

**B S R and Associates**  
Chartered Accountants  
Lodha Excelus, 1st Floor  
Apollo Mills Compound  
N.M.Joshi Marg, Mahalaxmi  
Mumbai – 400011

**Price Waterhouse & Co.**  
Chartered Accountants  
252, Veer Savarkar Marg  
Shivaji Park  
Dadar  
Mumbai – 400 028

*The Board of Directors*  
**Ambuja Cements Limited**  
106, Maker Chamber III  
Nariman Point  
Mumbai – 400 021

20 August 2013

**Ref: Joint Exchange Ratio dated dated 22 July 2013 ("Valuation Report") by B S R and Associates ("BSR") and Price Waterhouse & Co ("PW&Co"), both independent chartered accountant firms, in connection with the proposed merger of Holcim (India) Private Limited ("HIPL") into Ambuja Cements Limited ("ACL")**

Dear Sirs,

We refer to your e-mail dated 20 August 2013 seeking clarifications from BSR and PW&Co (collectively referred to as "we" or "us") towards certain matters referred to in letter no. CFD/DIL/HB/19711/2013 dated August 8, 2013 by the Securities and Exchange Control Board of India to the National Stock Exchange Limited.

In this regards, kindly find our comments to the two points as under:

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

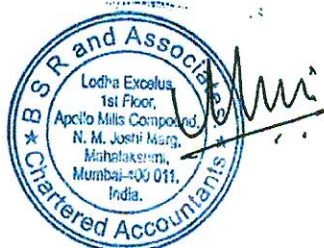
Our comments:

Our Valuation Report dated 22 July 2013 carries a reference to the proposed acquisition of equity shares of HIPL by ACL from Holdcrind Investments Limited ("HIL").

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

Accordingly, our 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."*

At the Board meeting dated 24 July 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 us, the same 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.*

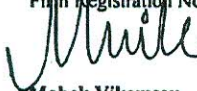
Our comments:

We confirm that our Valuation Report is complete.

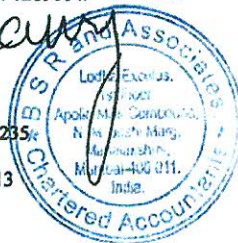
In the past, stock exchanges have typically asked for summary workings for exchange ratio. Considering both the Valuers have been independently appointed and have worked independently, before arriving at a joint consensus exchange ratio, we have enclosed the independent summary workings as **Enclosure 1 and 2** to this letter.

Thanking you

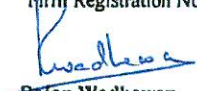
For B S R and Associates  
Chartered Accountants  
Firm Registration No: 128901W

  
Mahesh Vikamsey  
Partner  
Membership No: 108235

Dated: 20 August 2013



For Price Waterhouse & Co.  
Chartered Accountants  
Firm Registration No: 016844N

  
Rajan Wadhawan  
Partner  
Membership No: 090172

Dated: 20 August 2013



Enclosed

1. Summary Workings of B S R and Associates
2. Summary Workings of Price Waterhouse & Co.

**B S R and Associates**

## **Project Alaska**

*Security cover*

Enclosure 1

*B S R and Associates is a member firm of B S R & Affiliates network of firms, registered with the Institute of Chartered Accountants of India. The other firms which are part of the B S R & Affiliates network include B S R & Co., B S R & Associates, B S R & Company, B S R and Co, B S R and Company, B S R R & Co and B S S R & Co.*



**B S R and Associates**

## **Project Alaska**

**Merger of Holcim (India) Private Limited with  
Ambuja Cements Limited**

*Summary Workings*

*Supporting calculations for  
Share Exchange Ratio*

20 August 2013

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## B S R and Associates

### Swap ratio:

Calculation of fair exchange ratio of equity shares between HIPL & ACL								
Ambuja Cements Limited				Holcim (India) Private Limited				Exchange Ratio
Method	Equity Value (INR million)	Equity Value per share (INR)	Weight	Method	Equity Value (INR million)	Equity Value per share (INR)	Weight	
CCM								
EV/EBITDA	273,782.0	176.3	30%					
Market Price								
60 days VWAP	286,729.6	185.7	30%					
DCF	310,893.2	200.2	40%					
				NAV	145,840.2	25.6	100%	
<b>Weighted Average Price</b>			<b>188.7</b>	<b>Weighted Average Price</b>			<b>25.6</b>	<b>7.4</b>
Annexure I				Annexure II				

10 (ten) equity shares of ACL of INR 2 each fully paid up for every 74 (seventy four) equity shares of HIPL of INR 10 each fully paid up.



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## B S R and Associates

### Annexure I

#### ACL:

Comparable Companies Multiple Method - based on EBITDA multiple ("COCO EBITDA")	
INR million	Amount
Applied EBITDA Multiple	10.9
Adjusted EBITDA for trailing twelve months period ended 31 March 2013	22,136.6
<b>Enterprise Value</b>	<b>241,525.4</b>
<b>Add:</b>	
Adjustments to Enterprise Value (Refer Note 1)	32,256.5
<b>Equity Value</b>	<b>273,782.0</b>
Total No. of Fully Dilutive Equity Shares (in millions)	1,552.7
<b>Value Per Share in INR (Face Value INR 2 each)</b>	<b>176.3</b>

Market Price Method - 60 Trading Days ("MP 60 trading days")	
INR	Amount
60 trading days VWAP ending 19 July 2013	185.7

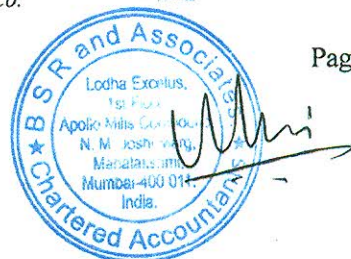
Discounted Cash Flow Method ("DCF")	
INR million	Amount
Present Value of Cash flows for Explicit Period	113,457.4
Present Value for Perpetuity	152,851.8
<b>Enterprise Value</b>	<b>266,309.2</b>
<b>Add:</b>	
Adjustments to Enterprise Value (Refer Note 1 & 2)	44,583.9
<b>Equity Value</b>	<b>310,893.2</b>
Total No. of Fully Dilutive Equity Shares (in millions)	1,552.7
<b>Value Per Share in INR (Face Value INR 2 each)</b>	<b>200.2</b>

Calculation of Fair Value			
Particulars	Value Per Share (INR)	Weight	Fair Value (INR)
COCO EBITDA	176.3	30%	52.9
MP - 60 trading days	185.7	30%	55.7
DCF	200.2	40%	80.1
<b>Weighted Average Price Per Share in INR (Face Value INR 2 each)</b>			<b>188.7</b>

#### Note:

- The Adjustments to Enterprise Value include debt, other liabilities, contingent liabilities, investments, surplus assets and deposits.
- The Enterprise Value has been adjusted to consider elapse of time from 31 December 2012 to date of Valuation Report.

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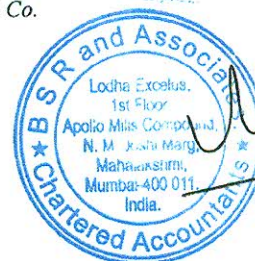
**HIPL:**

Net Asset Value Method ("NAV")	
INR million	Amount
Total Assets	126,625.8
Total Liabilities	52.7
<b>Net Asset Value</b>	<b>126,573.1</b>
<b>Add:</b>	
Appreciation in the value of investments	Note 1 18,935.6
Dividend received	331.5
<b>Equity Value in INR Million</b>	<b>145,840.2</b>
Total No. of Equity Shares (in millions)	5,690.4
<b>Value Per Share in INR (Face Value INR 10 each)</b>	<b>25.6</b>

Note 1: Calculation of Appreciation in the value of Investments					In INR Million	
Particulars	No. of shares (in Mn)	Book Value (in Mn)	Book Value per share in INR	Fair Value per share in INR	Fair Value	Appreciation
ACL	150.7	21,163.1	140.5	188.7	28,397.8	7,234.7
ACC Ltd	93.9	105,385.7	1,122.5	1,248.6 *	117,086.6	11,700.9
<b>Total</b>						<b>18,935.6</b>

\* Refer Annexure III

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## B S R and Associates

### Annexure III

#### ACC:

Comparable Companies Multiple Method - based on EBITDA multiple ("COCO EBITDA")		
INR million		Amount
Applied EBITDA Multiple		10.4
Adjusted EBITDA for trailing twelve months period ended 31 March 2013		19,874.1
<b>Enterprise Value</b>		<b>205,997.9</b>
<b>Add:</b>		
Adjustments to Enterprise Value	(Refer Note 1)	23,067.4
<b>Equity Value</b>		<b>229,065.3</b>
Total No. of Fully Dilutive Equity Shares (in millions)		188.2
<b>Value Per Share in INR (Face Value INR 10 each)</b>		<b>1,217.0</b>

Market Price Method - 60 Trading Days ("MP 60 trading days")	
INR	Amount
60 trading days VWAP ending 19 July 2013	1,221.5

Discounted Cash Flow Method ("DCF")		
INR million		Amount
Present Value of Cash flows for Explicit Period		76,563.9
Present Value for Perpetuity		132,718.7
<b>Enterprise Value</b>		<b>209,282.5</b>
<b>Add:</b>		
Adjustments to Enterprise Value	(Refer Note 1 & 2)	34,049.9
<b>Equity Value</b>		<b>243,332.5</b>
Total No. of Fully Dilutive Equity Shares (in millions)		188.2
<b>Value Per Share in INR (Face Value INR 10 each)</b>		<b>1,292.8</b>

Calculation of Fair Value			
Particulars	Value Per Share (INR)	Weight	Fair Value (INR)
COCO EBITDA	1,217.0	30%	365.1
MP - 60 trading days	1,221.5	30%	366.5
DCF	1,292.8	40%	517.1
<b>Weighted Average Price Per Share in INR (Face Value INR 10 each)</b>			<b>1,248.6</b>

#### Note:

- The Adjustments to Enterprise Value include debt, other liabilities, contingent liabilities, investments, surplus assets and deposits.
- The Enterprise Value has been adjusted to consider elapse of time from 31 December 2012 to date of Valuation Report.

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Joint Exchange Ratio Report dated 22 July 2012 by BSR and Associates and Price Waterhouse & Co

Enclosure 2 : Summary workings of Price Waterhouse & Co

Company	Value Per Share	Reference
Ambuja Cements Limited ('ACL')	189.2	Appendix I
Holcim India Private Limited ('HIPL')	25.7	Appendix II
<b>Ratio (rounded off)</b>	<b>7.40</b>	

<b>Exchange ratio</b>	<b>Ten (10) fully paid equity shares of face value INR 2/- each in Ambuja Cements Limited, for every seventy four (74) fully paid shares of face value INR 10/- each in Holcim India Private Limited.</b>
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**Enclosure 2 : Summary workings of Price Waterhouse & Co (Contd.)**

**Appendix I: Ambuja Cements Limited**

Particulars	Rupees per share	Weights	Product	Reference
Market Price Approach *	185.7	0.40	74.3	
Comparable Companies Multiple Approach	181.7	0.30	54.5	Refer Appendix I.A
Discounted Cash flow Approach	201.2	0.30	60.4	Refer Appendix I.B
<b>Value per share (INR)</b>		<b>1.0</b>	<b>189.2</b>	

\* 60 trading days volume weighted average price as at 19 July 2013

**Appendix I A : Comparable Companies Multiples ('CCM') Approach**  
(INR in crores)

Particulars	Amount
Adjusted EBITDA (TTM) *	2,232
<b>EV/ EBITDA multiple</b>	<b>11.5</b>
<b>Enterprise value - CCM</b>	<b>25,671</b>
Add: Adjustments to Enterprise value - CCM #	2,549
<b>Equity value</b>	<b>28,220</b>
Number of equity shares of INR 10 each (diluted)	1,552,660,231
<b>Value per equity share of INR 2 (INR)</b>	<b>181.7</b>

\* Adjusted for non operating and non recurring items

# Primarily comprising cash and cash equivalent, debt and debt like items, deferred tax liability, etc

**Appendix I B: Discounted Cashflow ('DCF') Approach**  
(INR in crores)

Particulars	Amount
Net present value of horizon period cashflows (eight years)	11,268
Terminal Value	15,693
<b>Enterprise Value - DCF</b>	<b>26,962</b>
Add: Adjustments to Enterprise value - DCF #	4,276
<b>Equity value</b>	<b>31,237</b>
Number of equity shares of INR 10 each (diluted)	1,552,660,231
<b>Value per equity share of INR 2 (INR)</b>	<b>201.2</b>

# Primarily comprising cash and cash equivalent, debt and debt like items, adjustment for time value of money, etc



Enclosure 2 : Summary workings of Price Waterhouse & Co (Contd.)

**Appendix II: Holcim India Private Limited**

(INR in crores)

Value of Holcim India Pvt. Ltd. ('HIPL')	Value per share	No of shares held by HIPL in investee companies (million)	Total Value of HIPL	
ACC Limited	1,250.8	93.9	11,744	Refer Appendix III
Ambuja Cements Limited	189.2	150.7	2,850	Refer Appendix I
Net Assets of HIPL (excluding investments in ACC & ACL)			36	
<b>Total value of Holcim India Pvt. Ltd.</b>			<b>14,630</b>	
Number of equity shares of INR 10 each			5,690,385,095	
Per share value of HIPL of INR 10 each (INR)			25.71	





**Enclosure 2 : Summary workings of Price Waterhouse & Co (Contd.)**

**Appendix III: ACC Limited**

Particulars	Rupees per share	Weights	Product	Reference
Market Price Approach *	1,221.5	0.40	488.6	
Comparable Companies Multiple Approach	1,245.3	0.30	373.6	Refer Appendix III.A
Discounted Cash flow Approach	1,295.4	0.30	388.6	Refer Appendix III.B
<b>Value per share (INR)</b>		<b>1.0</b>	<b>1,250.8</b>	

\* 60 trading days volume weighted average price as at 19 July 2013

**Appendix III. A: Comparable Companies Multiples ('CCM') Approach**

(INR in crores)

Particulars	Amount
Adjusted EBITDA (TTM) *	1,989
<b>EV/ EBITDA multiple</b>	<b>11.0</b>
<b>Enterprise value - CCM</b>	<b>21,878</b>
Add: Adjustments to Enterprise value - CCM #	1,561
<b>Equity value</b>	<b>23,439</b>
Number of equity shares of INR 10 each (diluted)	188,228,328
<b>Value per equity share of INR 10 (INR)</b>	<b>1,245.3</b>

\* Adjusted for certain non-recurring and non operating items

# Primarily comprising cash and cash equivalent, debt and debt like items, deferred tax liability, etc

**Appendix III. B: Discounted Cashflow ('DCF') Approach**

(INR in crores)

Particulars	Amount
Net present value of horizon period cashflows	7,776
Terminal Value	13,472
<b>Enterprise Value - DCF</b>	<b>21,248</b>
Add: Adjustments to Enterprise value - DCF #	3,135
<b>Net Equity value</b>	<b>24,383</b>
Number of equity shares of INR 10 each (diluted)	188,228,328
<b>Value per equity share of INR 10 (INR)</b>	<b>1,295.4</b>

# Primarily comprising cash and cash equivalent, debt and debt like items, adjustment for time value of money, etc

