

Ambuja Cement

Ref:

August 23, 2013

To,

National Stock Exchange of India Limited

Listing Department
Exchange Plaza 5th Floor
Plot No. C/1, G Block
Bandra – Kurla Complex
Bandra (East)
Mumbai – 400 051

NSE Scrip Code: AMBUJACEM

Kind Attn: General Manager

Dear Sir,

Re: Scheme of Amalgamation between Holcim (India) Private Limited, Ambuja Cements Limited and their respective shareholders and creditors under Sections 391 to 394, read with Section 100 and other applicable provisions of the Companies Act, 1956

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Re: Application under Clause 24(f) of the Equity Listing Agreement

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Re: Securities and Exchange Board of India circular number CIR/CFD/DIL/5/2013 dated February 4, 2013 read with circular number CIR/CFD/DIL/8/2013 dated May 21, 2013

&

Re: Securities and Exchange Board of India letter dated August 8, 2013

Dear Sir,

This has reference to your email dated August 12, 2013 forwarding a letter from the Securities and Exchange Board of India ("SEBI") (ref no. CFD/DIL/HB/19711/2013 dated August 8, 2013 ("SEBI Letter").

1. The SEBI Letter notes the following point and our responses to the same are as below:

(a) ***The Valuation Report does not inter-alia take into account the consideration for 24% stake sale of HIPL to ACL by HIL.***

(i) The report dated July 22, 2013 ("**Valuation Report**") of BSR and Associates ("**BSR**") and Price Waterhouse & Co ("**PW&Co**"), both independent chartered accountant firms ("**Valuers**"), does take into consideration the proposed acquisition of equity shares of Holcim India Private Limited ("**HIPL**") by us

AMBUJA CEMENTS LIMITED

Elegant Business Park, MIDC Cross Road 'B', Off Andheri - Kurla Road, Andheri (E), Mumbai - 400 059

Tel. : (91-22) 6616 7000 / 4066 7000, Fax : (91-22) 6616 7711 / 4066 7711

Regd. Off. : P. O. Ambuja Nagar, Taluka - Kodinar, Dist. - Junagadh, Gujarat

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from Holderind Investments Limited ('HIL') and carries a reference to the same.

(ii) We have received a joint letter dated 20th August, 2013 from the Valuers, a copy of which is enclosed for your ready reference, wherein they have clarified that:

(A) The draft scheme shared with them referred to the share acquisition transaction. However, the share acquisition details, i.e. number of HIPL shares proposed to be acquired by ACL and price thereof, could only be finalized post receipt of necessary approval at the board meetings of HIL and ACL.

(B) Accordingly, the Valuation Report mentioned that "*This Valuation Report and our recommendation of Exchange Ratio is based on the premise that the aforementioned acquisition of equity shares of HIPL by ACL from HIL, shall be carried out at a price within the value range recommended by BSR and PW&Co.*"

(C) At the Board meeting dated July 24, 2013, the Board of ACL and HIL have authorised the acquisition of 1,365,692,423 equity shares of HIPL at INR 25.63 per equity share. As the price for acquisition of HIPL equity shares is within the value range recommended by the BSR & PW&Co, it would be value neutral to the shareholders of ACL (as cash would get replaced with investments of similar value) and would, therefore, not affect the Exchange Ratio.

(b) The Valuation Report is incomplete and does not contain relevant Annexures.

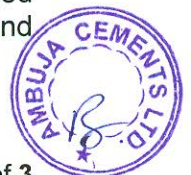
(i) BSR and PW&Co vide their aforesaid joint letter dated 20th August, 2013 have confirmed to us that the Valuation Report is complete.

(ii) However, given the request, we are pleased to submit summary workings for exchange ratio as well as the value of HIPL shares by BSR and PW&Co, respectively. These workings are given in **Enclosure 1 and 2** attached to their aforesaid joint letter dated 20th August, 2013.

(iii) We request you to treat these summary workings on a confidential basis as it carries/ is based on the information (including *inter-alia* forward looking statements) which are not available in public domain and are commercially sensitive. We also request your confirmation that we are not required to upload the same on our websites. We would be happy to provide you further clarification/ information on the above.

(c) The Valuation Report is based on financials more than 6 months old and on Unaudited results for the period ended March 31, 2013 of ACL, ACC and HIPL.

(i) You would appreciate that the valuations are based on various parameters and hence, rightly so, neither the SEBI Circular number CIR/CFD/DIL/5/2013 dated February 4, 2013 read with circular number CIR/CFD/DIL/8/2013 dated May 21, 2013 ("**SEBI Circular**") nor the listing agreement(s) with NSE and



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Bombay Stock Exchange ("BSE") specify any requirements in relation to the financials which may be relied on for the valuation.

- (ii) Additionally, the 'Appointed Date' for the merger is April 1, 2013 and the audited financial statements that have been considered for the Valuation Report are as of December 31, 2012 (i.e. not older than six months from the Appointed Date). Further, the Valuers have also considered the unaudited financial statements for March 31, 2013 which carried Limited Review Report from the Statutory Auditors of the Company.
- (iii) We, however, note your observation on the audited financial statements being older than six months, which in our humble submission apply to unlisted companies. The relevant provision on document submission requirements in the SEBI Circular is reproduced below for your ready reference:

SEBI Circular CIR/CFD/DIL/5/2013 dated February 4, 2013 (Para 2 of Part A of Annexure I), requires a listed company to inter-alia submit the following:

"6. Audited financials of last 3 years (financials not being more than 6 months old) of unlisted company."

- (iv) The audited financial statements of HIPL for the last three years, viz., financial years ended December 31, 2010, December 31, 2011 and December 31, 2012, have already been submitted. The audited financial statements of HIPL for the quarter ended March 31, 2013 is being sent separately.

2. In light of the explanations provided above, we submit that the valuation report and fairness opinion have been prepared taking into account all the relevant data. We consequently trust that your requirements have now been met.

We would, however, be pleased to furnish any additional information as may be required.

Thanking you.

Yours faithfully,

For **AMBUJA CEMENTS LIMITED**

Rajiv n. Gandhi

Rajiv Gandhi

Company Secretary and Compliance Officer

E-mail Address: rajiv.gandhi@ambujacement.com

Telephone (Landline): (022) 40667059

Telephone (Mobile): (+91) 9920752059

