

**REPORT OF THE COMMITTEE OF INDEPENDENT DIRECTORS 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
Ms. Purvi Sheth	:	Member

**1. Background of the proposed scheme of arrangement**

A meeting of the Committee of Independent Directors (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 Sections 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.

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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 other applicable laws including SEBI Listing Regulations and SEBI Schemes Master Circular.

In terms of the SEBI Schemes Master Circular, a report from the Committee is required recommending the draft Scheme, taking into consideration, *inter-alia*, that the Scheme is not detrimental to the shareholders of the listed entity.

The following documents were placed before the Committee for its consideration:

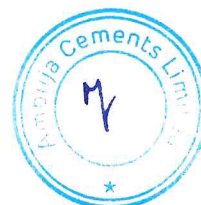
- a) A draft of the proposed Scheme.
- b) Fair Valuation Report dated December 17, 2024 issued by M/s GT Valuation Advisors Private Limited, Registered Valuer (IBBI Registration No. IBBI/RV-E/05/2020/134), pursuant to the provisions of Section 247 of the Act, stipulating inter alia the methodology adopted and the valuation arrived at in relation to the amalgamation of PCIL with Ambuja.
- c) Fairness opinion dated December 17, 2024 issued by M/s IDBI Capital Markets and Securities Limited, SEBI registered Merchant Bankers, to the Ambuja, providing the fairness opinion on Fair Valuation Report of M/s 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;

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- (c) various other matters consequential or otherwise integrally connected with the Scheme; and
- (d) The scheme of arrangement will be effective subject to the approval from various authorities such as NCLT, Stock Exchanges, SEBI etc.

### **3. Rationale for the Scheme**

The Committee noted the below rationale for 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.

### **4. 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.

### **5. Scheme not Detrimental to the Shareholders of the Company.**

The Committee members discussed and deliberated upon the rationale and salient features of the Scheme. In light of the same and fair valuation report, fairness opinion, decision of the audit committee on fair valuation and other documents presented before the Committee, the Committee was of the informed opinion that the proposed Scheme is fair and in the best interest of the Shareholders of the Company, as the proposed Scheme will result into economies of scale and consolidation of opportunities will improve profitability and enhance overall shareholders value.

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**6. Recommendation of the Committee**

In light of the aforesaid, the Committee noted that taking into consideration the proposed Scheme, *inter-alia*, cash consideration forming part of fair valuation report, fairness opinion, decision of the audit committee on fair valuation, rationale of the Scheme, it is of view that the Scheme is not detrimental to the shareholders of the Company.

The Committee, after due deliberations and due considerations of all terms of the Scheme, in particular the fact that the Scheme is not detrimental to the shareholders of the Company, recommends the Scheme for favorable consideration and approval by the Board of Directors, Stock Exchanges, SEBI and other appropriate authorities.

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 Committee of  
Independent Directors of Ambuja Cements Limited**

  
**Rajnish Kumar**  
**Chairman of the Committee**  
**DIN : 05328267**

**Date : December 17, 2024**  
**Place: Gurgaon**

