

Report of Audit Committee of UltraTech Cement Limited

Present:

1. Mr. S. Rajgopal, Chairman for the meeting
2. Mr. G. M. Dave, Member
3. Mr. R. C. Bhargava*, Member - through video conferencing
4. Mr. D. D. Rathi, Director and Permanent Invitee
5. Mr. K. C. Birla, Chief Financial Officer
6. Mr. S. K. Chatterjee, Company Secretary

* Chairman of Audit Committee, participated through video conferencing therefore shown as Member

1. Background::

- 1.1 A meeting of the Audit Committee was held on 11th September, 2013 to consider the proposed scheme of arrangement between the Company, Jaypee Cement Corporation Limited and their respective shareholders and creditors ("**Scheme**").
- 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 11th September, 2013 issued by Bansi S. Mehta & Co., independent Chartered Accountants;
 - (iii) Fairness Opinion dated 11th September, 2013, issued by Axis Capital Limited, merchant banker.

2. Proposed Scheme

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

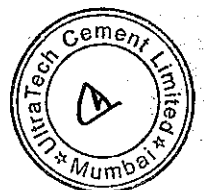
2.1 Salient features of the Scheme of Arrangement:

- (i) The proposed Scheme provides for transfer of the cement unit of Jaypee Cement Corporation Limited at Gujarat comprising among other things of an integrated cement unit at Sewagram and Grinding Unit at Wanakbori,

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For UltraTech Cement Limited

S.K. Chatterjee
S. K. Chatterjee
Company Secretary

R. C. Bhargava
11/9/13



alongwith its assets and liabilities as a going concern by way of a demerger to the Company;

- (ii) The proposed Scheme provides for issue of shares of the Company to Jaiprakash Associates Limited, the holding company of Jaypee Cement Corporation Limited;

2.2 The Audit Committee noted that:

The acquisition of the cement unit of Jaypee Cement Corporation Limited at Gujarat, comprising among other things of an integrated cement unit at Sewagram and grinding unit at Wanakbori including the assets and liabilities of the division, as a going concern by way of a demerger pursuant the proposed Scheme, will have the following benefits:

- (i) Availability of land and mining leases in Gujarat to cater to the growing western market;
- (ii) strategic fit for serving existing market and also to cater additional volume linked to coastal markets;
- (iii) synergies in manufacture and distribution process and logistics alignment leading to economies of scale and creation of efficiencies by reducing time to market and benefitting consumers;
- (iv) create value for shareholders of the Company.

3. Recommendation of the Audit Committee:

The Audit Committee concluded that the proposed Scheme would be to the benefit of the Company and also its shareholders and recommends the proposed Scheme 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: 11th September, 2013
Place: Mumbai

