodged with the Target Company and duly witnessed at the appropriate place. The transfer deed(s) should be left blank, except for the signatures and witness details as mentioned above. Attestation, where required (as indicated in the transfer deed(s)) (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 its seal of office and membership number or manager of the transferor's bank.

7.8.3 Notwithstanding that the signature(s) of the transferor(s) has been attested as aforesaid, if the signature(s) of the transferor(s) differs from the specimen signature(s) recorded with the Target Company or are not in the same order, such Equity Shares are liable to be rejected in this Offer.

7.8.4 In case of registered Shareholders in whose respect, the aforesaid documents have not been received, but the original share certificate(s) and duly signed transfer form(s) have been received, the Offer shall be deemed to have been accepted.

7.9 **<u>Shareholders who are holding Equity Shares in dematerialized form:</u>**

7.9.1 Beneficial owners (holders of Equity Shares in dematerialized form) who wish to tender their Equity Shares in this Offer will be required to send their Form of Acceptance-cum-Acknowledgement along with the photocopy of the delivery instruction in "Off-market" mode or counterfoil of the delivery instructions in "Off-market" mode, duly acknowledged by the DP, in favor of the Depository Escrow Account. The Form of Acceptance-cum-Acknowledgement has to be duly completed and signed in accordance with the instructions contained therein, by the sole/joint Shareholder(s) whose name appears in the beneficiary account and in the same order therein. The Form of Acceptance-cum-Acknowledgement has to be executed by the beneficial holder of the Equity Shares only.

7.9.2 The Registrar to the Offer has opened a special Depository Escrow Account with Stock Holding Corporation Of India Limited called **"Cameo Corporate Services Ltd Escrow A/c MCFL Open Offer"**. The Shareholders are requested to fill in the following details in the delivery instructions for the purpose of crediting their Equity Shares in the Depository Escrow Account:

Depository Participant Name	Stock Holding Corporation Of India Limited
DP ID	IN301080
Client ID	22847941
Account Name	Cameo Corporate Services Ltd Escrow A/c MCFL Open Offer
Depository	National Securities Depository Limited (NSDL)

7.9.3 It is the sole responsibility of the Shareholder to ensure credit of its Equity Shares in the Depository Escrow Account above, on or before Tuesday, February 10, 2015 i.e. Closure of the Tendering Period.

7.9.4 The Shareholders having their beneficiary account in CDSL shall use the inter-depository delivery instruction slip for the purpose of crediting their Equity Shares in favor of the Depository Escrow Account with NSDL.

7.9.5 The Form of Acceptance-cum-Acknowledgement in respect of dematerialized Equity Shares not credited to the Depository Escrow Account before the Closure of the Tendering Period is liable to be rejected.

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

7.9.7 The Registrar to the Offer is not bound to accept those acceptances for which corresponding

Equity Shares have not been credited to the Depository Escrow Account.

7.9.8 In case of resident Shareholders in whose respect, the aforesaid documents have not been received, but the Equity Shares have been received in the above Depository Escrow Account, the Offer shall be deemed to have been accepted.

7.10 <u>Shareholders who have sent their Equity Shares for dematerialization:</u>

7.10.1 The Shareholders who have sent their Equity Shares for dematerialization and who wish to tender their Equity Shares in this Offer will be required to send their Form of Acceptance-cum-Acknowledgement along with a copy of the dematerialization request form duly acknowledged by the Shareholder's DP, in accordance with the instructions mentioned in paragraph 7.9 above. The Form of Acceptance-cum-Acknowledgement has to be duly completed and signed in accordance with the instructions contained therein by the sole/joint Shareholder(s) whose name appears on the share certificate(s) and in the same order and as per the specimen signature lodged with the Target Company.

7.10.2 Such Shareholders need to ensure that the process of getting their Equity Shares dematerialized is completed in time for the credit in the Depository Escrow Account, to be received on or before Tuesday, February 10, 2015, i.e. Closure of the Tendering Period, or else their application will be rejected. Alternatively, if the Equity Shares sent for dematerialization are yet to be processed by the Shareholder's DP, the Shareholder can withdraw its dematerialization request and tender the share certificate(s) in this Offer as per the procedure mentioned in paragraph 7.8 above.

7.11 Unregistered Shareholders can also send their application in writing to the Registrar to the Offer, on a plain paper stating the name, address, number of Equity Shares held, number of Equity Shares tendered, distinctive numbers, folio number, together with the original share certificate(s), valid transfer deed(s) (if applicable) and the original contract note(s) issued by the broker through whom they acquired their Equity Shares, either by hand delivery or by registered post, so that the same are received on or before 17:00 hours on Tuesday, February 10, 2015 i.e. Closure of the Tendering Period. Valid share transfer deed(s), as received from the market, duly executed in favour of the unregistered owner(s) as the proposed transferee(s) along with self attested copy of PAN card of all the transferees, should be submitted along with the application. All other requirements for valid transfer (including matching of signatures) will be preconditions for acceptance. An additional valid share transfer deed should be duly signed by the unregistered owner(s) as transferor(s) by the sole/joint Shareholder(s) in the same order and duly witnessed at the appropriate place. The transfer form should be left blank, except for the signatures and witness details as mentioned above. Attestation, where required (as indicated in the share transfer deed) (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 its seal of office and membership number or manager of the transferor's bank. No indemnity is required from the unregistered Shareholders. In case the share certificate(s) and the transfer deed(s) are lodged with the Target Company/its transfer agents for transfer, then the acceptance shall be accompanied by the acknowledgment of lodgment with, or receipt by, the Target Company/its transfer agents, of the share certificate(s) and the transfer deed(s). The Shareholders should ensure that the share certificate(s) and above documents reach the designated collection centre on or before 17:00 hours on Tuesday, February 10, 2015, i.e. Closure of the Tendering Period. Unregistered Shareholders holding Equity Shares in dematerialized form may send the application in writing to the Registrar to the Offer on a plain paper stating the name, address, number of Equity Shares held, number of Equity Shares offered, DP name, DP ID, beneficiary account number and a photocopy of the delivery instruction, so as to reach the Registrar to the

Offer on or before the closure of the Tendering Period, i.e., no later than Tuesday, February 10, 2015.

7.12 The Shareholders should also provide all relevant documents, which are necessary to ensure transfer of the Equity Shares in respect of which the application is being sent. Such documents may include, but are not limited to:

- duly attested death certificate and succession certificate/probate/letter of administration (in case of single Shareholder) if the original Shareholder is no more;
- duly attested power of attorney if any person apart from the Shareholder has signed the application form and/or transfer deeds;
- in case of companies, the necessary corporate authorization (including certified copy of board resolutions) and specimen signatures of authorized signatories;
- banker's certificate certifying inward remittances of funds for acquisition of Equity Shares; and
- any other relevant documents.

7.13 In case of non-receipt of the Letter of Offer, the eligible persons may send their acceptance to this Offer to the Registrar to the Offer, on a plain paper stating the name, address, number of Equity Shares held, number of Equity Shares offered, distinctive numbers, folio number, together with the documents as mentioned above so as to reach the Registrar to the Offer on or before 17:00 hours on Tuesday, February 10, 2015, i.e. Closure of the Tendering Period, or in case of beneficial owners, send the application in writing to the Registrar to the Offer, on a plain paper stating the name, address, number of Equity Shares held, number of Equity Shares tendered, 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 favor of the Depository Escrow Account, so as to reach the Registrar to the Offer, on or before 17:00 hours on Tuesday, February 10, 2015, i.e. Closure of the Tendering Period. In case of physical Equity Shares, original share certificate(s) and valid transfer deed(s), duly completed and signed, will also have to be submitted. The Shareholders who have lodged their Equity Shares for transfer with the Target Company must also send the acknowledgement received, if any, from the Target Company towards such lodging of the Equity Shares. Shareholders who have sent their Equity Shares for dematerialization/re-materialization need to ensure that the process of getting Equity Shares dematerialized/rematerialized is completed well in time so that the credit in the Depository Escrow Account is received or physical share certificate(s) are received by the Registrar to the Offer on or before 17:00 hours on Tuesday, February 10, 2015, i.e. Closure of the Tendering Period, else their application would be rejected.

7.14 Equity Shares that are subject to any charge, lien or encumbrance are liable to be rejected in this Offer. Equity Shares that are the subject of litigation, wherein the Shareholders may be prohibited from transferring their Equity Shares during the pendency of the said litigation, are liable to be rejected, if the directions/orders regarding these Equity Shares are not received together with the Equity Shares tendered in this Offer. The Letter of Offer, wherever possible, will be forwarded to the concerned statutory authorities for further action by such authorities.

7.15 The Registrar to the Offer will hold in trust the Equity Shares, by holding the share certificates pertaining to the Equity Shares held in physical form and the Equity Shares held in demat form in the Depository Escrow Account, the Form of Acceptance-cum-Acknowledgement, if any, the transfer form(s) and other documents submitted on behalf of the Shareholders whose Equity Shares have been validly accepted in this Offer, till completion of formalities relating to this Offer. In case of the Equity Shares tendered in physical form, where the original share certificates are required to be split, all the documents will be returned only upon receipt of the new share certificates from the Target Company.

7.16 If the aggregate of the valid responses to this Offer by the Shareholders are more than the Equity Shares agreed to be acquired in this Offer, then the offers received from the Shareholders will be accepted 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 the 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.

7.17 The marketable lot of the Target Company for the purpose of this Offer is 1 (one) Equity Share.

7.18 Unaccepted share certificates, transfer deeds and other documents, if any, will be returned by registered post at the Shareholders'/unregistered Shareholders' sole risk to the sole/first Shareholder. The unaccepted Equity Shares held in dematerialized form will be credited back to the same account from which they were tendered. It will be the responsibility of the Shareholders to ensure that the unaccepted Equity Shares are accepted by their respective DPs when transferred by the Registrar to the Offer. The Shareholders holding the Equity Shares in dematerialized form are requested to issue the necessary standing instruction for the receipt of the credit, if any, in their DP account. It is advised that the demat account is maintained till the completion of the Offer formalities.

7.19 Payment to those Shareholders whose Equity Share are validly accepted, will be by way of a bankers' cheque / demand draft / NEFT / RTGS. The Shareholders who opt for receiving consideration through NEFT/RTGS are requested to give the authorization for the same in the Form of Acceptance-cum-Acknowledgement, provide the MICR / IFSC of their bank branch and enclose a cancelled cheque or a photocopy of a cheque associated with the particular bank account along with the Form of Acceptance-cum-Acknowledgement. In case of the Shareholder(s) holding the Equity Shares in physical form, if the bank account details are not provided, then the consideration will be dispatched in the name of the sole/first named holder at his registered address (at its own risk). In case of joint holders/unregistered owners, payments will be made in the name of the first holder/unregistered owner. The decision regarding the acquisition (in part or full), or rejection of, the Equity Shares tendered in this Offer and (i) any corresponding payment for the acquired Equity Shares and/or (ii) the share certificate(s) for any rejected Equity Shares, will be dispatched to the Shareholders by registered post / speed post, at the Shareholder's sole risk.

7.20 For Shareholders who do not opt for electronic mode of transfer or whose payment consideration is rejected/not credited through NEFT/RTGS, due to technical errors or incomplete/incorrect bank account details, payment consideration will be dispatched through registered post at the Shareholder's sole risk.

7.21 All bankers' cheques/demand drafts will be drawn in the name of the first holder, in case of joint holder(s). In case of unregistered owners of Equity Shares, payment will be made in the name of the person stated in the contract note. It will be desirable if the Shareholders provide bank account details in the Form of Acceptance-cum-Acknowledgement for incorporation in the bankers' cheque/demand draft.

7.22 Compliance with tax requirements:

General

(a) As per the provisions of Section 195(1) / Section 196D of the Income Tax Act, 1961 ("**Income Tax Act**"), as amended by the Finance (No. 2) Act, 2014, any person responsible for paying to a non-resident, other than to an FII, as consideration for acquisition of shares, any sum chargeable to tax is required to deduct tax at source (including surcharge and education cess as applicable). Since the consideration payable to the Shareholders whose Equity Shares are validly accepted in this Offer would be chargeable to capital gains under Section 45 of the Income Tax Act or as business profits, as the case may be, the Acquirer / PAC are required to deduct taxes at source (including surcharge and education cess) at the applicable rates to such non-resident Shareholders (other than to an FII).

(b) In case of delay in receipt of statutory approvals, as provided in paragraph 6.16 herein, as per Regulation 18(11) of the SEBI (SAST) Regulations, SEBI may, if satisfied, that non-receipt of such approvals was not attributable to any wilful default, failure or neglect on the part of the Acquirer and the PAC to diligently pursue such approvals, grant an extension of time for the purpose of completion of this Offer, subject to the Acquirer and the PAC agreeing to pay interest to the Shareholders for delay beyond 10 Working Days at such rate, as may be specified by SEBI from time to time.

(c) As per the provisions of Section 194A and 195 of the Income Tax Act, read with the Finance (No. 2) Act, 2014, a body corporate responsible for paying to residents and non-residents (including FIIs) any income by way of interest, is required to deduct tax at source (including, in the case of non-residents, surcharge and education cess as applicable). Since the interest payable to the Shareholders on being directed by SEBI under Regulation 18(11) of the SEBI (SAST) Regulations will be chargeable to income tax, the Acquirer / PAC will be required to deduct tax at source under section 194A or 195 of the Income Tax Act (including, in the case of non-residents, surcharge and education cess as applicable) on such interest income.

(d) In view of provisions of section 206AA of Income Tax Act, resident and non-resident Shareholders (including FIIs) are required to submit their PAN. In case PAN is not submitted or is invalid or does not belong to the Shareholder, the Acquirer / PAC will arrange to deduct tax at the rate of 20% (twenty per cent) or at the rate in force or at the rate specified in the relevant provisions of the Income Tax Act, whichever is higher.

(e) In case of ambiguity, incomplete or conflicting information or the information not being provided to the Acquirer / PAC, it would be assumed that the Shareholder is a non-resident Shareholder and taxes shall be deducted at the maximum rate, as may be applicable to the relevant category to which the Shareholder belongs under the Income Tax Act, on the entire consideration and interest if any, payable to such Shareholder.

(f) Securities transaction tax will not be applicable to the Equity Shares accepted in this Offer.

(g) In the case of non – resident shareholders, the rate of deduction of tax and the quantum of amount on which tax rate is to be applied is dependent on several factors. Since the Acquirer / PAC do not have in-house information in respect of various non-resident Shareholders, such Shareholders must specify the details requested in the Form of Acceptance-cum-Acknowledgement, including but not limited to the following information: (i) Residential status of the Public Shareholder; (ii) Category to which the non-resident Public Shareholder belongs i.e., Non Resident Indian, Overseas Corporate Body, Non-domestic company, FII being a company, FII other than a company or any other non-resident; (iii) Date of acquisition of Equity Shares (to be supported by evidence); (iv) Cost of acquisition (to be supported by evidence) (v) In case of an individual shareholder, who is either a citizen of India or a person of Indian Origin, who claims to be holding shares for more than twelve months, whether shares were acquired by him / her out of convertible foreign exchange (to be supported by evidence) (vi) Whether any concession in the matter of TDS is claimed based on certificate u/s. 195 / 197 (to be supported by evidence) (vii) Whether any concession in the matter of TDS is claimed under any DTAA (to be supported by evidence).

Further, for the purpose of determining whether the capital gains are short-term or long-term, the Acquirer / PAC shall, if required, cross verify the details provided by the shareholder with the information obtained from the Company.

(h) Any non – resident shareholder claiming benefit under any Double Taxation Avoidance Agreement ("**DTAA**") between India and any other foreign country should furnish 'Tax Residence Certificate' provided to him / it by the income tax authority of such other foreign country of which he / it claims to be a tax resident. In addition, such shareholder will also be required to provide (i) nationality in case of an individual (ii) country of Incorporation / Registration in case of any shareholder other than an individual (iii) Tax identification number / unique number by which the shareholder is identified in the country of his / its residence (iv) period for which the Tax Residence Certificate is issued and (v) Address of the shareholder for the period for which Tax Residence Certificate is issued, if any of these information is not contained in the 'Tax Residence Certificate'.

(i) In case the non – resident / resident shareholder furnishes certificate from the Income Tax authorities under Section 195 or under section 197 of the Income Tax Act, 1961 tax will be deducted at source in accordance with the certificate.

For all non – resident shareholders except FII (in respect of the consideration payable under the Open Offer):

(j) In computing the amount of TDS, to be eligible for (a) deduction for cost of acquisition and (b) lower rate of Tax Deduction at Source as applicable to Long Term Capital Gain the shareholder will need to provide following documents:

(1) Document evidencing price at which shares were acquired e.g. broker invoice / contract note

(2) Document evidencing the date on which the shares were acquired e.g. broker invoice / contract note

(3) To be eligible for lower rate of tax deduction, (as envisaged in section 115E of the Income Tax Act, 1961), an individual shareholder, who is either an Indian Citizen or a Person of Indian Origin, document evidencing twin facts namely (i) shares are held for more than twelve months and (ii) shares were acquired by the individual himself / herself using convertible foreign exchange. The document can be in the form of either (a) extract of relevant pages of demat account or (b) bank certificate.

(k) In absence of the above documents, the tax will be deducted at source on the entire consideration payable to the shareholder treating the nature of gain as short-term capital gains or business profits as the case may be. In their absence, no deduction will be made in computing taxable gain and no concessional rate of TDS (as applicable to Long Term Capital Gains) will be applied.

For Foreign Institutional Investors ("FII") (in respect of the consideration payable under the Open Offer):

(l) In view of the recent change in the definition of 'Capital Asset' provided in section 2 (14) of the Income Tax Act, shares held by all FII (and their sub – account) are to be treated as 'Capital Asset'. The Acquirer / PAC will not deduct tax at source on the consideration payable under the open offer since no tax is required to be deducted at source on income by way of 'Capital Gain' arising to an FII (and their sub – account) from the transfer of securities as per the provisions of section 196D (2) of the Income Tax Act.

Tax to be deducted in case of resident Shareholders

(m) In absence of any specific provision under the Income Tax Act, the Acquirer / PAC will not deduct tax on the consideration payable to resident Shareholders for acquisition of Equity Shares.

(n) The Acquirer / PAC will deduct the tax at the stipulated rates on interest, if any, payable to resident Shareholders, if the amount of interest payable is in excess of Rs. 5,000.

(o) The resident Shareholder claiming that no tax is to be deducted or tax to be deducted at a lower rate on interest amount, should submit along with the Form of Acceptance-cum-Acknowledgement, a certificate under Section 197 of the Income Tax Act from the income-tax authorities indicating the amount of tax to be deducted by the Acquirer / PAC or, in the case of resident Shareholder not being a company or firm, a self declaration in Form 15G or Form 15H, as may be applicable. The self declaration in Form 15G or Form 15H would not be valid unless the Shareholder furnishes PAN in such declaration. In case the aforesaid certificate under Section 197 of the Income Tax Act or Form 15G or 15H, if applicable, is not submitted, the Acquirer / PAC will arrange to deduct tax at the rate, as may be applicable to the category of the Shareholder under the Income Tax Act.

(p) No tax is to be deducted on interest amount in the case of resident Shareholder being a mutual fund as per Section 10(23D) of the Income Tax Act or a bank or an entity specified under Section 194A(3)(iii) of the Income Tax Act, if it submits a copy of the relevant registration or notification along with the Form of Acceptance-cum-Acknowledgement.

Issue of tax deduction at source certificate

(q) The Acquirer / PAC will issue a certificate in the prescribed form to the Shareholders (resident and non- resident) who have been paid the consideration and interest, if any, after deduction of tax on the same certifying the amount of tax deducted and other prescribed particulars.

Withholding taxes in respect of overseas jurisdictions

(r) Apart from the above, the Acquirer / PAC will be entitled to withhold tax in accordance with the tax laws applicable in the overseas jurisdictions where the non-resident Shareholder is a resident for tax purposes ("**Overseas Tax**").

For this purpose, the non-resident Shareholder shall duly represent in the Form of Acceptance-cum-Acknowledgement, the quantum of the Overseas Tax to be withheld as per the relevant tax laws of the country in which the non-resident Shareholder is a tax resident and the Acquirer /

PAC will be entitled to rely on this representation at their/its sole discretion.

(s) Shareholders who wish to tender their Equity Shares must submit the following information along with the Form of Acceptance-cum-Acknowledgement:

1. Documents required from non-resident Shareholders (except FII):
    a. Self attested copy of PAN card
    b. Document evidencing price at which shares were acquired e.g. broker invoice / contract note
    c. Document evidencing the date on which the shares were acquired e.g. broker invoice / contract note
    d. An individual shareholder, who is either an Indian Citizen or a Person of Indian Origin, and claiming concessional rate of TDS u/s. 115E, document evidencing twin facts namely (i) shares are held for more than twelve months and (ii) shares were acquired by the individual himself / herself using convertible foreign exchange. The document can be in the form of either (a) extract of relevant pages of demat account or (b) bank certificate.
    e. Certificate u/s. 195 or 197, in case any concession is claimed on that basis
    f. Tax Residence Certificate where the non resident claiming any benefit under a DTAA

    In addition, such shareholder will also be required to provide (i) nationality in case of an individual (ii) country of Incorporation / Registration in case of any shareholder other than an individual (iii) Tax identification number / unique number by which the shareholder is identified in the country of his / its residence (iv) period for which the Tax Residence Certificate is issued and (v) Address of the shareholder for the period for which Tax Residence Certificate is issued, if any of these information is not contained in the 'Tax Residence Certificate'

2. Documents required from FIIs:

    a. Self Attested copy of PAN Card
    b. Self Attested copy of SEBI Registration Certificate as FII (including sub–account of FII)
    c. Certificate u/s. 195 or 197, in case any concession is claimed on that basis (applicable only for the interest payment, if any)
    d. Tax Residence Certificate where the FII claiming any benefit under a DTAA (applicable only for the interest payment, if any)

    In addition, FIIs will also be required to provide (i) nationality in case of an individual (ii) country of Incorporation / Registration in case of any shareholder other than an individual (iii) Tax identification number / unique number by which the shareholder is identified in the country of his / its residence (iv) period for which the Tax Residence Certificate is issued and (v) Address of the shareholder for the period for which Tax Residence Certificate is issued, if any of these information is not contained in the 'Tax Residence Certificate' (applicable only for the interest payment, if any)

3. Documents required from resident Shareholders:

    a. Self attested copy of PAN card
    b. If applicable, self declaration form in Form 15G Form 15H (in duplicate), as applicable only for interest payment, if any.

c. Certificate u/s. 197, in case any concession is claimed on that basis (applicable only for the interest payment, if any)
d. For Mutual Funds/Banks/other specified entities under Section 194A(3)(iii) of the Income Tax Act – Copy of relevant registration or notification (applicable only for the interest payment, if any)

(t) Shareholders are advised to consult their tax advisors for the treatment that may be given by their respective assessing officers in their case, and the appropriate course of action that they should take. The Acquirer, the PAC and the Manager to the Offer do not accept any responsibility for the accuracy or otherwise of such advice.

The Acquirer / PAC will be statutorily required to apply the rates and other provisions related to tax deduction at source as applicable at the time of acceptance of shares under open offer / payment to shareholders.

Taxes once deducted will not be refunded under any circumstances.

8. DOCUMENTS FOR INSPECTION

Copies of the following documents will be available for inspection by the Shareholders at the registered office of the Manager to the Offer: ICICI Securities Limited - ICICI Centre, H. T. Parekh Marg, Churchgate, Mumbai – 400020

The documents can be inspected during normal business hours (10.30 AM to 5.00 PM) on all Working Days during the Tendering Period.

1. Certificate of Incorporation and Memorandum and Articles of Association of the Acquirer and the PAC

2. Certificate of Incorporation and Memorandum and Articles of Association of the Target Company

3. Letter dated December 4, 2014, from M/s. V. Sankar Aiyar & Co., Chartered Accountants, having its address at Satyam Cinema Complex, Ranjit Nagar Community Centre, New Delhi – 110 008 (Tel: +91 11 2570 2074; Fax: +91 11 2570 5010), certifying that the Acquirer and PAC have adequate and firm financial resources to meet their financial obligations under this Offer

4. Letter dated December 9, 2014 from the Escrow Bank confirming the amount kept in the Escrow Account and a lien in favor of the Manager to the Offer

5. Bank Guarantee dated December 9, 2014 having bank guarantee number 059GT01143430002

6. Annual Reports of FY2014, FY2013 and FY2012 and Audited Financials of FY2014, FY2013 and FY2012 of the Target Company

7. Annual Reports of FY2014, FY2013 and FY2012 and Audited Financials of FY2014, FY2013 and FY2012 of the Acquirer and PAC

8. Copy of Public Announcement dated December 4, 2014 and the published copy of Detailed Public Statement published on December 11, 2014

9. Copy of the Offer opening public announcement published by the Manager to the Offer on behalf of the Acquirer and the PAC

10. Published copy of the recommendation of the committee of independent directors of the Target Company's Board of Directors in terms of Regulation 26(7) of the SEBI (SAST) Regulations

11. Letter from SEBI dated [●] giving its observations on the Draft Letter of Offer

12. Agreement dated December 8, 2014 entered into with the Depository Participant for opening a special depository account for the purpose of the Offer

9. DECLARATION BY THE ACQUIRER AND THE PAC

9.1 The Acquirer and the PAC along with their respective directors (as applicable) accept full responsibility, severally and jointly, for the information contained in this Draft Letter of Offer (other than such information as has been obtained from public sources or provided or confirmed by the Target Company) and for ensuring compliance with the SEBI (SAST) Regulations and for fulfilling their obligations as laid down in terms of the SEBI (SAST) Regulations in respect of this Offer.

9.2 The information contained in this Draft Letter of Offer is as of the date of this Draft Letter of Offer, unless expressly stated otherwise.

9.3 The person(s) signing this Draft Letter of Offer on behalf of the Acquirer and the PAC have been duly and legally authorised by the board of directors of the Acquirer and the PAC to sign this Draft Letter of Offer.

For and on behalf of the Acquirer	**For and on behalf of PAC**
Sd/-	Sd/-
Authorised Signatory	**Authorised Signatory**

Place: Mumbai
Date: December 18, 2014

Encl:
1) Form of Acceptance-cum-Acknowledgement
2) Transfer deed(s) (for Shareholders holding Equity Shares in physical form)