

**REPORT OF THE AUDIT COMMITTEE OF AMBUJA CEMENTS LIMITED  
RECOMMENDING THE DRAFT SCHEME OF AMALGAMATION OF ADANI  
CEMENTATION LIMITED WITH AMBUJA CEMENTS LIMITED, AT ITS MEETING  
HELD ON THURSDAY, JUNE 27, 2024.**

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**Present Members:**

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

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

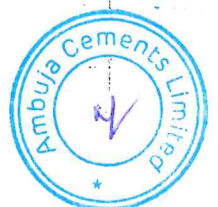
A meeting of the Audit Committee (hereinafter referred to as the "**Committee**") of Ambuja Cements Limited was held on Thursday, June 27, 2024, to consider and recommend the proposed scheme of amalgamation of Adani Cementation Limited (hereinafter referred to as the "**ACL**") with Ambuja Cements Limited (hereinafter referred to as the "**Ambuja**" or the "**Company**", as the context may admit) (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 and in accordance with Section 2(1B) of the Income Tax Act, 1961, for amalgamation of ACL with Ambuja, with effect from the Appointed Date i.e. April 1, 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 "**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 Circular**").

The Scheme will be presented before the Hon'ble National Company Law Tribunal, Ahmedabad 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 including Listing Regulations and SEBI

Ambuja Cements Limited  
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[www.ambujacement.com](http://www.ambujacement.com)  
CIN: L26942GJ1981PLC004717



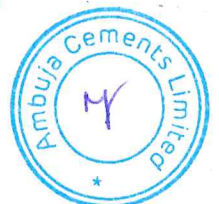
Circular.

In terms of the SEBI Circular, 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 its consideration:

- a) A draft of the proposed Scheme.
- b) Fair Equity Share Swap Ratio Report dated June 27, 2024 issued by 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 ACL with Ambuja.
- c) Fairness opinion dated June 27, 2024 issued by IDBI Capital Markets and Securities Limited, SEBI registered Merchant Bankers, to Ambuja, providing the fairness opinion on Fair Equity Share Swap Ratio Report of GT Valuation Advisors Private Limited, registered valuer, in relation to the amalgamation of ACL 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 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) Report of the Committee of Independent Directors dated June 27, 2024, recommending the draft Scheme, taking into consideration, inter-alia, that the Scheme is not detrimental to the Shareholders of the Company.
- f) Other presentations, documents and information made to / furnished before the Committee pertaining to the draft Scheme.

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**2. Salient features of the Scheme**

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

- (a) amalgamation of ACL with Ambuja, with effect from the Appointed Date, i.e. April 1, 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; and
- (b) various other matters consequential or otherwise integrally connected with the Scheme.

**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.

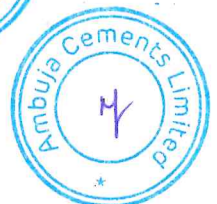
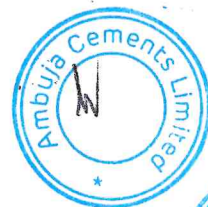
ACL is engaged in the business of cement manufacturing and marketing various grades of cement. ACL is the lessee of limestone mine, with resources of about 275 million tonnes spread over an area of about 238 Hectares, at Lakhpat, Gujarat. ACL is also proposing to set up a grinding unit at Raigad, Maharashtra.

The merger of ACL with Ambuja will result in focused growth, enhancement of manufacturing capacities, operational efficiencies and business synergies.

**4. Rationale for the Scheme:**

The Committee noted the below rationale of the proposed Scheme:

1. The Scheme will enable Ambuja to absorb the business of ACL and enhance its manufacturing capacity to carry out the manufacturing operations more effectively and seamlessly.





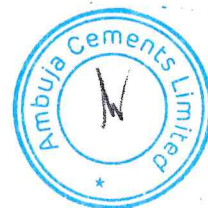
2. The business of ACL will be carried on more efficiently and economically. Further, improved utilisation of the combined resources of both the aforesaid companies would result in lowering the overheads and elimination of duplication of work and reduction in compliance requirements.
3. The amalgamation will help Ambuja to quickly start the construction activity at various sites of ACL and that of the wholly owned subsidiary of ACL.
4. The amalgamation would lead to enhanced value addition for both the aforesaid companies and consequently the value for shareholders will increase.

**5. Fair Equity Share Swap Ratio/ Consideration of cash involved in Scheme**

174 equity shares having face value of Rs. 2/- (Rupees two) each of Ambuja credited as fully paid-up, for every 1 equity share of the face value of Rs. 10/- (Rupees ten) each fully paid-up held by member in ACL. Ambuja Shares to be issued by Ambuja to the shareholders of ACL.

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

- The proposed Scheme will enable Ambuja to absorb the business of ACL and enhance its manufacturing capacity to carry out the manufacturing operations more effectively and seamlessly.
- Cost savings are expected to flow from more focused operational efforts, improved utilisation of the combined resources of both the aforesaid companies and elimination of duplication of work and reduction in compliance requirements.
- Ambuja can immediately start the construction activity at various sites of ACL and that of the wholly owned subsidiary of ACL.
- It is expected that the proposed consolidation will allow more focused strategy, standardization in operations, operating cost optimization, better monitoring and utilization of assets, which in turn would enhance shareholder's value.



**7. Impact of the Scheme on the shareholders**

The proposed Scheme is expected to create value for the existing shareholders considering the transaction being done at a consideration in the form of shares of Ambuja valued as per the requirements of Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations 2018, as applicable.

It is expected that the proposed consolidation will allow more focused strategy, standardization in operations, operating cost optimization, better monitoring and utilization of assets, which in turn would enhance shareholder's value.

The impact of the Scheme on the shareholders including the public shareholders would be the same in all respects and no shareholder is expected to have any disproportionate advantage or disadvantage in any manner.

**8. Cost benefit analysis of the Scheme:**

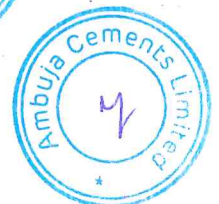
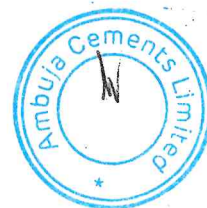
The final purchase consideration represents a fair value of the business as substantiated by Fair Equity Share Swap Ratio forming part of fair valuation report and fairness opinion obtained by Ambuja in relation to this Amalgamation transaction.

Further, the consideration for equity is in the form of Ambuja Shares in case of amalgamation of ACL with Ambuja, as per the requirements of Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations 2018, as applicable. It preserves cash at Ambuja for further expansions and investment plans.

**9. Recommendation of the Committee**


In light of the aforesaid, the Committee recommends the proposed Scheme, taking into consideration, *inter-alia*, the fair equity shares swap ratio forming part of valuation report, 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, Stock Exchanges, SEBI and other appropriate authorities for their favorable consideration and approval.

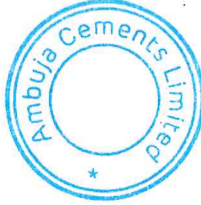
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This report of the Committee is made in order to comply with the requirement of the SEBI Circular after considering the necessary documents.

**For and on behalf of Audit Committee of Ambuja Cements Limited**

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



**Date : June 27, 2024**  
**Place: Gurgaon**

