

AMBUJA CEMENTS LIMITED

Registered Office: P. O. Ambujanagar, Taluka: Kodinar, District: Gir Somnath, Gujarat - 362 715
Corp. Office: Elegant Business Park, MIDC Cross Road "B", Off Andheri-Kurla Road, Andheri (East), Mumbai 400 059.
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POSTAL BALLOT NOTICE

[PURSUANT TO SECTION 110 OF THE COMPANIES ACT, 2013 READ WITH RULE 22 OF THE COMPANIES (MANAGEMENT AND ADMINISTRATION) RULES, 2014]

To:
The Shareholder(s),

NOTICE is hereby given, pursuant to Section 110 and other applicable provisions, if any, of the Companies Act, 2013 (the "**Companies Act**") read with Rule 22 and other provisions of the Companies (Management and Administration) Rules, 2014 (the "**Postal Ballot Rules**"), including any statutory modification(s) or re-enactment(s) thereof for the time being in force, to the Members of Ambuja Cements Limited (the "**Company**"), that the resolutions appended below is proposed to be passed by way of Postal Ballot / e-voting.

The proposed resolutions along with the explanatory statements thereto setting out the material facts and reasons thereof are enclosed for your consideration along with a Postal Ballot Form and a self-addressed postage pre-paid envelope (if posted in India).

To consider and if thought fit, to give your assent or dissent to the following resolution as an **Ordinary Resolution**:

1. Approval for related party transactions with ACC Limited

"RESOLVED that pursuant to Section 188 and other applicable provisions of the Companies Act, 2013 ('Companies Act') and the relevant rules thereunder and Regulation 23(4) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('Listing Regulations'), the approval of shareholders be and is hereby accorded to the Company (acting through its Board of Directors) to:

- enter into, execute, and deliver the Master Supply Agreement (the draft of which has been made available for inspection at the website and at the registered office of the Company) with ACC Limited, a related party within the meaning of Section 2(76) of the Companies Act and Regulation 2(1)(zb) of the Listing Regulations;
- execute such other agreements, deeds, documents, instruments and forms, as may be required by the Company in relation to or pursuant to the Master Supply Agreement or to give effect to any contract(s) / arrangement(s) / transaction(s) contemplated in the Master Supply Agreement;
- enter into contract(s) / arrangement(s) / transaction(s) with ACC Limited on such terms and conditions as the Board of Directors may deem fit under and in accordance with the terms and conditions of the Master Supply Agreement; and
- amend, novate, supplement or modify the terms and conditions of the Master Supply Agreement as deemed appropriate and necessary, provided that, any amendment to Clause 4 and Schedule II of the Master Supply Agreement shall require prior approval of the shareholders of the Company.

RESOLVED FURTHER that the Board of Directors be and is hereby authorized to delegate all or any of the powers conferred on it by or under this Resolution to the Managing Director and Chief Executive Officer of the Company and to do all acts and take such steps as may be considered necessary or expedient to give effect to the aforesaid resolution (including without limitation, agreeing upon and finalizing the operational guidelines for the Master Supply Agreement)."

By Order of the Board of Directors

Rajiv Gandhi

Company Secretary

Membership No. ACS-11263

Mumbai
26th February, 2018

Notes:

- The explanatory statement pursuant to Section 102 of the Companies Act, 2013 in respect of the business set out above is annexed herewith.
- The Members are requested to exercise their voting right by either using the attached Postal Ballot Form or through remote e-voting.
- The Notice is being sent to all the members of the Company, whose names appear in the Register of Members and list of beneficial owners as received from the Depositories viz. National Securities Depository Limited ('NSDL') and Central Depository Services (India) Limited ('CDSL') as on the close of business hours on 2nd March, 2018 and these members will be entitled to participate in the postal ballot and remote e-voting. Any person who is not a member on the above said date should treat this Notice for information purpose only. Notice shall also be available on the website of the Company i.e. www.ambujacement.com.
- In accordance with the provisions of Companies Act, 2013, read with Rules 18 and 22 of the Companies (Management and Administration) Rules, 2014, the Postal Ballot Notice is being sent by email to those members who have registered their email addresses with their Depository Participants (in case of shares held in demat form) or with the Company's Registrar and Share Transfer Agent (in case of shares held in physical form). Further, physical copies of the Postal Ballot Notice are being sent by permitted mode (i.e. through registered / speed post or courier), along with a postage-prepaid self-addressed Business Reply Envelope to all the members of the Company.
- The Board of Directors of the Company (the "**Board**") has on 26th February, 2018 appointed Mr. Surendra Kanstiya and Associates, Practicing Company Secretary, as the 'Scrutinizer' (the "**Scrutinizer**") for conducting the postal ballot voting process, including e-voting process, in a fair and transparent manner and in accordance with the applicable laws.
- Documents referred to in the Notice will be available for inspection by the shareholders at the Company's Registered Office at P. O. Ambujanagar, Taluka Kodinar, Gir Somnath, Gujarat - 362715, and also at Corporate Office of the Company located at 1st floor, Elegant Business Park, MIDC Cross Road 'B', Off. Andheri - Kurla Road, Andheri (East), Mumbai 400 059 on any working day excluding Saturdays, Sundays and Bank holidays between 11:00 AM and 1:00 PM up to the date of declaration of the results of voting by Postal Ballot and e-voting.
- The dispatch of the Postal Ballot Notice, along with the Explanatory Statement and the Postal Ballot Form will be announced through advertisement in at least one English newspaper having country wide circulation and one Gujarati newspaper with wide circulation in the state of Gujarat where the Registered Office of the Company is situated, and published on the website of the Company.
- For voting by Postal Ballot, the Members are requested to carefully read the instructions printed on the separately enclosed Postal Ballot Form. The duly completed and signed Postal Ballot Form should be posted in the enclosed self-addressed postage pre-paid envelope directly to the Scrutinizer so as to reach the Scrutinizer not later than 5.00 PM on Sunday, the 15th April, 2018.
- In accordance with Section 110 of the Companies Act, 2013 and Rules 20 and 22 of the Companies (Management and Administration) Rule, 2014, the Company is pleased to provide remote e-voting facility ("**e-voting**") as an option to its Members to enable them to cast their votes electronically instead of dispatching the Postal Ballot Form by post. The Company has engaged the services of Central

Depository Services (India) Ltd (**CDSL**), to provide e-voting facilities. It may be noted that e-voting is optional. If a member has opted for e-voting, then he/she should not vote by physical Postal Ballot also and vice-versa. However, in case members cast their vote both via physical Postal Ballot and e-voting, then voting through e-voting shall prevail and voting done by Postal Ballot shall be treated as invalid. The e-voting facility will be available at the link www.evotingindia.com during the following voting period:

Commencement of e-voting	from 9.00 AM on Saturday, 17 th March, 2018.
End of e-voting	at 5.00 PM on Sunday, 15 th April, 2018.

E-voting shall not be allowed beyond 5.00 PM on Sunday, 15th April, 2018. The e-voting module shall be disabled by CDSL for voting thereafter. During the e-voting period, members of the Company, holding shares either in physical form or in dematerialized form, as on 2nd March, 2018 may cast their vote electronically.

10. Members who have registered their e-mail IDs with the Company / their respective Depository Participants are being forwarded the login ID and password for e-voting along with process, manner and instructions by e-mail
11. The member(s) whose email ID is not registered with the Company / Depository Participant(s) and not having user ID and Password may follow instruction no. (v) of the instructions for e-voting given below.
12. The instructions for e-voting are as under:

The shareholders should log on to the e-voting website www.evotingindia.com.

- (i) Click on Shareholders.
- (ii) Now Enter your User ID
 - a. For CDSL: 16 digits beneficiary ID,
 - b. For NSDL: 8 Character DP ID followed by 8 Digits Client ID,
 - c. Members holding shares in Physical Form should enter Folio Number registered with the Company.
- (iii) Next enter the Image Verification as displayed and Click on Login.
- (iv) If you are holding shares in demat form and had logged on to www.evotingindia.com and voted on an earlier voting of any company, then your existing password is to be used.
- (v) If you are a first time user follow the steps given below:

For Members holding shares in Demat Form and Physical Form	
PAN	Enter your 10 digit alpha-numeric PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders) <ul style="list-style-type: none"> • Members who have not updated their PAN with the Company/Depository Participant are requested to use the sequence number which is printed on Postal Ballot indicated in the PAN field.
Dividend Bank Details OR Date of Birth (DOB)	Enter the Dividend Bank Details or Date of Birth (in dd/mm/yyyy format) as recorded in your demat account or in the company records in order to login. <ul style="list-style-type: none"> • If both the details are not recorded with the depository or company please enter the member id / folio number in the Dividend Bank details field as mentioned in instruction (iv).

- (vi) After entering these details appropriately, click on "SUBMIT" tab.
- (vii) Members holding shares in physical form will then directly reach the Company selection screen. However, members holding shares in demat form will now reach 'Password Creation' menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
- (viii) For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
- (ix) Click on the EVSN for the relevant <Company Name> on which you choose to vote.
- (x) On the voting page, you will see "RESOLUTION DESCRIPTION" and against the same the option "YES/NO" for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.
- (xi) Click on the "RESOLUTIONS FILE LINK" if you wish to view the entire Resolution details.
- (xii) After selecting the resolution you have decided to vote on, click on "SUBMIT". A confirmation box will be displayed. If you wish to confirm your vote, click on "OK", else to change your vote, click on "CANCEL" and accordingly modify your vote.
- (xiii) Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.
- (xiv) You can also take a print of the votes cast by clicking on "Click here to print" option on the Voting page.
- (xv) If a demat account holder has forgotten the login password then Enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.
- (xvi) Shareholders can also cast their vote using CDSL's mobile app m-Voting available for android based mobiles. The m-Voting app can be downloaded from Google Play Store, Windows and Apple smart phones. Please follow the instructions as prompted by the mobile app while voting on your mobile.

(xvii) **Note for Non – Individual Shareholders and Custodians**

- Non-Individual shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodian are required to log on to www.evotingindia.com and register themselves as Corporates.
- A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to helpdesk.evoting@cdslindia.com.
- After receiving the login details a Compliance User should be created using the admin login and password. The Compliance User would be able to link the account(s) for which they wish to vote on.
- The list of accounts linked in the login should be mailed to helpdesk.evoting@cdslindia.com and on approval of the accounts they would be able to cast their vote.
- A scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the scrutinizer to verify the same.

(xviii) In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions ("FAQs") and e-voting manual available at www.evotingindia.com, under help section or write an email to helpdesk.evoting@cdslindia.com.

13. The Scrutinizer's decision on the validity of the Postal Ballot and e-voting shall be final.
14. Upon completion of the scrutiny of Postal Ballots and e-voting, the Scrutinizer will submit his report to the Chairman / Managing Director and CEO of the Company.
15. The result of voting by postal ballot and e-voting will be announced on 16th April, 2018 through Notice Board at the Registered Office of the Company and will be posted on the website of the Company www.ambujacement.com.

EXPLANATORY STATEMENT REQUIRED BY SECTION 102 OF THE COMPANIES ACT, 2013
RELATING TO THE AFORESAID RESOLUTIONS

Item No. 1: Approval for related party transactions with ACC Limited

- (A) Both the Company and ACC are part of the LafargeHolcim Group. Holderind Investments Limited (“HIL”) (a subsidiary of LafargeHolcim Ltd) is the promoter of the Company and owns 63.11% of the issued and paid-up share capital of the Company. The Company is the promoter and holding company of ACC and owns 50.05% of the issued and paid-up share capital of ACC. HIL also holds 4.48% of the issued and paid-up share capital of ACC and is also a promoter of ACC. The aggregate direct and indirect economic interest of HIL in ACC is 36.29% of the issued and paid-up share capital of ACC.
- (B) Both the Company and ACC are engaged principally in the business of manufacturing, selling and dealing in cement of all kinds and other cement related products.
- (C) In order to: (i) achieve synergies and economies of scale, (ii) reduce operational costs, (iii) strengthen the sustainability of the businesses including environmental sustainability, and (iv) conserve natural resources; both companies are proposing to, subject to the approval of their respective shareholders, enter into a **Master Supply Agreement**, the draft of which is available on the website and registered office of the Company.
- (D) **Salient Features of the Master Supply Agreement:**

(a) Scope

- (i) The Master Supply Agreement is for supply of cement, clinker, raw materials (fuels, fly ash, slag, gypsum, etc.) and spare parts, and for providing toll grinding services in certain plants.
- (ii) Each individual contract(s) / arrangement(s) / transaction(s) shall be carried out by way of purchase order(s) based on the requirements of the Company or ACC as may be assessed by the respective Management.

(b) Pricing

- (i) The price for each of the material and service shall be determined in accordance with the pricing formula noted below against each of the material and service:

NO.	MATERIAL / SERVICE	PRICING FORMULA & DELIVERY POINT
1.	Cement	Manufacturing Company's Average Net Selling Price minus 5% discount, applied in the following manner: (a) In case of 'FOR Delivery', the Average Net Selling Price applicable for such FOR Deliveries in the relevant district; (b) In case of 'Ex-Delivery', the Average Net Selling Price applicable for such Ex-Deliveries in the relevant district. Delivery point: (a) "FOR Delivery": delivered at Buying Company's dealer, retailer, or consumer site, as the case may be; or (b) "Ex-Delivery": delivered at the Manufacturing Plant or dispatching railway yard, as the case may be.
2.	Toll Grinding	For each tonne, (A) + (B), where: (A) = Conversion charges determined at 8% of the Gross Fixed Assets Block; and (B) = Manufacturing Plant's variable cost per tonne of the previous quarter, plus 10% mark-up. Delivery point: At the Manufacturing Plant.
3.	Clinker	Price will be one of the following: (a) ex-works market price; or (b) ex-works market price determined by independent agency appointed by Board of Directors of both Parties; or (c) Manufacturing Plant's clinker variable cost of previous quarter, plus 35% markup. The above hierarchy of methods will be followed for arriving at the price of clinker. Delivery point: At the Manufacturing Plant.
4.	Raw materials for Clinker – fuel on 'as needed basis'	Price will be one of the following: (a) Replacement cost thereof at Manufacturing Company's location based on market price; or (b) Manufacturing Company's landed cost thereof plus carrying cost of 8% per annum for the holding period. The above hierarchy of methods will be followed for arriving at the price of raw material and spare parts. Delivery point: At Manufacturing Company's location.
5.	Raw materials for Cement – fly-ash, slag, gypsum etc. on 'as needed basis'	
6.	Spare parts on 'as needed basis'	

- (ii) For the purpose of the above table, the following definitions are relevant:
- (I) **“Average Net Selling Price”** means the average of the relevant district's Net Selling Price in the month immediately preceding the month in which the order is placed.
- (II) **“Dealer Discount”** means discount offered to whole-sale dealers as per approved discount policy of the Manufacturing Company.
- (III) **“Gross Fixed Asset Block”** means the gross fixed asset value of the Manufacturing Plant (considered without accounting for depreciation) divided by the total production (expressed in 'tonne') of the Manufacturing Plant in the immediately preceding financial year of the Manufacturing Company.
- (IV) **“Net Selling Price”** means the invoice price minus GST minus Dealer Discount.

(c) Guiding Principles

- (i) The Master Supply Agreement has been entered into on a “non-exclusive” basis between the two companies and therefore the companies continue to remain free to enter into similar contract(s) / arrangement(s) / transaction(s) with other companies.
- (ii) Ambuja and ACC are in a ‘holding company – subsidiary company’ relationship and constitute a ‘single economic unit’ under the competition law. Accordingly, Ambuja and ACC have entered into the Master Supply Agreement to maximize network and logistics synergies between the businesses by creating an enabling framework that allows each company to procure cement, clinker and other materials from the plant that is geographically most suited to service a given market.

- (iii) While the operationalization of Master Supply Agreement will be based on subjective determination of the Management, the guiding principles for placing and accepting orders under the Master Supply Agreement shall be as follows:
- (I) ensure that the transactions under the Master Supply Agreement result in incremental benefits to each company in comparison to operations without the Master Supply Agreement. This shall be achieved through:
 - a. optimization of the cost to service market by using each other's plant capacities where relevant;
 - b. maximize utilization of assets to generate additional sales for each company in a financial year; and
 - c. utilization of spare inventory (raw materials and spare parts), as needed;
 - (II) each company will sell the cement purchased from the other company under its own brands; and
 - (III) ensure that goods and services supplied under the Master Supply Agreement meet the quality standards of the buying company.
- (iv) the Managing Directors and Chief Executive Officers of the respective companies shall mutually agree upon the 'Operational Guidelines' which shall set out the manner in which the contract(s) / arrangement(s) / transaction(s) under the Master Supply Agreement shall be undertaken.

(d) Term

- (i) The Master Supply Agreement will be valid until terminated with mutual consent of both companies.
- (ii) Either Company shall be entitled to terminate the contract unilaterally, without cause, with 3 (three) months prior written notice.

(e) Confidentiality

The Master Supply Agreement incorporates appropriate confidentiality safeguards to prevent leakage of competitive information of the companies.

(f) Review, Reporting and Board control

The transaction(s) carried out under the Master Supply Agreement will be reported and reviewed as prescribed under the law.

(E) Important considerations

- (a) The Master Supply Agreement contemplates an arrangement that has not been tested before at this scale. While each company shall seek to maximize the benefits for their respective Members, the Company cannot guarantee the quantum of financial benefits that shall be realized from the Master Supply Agreement.
 - (b) The quantum of benefits realized by the Company from the Master Supply Agreement are subject to multiple variables, including, market circumstances, demand and supply, seasonal and geographical variations and other external conditions that will impact each company's ability to realise synergy benefits. Hence, while the objective is to ensure equitable sharing of benefits between the two companies, the quantum of benefits and incremental turnover realized by each company may vary based on time, market conditions and opportunities.
- (F) Under the provisions of Section 188 of Companies Act, 2013 ("**Companies Act**"), prior approval of Members through ordinary resolution is required for related party transactions (other than those on arm's length basis and in the ordinary course of business) involving sale, purchase or supply of any goods or materials or services in excess of the prescribed thresholds. As a matter of abundant caution and good corporate governance, approval of the Members of the Company pursuant to Section 188 of the Companies Act is being sought for the Master Supply Agreement and for the transactions to be entered into between the Company and ACC pursuant thereto. Further, under the provisions of Regulation 23 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("**Listing Regulations**"), approval of Members through ordinary resolution is required for all 'material related party transactions'. Explanation to Regulation 23(1) of the Listing Regulations expressly provides that a transaction with a related party shall be considered 'material' if the transaction(s) to be entered into individually or taken together with previous transactions during a financial year, exceeds 10% of the annual consolidated turnover of the listed entity as per the last audited financial statements of the listed entity. ACC Limited is a "related party" of the Company, within the meaning of Section 2(76) of the Companies Act, 2013 and Regulation 2(1)(zb) of the Listing Regulations. While the aggregate value of the transactions with ACC contemplated under the Master Supply Agreement cannot be determined in advance, the Company is seeking consent of the Members for an enabling framework which will allow the Company to undertake transactions with its related party (i.e. ACC) which may or may not exceed the above mentioned threshold under the Listing Regulations. Hence, approval of shareholders of the Company is being sought for the transactions under the provisions of Regulation 23(4) of the Listing Regulations, for the transactions under the Master Supply Agreement between the Company and ACC.
- (G) Relevant particulars relating to the proposed related party transactions is disclosed as below:

Sr. No.	Particulars	Remarks
1.	Name of the related party	ACC Limited
2.	Name of the director or key managerial personnel who is related, if any	None of the Directors and Key Managerial Personnel of the Company or their respective relatives is concerned or interested, financially or otherwise, in the proposed related party transactions. The Company & ACC have the following common Directors: Mr. N.S. Sekhsaria, Mr. Jan Jencish,, Mr. Martin Kriegner, Mr. Shailesh Haribhakti and Mr. Christof Hassig.
3.	Nature of relationship	The Company is the 'holding company', and owns 50.05% of the share capital, of the related party (i.e. ACC).
4.	Nature, material terms, monetary value and particulars of the contract or arrangement	Please refer to the relevant details in "Salient Features of the Master Supply Agreement" noted in the explanatory statement.
5.	Any other information relevant or important for the members to take a decision on the proposed resolution	All relevant and important information relating to the proposed resolution has been noted above in the explanatory statement.

- (H) The Board of Directors recommends passing of the resolution as an 'Ordinary Resolution'. HIL is a "related party" of the Company under both the Companies Act and the Listing Regulations. Hence, HIL will abstain from voting on this resolution as stipulated under Regulation 23(7) of the Listing Regulations.

By Order of the Board of Directors

Rajiv Gandhi

Company Secretary

Membership No. ACS-11263

Mumbai
26th February, 2018