

# Ambuja Cement

## Report of the Audit Committee of Ambuja Cements Limited (Company) recommending the draft Scheme of Amalgamation between Dirk India Private Limited (DIPL) and the Company.

### MEMBERS

1	Mr. Rajendra Chitale	(Chairman) - Independent Director
2	Mr. Nasser Munjee	Member - Independent Director
3	Mr. Omkar Goswami	Member - Independent Director
4	Mr. Bernard Terver	Member - Non - Independent Director
5	Mr Ajay Kapur	Permanent Invitee
6	Mr. B. L. Taparia	Permanent Invitee

### 1. Background

The Company has placed before the Audit Committee Meeting held on July 27, 2015, the draft Scheme of Amalgamation ('the Scheme') of Dirk India Private Limited (DIPL) with Ambuja Cements Limited (ACL) for recommendation of the Scheme by the Audit Committee to the Board of Directors as required vide SEBI Circular No. CIR/CFD/DIL/2013 dated February 4, 2013 ('Circular').

This report is made in order to comply with the requirements of the Circular after considering the following:

- Draft Scheme;
- Valuation Report dated 16<sup>th</sup> July, 2015 issued by SGCO & Co., Independent Chartered Accountants, Mumbai stating that there is no valuation process applicable since DIPL is a wholly-owned subsidiary and the shares held by ACL in DIPL shall stand cancelled.;
- Fairness Opinion dated 20<sup>th</sup> July, 2015 prepared by Axis Capital an Independent Merchant Banker providing the fairness opinion on the Valuation Report prepared by SGCO & Co.;
- Draft Certificate dated 27<sup>th</sup> July, 2015 issued by SRBC & Co., Statutory Auditors, in relation to the accounting treatment specified in the Scheme;
- An undertaking by the Company Secretary dated 27<sup>th</sup> July, 2015 in relation to non-applicability of Para 5.16(a) of the SEBI circular dtd: 21.05.2013.

### 2. Proposed Scheme

The Audit Committee noted the rationale and the benefits of the scheme, which are as follows:-

- The nature of business carried on by the Amalgamating Company is complimentary to the business carried on by the Amalgamated Company;
- The Amalgamating Company has the business of processing fly ash into Pozzocrete which will now be extended to the Amalgamated Company.
- Simplify management Structure leading to better administration and reduction in cost from more focused operational efforts, simplification of business process and elimination of duplication and rationalisation of administrative efforts and will result in cost savings;
- The Company will immensely benefit by way of sharing of best practices, co-ordination in several back end processes such as supply chain, IT Systems and logistic alignment, benefit from increased scale of operations, saving fixed costs;

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#### AMBUJA CEMENTS LIMITED

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Tel.: 022- 4066 7000 / 6616 7000, Fax: 022 - 6616 7711 / 4066 7711. Website: www.ambujacement.com  
Regd. Off. : P. O. Ambujanagar, Taluka - Kodinar, Dist. Gir Somnath, Gujarat.  
CIN: L26942GJ1981PLC004717



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- 2.5 Consequently, the Board of Directors (as hereinafter defined) of the amalgamating company and the Board of Directors of the Amalgamated Company have considered and proposed the amalgamation of the Amalgamating Company with the Amalgamated Company.

The Audit Committee noted the Salient features of the draft Scheme are as under :

- a. The Appointed date for the amalgamation will be 1st April, 2015.
- b. All Assets and Liabilities of DIPL shall stand transferred to and become Assets and Liabilities of the Company.
- c. Certificate has been obtained from the statutory auditors of the Company and DIPL on the accounting treatment prescribed in the Scheme.
- d. DIPL being wholly owned subsidiary of the Company held through Ambuja Cements Limited (ACL) and itself, no shares to be issued pursuant to merger and the shares held by the Company in DIPL will be cancelled.
- e. Upon effectiveness of the Scheme DIPL shall stand dissolved without winding up.

### 3. Recommendation of the Audit Committee

The Audit Committee recommends the draft Scheme, inter-alia taking into the consideration that there would not be any issuance of shares and consequently no valuation process is required, for favorable consideration by the Board of Directors of the Company, Stock Exchange(s) and SEBI.

After discussion and consideration of the above mentioned proposal the Audit Committee at its meeting held on 27<sup>th</sup> July, 2015 passed the following resolution.

“RESOLVED THAT the Amalgamation of Dirk India Private Limited with the Company under Section 391-394 and other applicable provisions of the Companies Act, 1956 as detailed in the draft Scheme placed before the Audit committee and initialed by the Company Secretary be and is hereby approved and recommended to be placed for consideration before the Board of Directors at the Company”.

By Order of the Audit Committee  
For and on behalf of  
**AMBUJA CEMENTS LTD.**



**Rajendra Chitale**  
Chairman, Audit Committee of Directors

Place : Mumbai  
Date : 27<sup>th</sup> July, 2015



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