

REPORT OF THE AUDIT COMMITTEE OF ULTRATECH CEMENT LIMITED ("COMPANY") RECOMMENDING THE DRAFT SCHEME OF ARRANGEMENT AMONGST CENTURY TEXTILES AND INDUSTRIES LIMITED, THE COMPANY AND THEIR RESPECTIVE SHAREHOLDERS AND CREDITORS DATED 20TH MAY, 2018

Present:

1. Mr. S. B. Mathur, Chairman
2. Mr. G. M. Dave, Member
3. Mr. D. D. Rathi, Member
4. Mr. K.K.Maheshwari, Managing Director & permanent invitee
5. Mr. Atul Daga, Whole-time Director and Chief Financial Officer & permanent invitee
6. Mr. S. K. Chatterjee, Company Secretary

1. Background

- 1.1. A meeting of the Audit Committee of the Company was held on 20th May, 2018 to consider and recommend the proposed Scheme of Arrangement amongst the Company, Century Textiles and Industries Limited and their respective shareholders, under Sections 230 - 232 and other applicable provisions of the Companies Act, 2013 ("**Scheme**")
- 1.2. This report of the Audit Committee is made in order to comply with the requirements of the Securities and Exchange Board of India (SEBI) (Listing Obligations and Disclosure Requirements) Regulations, 2015 and SEBI circular number CFD/DIL3/CIR/2017/21 dated March 10, 2017, as amended from time to time.
- 1.3. The following documents were placed before the Audit Committee:
 - (a) Draft Scheme, duly initialed by the Company Secretary of the Company for the purpose of identification;
 - (b) Joint Valuation Report dated 20th May, 2018 ("**Valuation Report**") prepared by Walter Chandlok & Co., LLP and Banshi S. Mehta & Co., independent Chartered Accountant, describing the methodology adopted by them in arriving at the share entitlement ratio; and
 - (c) Fairness opinion dated 20th May, 2018 ("**Fairness Opinion**") prepared Axis Capital, a Category-I independent Merchant Banker providing the Fairness Opinion on the share entitlement ratio as recommended by the Valuation Report.

2. Proposed Scheme of Arrangement

- 2.1. The Audit Committee noted the rationale and the benefits of the Scheme which, *inter-alia*, are as follows:
 - (i) expansion in markets having good potential demand for cement;
 - (ii) creating value for its shareholders by acquiring ready to use assets which shall create operational efficiencies, reduce time to markets vis-à-vis greenfield projects which are time consuming due to challenges in acquisition of land and limestone mining leases;



- (iii) a strategic fit for serving existing markets and catering to additional volume requirements in new markets; and
- (iv) synergies in manufacture and distribution process and logistics alignment leading to economies of scale and creation of efficiency by reducing time to market and benefiting customers.

2.2. The salient features of the draft Scheme include:

- (i) demerger of the Cement Business (*as defined in the Scheme*) of Century Textiles and Industries Limited into the Company;
- (ii) post effectiveness of the Scheme, the equity shares of the Company issued to the eligible shareholders of Century Textiles and Industries Limited.

2.3. The Audit Committee reviewed the Valuation Report and noted the recommendations made therein. Further, the Fairness Opinion confirmed that the share exchange ratio in the Valuation Report is fair to the shareholders of the Company.

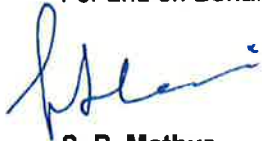
The share entitlement ratio recommended by the Valuation Report and confirmed by the Fairness Opinion is as follows:

For every 8 (eight) fully paid-up equity shares of INR 10/- each held in Century Textiles and Industries Limited; 1 (one) fully paid-up equity share of INR 10/- each of the Company.

3. Recommendation of the Audit Committee

Taking into consideration the draft Scheme, Valuation Report, Fairness Report and other documents, as placed, the Audit Committee recommends the draft Scheme to the Board of Directors of the Company for its consideration and approval.

By Order of the Audit Committee
For and on Behalf of UltraTech Cement Limited



S. B. Mathur
Chairman
Audit Committee



Place: Mumbai
Date: 20th May, 2018