

**Acquisition of Gujarat Cement Unit of
Jaypee Cement Corporation Limited
*through a demerger***

Mumbai, 11th September, 2013

The Context....



- **UltraTech is the largest cement company in India**
 - Current cement capacity ~54mtpa (~51 mtpa in India & 3 mtpa overseas).

- **Significant capacity addition during the last decade:**
 - Added ~ 21 mtpa capacity since 2005;
 - Additional ~ 10 mtpa underway - likely commissioning by FY15;
 - Capacities build-up in all zones.....except **Gujarat region**.

- **Need for capacity addition in Gujarat :**
 - Our Gujarat plants presently operating at ~ 95%;
 - Lost volume in Gujarat post disposal of SDCCL;
 - Required additional volume to support costal movements – Mumbai, Kochi, Mangalore and Sri Lanka markets.

- **Total capacity post the projects underway and acquisition - ~70mtpa**

Opted for acquisition of Gujarat Assets of JCCL

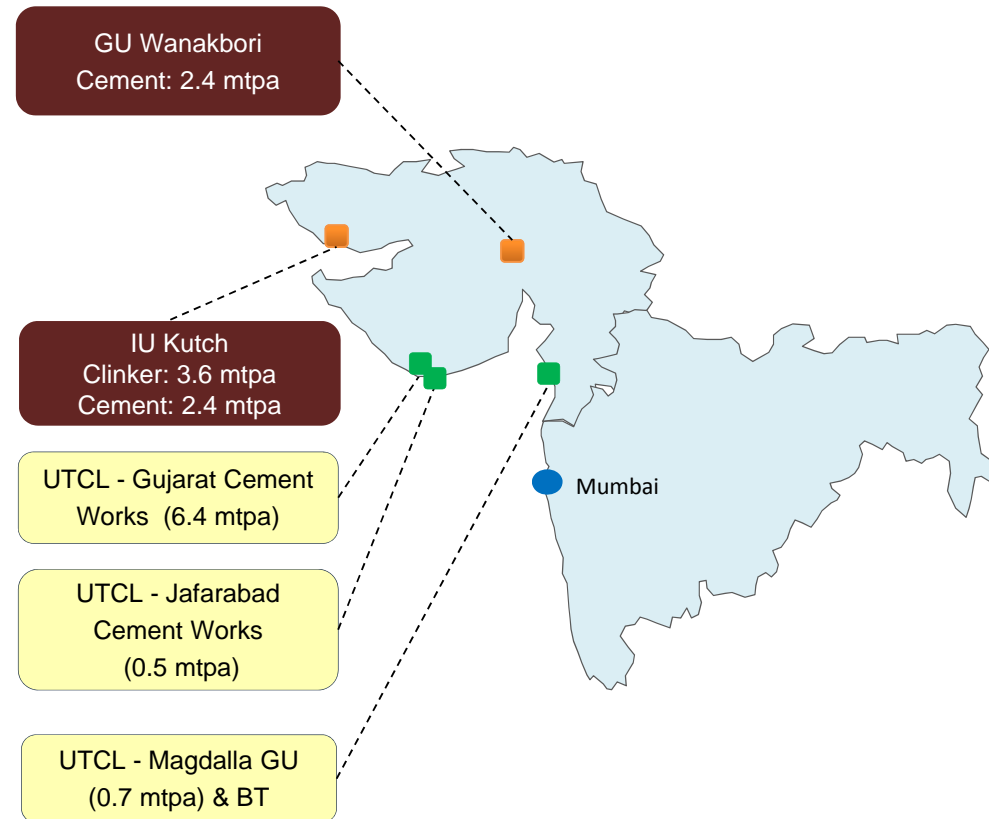
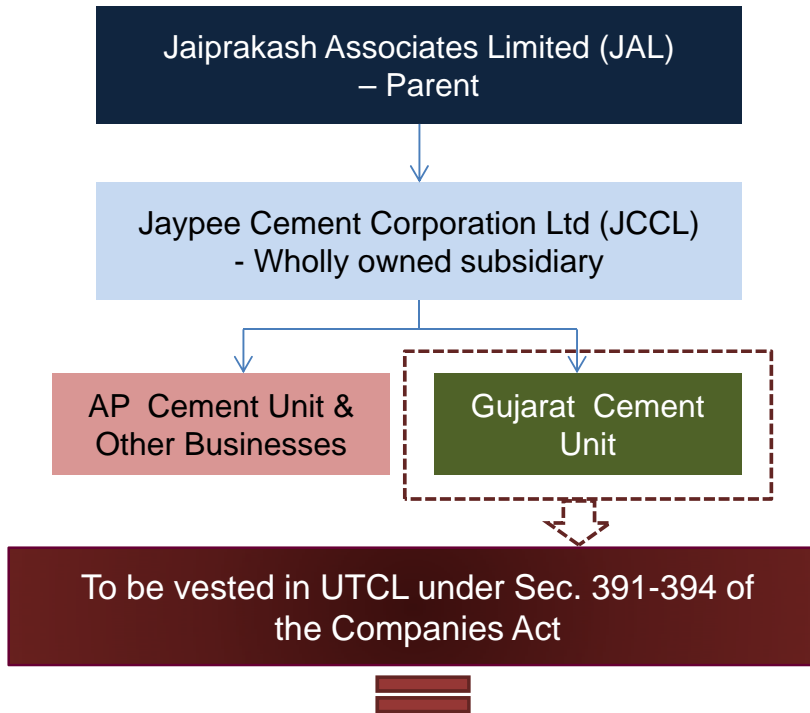
Benefits of the transaction



- Meet UltraTech's (UTCL) need to enhance capacity in Gujarat – to serve local, coastal & export markets;
- High quality operational assets with immediate cash generation potential
- Sizable land and mining reserve – supports doubling of the capacity.
- Manufacturing, marketing and supply chain synergies.
- Tax advantage on carried forward business losses and unabsorbed depreciation of the Unit.
- Fly ash available near the grinding unit.
- Captive power plant.

Value accretive in the medium term

Structure and Plant Locations



Plants

Integrated Unit (IU): Sewagram – Kutch, Gujarat

- Clinker Capacity - 3.6 mtpa (2x5500 TPD)
- Cement Capacity - 2.4mtpa

Grinding Unit (GU) : Wanakbori (Near Ahmedabad), Gujarat

- Cement Capacity - 2.4mtpa

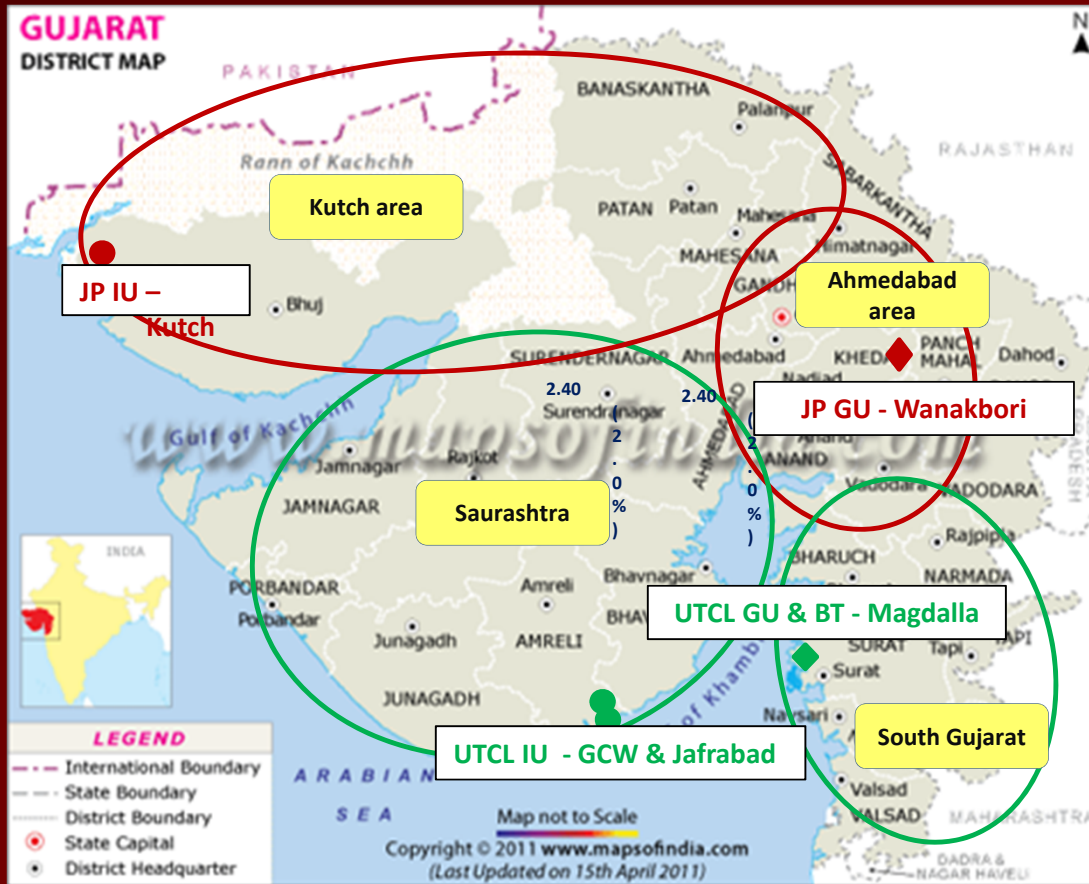
Assets to be Acquired



- Recently commissioned plant with latest technology and split grinding unit.
- Scope to double the capacity:
 - Land Area – 5479 Ha,
 - Limestone Reserve ~ 500 MnT – sufficient for 90 years.
- Strong infrastructure assets:
 - CPP - 57.5 MW,
 - DG - 30 MW,
 - Jetty – 2500 DWT barges: for clinker and coal movement
 - Desalination plant – meeting water requirement.
- Cement bag manufacturing unit - Capacity : 3 lacs bag per day.

Synergies

Plant locations and Market Distribution



- Multiple plants across Gujarat with grinding units closer to the consumers
- Market realignment:
 - Synergy gain: approx. Rs.30-40 crs p.a.
- Further Potential Gain:
 - To increase costal movements;
 - Realignment of clinker movement with UTCL existing Plants.

Valuation & Consideration



- Enterprise value (“EV”) – Rs.3,800 Crores +/- Net working capital at actuals at Closing.
- Will take over all the assets and liabilities of the demerged undertaking.
- Consideration is equal to EV less liabilities taken over.. Such Consideration to be discharged by issue of equity shares of UTCL:
 - Current estimate of consideration is approx Rs.147Crores;
 - Consideration to be adjusted at Closing for movements in working capital, liabilities, assets and the share price of UTCL;
 - Consideration Capped at Rs.150 Crores – Maximum dilution as per agreed formula at current prices ~ 0.32%.
- Demerged undertaking valued in line with replacement cost, with additional strategic assets.

Balance sheet will continue to remain strong



		Pre- Acquisition	Post Acquisition
Debt : Equity	Gross	0.31 : 1	0.54 :1
	Net	0.03 :1	0.26 :1
Debt / EBIDTA		1.0x	1.7x



Transaction Advisers

Transaction Advisor

Standard Chartered Bank

Independent Fairness
Opinion

Axis Capital Limited

Legal Advisor

Amarchand & Mangaldas & Suresh A. Shroff & Co.

Valuation Expert

Bansi S Mehta & Co.



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