



REPORT OF THE AUDIT COMMITTEE OF UPL LIMITED

Present

- (a) Mr. Pradip Madhavji (Chairman of the Audit Committee);
- (b) Mr. Pradeep Goyal;
- (c) Mr. Arun Ashar.

1. Background

The Company has placed before the Audit Committee draft Scheme of Amalgamation under sections 391 to 394 and other applicable provisions of the Companies Act, 1956 of Advanta Limited ("Advanta" or "Transferor Company") with UPL Limited ("UPL" or "Transferee Company") and their respective Shareholders and Creditors ("Scheme") for recommendation of the Scheme by the Audit Committee to the Board of Directors as required vide SEBI Circular No. CIR/CFD/DIL/2013 dated February 4, 2013 read with circular no. CIR/CFD/DIL/8/2013 dated May 21, 2013 ('Circular').

This report is made in order to comply with the requirements of the Circular after considering the following:

- a. Draft Scheme;
- b. Valuation Report dated November 22, 2015 issued by BSR & Associates LLP;
- c. Fairness Opinion dated November 22, 2015 issued by Citigroup Global Markets India Private Limited;
- d. Audited financial statements of the Advanta and UPL for the year ending March 31, 2015, March 31, 2014 and March 31, 2013;

2. Proposed Scheme

The Salient features of the draft Scheme are as under:



- a. The Scheme provides for amalgamation of Advanta Limited with UPL Limited;
- b. The accounting treatment to be followed for the Scheme of Amalgamation will be as per accounting standard 14 issued by ICAI.
- c. Proposed Appointed Date for the scheme will be 1st April, 2015.
- d. Based on the Share Valuation Report of an independent valuer, BSR & Associates LLP, the Share Exchange Ratio for the Amalgamation of Transferor Company with the Transferee Company is as under:

To the equity shareholders of the Transferor Company (whose names are registered in the Register of Members of the Transferor Company /register of beneficial owner with depository on the Record Date, or his /her/its legal heirs, executors or administrators or, as the case may be, successors) the following shares (the "Share Exchange Ratio"):

For every one equity share of the Transferor Company of the face value of Rs. 2/- (Rupees Two) each fully paid up held by the shareholders of the Transferor Company on the Record Date following shares will be issued:

- (a) one equity share of the Transferee Company of Rs. 2/- (Rupees Two) each fully paid up (the "New Equity Shares"); and
- (b) three preference shares of the Transferee Company of Rs. 10/- (Rupees ten) each fully paid up, (the "Preference Shares") issued in the following manner:
 - (i) On the Record Date, if the shareholder is a Person Resident Outside India, three compulsorily convertible preference shares of the Transferee Company of Rs. 10/- (Rupees ten) each fully paid up, (the "CCPS") will be issued which will be convertible into equity shares of the Transferee Company, subject to terms specified in Schedule 1 to this Scheme.



(ii) On the Record Date, if the shareholder is a Person Resident in India, three optionally convertible preference shares of the Transferee Company of Rs. 10/- (Rupees ten) each fully paid up, (the "OCPS") will be issued which will be convertible into equity shares of the Transferee Company or redeemable, subject to terms specified in Schedule 2 to this Scheme.

3. Recommendation of the Audit Committee

The Audit Committee recommends the draft Scheme, inter-alia taking into consideration valuation report, for favorable consideration by the Board of Directors of the Company, Stock Exchange(s) and SEBI.

DATE: 22nd November, 2015

PLACE: Mumbai

A handwritten signature in black ink, appearing to be 'R. H. Joshi', is written over a horizontal line.

(Chairman of the Audit Committee)

UPL Limited