## POST OPEN OFFER REPORT

**IN RESPECT OF THE OPEN OFFER MADE BY ZUARI FERTILISERS AND CHEMICALS LIMITED ("ACQUIRER") TOGETHER WITH ZUARI AGRO CHEMICALS LIMITED ("PAC 1"), UNITED BREWERIES (HOLDINGS) LIMITED ("PAC 2"), KINGFISHER FINVEST INDIA LIMITED ("PAC 3") AND MCDOWELL HOLDINGS LIMITED ("PAC 4") AS THE PERSONS ACTING IN CONCERT (COLLECTIVELY, "PAC") TO ACQUIRE SHARES OF MANGALORE CHEMICALS & FERTILIZERS LIMITED ("TARGET COMPANY")**

*Capitalized terms used but not defined herein shall have the meaning assigned to such terms in the Letter of Offer dated September 19, 2014 and / or Corrigendum cum Price Revision Advertisement dated September 25, 2014*

**A) Names of the parties involved**

| | | |
|---|---|---|
| 1 | Target Company (TC) | Mangalore Chemicals & Fertilizers Limited |
| 2 | Acquirer(s) | Zuari Fertilisers and Chemicals Limited |
| 3 | Persons acting in concert with Acquirers (PAC(s)) | Zuari Agro Chemicals Limited (PAC 1)<br>United Breweries (Holdings) Limited (PAC 2)<br>Kingfisher Finvest India Limited (PAC 3)<br>McDowell Holdings Limited (PAC 4) |
| 4 | Managers to the Open Offer | Ambit Corporate Finance Private Limited<br>ICICI Securities Limited |
| 5 | Registrar to the Open Offer | Karvy Computershare Private Limited |

B) **Details of the Offer:** Open offer ("**Offer**") under Regulation 3(1) and Regulation 4 of SEBI (SAST) Regulations for acquisition of up to 3,08,13,939 (Three Crore Eight Lakh Thirteen Thousand Nine Hundred and Thirty Nine) fully paid-up equity shares of face value of Rs. 10 each, constituting 26% (Twenty Six Per Cent) of the Voting Share Capital, from the Shareholders of TC by the Acquirer along with the PAC. The Offer is also a competing offer under Regulation 20 of SEBI (SAST) Regulations. The Offer is not a voluntary offer. The Offer is not a conditional offer.

**C) Activity Schedule**

| Sl. No. | Activity | Due dates as specified in the SAST Regulations | Actual Dates |
|---|---|---|---|
| 1 | Date of the public announcement (PA) | May 12, 2014 | May 12, 2014 |
| 2 | Date of publication of the Detailed Public Statement (DPS) | May 20, 2014 | May 20, 2014 |
| 3 | Date of filing of draft letter of offer (DLOF) with SEBI | May 27, 2014 | May 27, 2014 |
| 4 | Date of sending a copy of the draft LOF to the TC and the concerned stock exchanges (SE) | May 27, 2014 | May 27, 2014 |
| 5 | Date of receipt of SEBI comments (in the event, SEBI has not sought clarifications or additional information from the Managers to the Offer) | June 17, 2014 | July 16, 2014 |
| 6 | Date of dispatch of LOF to the shareholders / custodian in case of Depositary Receipts | June 26, 2014 | September 24, 2014 |
| 7(a) | Dates of price revisions / offer | June 30, 2014 | September 25, 2014 |

| | | | |
|---|---|---|---|
| | revisions (if any) | | |
| (b) | Last date for publication in newspapers regarding the upward revision of Offer Price and / or Offer Size | NA | September 26, 2014 |
| 8 | Date of publication of recommendation by the independent directors of the TC | July 01, 2014 | September 29, 2014 |
| 9 | Date of issuing the offer opening Advertisement | July 02, 2014 | September 30, 2014 |
| 10 | Date of commencement of the tendering period | July 03, 2014 | October 01, 2014 |
| 11 | Date of expiry of the tendering Period | July 16, 2014 | October 20, 2014 |
| 12 | Date of making payments to shareholders / return of rejected shares | July 31, 2014 | October 31, 2014 |

*The Acquirer received SEBI comments on July 16, 2014. However, the Competition Commission of India granted its approval for the Open Offer on September 04, 2014, as published on September 15, 2014. As directed by SEBI vide its letter CFD/DCR/TO/SKS/21857/2014 dated July 24, 2014, the subsequent activities were undertaken only after the receipt of approval from Competition Commission of India, resulting in delay in the schedule of the Open Offer.*

## D) Details of the payment of consideration in the open offer

| Sl. No. | Item | Details |
|---|---|---|
| 1 | **Offer Price** for fully paid shares of TC (₹ per share) | 81.60# |
| 2 | **Offer Price** for partly paid shares of TC, if any | Not Applicable |
| 3 | **Offer Size** (no. of shares accepted x [offer price per share plus interest per share for delay in payment beyond the Scheduled Payment Date]) | 35,16,949.60 |
| 4 | **Mode of payment of consideration** (cash or shares or secured listed debt instruments or convertible debt securities or combination) | Cash |
| 5 | **If mode of payment is other than cash, i.e. through shares / debt or convertibles:** | |
| a. | **Details of offered security**<br>• Nature of the security (shares or debt or convertibles)<br>• Name of the company whose securities have been offered<br>• Salient features of the security | Not Applicable |
| b. | **Swap Ratio** (ratio indicating the number of securities of the offeree company vis-à-vis shares of TC) | Not Applicable |

*# As per the Public Announcement, Detailed Public Statement and the Letter of Offer, the Acquirer and PAC had offered a price of Rs. 68.55 per Equity Share for acquisition of the Equity Shares pursuant to the Offer. Subsequently, pursuant to a corrigendum dated September 25, 2014, the Acquirer and PAC revised the offer price to Rs. 81.60 per Equity Share, payable in cash. Further, in addition to the Offer Price an interest of ₹ 1.30 per Equity Share calculated at 10% per annum for delay in payment beyond the Scheduled Payment Date was paid to the Shareholders whose Equity Shares were accepted under the Offer.*

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**E) Details of market price of the shares of TC**

1) Name of the Stock Exchange where the shares of TC have been most frequently traded during 12 calendar months period prior to PA, and the volume of trading relative to the total outstanding shares of the TC:

The Equity Shares of the Target Company are listed on BSE Limited ("BSE"), National Stock Exchange of India Limited ("NSE") and Bangalore Stock Exchange Limited ("BgSE"). During the 12 calendar months prior to the month of issuance of the PA dated May 12, 2014, the shares of the TC were most frequently traded on the NSE and during this period, the total volume of trading was 7,83,42,075 Equity Shares and total outstanding listed equity shares during that period were 11,85,15,150. Traded turnover as a percentage to total listed Equity Shares was 66.10%. 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.

2) Details of Market Price of the shares of TC on the aforesaid Stock Exchange :
The closing market price of the shares of TC on NSE is mentioned below:

| **Sl. No.** | **Particulars** | **Date** | **₹ per share** |
|---|---|---|---|
| 1 | 1 trading day prior to the PA date | May 9, 2014 | 72.25 |
| 2 | On the date of PA | May 12, 2014 | 70.35 |
| 3 | On the date of commencement of the tendering period | October 1, 2014 | 101.50 |
| 4 | On the date of expiry of the tendering period | October 20, 2014 | 95.45 |
| 5 | 10 working days after the last date of the tendering period | November 7, 2014 | 84.60 |
| 6 | Average market price during the tendering period (*viz. Average of the volume weighted market prices for all the days)* | October 1, 2014 to October 20, 2014 | 96.86 |

**F) Details of escrow arrangements**

1) Details of creation of Escrow account, as under

| | **Date(s) of creation** | **Amount (₹)** | **Form of escrow account** |
|---|---|---|---|
| Bank Guarantee | May 15, 2014 | 70,00,00,000* | Bank Guarantee |
| Escrow Account | May 15, 2014 | 2,90,89,956** | Cash |

** The Acquirer had, on May 15, 2014, furnished a bank guarantee for an amount of ₹ 52,80,73,880 (more than the minimum prescribed amount of 25% of the Offer Size), which was further enhanced via amendment dated September 19, 2014, in order to provide for additional interest portion to be paid to successful Shareholders. Subsequently, on revision of Offer Price and revised interest payable, the amount of Bank Guarantee was further enhanced to ₹ 70,00,00,000 on September 25, 2014.*

*** The Acquirer had, on May 15, 2014, deposited a sum of ₹ 2,11,22,956 (more than the minimum prescribed amount of 25% of the Offer Size),in accordance with the terms of the escrow agreement dated May 15, 2014, which was further enhanced on September 19, 2014, in order to provide for additional interest portion to be paid to successful Shareholders. Subsequently, on revision of Offer Price and revised interest payable, the cash escrow was further enhanced to ₹ 2,90,89,956 on September 25, 2014.*

2) For such part of escrow account, which is in the form of cash:

i. Name of the Scheduled Commercial Bank where cash is deposited: HDFC Bank Limited

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ii. Indicate when, how and for what purpose the amount deposited in escrow account was released, as under:

| Release of escrow account | | |
|---|---|---|
| **Purpose** | **Date** | **Amount (₹ Lakhs)** |
| Transfer to Special Escrow Account, if any | October 31, 2014 | 35.17 |
| Amount released to Acquirer<br>• Upon withdrawal of Offer<br>• Any other purpose (to be clearly specified)*<br>• Other entities on forfeiture | <br>Not Applicable<br>Not Applicable<br><br>Not Applicable | <br>Not Applicable<br>Not Applicable<br><br>Not Applicable |

* *Apart from closure*

3) For such part of Escrow which consists of Bank Guarantee (BG) / Deposit of Securities, provide the following details:

-- For Bank Guarantee

| Name of Bank | Amount of Bank Guarantee | Date of creation / revalidation of guarantee | Validity period of Bank Guarantee | Date of Release if Applicable | Purpose of release |
|---|---|---|---|---|---|
| HDFC Bank Limited | Rs. 70,00,00,000 | May 15, 2014 | Valid until December 15, 2014 | To be released on or after December 1, 2014 | Completion of the Open Offer |

-- For Securities – Not Applicable

## G) Details of response to the Open Offer

| Shares proposed to be acquired | | Shares tendered ** | | Response level (no of times) | Shares accepted ** | | Shares rejected | |
|---|---|---|---|---|---|---|---|---|
| **No.** | **% to total diluted share capital of TC** | **No.** | **% w.r.t (A)** | **(C) / (A)** | **No.** | **% w.r.t (C)** | **No. = (C) – (F)** | **Reasons** |
| **(A)** | **(B)** | **(C)** | **(D)** | **(E)** | **(F)** | **(G)** | **(H)** | **(I)** |
| 3,08,13,939 | 26.00% | 56,820 | 0.05% | 0.0018 | 42,424 | 0.04% | 14,396 | Technical rejections |

**Give bifurcation for fully paid-up shares, partly paid up shares, shares with differential voting rights, any other category, as applicable – All the Equity Shares tendered in the Offer were fully paid-up.

## H) Payment of Consideration

| Due date for paying consideration to shareholders whose shares have been Accepted | Actual date of payment of consideration | Reasons for delay beyond the due date |
|---|---|---|
| November 7, 2014 | October 31, 2014 | Not Applicable |

**Details of special account which has been created for the purpose of payment to shareholders:**
Name of the concerned Bank: Special Escrow Account titled as "ZFCL MANGALORE CHEMICALS OPEN OFFER SPECIAL ESCROW A/C" having Account No. 00600310035878 was opened with HDFC Bank Limited.

**Details of the manner in which consideration (where consideration has been paid in cash), has been paid to shareholders whose shares have been accepted:**

| Mode of paying the consideration | No. of Shareholders | Amount of Consideration (₹ Lakhs) |
|---|---|---|
| Physical Mode | 44 | 5,38,767.10 |
| Direct Credit | 8 | 1,74,090.00 |
| NEFT | 210 | 28,04,092.50 |
| **Total** | **262** | **35,16,949.60** |

**I) Pre and post offer Shareholding of the Acquirer / PAC in TC**

| Sl. No. | Shareholding of Acquirer and PACs | No. of Shares | % of total share capital of TC as on closure of tendering period |
|---|---|---|---|
| 1 | Shareholding before PA | 4,55,14,683 | 38.40% |
| 2 | Shares acquired by way of an agreement entered into by the Acquirer and the PAC | NIL | 0.00% |
| 3 | Shares acquired after the PA but before 3 working days prior to commencement of tendering period.<br>- Through market purchases<br>- Through negotiated deals/ off market Deals | NIL<br>NIL | 0.00%<br>0.00% |
| 4 | Shares acquired in the open offer | 42,424 | 0.04% |
| 5 | Shares acquired during exempted 21-day period after offer (if applicable) | NIL | 0.00% |
| 6 | Post - offer shareholding | 4,55,57,107 | 38.44% |

**J) Give further details, as under, regarding the acquisitions mentioned at points 3, 4 & 5 of the above table –**

| | | |
|---|---|---|
| 1 | Name(s) of the entity who acquired the shares | Zuari Fertilisers and Chemicals Limited |
| 2 | Whether disclosure about the above entity(s) was given in the LOF as either Acquirer or PAC | Disclosed in LOF as Acquirer |
| 3 | No of shares acquired per entity | 42,424 |
| 4 | Purchase price per share | Offer price of ₹ 81.60 per share and interest of ₹ 1.30 per share |
| 5 | Mode of acquisition | Open Offer |
| 6 | Date of acquisition | November 3, 2014 |
| 7 | Name of the Seller in case identifiable | All Shareholders of TC who have validly tendered their Equity Shares in the Open Offer |

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**K) Pre and post offer Shareholding Pattern of the Target Company**

| | Class of entities | Shareholding in a TC | | | |
|---|---|---|---|---|---|
| | | Pre - offer | | Post offer (actuals) | |
| | | **No.** | **%** | **No.** | **%** |
| 1 | Acquirer# | 1,94,71,787 | 16.43% | 1,95,14,211 | 16.47% |
| | PAC* | 2,60,42,896 | 21.97% | 2,60,42,896 | 21.97% |
| 2 | Erstwhile Promoters (persons who cease to be promoters pursuant to the Offer) | Not Applicable | Not Applicable | Not Applicable | Not Applicable |
| 3 | Continuing Promoters**# | 2,60,42,896 | 21.97% | 2,60,42,896 | 21.97% |
| 4 | Sellers if not in 1 and 2 | Not Applicable | Not Applicable | Not Applicable | Not Applicable |
| 5 | Other Public Shareholders*** | 7,30,00,467 | 61.60% | 7,29,58,043 | 61.56% |
| | **Total** | **11,85,15,150** | **100%** | **11,85,15,150** | **100%** |

* *The shareholding of PAC represents the combined shareholding of the Continuing Promoters (as mentioned in point 3 below) and the PAC 1.*

** *Indicates shareholding of PAC 2, PAC 3 and PAC 4, who were the promoters prior to the Agreement*

\# *Acquirer, PAC 1, PAC 2, PAC 3 and PAC 4 shall be the joint promoters of the TC post the completion of the Open Offer*

*** *Excluding the shareholding of Acquirer, PAC 1, PAC 2, PAC 3 and PAC 4*

**L) Details of Public Shareholding in TC**

| | | |
|---|---|---|
| 1. | Indicate the minimum public shareholding the TC is required to maintain for continuous listing | 2,96,28,788 shares i.e. 25% of the total outstanding equity share capital |
| 2. | Indicate the actual public shareholding and if it has fallen below the minimum public shareholding limit, delineate the further steps which will be taken in accordance with the disclosures given in the LOF | Post offer public shareholding is 7,29,58,043 shares i.e. 61.56% of the total outstanding equity share capital and is above the minimum public shareholding as prescribed |

**M) Other relevant information, if any – Not Applicable**

| For Ambit Corporate Finance Private Limited | For ICICI Securities Limited |
|---|---|
| Authorised Signatory<br>Name: GAUTAM GUPTE<br>Designation: DIRECTOR | Authorised Signatory<br>Name: VISHAL KANJANI<br>Designation: VICE PRESIDENT |

**Date:** November 14, 2014
**Place:** Mumbai