Ambuja Cement

AMBUJA CEMENTS LIMITED

Regd.Office : P.O. Ambujanagar, Taluka-Kodinar, Dist. Gir Somnath, Gujarat-362 715
Corporate Office : Elegant Business Park, MIDC Cross Road 'B', Off Andheri-Kurla Road, Andheri (E), Mumbai - 400 059

19th October, 2013

Dear Shareholders,

We refer to the Notice of the Postal Ballot dated 15th October, 2013 sent earlier. Due to oversight the Joint Valuation Report and Fairness Opinion referred as Annexure VI and Annexure VII at Point No.20 of the Explanatory Statement were left out while sending the Postal Ballot Notice to the Shareholders.

We are now enclosing herewith the said Joint Valuation Report as Annexure VI and Fairness Opinion as Annexure VII for your consideration.

Inconvenience caused is deeply regretted.

Yours faithfully,
For **Ambuja Cements Limited**

Rajiv n. Gandhi

Rajiv Gandhi
Company Secretary

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B S R and Associates
Chartered Accountants
Lodha Excelus, 1st Floor
Apollo Mills Compound
N.M.Joshi Marg, Mahalaxmi
Mumbai – 400011

Price Waterhouse & Co.
Chartered Accountants
252, Veer Savarkar Marg
Shivaji Park
Dadar
Mumbai – 400 028

The Board of Directors
Holcim (India) Private Limited
Suite 304, DLF South Court
Saket District Centre
Delhi – 110017

The Board of Directors
Ambuja Cements Limited
106, Maker Chamber III
Nariman Point
Mumbai – 400 021

22 July 2013

Sub: Recommendation of exchange ratio for the proposed merger of Holcim (India) Private Limited into Ambuja Cements Limited ("the Transaction")

Dear Sirs,

We refer to:

a) the engagement letter dated 11 July 2013 with B S R and Associates ("BSR") wherein Holcim (India) Private Limited ("HIPL") and Ambuja Cements Limited ("ACL") (hereinafter together referred to as "Clients", the "Companies" or "You") have requested BSR to recommend an exchange ratio ("Exchange Ratio") for the proposed merger of HIPL into ACL;
b) the engagement letter dated 8 July 2013 with Price Waterhouse & Co. ("PW&Co") wherein HIPL and ACL have requested PW&Co to recommend an Exchange Ratio for the proposed merger of HIPL into ACL.

BSR and PW&Co are collectively referred to as the "Valuers" or "we" or "us", and individually referred to as "Valuer" in this joint Exchange Ratio Report ("Valuation Report").

SCOPE AND PURPOSE OF THIS REPORT

We understand that the Board of Directors of the Companies propose to merge HIPL into ACL, with effect from the Appointed Date of 1 April 2013 ("the Transaction"). This is proposed to be achieved by way of a scheme of amalgamation under Section 391 – 394 of the Companies Act, 1956. As part of the proposed merger, HIPL will cease to exist and as consideration for their equity shares in HIPL, the shareholders of HIPL will be issued equity shares of ACL.

BSR and PW&Co have been requested by the Board of Directors of the Companies to submit a report recommending an Exchange Ratio, as at date of this report ("Valuation Date"), in connection with the Transaction. This Valuation Report may be placed before the audit committee, as per SEBI Circular CIR/CFD/DIL/5/2013 dated 4 February 2013, as amended by CIR/ CFD/DIL/8/2013 dated 21 May 2013 and, to the extent mandatorily required under applicable laws of India, may be produced before judicial, regulatory or government authorities, in connection with the Transaction.

The Valuers have been appointed severally and not jointly and have worked independently in their analysis and after arriving at a consensus on Exchange Ratio, are issuing this Valuation Report.

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This Valuation Report is subject to the scope, assumptions, exclusions, limitations and disclaimers detailed hereinafter. As such the Valuation Report is to be read in totality, and not in parts, in conjunction with the relevant documents referred to therein.

SOURCES OF INFORMATION

In connection with preparing this Valuation Report, we have received the following information from the management of the Companies ("Management"):

- Audited financial statements of HIPL for the year ended 31 December 2012;
- Unaudited/ provisional results of HIPL for the 3 months period ended 31 March 2013;
- Audited financial statements of ACL and ACC Limited ("ACC") for the period from 1 January 2010 to 31 December 2012;
- Unaudited/ provisional results of ACL and ACC for the 3 months period ended 31 March 2013;
- Financial projections of ACL and ACC, along with the underlying assumptions, for the period 1 January 2013 to 31 December 2020, as provided to us by the management of ACL and HIPL respectively (collectively referred to as "Financial Projections");
- Draft Scheme of Amalgamation ("Scheme");
- Interviews and discussions with the Management to augment our knowledge of the operations of the Companies. Other information, explanations and representations that were required and provided by the Management; and
- Such other analysis, reviews and inquiries, as we considered necessary.

SCOPE LIMITATIONS, ASSUMPTIONS, QUALIFICATIONS, EXCLUSIONS AND DISCLAIMERS

Provision of valuation opinions and consideration of the issues described herein are areas of our regular practice. The service does not represent accounting, assurance, accounting/ tax due diligence, consulting or tax related services that may otherwise be provided by us or our affiliates.

This Valuation Report, its contents and the results herein are specific to (i) the purpose of valuation agreed as per the terms of our engagement; (ii) the date of this Valuation Report and (iii) are based on the balance sheet of the Companies as at 31 December 2012. The Management has represented that the business activities of HIPL, ACL and ACC ('together referred to as 'Specified Companies') have been carried out in the normal and ordinary course between 31 December 2012 and the Valuation Date and that no material adverse change has occured in their respective operations and financial position between 31 December 2012 and the Valuation Date.

A valuation of this nature is necessarily based on prevailing stock market, financial, economic and other conditions in general and industry trends in particular as in effect on, and the information made available to us as of, the date hereof. Events occurring after the date hereof may affect this Valuation Report and the assumptions used in preparing it, and we do not assume any obligation to update, revise or reaffirm this Valuation Report.

S.R. and Associates
Chartered Accountants

Price Waterhouse & Co
Chartered Accountants
New Delhi

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The recommendation rendered in this Valuation Report is based upon information received from the Companies till 20 July 2013 and other sources and the said recommendation shall be considered to be in the nature of non-binding advice (our recommendation will, however, not be used for advising anybody to take buy or sell decision, for which specific opinion needs to be taken from expert advisors). Further, the determination of exchange ratio is not a precise science and the conclusions arrived at in many cases will, of necessity, be subjective and dependent on the exercise of individual judgement. There is, therefore, no indisputable single exchange ratio. While we have provided our recommendation of the Exchange Ratio based on the information available to us and within the scope and constraints of our engagement, others may have a different opinion as to the Exchange Ratio of the equity shares of HIPL and ACL. You acknowledge and agree that you have the final responsibility for the determination of the Exchange Ratio at which the proposed merger shall take place and factors other than our Valuation Report will need to be taken into account in determining the Exchange Ratio; these will include your own assessment of the proposed Transaction and may include the input of other professional advisors.

In the course of the engagement, we were provided with both written and verbal information, including market, financial and operating data.

In accordance with the terms of our respective engagements, we have assumed and relied upon, without independent verification, (i) the accuracy of information made available to us by the Companies and (ii) the accuracy of the information that was publicly available, and formed substantial basis for this Valuation Report. We have not carried out a due diligence or audit of the Specified Companies, nor have we independently investigated or otherwise verified the data provided by the Companies. We are not legal or regulatory advisors with respect to legal and regulatory matters for the Transaction. We do not express any form of assurance that the financial information or other information as prepared and provided by the Companies is accurate. Also, with respect to explanations and information sought from the Companies, we have been given to understand by the Companies that they have not omitted any relevant and material factors and that they have checked the relevance or materiality of any specific information to the present exercise with us in case of any doubt. Accordingly, we do not express any opinion or offer any form of assurance regarding its accuracy and completeness.

Our conclusions are based on these assumptions and information given by/ on behalf of the Companies. The respective management of the Companies have indicated to us that they have understood that any omissions, inaccuracies or misstatements may materially affect our valuation analysis/ results. Accordingly, we assume no responsibility for any errors in the information furnished by the Companies and their impact on the Valuation Report. However, nothing has come to our attention to indicate that the information provided was materially mis-stated/ incorrect or would not afford reasonable grounds upon which to base the Valuation Report. We do not imply and it should not be construed that we have verified any of the information provided to us, or that our inquiries could have verified any matter, which a more extensive examination might disclose.

In no event shall we be liable for any loss, damages, cost or expenses arising in any way from fraudulent acts, misrepresentations or willful default on part of the Companies, their directors, employees or agents. In no circumstances shall the liability of a Valuer, its partners, its directors or employees, relating to the services provided in connection with the engagement set out in this Valuation Report shall exceed the amount paid to such Valuer in respect of the fees charged by it for these services.

The Valuation Report assumes that the Specified Companies comply fully with relevant laws and regulations applicable in all its areas of operations unless otherwise stated, and that the Specified Companies will be managed in a competent and responsible manner. Further, except as specifically stated to the contrary, this Valuation Report has given no consideration to matters of a legal nature, including issues of legal title and compliance with local laws, and litigation and other contingent liabilities that are not recorded in audited balance sheet of the Specified Companies. Our conclusion of value assumes that the assets and liabilities of the Specified Companies, reflected in their respective latest balance sheets remain intact as of the Valuation Report date.

This Valuation Report does not address the relative merits of the Transaction as compared with any other alternative business transaction, or other alternatives, or whether or not such alternatives could be achieved or are available. We understand from the Scheme that ACL proposes to acquire certain equity shares of HIPL from Holderind Investments Limited ('HIL'), prior to the consummation of the Transaction. This Valuation Report and our recommendation of Exchange Ratio herein is based on the premise that the aforementioned acquisition of equity shares of HIPL by ACL from HIL, shall be carried out at a price within the value range recommended by BSR and PW&Co, in their respective reports of even date for valuation of equity shares of HIPL.

No investigation of the Specified Companies claim to title of assets has been made for the purpose of this Valuation Report and the respective Company's claim to such rights has been assumed to be valid. No consideration has been given to liens or encumbrances against the assets, beyond the loans disclosed in the accounts. Therefore, no responsibility is assumed for matters of a legal nature.

The fee for this engagement is not contingent upon the results of the Valuation Report.

We owe responsibility to only the Board of Directors of the Companies which have retained us, and nobody else. Each of us have been appointed severally and not jointly and we will not be liable for any losses, claims, damages or liabilities arising out of the actions taken, omissions of the other. We do not accept any liability to any third party in relation to the issue of this Valuation Report. This Valuation Report is not a substitute for the third party's own due diligence/ appraisal/ enquiries/ independent advice that the third party should undertake for his purpose. It is understood that this analysis does not represent a fairness opinion.

This Valuation Report is subject to the laws of India.

Neither the Valuation Report nor its contents may be referred to or quoted in any registration statement, prospectus, offering memorandum, annual report, loan agreement or other agreement. Further, it cannot be used for purposes other than in connection with the Transaction, without our prior written consent. In addition, this Valuation Report does not in any manner address the prices at which equity shares will trade following consummation of the Transaction and we express no opinion or recommendation as to how the shareholders of either Company should vote at any shareholders' meeting(s) to be held in connection with the Transaction.

BACKGROUND OF THE SPECIFIED COMPANIES

Holcim (India) Private Limited

HIPL is a wholly owned subsidiary of Holderind Investments Limited ("HIL"). HIPL was formed to act as an investment company for downstream investment in cement manufacturing ventures in India.

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As at date, HIPL holds 150,670,120 equity shares of face value INR 2 each in ACL (constituting ~9.76% of ACL's paid up share capital) and 93,888,120 equity shares of face value INR 10 each in ACC (constituting ~50.01% of ACC's paid up share capital). Apart from these investments, HIPL does not have any other significant operations/ assets.

As at 30 June 2013, the paid up equity share capital of HIPL consists of 5,690,385,095 equity shares of face value of INR 10 each and its shareholding pattern is as follows:

Details of shareholder	% shareholding
Holderind Investments Limited	100.00*
Total	**100.00**

Source: Management of HIPL

* 1 equity share held by Dinesh Kothari for beneficial interest of HIL

The management of HIPL represented that HIPL does not have any outstanding warrants/ options, as at the date.

Ambuja Cements Limited

ACL, incorporated in 1981, is a leading cement manufacturer in India with an installed cement manufacturing capacity of ~27.45 million tonnes per annum. It has five integrated cement manufacturing plants and eight cement grinding units across India. The equity shares of ACL are listed on the National Stock Exchange of India Limited ("NSE") and BSE Limited ("BSE"). Its Global Depository Receipts are listed on the Euro MTF Platform of the Luxembourg Stock Exchange.

The consolidated reported net turnover and earnings before interest, tax, depreciation and amortization ("EBITDA") of ACL for the year ended 31 December 2012, were INR 101,435 million and INR 28,219 million, respectively.

As at 30 June 2013, the paid up equity share capital of ACL consists of 1,543,763,286 equity shares of face value of INR 2 each and its shareholding pattern is as follows:

Category	% shareholding
Promoter and Promoter Group	50.55
Institutions	38.95
Non Institutions	8.24
Custodians	2.26
Total	**100.00**

Source: Management of ACL

The management of ACL represented that fully diluted equity share capital of ACL as at date (after considering conversion of outstanding warrants, employee stock options and shares kept in abeyance) is 1,552,660,231 equity shares of face value INR 2 each.

ACC Limited

ACC, incorporated in 1936, is a leading cement manufacturer in India with an installed cement manufacturing capacity of ~30 million tonnes per annum. It has 17 cement factories and more than 40 ready mix concrete plants. The equity shares of ACC are listed on the NSE and BSE.

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The consolidated reported net turnover and EBITDA of ACC for the year ended 31 December 2012 were INR 116,215 million and INR 24,599 million, respectively.

As at 30 June 2013, the paid up equity share capital of ACC consists of 187,745,356 equity shares of face value of INR 10 each and its shareholding pattern, is as follows:

Category	% shareholding
Promoter and Promoter Group	50.30
Institutions	31.15
Non Institutions	18.34
Custodians	0.21
Total	**100.00**

Source: Management of HIPL

The management of HIPL represented that fully diluted equity share capital of ACC as at date (after considering shares kept in abeyance) is 188,228,328 equity shares of face value INR 10 each.

APPROACH - BASIS OF AMALGAMATION

The proposed Transaction contemplates the merger of HIPL into ACL pursuant to the Scheme.

Arriving at the exchange ratio of equity shares for the merger of HIPL into ACL would require determining the value of the equity shares of HIPL in terms of the value of the equity shares of ACL. These values are to be determined independently but on a relative basis, and without considering the current Transaction.

HIPL is an investment company and holds investment in equity shares of ACC and ACL. Apart from these investments, HIPL does not have any other signification operations/ assets. Considering the aforementioned, equity value of HIPL has been arrived at on a 'sum of parts' basis, considering value of its investments in equity shares of ACC, ACL and book value of other assets and liabilities.

There are several commonly used and accepted methods for determining the value of the equity shares of a company, which have been considered in the present case, to the extent relevant and applicable, for valuing underlying investments in ACL and ACC, including:

1. Comparable Companies' Multiples method
2. Market Price method
3. Discounted Cash Flow method
4. Net Asset Value method

It should be understood that the valuation of any company or its assets is inherently subjective and is subject to certain uncertainties and contingencies, all of which are difficult to predict and are beyond our control. In performing our analysis, we made numerous assumptions with respect to industry performance and general business and economic conditions, many of which are beyond the control of the Companies. In addition, this valuation will fluctuate with changes in prevailing market conditions, the conditions and prospects, financial and otherwise, of the Companies, and other factors which generally influence the valuation of companies and their assets.

The application of any particular method of valuation depends on the purpose for which the valuation is done. Our choice of methodology of valuation has been arrived at using usual and conventional methodologies adopted for transactions of a similar nature and our reasonable

judgment, in an independent and bona fide manner based on our previous experience of assignments of a similar nature.

Comparable Companies' Multiple ("CCM")

Under this method, value of the equity shares of a company is arrived at by using multiples derived from valuations of comparable companies or comparable transactions, as manifested through stock market valuations of listed companies and the transaction valuation. This valuation is based on the principle that market valuations, taking place between informed buyers and informed sellers, incorporate all factors relevant to valuation. Relevant multiples need to be chosen carefully and adjusted for differences between the circumstances.

We have used the profitability based valuation multiple of comparable listed companies for the purpose of our analysis. We have not used the comparable transactions analysis as transaction multiples may include acquirer specified considerations, synergy benefits, control premium and minority adjustments.

Operating EBITDA of ACL and ACC has been computed considering their performance for trailing twelve months ended 31 March 2013 and adjustments, as appropriate, for non-operating income and expenses. To arrive at the total value available to the equity shareholders for ACL and ACC, value arrived as above under CCM method is adjusted, as appropriate, for cash and cash equivalent, borrowings, cash receivable on exercise of outstanding warrants and options, contingent liabilities and other matters. The total value of equity is then divided by fully diluted equity shares (considering conversion of warrants and options and shares kept in abeyance, as appropriate) to arrive at the value per equity share.

Market Price Method

The market price of an equity share as quoted on a stock exchange is normally considered as the value of the equity shares of that company where such quotations are arising from the shares being regularly and freely traded in. Further, in the case of a merger, where there is a question of evaluating the shares of one company against those of another, the volume of transactions and the number of shares available for trading on the stock exchange over a reasonable period would have to be of a comparable standard.

In the present case, the equity shares of ACL and ACC are listed on the NSE and BSE. The volume weighted share price of ACL and ACC over an appropriate period has been considered for determining the value.

Discounted Cash Flows ("DCF") Method

Under the DCF method, the projected free cash flows to the firm are discounted at the weighted average cost of capital. The sum of the discounted value of such free cash flows is the value of the firm.

Using the DCF analysis involves determining the following:

Estimating future free cash flows:

Free cash flows are the cash flows expected to be generated by the company that are available to all providers of the company's capital – both debt and equity.

Appropriate discount rate to be applied to cash flows i.e. the cost of capital.

This discount rate, which is applied to the free cash flows, should reflect the opportunity cost to all the capital providers (namely shareholders and lenders), weighted by their relative contribution to the total capital of the company. The opportunity cost to the equity capital provider equals the rate of return the capital provider expects to earn on other investments of equivalent risk.

To the values so obtained generally from DCF analysis, the amount of loans is adjusted to arrive at the total value available to the equity shareholders. The total value for equity shareholders is then divided by the total number of equity shares in order to work out the value per equity share.

For the purpose of DCF valuation, the free cash flow forecast is based on Financial Projections as provided by the Management.

We must emphasize that realisations of free cash flow forecast will be dependent on the continuing validity of assumptions on which they are based. Our analysis, therefore, will not, and cannot be directed to providing any assurance about the achievability of the final projections. Since the financial forecasts relate to future, actual results are likely to be different from the projected results because events and circumstances do not occur as expected, and the differences may be material. While carrying out this engagement, we have relied extensively on historical information made available to us by the management of the Companies and the respective Financial Projections for future related information. We did not carry out any validation procedures or due diligence with respect to the information provided/ extracted or carry out any verification of the assets or comment on the achievability and reasonableness of the assumptions underlying the Financial Projections, save for satisfying ourselves to the extent possible that they are consistent with other information provided to us in the course of this engagement.

To arrive at the total value available to the equity shareholders of ACL and ACC, value arrived above under DCF method is adjusted, as appropriate, for cash and cash equivalent, borrowings, cash receivable on exercise of outstanding warrants and options, deferred tax liabilities, contingent liabilities and other matters. The total value is then divided by fully diluted equity shares (considering conversion of warrants and options and shares kept in abeyance, as appropriate) to arrive at the value per equity share.

Net Asset Value (NAV) Method

The asset based valuation technique is based on the value of the underlying net assets of the business, either on a book value basis or realizable value basis or replacement cost basis. A scheme of amalgamation would normally be proceeded with, on the assumption that the companies amalgamate as going concerns and an actual realization of the operating assets is not contemplated. In such a going concern scenario, the relative earning power is of importance to the basis of amalgamation, with the values arrived at on the net asset basis being of limited relevance. This valuation approach is mainly used in case where the firm is to be liquidated i.e. it does not meet the "going concern" criteria or in case where the assets base dominate earnings capability and hence, we have not considered this method for valuation.

BASIS OF AMALGAMATION

The basis of merger of HIPL into ACL would have to be determined after taking into consideration all the factors and methodologies mentioned hereinabove.Though different values have been arrived at under each of the above methodologies, for the purposes of recommending an exchange ratio of equity shares it is necessary to arrive at a single value for the equity shares of HIPL and of ACL. For this purpose, it is necessary to give appropriate weights to the values arrived at under each methodology.

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We have assigned appropriate weightages to the value per equity share of ACL and ACC, arrived using the CCM method, Market Price Method and DCF method, to value the equity shares of ACL and ACC. Value of HIPL, has been arrived at considering its book value as at 31 December 2012 and adjustments, as appropriate, for appreciation in the investments in ACL and ACC (based on their respective values, derived as aforementioned) and dividend received/ distributed between 31 December 2012 and Valuation Date.

The Valuers have been appointed severally and not jointly and have worked independently in their analysis and after arriving at a consensus on Exchange Ratio, are issuing this Valuation Report.

In view of the above, and on consideration of the relevant factors and circumstances as discussed and outlined hereinabove, we recommend the Exchange Ratio of equity shares for the merger of HIPL into ACL at 10 (ten) equity shares of ACL of INR 2 each fully paid up for every 74 (seventy four) equity shares of HIPL of INR 10 each fully paid up.

Respectfully submitted.

For B S R and Associates
Chartered Accountants
Firm Registration No: 128901W

Mahek Vikamsey
Partner
Membership No: 108235

Dated: 22 July 2013

For Price Waterhouse & Co.
Chartered Accountants
Firm Registration No: 016844N

Rajan Wadhawan
Partner
Membership No: 090172

Dated: 22 July 2013

AXIS CAPITAL

CONFIDENTIAL

22nd July 2013

The Board of Directors
Ambuja Cements Limited
Elegant Business Park,
MIDC Cross Road 'B',
Off Andheri - Kurla Road,
Andheri (E), Mumbai 400059

Dear Members of the Board:

I. Engagement Background

We understand that the Board of Directors of Ambuja Cements Limited ("ACL" or "Company" or "Amalgamated Company") is considering the amalgamation of Holcim (India) Private Limited ("HIPL" or "Amalgamating Company") with the Company through a Scheme of Amalgamation under section 391-394 of the Companies Act, 1956.

The scheme envisages an amalgamation of HIPL with ACL as per the terms and conditions more fully set forth in the Scheme of Amalgamation to be placed before the Board for their approval.

In consideration of the amalgamation of the HIPL into ACL pursuant to the Scheme of Amalgamation, for every 74 equity shares of the face value of Rs. 10 each and fully paid held by the shareholders of the Amalgamating Company, the Amalgamated Company shall issue and allot 10 equity shares of the face value of Rs. 2 each fully paid up (hereinafter referred to as the "**Share Exchange Ratio**").

In connection with the aforesaid, you requested our Fairness Opinion ("**Opinion**") as of the date hereof, as to the fairness of the Share Exchange Ratio to the Equity Shareholders of the Amalgamated Company.

II. Basis of Opinion

In the Rationale of the Scheme as explained to us by the Management of the Amalgamated Company, given the business opportunities with respect to the Cement Business in India, the Holcim Group is keen to restructure its activities in the Cement Business in India by combining the strengths of ACC Limited ("ACC") and ACL into competitive advantages. The Amalgamating Company currently holds 50.01% equity shares in ACC which consequent upon the proposed amalgamation will vest with the Amalgamated Company. This will thus enable the Amalgamated Company to realize huge potential savings and improve its revenue and margins. Further, the size of the profits and net worth of the consolidated business of the Amalgamated Company is likely to increase from the current levels consequent upon the proposed amalgamation. The proposed amalgamation is likely to enhance significantly the values and synergies for both Amalgamated Company as well as ACC and for all the stakeholders.

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

ACL is a Public Limited Company listed on the Bombay Stock Exchange (BSE) and National Stock Exchange (NSE). The global depository receipts issued by ACL are listed on the Euro MTF Platform of the Luxemburg Stock Exchange. It was incorporated in 1981 and is registered under the provisions of the Companies Act, 1956 (the "Act", which word shall include any statutory re-enactment or modification thereof, or amendment thereof, from time to time) and has its registered office at Elegant Business Park, MIDC Cross Road '8', Off Andheri-Kurla Road, Andheri (E), Mumbai 400059. ACL is one of the leading cement manufacturing companies in India, with a capacity of ~28 mn Metric Tons per annum

HIPL is a private company limited by shares incorporated in the year 2002 under the Act (as hereinafter defined), having its registered office at Suite 304, Third Floor, DLF South Court, Plot A-1 Saket District Centre, Saket, Delhi – 110017. It's a wholly owned subsidiary of Holderind Investment Limited, Mauritius (HIL) and was formed to act as an investment company for downstream investment in cement manufacturing ventures in India. It holds 50.01% equity stake in ACC, which is one of the leading cement manufacturing companies India, with a capacity of ~30 mn Metric Tons per annum. It also holds 9.76% equity stake in ACL.

The key features of the Scheme and other information provided to and relied upon by us for framing an Opinion on Share Exchange Ratio are as under:

1. The Amalgamated Company (ACL) is a listed Public Company. The Amalgamating Company (HIPL) is wholly owned by Holderind Investment Limited, Mauritius. Amalgamation is to be carried out under section 391 to 394 read with section 100 and other applicable provisions of the Companies Act, 1956

2. As consideration for the amalgamation, only shares in the Amalgamated Company shall be issued to all the shareholders of the Amalgamating Company

3. Upon the Scheme becoming effective, the Amalgamated Company shall record the assets (including intangible assets, if any, whether or not recorded in the books of Amalgamating Company) and liabilities of the Amalgamating Company vested in it pursuant to the Scheme at their respective fair values as per purchase method in accordance with Accounting Standard - 14 notified under the Companies Accounting Standards Rules, 2006, as amended

4. All the Shareholders of the Amalgamating Company shall become shareholders of the Amalgamated Company; HIPL's 9.76% stake in ACL to be cancelled under the scheme

5. Every shareholder of Amalgamating Company shall receive 10 equity share of Rupees Two each of Amalgamated Company for every 74 equity shares of Rupees Ten each fully paid held in Amalgamating Company as on the Record date for the implementation of the Scheme

6. There will be no change in the capital structure of either the Amalgamating Company or the Amalgamated Company except in respect of outstanding stock options that may be exercised in terms of the Amalgamated Company's employees stock option scheme(s) or tradeable warrants or outstanding global depository receipts of the Amalgamated Company that may be exercised, or shares which may be issued pursuant to the rights shares kept in abeyance. All corporate actions will be appropriately dealt with as envisaged in the scheme

7. To the extent there are inter-se loans, investments, deposits, receivables, payables or balances, between the Amalgamating Company and Amalgamated Company, the obligations/rights in respect of the same thereof shall come to an end

8. The Equity shares of the Amalgamated Company to be allotted pursuant to the Scheme shall rank for dividend, voting rights and in all respect pari passu with the existing shares of the Amalgamated Company subject to the exceptions, if any mentioned in the Scheme

9. Share Exchange Ratio is based on the joint valuation report dated 22nd July 2013 submitted by M/s. BSR and Associates ("BSR") & Price WaterHouse & Co. ("PW&Co.") ("Joint Valuers") appointed by the Board

10. The appointed date for the amalgamation of Holcim India with Ambuja is the opening business hours of April 1, 2013

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 Amalgamated Company including the valuation report prepared by BSR and PW&Co. and a Draft of the Scheme of Amalgamation prepared by M/s. Amarchand & Mangaldas & Suresh A. Shroff & Co.

We have relied upon the accuracy and completeness of all information and documents provided to us, including:

- The unaudited financial statements of the Amalgamating Company as on March 31, 2013 and audited financial statements of the Amalgamating Company and the Amalgamated Company for the period 2010 to 2012
- The financial projections of ACC for the period Calendar Year (CY) 2013 to CY2020 and management information as provided to us by the management of HIPL
- The financial projections of ACL for the period Calendar Year (CY) 2013 to CY2020 and management information as provided to us by the management of ACL
- Other information, explanations and representations provided by the management of the companies.

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 Amalgamating Company and / or its subsidiaries or the Amalgamated Company and / or its subsidiaries. In particular, we do not express any opinion as to the value of any asset of the Amalgamating Company and / or its subsidiaries or the Amalgamated Company and / or its subsidiaries, whether at current prices or in the future. No investigation of the Companies claim to title of assets has been made for the purpose of the exercise and the Companies claim to such rights has been assumed to be valid. No consideration has been given to liens or encumbrances against

the assets, beyond the loans disclosed in the account. Therefore, no responsibility whatsoever is assumed for matters of a legal nature.

One should note that valuation is not an exact science and that estimating values necessarily involves selecting a method or approach that is suitable for the purpose. Moreover, in this case where shares of the Amalgamated Company are being issued as consideration to the shareholders of Amalgamating Company, it is not the absolute per share values that are important for framing an opinion but the relative per share values of the Amalgamated Company vis-a-vis the Amalgamating Company.

In rendering our Opinion, we have assumed, that the Scheme will be implemented on the terms described therein, without any waiver or modification of any material terms or conditions, and that in the course of obtaining the necessary Regulatory or third party approvals for the Scheme, no delay, limitation, restriction or condition will be imposed that would have an adverse effect on the Amalgamating Company and / or its subsidiaries, Amalgamated Company and / or its subsidiaries and their respective Shareholders.

We do not express any Opinion as to any tax or other consequences that might arise from the Scheme on the Amalgamating Company and / or its subsidiaries, Amalgamated Company and / or its subsidiaries and their respective shareholders, nor does our Opinion address any legal, tax, regulatory including all SEBI regulations or accounting matters, as to which we understand that the Amalgamated Company has obtained such advice as it deemed necessary from qualified professionals.

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 Amalgamation of the Amalgamating Company and 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.

Our opinion also does not address any matters otherwise than as expressly stated herein, including but not limited to matters such as corporate governance matters, shareholders rights or any other equitable considerations. We have also not opined on the fairness of any terms and conditions of the Scheme of Amalgamation other than the fairness, from financial point of view, of the Share Exchange Ratio.

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 invest in 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 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 amalgamation. 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, Share Exchange Ratio is fair to the Equity shareholders of the Amalgamated Company.

Very truly yours,

For Axis Capital Ltd.

Lalit Ratadia
Managing Director
Investment Banking

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