

**REPORT OF THE AUDIT COMMITTEE OF AMBUJA CEMENTS LIMITED
RECOMMENDING THE DRAFT SCHEME OF ARRANGEMENT BETWEEN PENNA
CEMENT INDUSTRIES LIMITED AND AMBUJA CEMENTS LIMITED AND THEIR
RESPECTIVE SHAREHOLDERS, AT ITS MEETING HELD ON TUESDAY, DECEMBER 17,
2024.**

Present Members:

Mr. Rajnish Kumar	:	Chairman
Mr. Maheswar Sahu	:	Member
Mr. Ameet Desai	:	Member

1. Background of the proposed Scheme of Arrangement

A meeting of the Audit Committee (hereinafter referred to as the "**Committee**") of Ambuja Cements Limited was held on Tuesday, December 17, 2024 to consider and recommend the proposed scheme of arrangement between Penna Cement Industries Limited (hereinafter referred to as the "**PCIL**" or "**Transferor Company**") and Ambuja Cements Limited (hereinafter referred to as the "**Ambuja**" or the "**Company**" or "**Transferee Company**", as the context may admit) and their respective shareholders (hereinafter referred to as the "**Scheme**") under section 230 to 232 and other applicable provisions of Companies Act, 2013 (hereinafter referred to as the "**Act**") and rules and regulations made thereunder, for amalgamation of PCIL with Ambuja, with effect from the Appointed Date i.e. August 16, 2024.

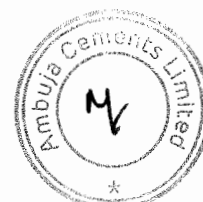
The Scheme is proposed to be effective from the Appointed Date and operative from the Effective Date (*as defined in the Scheme*).

This report of the Committee is made in order to comply with the requirements of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (hereinafter referred to as the "**SEBI Listing Regulations**") and Securities and Exchange Board of India (hereinafter referred to as "**SEBI**") Master Circular bearing number SEBI/HO/CFD/POD-2/P/CIR/2023/93 dated June 20, 2023 (hereinafter referred to as the "**SEBI Schemes Master Circular**").

The registered office of the Transferor Company is presently situated at 8 - 3 - 975, Plot No. 128, Srinagar Colony, Khairatabad, Telangana, India - 500 073. The equity shareholders of the Transferor Company in the extraordinary general meeting held on November 15, 2024, approved shifting of the registered office of the Transferor Company from the State of Telangana to the State of Gujarat. An application for shifting of the registered office of the Transferor Company from the State of Telangana to the State of Gujarat has been filed by the Transferor Company with the Regional Director, South East Region, Hyderabad, Telangana on December 11, 2024.

Accordingly, the Scheme will be presented before the jurisdictional Hon'ble National Company Law Tribunal where the Registered Office of PCIL will be situated at the time of filing, under Sections 230 to 232 and other applicable provisions of the Act, and other applicable laws including SEBI Listing Regulations and SEBI Schemes Master Circular.

Ambuja Cements Limited
Registered Office:
Adani Corporate House
Shantigram, Near Vaishno Devi Circle,



In terms of the SEBI Schemes Master Circular, a report from the Audit Committee is required recommending the draft Scheme, taking into consideration, *inter-alia*, the valuation report, need for the Scheme, rationale of the Scheme, synergies of business of the entities involved in the Scheme, impact of the Scheme on the shareholders and cost benefit analysis of the Scheme.

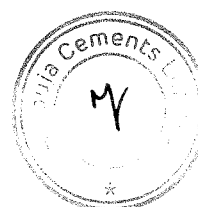
The following documents were placed before the Committee for consideration:

- a) A draft of the proposed Scheme.
- b) Fair Valuation Report dated December 17, 2024 issued by M/s GT Valuation Advisors Private Limited, Registered Valuer (IBBI Registration No. IBBI/RV-E/05/2020/134), pursuant to the provisions of Section 247 of the Act, stipulating inter alia the methodology adopted and the valuation arrived at in relation to the amalgamation of PCIL with Ambuja.
- c) Fairness opinion dated December 17, 2024 issued by IDBI Capital Markets and Securities Limited, SEBI registered Merchant Bankers, to Ambuja, providing the fairness opinion on Report of GT Valuation Advisors Private Limited, registered valuer, in relation to the amalgamation of PCIL with Ambuja.
- d) Draft Auditors' Certificate issued by the Statutory Auditors of the Company, to the effect that the accounting treatment prescribed in the Scheme is in compliance with SEBI Listing Regulations and applicable Accounting Standards specified by the Central Government under Section 133 of the Act, read with applicable rules and/or the accounting standards and principles.
- e) Other presentations, documents and information made to / furnished before the Committee pertaining to the draft Scheme.

2. Salient features of the Scheme

The Committee considered and observed that the draft Scheme provides the following:

- (a) amalgamation of PCIL with Ambuja, with effect from the Appointed Date, i.e. August 16, 2024, pursuant to the provisions of Sections 230-232 and/or other applicable provisions of the Act;
- (b) Eligible Equity shareholders of PCIL will receive cash consideration from Ambuja for the shares held by them on record date. Consequently, the equity shares of PCIL will be cancelled and be of no effect on and from the record date;
- (c) various other matters consequential or otherwise integrally connected with the Scheme;
- (d) The scheme of arrangement will be effective subject to the approval from various authorities such as NCLT, Stock Exchanges, SEBI etc.



3. Need for the Scheme

The Committee noted that Ambuja is among the leading cement companies in India, renowned for its hassle-free, home-building solutions with its unique sustainable development projects and environment-friendly practices since it started its operations.

PCIL is engaged in the business of cement manufacturing and marketing various grades of cement. PCIL operates four integrated units in Andhra Pradesh and Telangana, along with a grinding unit in Maharashtra.

The amalgamation will consolidate the business of PCIL and Ambuja which will result in focused growth, enhancement of manufacturing capacities, operational efficiencies and business synergies.

4. Rationale for the Scheme

The Committee noted the rationale below of the proposed Scheme:

1. The Transferee Company effective from August 16, 2024 has become the promoter of the Transferor Company. As both the companies are under the same line of business, the amalgamation will enable the Transferee Company to absorb the business of the Transferor Company completely for carrying on more effectively and beneficially.
2. The Scheme will enable the Transferee Company to integrate the Transferor Company's operations, leading to more efficient and economical business management. This includes better resource utilization, reduced overheads, cost savings, economies of scale, elimination of duplicated efforts, and streamlined compliance requirements through amalgamation.
3. The amalgamation will enhance business potential of the Transferor Company, add value to both the companies, and ultimately increase the shareholders' value.
4. The amalgamation will lead to reduction and rationalisation of multiple entities in the group.

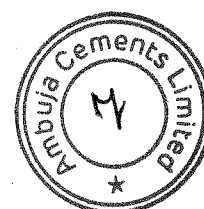
5. Consideration of cash involved in Scheme

The Committee was informed that acquisition of PCIL by Ambuja on 16th August 2024 was executed at a price of Rs.321.50 per share and accordingly, to align with the same, the Audit Committee has considered and approved fair value per equity share of Rs.321.50 which is to be paid as cash consideration by Ambuja to the eligible shareholders of PCIL under the proposed Scheme.

6. Synergies of business of the entities involved in the Scheme

- The proposed Scheme will enable Ambuja to absorb the business of PCIL and enhance its manufacturing capacity to carry out the manufacturing operations

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more effectively and seamlessly.

- Optimized utilization of the combined resources of both companies will lead to reduced overhead costs, better resource utilization, reduced overheads, cost savings, economies of scale, elimination of duplicated efforts, and streamlined compliance requirements.
- The amalgamation will result in greater value addition for both companies, ultimately increasing shareholder value.

7. Impact of the Scheme on the shareholders

For the shareholders of the Ambuja, the Scheme will result into economies of scale and consolidation of opportunities will improve profitability and enhance overall shareholders value.

Upon the Scheme becoming effective, the equity shares of the Transferor Company held by the Transferee Company (either directly or through nominees) on the Effective Date shall stand cancelled without any further application, act or deed. Further, the investment in the equity shares of the Transferor Company, appearing in the books of accounts of the Transferee Company shall, without any further act or deed, stand cancelled. It is clarified that no new shares shall be issued nor payment shall be made in cash whatsoever by the Transferee Company in lieu of cancellation of such equity shares of the Transferor Company.

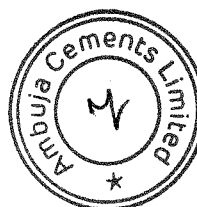
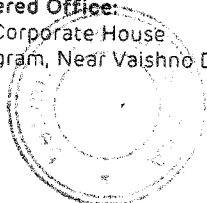
For the shareholders of PCIL (except Ambuja), the Scheme provides for payment of cash consideration against the equity shares held by them as on record date at fair value. Further, being the majority shareholder of the Company, the Scheme offers opportunity to the Transferee Company to consolidate its group structure and achieve synergies.

8. Cost benefit analysis of the Scheme

The Scheme involves payment of cash consideration to the eligible shareholders of the Transferor Company. Further, implementation of the Scheme would involve incurring costs including administrative costs, statutory dues, cost of transferring the assets, cost of advisors etc. However, the long-term benefits are expected to outweigh costs towards implementation of the Scheme.

9. Recommendation of the Committee

In light of the aforesaid, the Committee recommends the proposed Scheme, taking into consideration, *inter-alia*, the fair value in form of cash consideration forming part of valuation report, fairness opinion, decision of the committee on fair valuation, rationale of the Scheme, impact of the Scheme on the shareholders and other stakeholders and cost benefit analysis of the Scheme, the Committee after due deliberation unanimously recommends the draft Scheme to the Board of Directors of the Company, Stock Exchanges, SEBI and other appropriate authorities for their favorable consideration and approval.



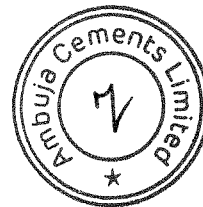
This report of the Committee is made in order to comply with the requirement of the SEBI Schemes Master Circular after considering the necessary documents.

For and on behalf of Audit Committee of Ambuja Cements Limited



Rajnish Kumar
Chairman of the Committee
DIN : 05328267

Date : December 17, 2024
Place: Gurgaon



**REPORT OF THE AUDIT COMMITTEE OF PENNA CEMENT INDUSTRIES LIMITED
RECOMMENDING THE DRAFT SCHEME OF ARRANGEMENT BETWEEN PENNA CEMENT
INDUSTRIES LIMITED AND AMBUJA CEMENTS LIMITED AND THEIR RESPECTIVE
SHAREHOLDERS AT ITS MEETING HELD ON TUESDAY DECEMBER 17, 2024.**

Present Members:

Ms. Kajal Saxena	: Chairperson
Mr. Chetan Patel	: Member
Ms. Archana Dholakia	: Member

1. Background of the proposed scheme of Arrangement

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The Scheme is proposed to be effective from the Appointed Date and operative from the Effective Date (*as defined in the Scheme*).

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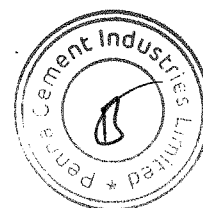
Accordingly, the Scheme will be presented before the jurisdictional Hon'ble National Company Law Tribunal where the Registered Office of PCIL will be situated at the time of filing, under Sections 230 to 232 and other applicable provisions of the Act and in accordance with Section 2(1B) of the Income Tax Act, 1961 and other applicable laws.

Registered Office

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Corporate Office

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Gujarat, India
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CIN: U26942TG1991PLC013359

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A report from the Audit Committee is required recommending the draft Scheme, taking into consideration inter-alia, the valuation report, need for merger, rationale of the Scheme, synergies of business of the entities involved in the Scheme, impact of the Scheme on the shareholders and cost benefit analysis of the Scheme.

The following documents were placed before the Committee for consideration:

- a) A draft of the proposed Scheme.
- b) Fair Value Report dated December 17, 2024 issued by BDO Valuation Advisory LLP, Registered Valuer (IBBI Registration No. IBBI/RV-E/02/2019/103), pursuant to the provisions of Section 247 of the Act, stipulating inter alia the methodology adopted and the valuation arrived at in relation to the amalgamation of PCIL with Ambuja.
- c) Fairness Opinion dated December 17, 2024 issued by Vivro Financial Services Private Limited, SEBI registered Merchant Bankers to PCIL, providing the fairness opinion on Fair Value Report of BDO Valuation Advisory LLP, registered valuer, in relation to the amalgamation of PCIL with Ambuja.
- d) Draft Auditors' Certificate dated December 17, 2024 issued by the Statutory Auditors of the Company, to the effect that the accounting treatment prescribed in the Scheme is in compliance with applicable Accounting Standards prescribed under Section 133 of the Companies Act, 2013, read with rules made thereunder and other generally accepted accounting principles, as applicable.
- e) Other presentations, documents and information made to / furnished before the Committee pertaining to the draft Scheme.

2. Salient features of the Scheme:

The Committee considered and observed that the Scheme provides the following:

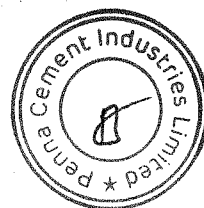
- (a) Amalgamation of PCIL with Ambuja, with effect from the Appointed Date, i.e. August 16, 2024, pursuant to the provisions of Sections 230-232 and/or other applicable provisions of the Act and in accordance with Section 2 (1B) of the Income Tax Act, 1961.
- (b) Eligible Equity shareholders of PCIL will receive cash consideration from Ambuja for the shares held by them on record date. Consequently, the shares of PCIL will be cancelled and be of no effect on and from the record date.
- (c) various other matters consequential or otherwise integrally connected with the Scheme.

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- (d) The Scheme will be effective subject to the approval from authorities such as NCLT and other such relevant authorities.

3. Need for the Scheme:

PCIL is engaged in the business of manufacturing and selling of cement and cement related products. It has a cement production capacity of 14 MTPA, with 10 MTPA operational and 4 MTPA under construction, expected to be completed in 6-12 months. Ambuja is among the leading cement companies in India, renowned for its hassle-free, home-building solutions with its unique sustainable development projects and environment-friendly practices since it started its operations.

The amalgamation will consolidate the business of PCIL and Ambuja which will result in focused growth, enhancement of manufacturing capacities, operational efficiencies and business synergies.

4. Rationale for the Scheme:

The Committee noted the rationale of the Scheme as under:

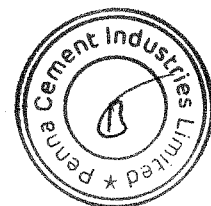
1. The Transferee Company with effect from August 16, 2024 has become the promoter of the Transferor Company. As both the companies are under the same line of business, the amalgamation will enable the Transferee Company to absorb the business of the Transferor Company completely for carrying on more effectively and beneficially.
2. The Scheme will enable the Transferee Company to integrate the Transferor Company's operations, leading to more efficient and economical business management. This includes better resource utilization, reduced overheads, cost savings, economies of scale, elimination of duplicated efforts, and streamlined compliance requirements through amalgamation.
3. The amalgamation will enhance business potential of the Transferor Company, add value to both the companies, and ultimately increase the shareholders' value.
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5. Consideration of cash involved in Scheme

The Committee was informed that acquisition of PCIL by Ambuja on 16th August 2024 was executed at a price of Rs.321.50 per share and accordingly, to align with the same, the Audit Committee has considered and approved fair value per equity share of Rs.321.50 which is to be paid as cash consideration by Ambuja to the eligible shareholders of PCIL under the proposed Scheme.

6. Synergies of business of the entities involved in the Scheme:

The Transferor Company is engaged in the business of cement manufacturing and marketing various grades of cement. The Transferee Company is amongst the leading cement companies in India, renowned for its hassle-free, home building solutions with its unique sustainable development projects and environment-friendly practices. Taking into consideration the similar line of business and growth prospects available, it is proposed to undertake the amalgamation of the transferor Company with the transferee Company.

Post the approval of the proposed scheme of arrangement the Transferor Company will cease to be in existence.

7. Impact of the Scheme on the shareholders

Upon the coming into effect of this Scheme, and in consideration of the amalgamation of the Undertaking into and with the Transferee Company, the Transferee Company shall, without any further application, act or deed, pay to the equity shareholders of the Transferor Company (other than the Transferee Company), whose names are recorded in the register of members as a member of PCIL, including register and index of beneficial owners maintained by a depository under Section 11 of the Depositories Act, 1996, on the Record Date (or to such of their respective heirs, executors, administrators or other legal representatives or other successors in title as may be recognised by the Board of the Transferee Company) in the following manner:

"Rs. 321.50/- (Rupees Three Hundred and Twenty One and Paise Fifty Only) for every 1 (one) fully paid-up equity share of Rs. 10/- each held in the Transferor Company."

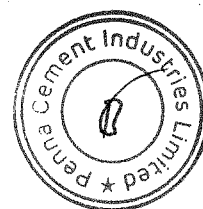
The shares held by Transferee Company in the Transferor Company will be cancelled upon the Scheme becoming effective. Further, the transferee Company being the majority shareholder in the Transferor Company, the proposed scheme will lead to reduction and rationalization of multiple entities in the group.

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8. Cost benefit analysis of the Scheme

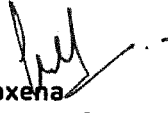
The proposed scheme involves payment of cash consideration to the shareholders (other than the Transferee Company) of the Transferor Company.

Further, the proposed amalgamation of the Transferor Company with the Transferee Company in accordance with the terms of the Scheme would enable both the companies to realise benefits of synergies leading to more efficient and economical business management.

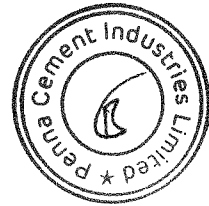
9. Recommendation of the Committee

In light of the aforesaid, the Committee recommends the proposed Scheme, taking into consideration, *inter-alia*, the fair value in form of cash consideration forming part of valuation report, decision of the Committee on valuation, fairness opinion, rationale of the Scheme, impact of the Scheme on the shareholders and other stakeholders and cost benefit analysis of the Scheme, the Committee after due deliberation unanimously recommends the draft Scheme to the Board of Directors of the Company.

For and on behalf of Audit Committee of Penna Cement Industries Limited


Kajal Saxena
Chairperson of the Committee
DIN : 10744634

Date : December 17, 2024
Place: Ahmedabad



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