

Report of Audit Committee of UltraTech Cement Limited

Present:

1. Mr. R. C. Bhargava, Chairman
2. Mr. S. Rajgopal, Member
3. Mr. G. M. Dave, Member

4. Mr. D. D. Rathi, Director and Permanent Invitee
5. Mr. Atul Daga, Chief Financial Officer
6. Mr. S. K. Chatterjee, Company Secretary

1. Background:

- 1.1 A meeting of the Audit Committee was held on 23rd January, 2015 to consider the proposed scheme of arrangement between Jaiprakash Associates Limited, the Company and their respective shareholders and creditors ("the Scheme of Arrangement").
- 1.2 This report of the Audit Committee is made in order to comply with circular number CIR/CFD/DIL/5/2013 dated 4th February, 2013 and circular number CIR/CFD/DIL/8/2013 dated 21st May, 2013 (together the "SEBI Circulars") issued by the Securities and Exchange Board of India ("SEBI").
- 1.3 The Committee considered the:
 - (i) Draft Scheme of Arrangement;
 - (ii) Valuation Report dated 23rd January, 2015 issued by independent valuers viz. M/s Bansi S. Mehta & Co., Chartered Accountants;
 - (iii) Fairness Opinion dated 23rd January, 2015, issued by J.M. Financial Institutional Securities Limited, Merchant Banker.

2. Proposed Scheme:

The Audit Committee discussed the draft Scheme of Arrangement, valuation report and fairness opinion; pursuant to such discussions, the Audit Committee noted the salient features of the proposed Scheme of Arrangement as follows:

2.1 Salient features of the Scheme of Arrangement:

- (i) The proposed Scheme of Arrangement provides for the acquisition of Cement Unit of Jaiprakash Associates Limited (JAL) in Madhya Pradesh (MP) comprising of:
 1. Integrated cement plant with clinker capacity of 2.1 mtpa and cement grinding capacity of 2.6 mtpa at Bela, MP;



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For UltraTech Cement Limited

S. K. Chatterjee
Company Secretary

- 2. Integrated cement plant with clinker capacity of 3.1 MTPA and cement grinding capacity of 2.3 MTPA at Sidhi, MP;
- 3. 180 MW TPP of which 25 MW is situated at Bela and 155 MW at Sidhi.

including assets and liabilities as a going concern on a slump exchange basis.

- (ii) The proposed Scheme of Arrangement provides for issuance of non-convertible cumulative redeemable preference shares and unsecured redeemable non-convertible debentures of the Company to Jaiprakash Associates Limited.

2.2 The Audit Committee noted that:

The acquisition of business of JAL as stated above will have the following benefits:

- i. Entry into one of the growing markets of India, viz. the Satna Cluster in Madhya Pradesh which contributes to around Ten percent (10%) of all India cement demand; and
- ii. Creating value for shareholders by acquiring ready to use assets reducing time to markets, availability of land, mining leases, fly ash and railway infrastructure leading to logistical efficiency.

3. Recommendation of the Audit Committee:

The Audit Committee concluded that the proposed Scheme of Arrangement would be to the benefit of the Company and also its shareholders and recommends the proposed Scheme of Arrangement to the Board of Directors of the Company.

For and on behalf of the Audit Committee of UltraTech Cement Limited


Chairman of the Audit Committee Meeting

Date: 23rd January, 2015
Place: Mumbai

