



October 24, 2013

Ref: NSE/LIST/219701-Q

The Company Secretary  
UltraTech Cement Limited  
B-Wing, Ahura Centre,  
2nd floor, Mahakali Caves Road,  
Andheri (East),  
Mumbai - 400093

**Kind Attn.: Mr. S. K. Chatterjee**

Dear Sir,

**Sub.: Observation letter for Scheme of Arrangement under sections 391 to 394 of the Companies Act 1956 between Ultratech Cement Limited and Jaypee Cement Corporation Limited and their respective shareholders and creditors.**

We are in receipt of the draft Scheme of Arrangement under sections 391 to 394 of the Companies Act 1956 between Ultratech Cement Limited ("Transferee Company") and Jaypee Cement Corporation Limited ("Transferor Company") and their respective shareholders and creditors.

We have perused the draft Scheme of Arrangement and the related documents/details submitted by Ultratech Cement Limited including the confirmation of the Company Secretary that the Scheme so submitted does not in any way violate, over-ride or circumscribe the provisions of Securities Laws or the Stock Exchange requirements.

Pursuant to SEBI Circular No. CIR/CFD/DIL/5/2013 dated February 04, 2013 and SEBI Circular no. CIR/CFD/DIL/8/2013 dated May 21, 2013; SEBI vide its letter dated October 24, 2013 has given following comments on the draft scheme of amalgamation:

- a. "It was observed that since the Transferor Company is a wholly owned subsidiary of a listed company, the share holders of the listed company (i.e parent of the transferor) will not have any say in the scheme of arrangement.

In this regard, the company has submitted that the Gujarat cement, unit was earlier part of the Parent Company, JP Associates, and was earlier demerged into JCC with a view to open up opportunities for strategic partnership, to open up the fund raising capability for the future growth of the business and to unlock the value of share. The Shareholders of JP Associates had passed the relevant resolution at that point in time.

- b. It was also observed that the scheme of arrangement, inter-alia, states that the consideration for the demerger is calculated using the Enterprise Value of the undertaking less the financial debt after adjusting the networking capital which as on date amounts to INR 147 crs (Appx.). Further, the consideration might undergo a change based on the financial indebtedness and networking capital on the closing date. It was further observed that the aforementioned consideration will be reduced if the value of the company as on the closing date goes down. However, if the value of the company is improved as on the closing date, the maximum amount of consideration that UCL would pay to shareholders of JCC would be INR 150 crs. This may not have been in the interest of the selling shareholders in the event the valuation goes beyond INR 150crs.



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In this regard, the Company has submitted that aforementioned capping of equity at INR 150 crs helps UCL minimize the dilution for its share holders and instead take on more debt as part of the acquisition. It was further submitted that the aforementioned mechanism also favours JCC which wanted to transfer maximum amount of debt from itself to the buyer to bring down its debt instead of receiving higher amount of equity and that the parties have agreed to keep the equity consideration capped at INR 150 crs and let the remaining be discharged by way of transfer of debt.

c. The company shall duly comply with various provisions of the Circulars”

Accordingly, we do hereby convey our ‘No-Objection’ with limited reference to those matters having a bearing on listing / delisting / continuous listing requirements within the provisions of the Listing Agreement, so as to enable the Company to file the Scheme with the Hon’ble High Court.

However, the Exchange reserves its right to withdraw this No-objection approval at any stage if the information submitted to the Exchange is found to be incomplete / incorrect / misleading / false or for any contravention of Rules, Bye-laws and Regulations of the Exchange, Listing Agreement, Guidelines / Regulations issued by statutory authorities.

Yours faithfully,  
For National Stock Exchange of India Limited

✶ Kamlesh Patel  
Manager