

February 18, 2020

BSE Limited
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Dalal Street
Mumbai 400 001 Bandra (E)

National Stock Exchange of India Limited
Exchange Plaza,
Bandra-Kurla Complex
Mumbai 400 051

Sub: Disclosure under Regulation 30(2) of the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015

Dear Sir

This is with reference to the disclosure made on June 8 2018, about the deadlock between the Company and Mitsubishi Corporation, Japan JV Partner in MCA Phosphates Pte. Ltd. ("MCAP").

In continuation of the said disclosure, we would like to inform you that the Company had initiated arbitration proceedings against Mitsubishi Corporation and MCAP in accordance with the MCAP Shareholders Agreement. The arbitration proceedings commenced under the Rules of International Chamber of Commerce ("ICC"), before an arbitral tribunal comprising of three arbitrators, one each appointed by Mitsubishi and Company and the chairperson, appointed by those two party nominated arbitrators.

The Arbitral Tribunal, vide its order dated December 4, 2018 had amended the order passed by the High Court of Singapore and allowed Mitsubishi Corporation and MCAP to exercise their respective contractual options to purchase or sell shares of MCAP in accordance with the terms of any applicable agreements. Pursuant to discussions between the parties, Mitsubishi Corporation had agreed not to exercise such contractual options till three months after the final award is passed in the arbitration.

In the arbitration proceedings, the Company *inter alia* prayed the Arbitral Tribunal to declare that (i) the two impairments recorded by Mitsubishi in MCAP's financial statements were in violation of Company's rights under the MCAP Shareholders Agreement and in any event were null and void on merits; (ii) issuance of shares in 2018, alleged dilution of Company's shareholding in MCAP to 0.17% and removal of Company's nominee director from MCAP's board was wrong.



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Additionally, the Company prayed the Arbitral Tribunal to order Mitsubishi to buy-out the Company for an amount of USD 37 million in exchange of its 21,690,000 ordinary shares in MCAP.

The hearing in the arbitration proceedings took place in September 2019 and the Arbitral Tribunal passed its Partial Award on February 11, 2020 (received by the Company on February 15, 2020)..

While the Arbitral Tribunal (by majority) agreed that approval of MCAP's financial statements for FY 2016 & 2017 was in violation of Company's Super Majority Rights; it refused to grant any other reliefs claimed by the Company for the reasons cited in the Partial Award including the Company's prayer for a buy-out for an amount of USD 37 million.

The Arbitral Tribunal also held that the higher of the fair market value and book value of MCAP's shares is currently USD 0. For the purposes of buy-out in terms of the MCAP Shareholders Agreement, the Call Price for Company's 21,690,000 ordinary shares in MCAP are valued at USD 0.01 per share.

The Company is currently evaluating its options to challenge the decision and initiate appropriate legal proceedings.

The Arbitral Tribunal is yet to pass a Final Award, which will include an award on fixing of costs of the arbitration proceedings and decision regarding allocation of costs among the parties. Any challenge by the Company to the decision of the Arbitral Tribunal will have to await the Final Award.

We will keep you posted on any further developments.

This disclosure, being material, is made pursuant to Regulation 30(2) read with Part A of Schedule III of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

This is for your Information and records.

Thanking you,

Yours faithfully,
For Zuari Agro Chemicals Limited



R.Y. PATIL
Vice President & Company Secretary