

DCS/AMAL/LP/24(f)/043/2013-14

May 15, 2014

The Company Secretary
Mipco Seamless Rings (Gujarat) Limited
B No. 100, Nilkanthnagar, Gujarat Housing Board ,
Bharuch ,Gujarat ,392001

Dear Sir;

Sub: Observation letter regarding Draft Scheme of Arrangement filed by Mipco Seamless Rings (Gujarat) Limited

We refer to your submission of draft Scheme of Arrangement involving reduction of capital of Mipco Seamless Rings (Gujarat) Limited and merger of Corpus Software Private Limited with the company.

As required under SEBI Circular No.CIR/CFD/DIL/5/2013 & No.CIR/CFD/DIL/8/2013 dated February 4, 2013 & May 21, 2013 respectively, SEBI vide its letter dated May 13,2014 has given the comments on the draft scheme of arrangement as per **Annexure I** (copy attached).

The comments communicated in the above SEBI letter refer to inter alia:

- 1. Dilution in the Shareholding of MIPCO which is not in accordance with the provisions of Securities Contract (Regulations) Rules, 1957 (SCRR) and Listing Agreement.*
- 2. Achieving Listing Benefit – An attempt to circumvent requirements of Securities Contracts (Regulation) Rules, 1957 (SCRR) and SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009 (ICDR).*
- 3. Substantial Acquisition and Change in control of MIPCO without providing an exit opportunity – an attempt to circumvent the obligations under SEBI (Substantial Acquisition of shares and Takeover) Regulations,2011(Takeover Regulations).*
- 4. Increasing shareholding through Share Swap - an attempt to bypass the Preferential Issue guidelines under ICDR.*
- 5. Swap Ratio skewed in favour of unlisted company – Valuation resulting into representation of public shareholders of the listed entity reducing from 56.38% to 4.38%.*

The Exchange has therefore been advised by SEBI to inter alia:

1. Implead itself in the proceedings before the Hon'ble High Court, stating, inter-alia, that the proposed Scheme of Arrangement is detrimental to the interest of investors and securities market.
2. Bring the observations of SEBI to the notice of the Hon'ble High Court;
3. Take up the matter actively with ROC and impress upon ROC to object to the Scheme of Arrangement before Hon'ble High Court, inter-alia, on the above grounds.
4. Keep SEBI informed the developments in the matter.

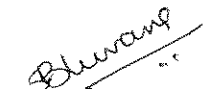
In view of the above observations, the Exchange is unable to grant its 'No-Objection' to the draft Scheme of Arrangement filed by the company. The company may therefore consider revising the scheme suitably to address all the concerns raised and re-submit the same.

In case the company still decides to go ahead and file the present scheme with the Hon'ble Court, you are advised to kindly inform the Exchange, so that we may implead ourselves in the proceedings before the Hon'ble Court as advised by SEBI. Alternatively, you may consider impleading BSE as a party in the proceedings before the Hon'ble Court as advised by SEBI to us, in their observation letter."

Further, you are advised to bring the contents of this letter to the notice of your shareholders, all relevant authorities, as deemed fit and also include the above observations in the filings to be made before the Honorable High Court/Registrar of Companies, Ahmedabad.

Yours faithfully,


Nitin Pujari
Manager


Bhuvana Sriram
Dy. Manager