



ANNEXURE - 5

CONFIDENTIAL

May 20, 2018

The Board of Directors
UltraTech Cement Limited
2nd Floor, 'B' Wing, Ahura Centre,
Mahakali Caves Road,
Andheri (East),
Mumbai 400 093.

Dear Members of the Board:

I. Engagement Background

We understand that the Board of Directors of UltraTech Cement Limited ("UltraTech" or the "Company") and Century Textiles and Industries Limited ("CTIL") are considering a demerger of the cement business of CTIL ("Demerged Undertaking") into UltraTech (hereinafter referred to as the "Transaction"). The proposed Transaction is to be carried out pursuant to a Scheme of Arrangement ("Scheme") under the relevant provisions of the Companies Act, 2013 and in compliance with the provisions of the Income Tax Act, 1961.

We understand from the UltraTech's management that pursuant to the Scheme, the shareholders of CTIL will be issued the Company's equity shares as consideration for their ownership rights in the Demerged Undertaking. The terms and conditions of the proposed Transaction are more fully set out in Draft Scheme of Arrangement and the Implementation Agreement shared with us on 18 May 2018 and 16 May 2018 respectively (together referred to as "Draft Scheme Documents"). We understand that the final version of the Scheme of Arrangement will be filed by the aforementioned companies with the appropriate authorities in due course.

We further understand that the share entitlement ratio for the proposed Transaction has been arrived at based on the valuation report dated 20 May 2018 jointly prepared by Walker Chandok & Co. LLP and Bansi S. Mehta & Co (jointly the "Valuers"), who have been independently appointed for this exercise by UltraTech and CTIL respectively.

Based on our perusal of the valuation report dated 20 May 2018 and the Draft Scheme Documents, including any assumptions and caveats mentioned therein, we understand as per Part II of the Scheme, the Demerged Undertaking will merge into UltraTech, and consequent to the same, the shareholders of CTIL will be issued such number of new shares by the Company as calculated based on the share entitlement ratio as proposed by the Valuers.

In connection with the aforesaid, you requested our opinion ("Opinion"), from a financial point of view, as of the date hereof, as to the fairness to the shareholders of UltraTech of the share entitlement ratio proposed by the Valuers with respect to the proposed Scheme of Arrangement.

**Certified True Copy
For UltraTech Cement Limited**


**S. K. Chatterjee
Company Secretary**



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II. Basis of Opinion

The rationale for the Scheme as shared with us by the Company's management is based inter-alia on the following benefits to UltraTech:

- expansion in markets having good potential demand for cement;
- 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;
- strategic fit for serving existing markets and catering to additional volume requirements in new markets; and
- synergies in manufacture and distribution process and logistics alignment leading to economies of scale and creation of efficiency by reducing time to market and thereby benefiting customers

A brief history of each of the aforesaid companies is as under –

UltraTech is the largest manufacturer of grey cement, Ready Mix Concrete ("RMC") and white cement in India and is one of the leading cement producers globally. The Company has an operating cement capacity of 90.75¹ Million Tonnes Per Annum (MTPA) of grey cement, in addition to 1.5 MTPA of white cement and wall putty capacity as at 18 May 2018. Overall, UltraTech operates 19 integrated plants, 1 clinkerisation plant, 25 grinding units and 7 bulk terminals and has operations spanning across India, UAE, Bahrain, Bangladesh and Sri Lanka. With 100+ RMC plants across 35 cities, UltraTech is the largest manufacturer of concrete in India. UltraTech is listed on the National Stock Exchange (NSE), and the Bombay Stock Exchange (BSE) in India.

UltraTech is part of the Aditya Birla Group, which is one of the largest business groups in India and is in the league of Fortune 500 companies. The Aditya Birla Group employs a diverse workforce comprising 120,000 employees, belonging to 42 different nationalities across 36 countries. The Aditya Birla group has a history of over 50 years and has business interests in, among others, cement, metals and mining, mobile telecommunications, carbon black, textiles, garments, chemicals, fertilizers and financial services industries.

Century Textiles and Industries Limited manufactures and sells cement, textiles, and pulp & paper products in India. It was incorporated in 1897 and operates as a part of BK Birla Group of Companies. The company's cement division has a total installed capacity of 13.4 Million Tonnes Per Annum (MTPA) across plants in Maharashtra, Madhya Pradesh, Chhattisgarh and West Bengal. Operationalization of an additional cement capacity of 1.2 MTPA at CTIL's Manikgarh unit on account of de-bottlenecking of operations is pending regulatory clearances and is expected to be commissioned in the financial year 2018-19. CTIL produces and sells Portland Pozzolana Cement, Portland Slag Cement, Clinker and Ordinary Portland Cement under the Birla Gold brand.

¹ The Company has commissioned 1.75 MTPA cement grinding capacity, subsequent to 31 March 2018 at Manwar, Dist. Dhar, Madhya Pradesh.





CTIL also produces, manufactures and sells shirting, suiting, fancy & finer fabric varieties, bed linen, rayon tyre yarns and industrial yarns besides retailing home fashion, including a range of bed and bath accessories. In addition, it provides writing & printing papers, tissue papers, and multilayer packaging boards, as well as raw materials for viscose filament yarns, staple fibers, and paper grade pulp products. Further, it is involved in the leasing of residential, commercial and retail spaces. CTIL is listed on the National Stock Exchange (NSE), and the Bombay Stock Exchange (BSE) in India.

The key features of the Scheme provided to us through Draft Scheme Documents are as under:

- As consideration for the proposed Transaction, UltraTech shall allot and issue UltraTech's equity shares, to the shareholders of CTIL as per the share entitlement ratio, free and clear of all encumbrances and together with all rights and benefits attaching thereto
- UltraTech equity shares issued by the Company pursuant to the Scheme shall be issued in accordance with, and subject to, the provisions of the charter documents of UltraTech and shall rank *pari passu* in all respects with each other and with all existing UltraTech equity shares issued, including as regards entitlement to dividend and other distribution and repayment of capital declared or paid, and voting & other rights as detailed in the Draft Scheme Documents

We have relied upon the Draft Scheme Documents and taken the abovementioned key features of the Scheme (together with the other facts and assumptions set forth in Section III: Limitation of Scope and Review of this Opinion) into account while determining the meaning of "fairness", from a financial point of view, for the purposes of this Opinion.

III. Limitation of Scope and Review

Our Opinion and analysis is limited to the extent of review of documents, data points, facts or any other information as provided to us physically, digitally or verbally by UltraTech and CTIL including the draft valuation report prepared by the Valuers and the Draft Scheme Documents.

In connection with this Opinion, we have:

- (i) reviewed the Draft Scheme Documents and the valuation report dated 20 May 2018;
- (ii) reviewed certain publicly available historical and operational information with respect to the relevant entities, which is available in their respective annual & interim reports and company presentations;
- (iii) reviewed certain historical business and financial information relating to each of the entities, as provided by the Company and CTIL;
- (iv) considered publicly available research on the Company and CTIL as available with us as at the date hereof;
- (v) held discussions with the Valuers, in relation to the approach taken to valuation and the details of the various methodologies utilised by them in preparing the joint valuation report and their recommendations;





- (vi) sought various clarifications from the respective senior management teams of the relevant companies;
- (vii) reviewed historical stock prices and trading volumes of the Company's and CTIL's shares on NSE;
- (viii) reviewed certain publicly available information with respect to certain other companies in same line of business and which we believe to be generally relevant in the context of the businesses of the Company and the Demerged Undertaking; and
- (ix) performed such other financial analysis and considered such other information and factors as we deemed appropriate.

We have assumed and relied upon the accuracy and completeness of all information and documents provided to us, data publicly available or otherwise reviewed by or discussed with us. We have relied upon the Company's and CTIL's assurances that it is not aware of any facts or circumstances that would make such information or data inaccurate or misleading in any material respect.

We have not carried out any due diligence or independent verification or validation of information to establish its accuracy or sufficiency. We have not conducted any independent valuation or appraisal of any of the assets or liabilities of the Company, CTIL, Demerged Undertaking and / or their respective subsidiaries / affiliates. In particular, we do not express any opinion as to the value of any asset of the Company, CTIL and / or their respective subsidiaries / affiliates, whether at current prices or in the future. No investigation of the respective company's claim to title of assets has been made for the purpose of the exercise and the companies' claim to such rights has been assumed to be fully valid. Our work does not constitute an audit or due diligence or verification of the accounting principles of the historical financial statements or the financial projections but only a limited review of information, to the extent required for the current purpose. No consideration has been given to liens or encumbrances against the assets, beyond the loans disclosed in the accounts. Therefore, no responsibility whatsoever is assumed for matters of a legal nature. Further, we have not evaluated the solvency or fair value of the Company, CTIL or Demerged Undertaking under any law relating to bankruptcy, insolvency or similar matter.

One should note that valuation is not an exact science and that estimating values necessarily involves selecting a method or approach that is suitable for the purpose. Moreover, in this case where shares of the Company are being issued as consideration to the shareholders of CTIL, it is not the absolute valuation that is important for framing an opinion but the relative valuation of the Company vis-à-vis the value of the Demerged Undertaking.

In addition to publicly available information regarding the Company, we have relied on representations, whether verbal or otherwise, made by the management of the Company and CTIL. We have assumed, with the Company's consent, that the Scheme will be in compliance with all applicable laws and other requirements and will be implemented on the terms described in the Draft Scheme Documents, without any waiver or modification of any material terms or conditions, and that in the course of obtaining the necessary regulatory or third party approvals for the Scheme, no delay, limitation, restriction or condition will be imposed that would have an adverse effect on the Company, Demerged Undertaking, CTIL and / or any relevant subsidiaries / affiliates and shareholders of the respective companies. We have assumed, at the directions of the Company that the final Scheme will not differ in any material respect from the Draft Scheme Documents. We understand from the Company's management that the Scheme will be given effect to in totality and not in parts. Accordingly, our Opinion should be seen from a perspective of the resultant share entitlement ratio in order to achieve the final commercial outcome.





We express no view or opinion as to any terms or other aspects of the Scheme (other than the share entitlement ratio) including, without limitation, the form or structure of the proposed Transaction. We were not requested to, and we did not, participate in the negotiations of the proposed Transaction. Our Opinion is limited to the fairness, from a financial point of view, to the Company on the share entitlement ratio. Our analysis relates to the relative values of the Company and the Demerged Undertaking. We express no opinion or view with respect to the financial implications of the merger for any stakeholders, including creditors of the Company.

We express no view as to, and our Opinion does not address, the underlying business decision of the Company to effect the Transaction, the relative merits of the proposed Transaction as compared to any other alternative business strategy, the effect of the Transaction on the Company and or its affiliates, including, without limitation, possible implications on ownership structure, listing format, capital structure or trading price of the Company's shares post completion of the proposed Transaction. The Company remains solely responsible for the commercial assumptions on the basis of which it agrees to proceed with the Transaction. Our Opinion is necessarily based only upon information as referred to in this letter.

We do not express any Opinion as to any tax or other consequences that might arise from the Scheme on the Company, Demerged Undertaking, CTIL and / or their subsidiaries / affiliates, and their respective shareholders, nor does our Opinion address any legal, tax, regulatory (including all SEBI regulations) or accounting matters, as to which we understand that the respective companies have obtained such advice as they deemed necessary from qualified professionals. We have undertaken no independent analysis of any potential or actual litigation, regulatory action, possible unasserted claims, governmental investigation or other contingent liabilities to which the Company, Demerged Undertaking, CTIL and / or their subsidiaries/affiliates, are or may be a party.

Our Opinion is necessarily based on financial, economic, monetary, market and other conditions as in effect on, and the information made available to us as of the date hereof. It should be understood that subsequent developments may affect this Opinion and we assume no responsibility for updating or revising our Opinion based on circumstances or events occurring after the date hereof. Our Opinion is specific to the Transaction as contemplated in the Draft Scheme Documents provided to us and is not valid for any other purpose. It is to be read in totality, and not in parts, in conjunction with the relevant documents referred to herein.

Our Opinion also does not address any matters otherwise than as expressly stated herein, including but not limited to matters such as corporate governance, shareholders rights or any other equitable considerations. We have also not opined on the fairness of any terms and conditions of the Scheme other than the fairness, from a financial point of view, of the share entitlement ratio.

We have in the past provided, and may currently or in the future provide, investment banking services to the Company, CTIL and / or their subsidiaries or their respective affiliates that are unrelated to the proposed Scheme, for which services we have received or may receive customary fees. Our engagement as a fairness opinion provider is independent of our other business relationships, which we may have with the Company, CTIL and / or their subsidiaries or their respective affiliates. In addition, in the ordinary course of their respective businesses,





affiliates of Axis Capital Ltd. may invest in securities of the Company, CTIL and / or their subsidiaries or group companies for their own accounts and for the accounts of their customers subject to compliance of SEBI (Prohibition of Insider Trading) Regulations and, accordingly, may at any time hold a position in such securities. Our engagement and the Opinion expressed herein are solely for the benefit of the Board of Directors of the Company (in its capacity as such) in connection with its consideration of the Scheme and for none other. Delivery of our Opinion does not create any fiduciary, equitable or contractual duties on Axis Capital Ltd. (including, without limitation, any duty of trust or confidence). Further, our Opinion is being provided only for the limited purpose of complying with the SEBI Regulations and the requirement of the stock exchanges on which the Company is listed, and for no other purpose. We will not be responsible to any other person/ party for any decision taken on the basis of this document. It is hereby notified that any reproduction, copying or otherwise quoting of this document or any part thereof except for the purpose mentioned herein can be done only with our prior permission in writing. Neither Axis Capital Ltd., nor its affiliates, partners, directors, shareholders, managers, employees or agents of any of them, makes any representation or warranty, express or implied, as to the information and documents provided to us, based on which the Opinion has been issued. All such parties and entities expressly disclaim any and all liability for, or based on or relating to any such information contained therein.

The Company has been provided with the opportunity to review the draft Opinion as part of our standard practice to make sure that factual inaccuracy / omissions are avoided in our final Opinion.

The fee for our services is not contingent upon the results of the proposed Scheme. This document is subject to the laws of India.

Our Opinion is not intended to and does not constitute a recommendation to any shareholder as to how such holder should vote or act in connection with the Scheme or any matter related thereto.

IV. Conclusion

Based on and subject to the foregoing, we are of the opinion that, as of the date hereof, the share entitlement ratio is fair to the shareholders of UltraTech from a financial point of view.

Very truly yours,

For Axis Capital Ltd.

Authorized Signatory

A handwritten signature in blue ink is written over a circular blue stamp. The stamp contains the text 'AXIS CAPITAL LIMITED' around the top edge, 'MUMBAI' in the center, and 'AXIS' at the bottom. There are also two small stars on either side of the word 'AXIS'.

