

**CONFIDENTIAL**

The Board of Directors,
Ambuja Cements Limited,
P.O Ambuja Nagar Tal. Kodinar, District Gir
Somnath, Gujarat 362715

20th July 2015

Dear Members of the Board:

I. Engagement Background

We understand that the Board of Directors of Ambuja Cements Limited is considering the merger of Dirk India Private Limited, (the "Amalgamating/Transferor Company") into Ambuja Cements Limited (the "Amalgamated/ Transferee Company/Company") through a Scheme of Amalgamation under section 391-394 with 16, 94, 97 and other applicable provisions of the Companies Act 1956 (corresponding Sections 13, 61, 64 of companies Act, 2013), ("Scheme").

The Scheme envisages the merger of the Transferor Company into Transferee Company as per terms and conditions more fully set forth in the Draft Scheme of Amalgamation to be placed before the Board for their approval.

In order to comply with the requirements of the regulators, the Companies have appointed a Valuer for the merger. Since the Amalgamating Company is a wholly owned subsidiary of the Amalgamated Company and its entire equity share capital is held by the Amalgamated Company in its own name and/or jointly with its nominees under Section 49 of the Companies Act 1956 (corresponding Section 187 of the Companies Act, 2013). Accordingly, the Valuer has recommended, there would be no issue of equity shares of the Amalgamated Company to the shareholders (including those holding the shares as nominees of the Amalgamated Company) of the Amalgamating Company. Pursuant to the merger of the Amalgamating Company with the Amalgamated Company, the investment in the equity shares of the Amalgamating Company, appearing in the books of account of the Amalgamated Company will stand cancelled.

In connection with the aforesaid, you requested our Fairness Opinion (the "Opinion") as of the date hereof, on the Valuers report with respect to the merger. Our scope of work includes commenting only on the fairness of the recommendation in the reports by the Valuer and not on the fairness or economic rationale of the merger per se.

Axis Capital Limited (Erstwhile "Axis Securities and Sales Limited")

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Regd. Office: Axis House, 8th Floor, Wadia International Centre, P. B. Marg, Worli, Mumbai – 400 025 &
Corp. Office: Axis House, C-2, Wadia International Centre, P.B. Marg, Worli, Mumbai – 400 025.
Tel.: (022) 4325 1199, Fax No. (022) 4325 3000, Website: www.axiscapital.co.in



Scheme of Amalgamation

This Scheme of Amalgamation provides for:

- (i) Under this Scheme, Dirk India Private Limited will be merged into Ambuja Cements Limited
- (ii) There would be no issue of equity shares of the Amalgamated Company to the shareholders (including those holding the shares as nominees of the Amalgamated Company) of the Amalgamating Company
- (iii) As part of the Scheme of Amalgamation, the investment in the equity shares of the Amalgamating Company, appearing in the books of account of the Amalgamated Company will stand cancelled

II. Basis of Opinion

A brief history of each of the aforesaid companies is as under –

- a) Ambuja Cements Limited is a company incorporated under the Companies Act, 1956, having its registered office at P.O AmbujaNagar Tal. Kodinar, District Gir Somnath, Gujarat 362715. It is engaged in the business of manufacturing and dealing of grey cement, white Portland cement, ordinary Portland cement and cement of all kinds and varieties, concrete, lime, clay, gypsum and lime stone, sagole, soap stone, repifix cement and allied products and by-products.
- b) Dirk India Private Limited is a company incorporated under the Companies Act, 1956, and having its registered office at Plot No.10 India House, Geetanjali Colony, Indira Nagar, Mumbai Agra Road, Nashik 422009 in the State of Maharashtra, India. It is in the business of processing Fly ash into "Pozzocrete" and currently doing a job work for Ambuja Cement (ACL) by manufacturing PPC at Nasik facility.

The key features of the Scheme provided to and relied upon by us for framing a fairness Opinion for the merger are:

- On and from the Appointed Date and subject to the provisions of the Scheme in relation to the mode of transfer and vesting, the entire business and whole of the Undertaking of the Amalgamating Company as a going concern shall be transferred to and vested in or be deemed to be transferred to and vested in the Amalgamated Company in such a manner that:
 - all the Assets of the Amalgamating Company immediately before the amalgamation become the property of the Amalgamated Company by virtue of the amalgamation;
 - all the Liabilities of the Amalgamating Company immediately before the amalgamation become the liabilities of the Amalgamated Company by virtue of the amalgamation;



- If and to the extent there are inter-corporate loans, deposits, receivables or balances between the Amalgamating Company and the Amalgamated Company, the obligations in respect thereof shall, on and from the Appointed Date, come to an end and suitable effect shall be given in the books of accounts and records of the Amalgamated Company, if required, for such adjustments of debts or liabilities, as the case may be. For removal of doubts, it is hereby clarified that from the Appointed Date, there would be no accrual of interest or other charges in respect of any such inter -corporate loans, deposits, receivables or balances between the Amalgamating Company and the Amalgamated Company.
- The transfer and/ or vesting of the properties as aforesaid shall be subject to the existing charges, hypothecation and mortgages, if any, over or in respect of all the aforesaid Assets or any part thereof of the Amalgamating Company.

We have taken the foregoing facts (together with the other facts and assumptions set forth in section III of this Opinion) into account when determining the meaning of "fairness" for purposes of this Opinion.

III. Limitation of Scope and Review

Our Opinion and analysis is limited to the extent of review of documents as provided to us by the Transferor and the Transferee Company including the valuation report prepared by SGCO & Co., Chartered Accountants and a Draft of the Scheme of Amalgamation. The Company has been provided with the opportunity to review the draft Opinion as part of our standard practice to make sure that factual inaccuracy / omissions are avoided in our final Opinion.

We have relied upon the accuracy and completeness of all information, documents, data and explanations provided to us. We have not carried out any due diligence or independent verification or validation of such information to establish its accuracy or sufficiency. We have not conducted any independent valuation or appraisal of any of the assets or liabilities of the Amalgamated Company and / or its subsidiaries and of the Amalgamating Company. In particular, we do not express any Opinion as to the value of any asset of the Amalgamated Company and / or its subsidiaries and of the Amalgamating Company, whether at current prices or in the future. We also believe that the same bears very limited relevance, given that there would be no issue of equity shares of the Amalgamated Company to the shareholders of the Amalgamating Company.

We do not express any Opinion as to any tax or other consequences that might arise from the Scheme on the Amalgamated Company and / or its subsidiaries and their respective shareholders, nor does our Opinion address any legal, tax, regulatory or accounting matters, as to which we understand that the Company has obtained such advice as it deemed necessary from qualified professionals. In addition, we express no view or Opinion as to the fairness of the amount or nature



of, or any other aspects relating to, the compensation to any officers, directors or employees of any parties to the Scheme.

We assume no responsibility for updating or revising our Opinion based on circumstances or events occurring after the date hereof. Our Opinion is specific to the merger of the Amalgamating Company into the Amalgamated Company as contemplated in the Scheme provided to us and is not valid for any other purpose. It is to be read in totality, and not in parts, in conjunction with the relevant documents referred to therein.

We have in the past provided, and may currently or in the future provide, investment banking services to the Amalgamated Company and/or its subsidiaries or their respective affiliates that are unrelated to the proposed Scheme, for which services we have received or may receive customary fees. In addition, in the ordinary course of their respective businesses, affiliates of Axis Capital Ltd. may actively trade securities of the Amalgamated Company and / or its subsidiaries or group companies or for their own accounts and for the accounts of their customers and, accordingly, may at any time hold a position in such securities. Our engagement and the Opinion expressed herein are for the benefit of the Board of Directors of the Amalgamated Company and/or Amalgamating Company in connection with its consideration of the Scheme and for none other. Neither Axis Capital Ltd., nor its affiliates, partners, directors, shareholders, managers, employees or agents of any of them, makes any representation or warranty, express or implied, as to the information and documents provided to us, based on which the Opinion has been issued. All such parties and entities expressly disclaim any and all liability for, or based on or relating to any such information contained therein.


The fee for our services is not contingent upon the results of the proposed merger. This Opinion is subject to the laws of India.

Our Opinion is not intended to and does not constitute a recommendation to any shareholder as to how such holder should vote or act in connection with the Scheme or any matter related thereto.

IV. Conclusion

Based on and subject to the foregoing, we are of the Opinion that, as of the date hereof, the economic interest and shareholding and other rights of the shareholders of Ambuja Cements Limited will remain unaffected on account of the merger. In light of the above and on consideration of all the relevant factors and circumstances, we believe that the Valuer's recommendation that no consideration in the form of shares is required to be issued by Ambuja Cements Limited, in our Opinion, is fair.

Very truly yours,
For Axis Capital Ltd.



Authorized Signatory

