

ODISHA CEMENT LIMITED

(CIN: U14200TN2013PLC112346)

Pursuant to the restructuring Schemes and pending approval u/s 13 of the Company Act, 2013, the Company shall be renamed as

DALMIA BHARAT LIMITED

Registered Office: Dalmiapuram Lalgudi Taluk, Dalmiapuram-621651, Dist. Tiruchirappalli, Tamil Nadu.

Corp Office: 11th & 12th Floor, Hansalaya Building, 15, Barakhamba Road, New Delhi-110001

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NOTE ON THE SCHEME OF ARRANGEMENT AND AMALGAMATION

Scheme of Arrangement and Amalgamation amongst Odisha Cement Limited ("ODCL" or "Amalgamated Company" or "Transferor Company"), Dalmia Bharat Limited ("DBL" or "Amalgamating Company") and Dalmia Cement (Bharat) Limited ("DCBL" or "Transferee Company") and their respective shareholders and creditors ("Scheme/Scheme B")

BUSINESS ASPECTS

1. Brief details of the companies involved in the Scheme and their business(s):

- A. **Odisha Cement Limited** (CIN: U14200TN2013PLC112346) is a public company limited by shares, incorporated on 12th July, 2013 under the provisions of the Companies Act, 1956 ("**1956 Act**") and is having its registered office at Dalmiapuram Lalgudi Taluk, Dalmiapuram-621651, Dist. Tiruchirappalli, Tamil Nadu ("**ODCL**" or "**Amalgamated Company**" or "**Transferor Company**").

ODCL is authorized to carry on, *inter alia*, the business of manufacturing and selling cement and refractories and generating power.

The equity shares of ODCL are being listed and/or admitted to trading on the National Stock Exchange of India Limited ("**NSE**") and on the BSE Limited ("**BSE**").

- B. **Dalmia Bharat Limited** (CIN: L40109TN2006PLC058818) is a public company limited by shares, incorporated on 10th February, 2006 under the provisions of the 1956 Act, and is having its registered office at Dalmiapuram Lalgudi Taluk, Dalmiapuram-621651, Dist. Tiruchirappalli, Tamil Nadu ("**DBL**" or "**Amalgamating Company**").

The equity shares of DBL are listed on NSE and BSE.

DBL is engaged in the business of, *inter alia*, providing management services.



- C. **Dalmia Cement (Bharat) Limited** (CIN : U65191TN1996PLC035963) is a public company limited by shares, incorporated on 4th July, 1996 under the provisions of the 1956 Act, and is having its registered office at Dalmiapuram Lalgudi Taluk, Dalmiapuram - 621651, Dist. Tiruchirappalli, Tamil Nadu ("**DCBL**" or "**Transferee Company**").

DCBL is engaged in the business of manufacturing and selling of cement, generating power, maintaining and operating rail systems and solid waste management system which provide services to the cement business.

2. Salient features of the Scheme:

- (i) Reduction of issued, subscribed and paid up equity share capital of ODCL by reduction in the face value of issued, subscribed and paid up equity shares of ODCL from Rs. 10 each to Rs. 2 each, with simultaneous reduction in the face value of all the equity shares of Rs. 10 each by Rs. 8 in the authorised equity share capital of ODCL to Rs. 2 each and creation of requisite number of new equity shares of face value of Rs. 2 such that the aggregate amount of authorised share capital of ODCL remains unchanged; ("**ODCL Capital Reduction**") and corresponding reduction of securities premium account of DCBL;
- (ii) (a) Amalgamation of DBL with ODCL ("**DBL Amalgamation**") and consequent dissolution of DBL without winding up; (b) Reduction by way of cancellation of the entire issued, subscribed and paid up equity share capital of ODCL held by DCBL ("**Equity Cross Holding Cancellation**"); (c) Reduction by way of cancellation of the entire issued, subscribed and paid up optionally convertible redeemable preference share capital of ODCL held by DCBL ("**Preference Cross Holding Cancellation**") (Equity Cross Holding Cancellation and Preference Cross Holding Cancellation collectively referred to "**Cross Holding Cancellation**") and consequent reduction of securities premium account of DCBL;
- (iii) Transfer of undertakings of ODCL pertaining to its cement and refractory operations and power, rail and solid waste management systems by way of slump exchange to DCBL as a going concern, together with all their respective properties, assets, liabilities, employees, rights, benefits and interest therein, without assigning value to individual assets and liabilities for which DCBL shall discharge the consideration of Rs. 6,200 Crores of its 7,97,94,080 equity shares of face value Rs 10) each to ODCL at a premium of Rs. 767 per share ("**ODCL Undertaking Slump Exchange**");
- (iv) The Appointed Date for the Scheme is January 01, 2015.
- (v) Post merger of DBL, ODCL would carry out the business of DBL



3. Share entitlement to the shareholders

The share entitlement of DBL shareholders is as under:

"2 (two) equity shares of face value of INR 2/- (Rupees two only) each fully paid up of ODCL, for every 1 (one) equity share of face value of INR 2/- (Rupees two only) each fully paid up held in DBL."

4. Rationale of the Scheme (as set out in the Scheme):

- A. ODCL, DBL and DCBL belong to the Dalmia Bharat group ("DB Group Companies"). This Scheme of 'Arrangement and Amalgamation' is intended to restructure these companies and consolidate their business in a manner which is expected to enable better realisation of potential of their businesses, yield beneficial results and enhanced value creation for the said companies, their respective shareholders and stakeholders. The rationale for the Scheme is set out below:
- (i) The Arrangement and Amalgamation will result in financial resources of ODCL, DBL and DCBL being efficiently pooled, leading to centralised and more efficient management of funds, greater economies of scale and a bigger and stronger resource base for future growth, which are presently divided and are getting dissipated amongst different DB Group Companies.
 - (ii) The Arrangement and Amalgamation will result in simplification of the corporate structure of the DB Group Companies with one listed company controlling all the cement companies in the group.
 - (iii) The Arrangement and Amalgamation will result in consolidation of businesses and operations of the DB Group Companies, located in different parts of the country, thereby enabling the group to derive benefits of geographical diversification.
 - (iv) The Arrangement and Amalgamation will provide synergistic integration of the business operations of DB Group Companies thus enabling better operational management with greater focus.
 - (v) Synergies arising out of consolidation of alike and supporting businesses through the Arrangement and Amalgamation will lead to (a) alignment of interest of all stakeholders; (b) improved earnings and cash flow of DCBL as the Transferee Company and (c) improved alignment of debt repayments with cash flow.



- (vi) DCBL as the Transferee Company will have better leveraging capability due to its enlarged net worth base and increased business capability to offer a wider portfolio of products and services to its customers by virtue of its diversified businesses, enlarged resource base and deeper client relationships, thus improving its ability to effectively exploit the growing market potential and enhanced business prospects for the group.
- (vii) The Arrangement and Amalgamation will bring about simplicity in working, reduction in various statutory and regulatory compliances and related costs, which presently have to be duplicated in different entities, reduction in operational and administrative expenses and overheads, better cost and operational efficiencies and it will also result in coordinated optimum utilization of resources.
- (viii) The Arrangement and Amalgamation will result not only in consolidating and improving the internal systems, procedures and controls but will also bring greater management and operational efficiency due to integration of various similar functions presently being carried out in each individual entity within the DBGroup Companies such as information technology, human resources, finance, legal and general management, and this will lead to the organization becoming more efficient and capable of responding swiftly to volatile and rapidly changing market scenarios.
- (ix) The Arrangement and Amalgamation will streamline the decision making process, help in better utilization of human resources and will also provide better career opportunities to employees.

Thus, the Scheme, as envisaged, involving Arrangement and Amalgamation would enable seamless access to strong business relationships, closer and better focused attention being given to the businesses which would get integrated, aligned and streamlined, leading to achievement of their full business and growth potential.

5. The BSE and the NSE has, vide their letter(s) numbered DCS/AMAL/MD/R37/784/2017-18 and NSE/LIST/10303, respectively, and dated May 5, 2017 approved the Scheme. The Scheme has also been approved by the National Company Law Tribunal, Single Bench, Chennai vide its Order dated April 20/May 01, 2018.
6. The Board of Directors of DBL and other entities involved in the Scheme in their respective Board meeting(s) held on October 30, 2018, have resolved and approved



October 30, 2018 to be the date for implementing the Scheme ("**Implementation Date**"), with effect from the Appointed Date, i.e., January 01, 2015.

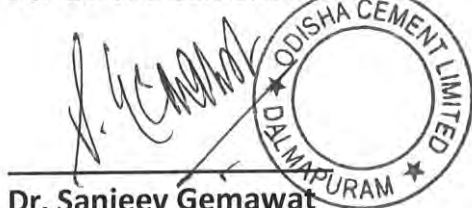
FINANCIAL ASPECTS

7. Financial details of the Amalgamating Company and Amalgamated Company involved in the Scheme as on March 31, 2018 (**PRE-MERGER**):

(in Rs. Crore)

	Revenue	Profit/(Loss)	Capital Employed
AMALGAMATED /RESULTANT COMPANY			
Odisha Cement Limited	4379	418	6607
AMALGAMATING COMPANY			
Dalmia Bharat Limited	233	126	1514

For **Odisha Cement Limited**



Dr. Sanjeev Gemawat
Company Secretary
FCS 3669

Date: November 20, 2018