

LETTER OF OFFER

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.

This Letter of Offer is sent to you as a shareholder of **The Associated Cement Companies Limited**. If you require any clarifications about the action to be taken, you should consult your stock-broker or investment consultant or the Manager/ Registrar to the Offer. In case you have sold your shares, please hand over this Letter of Offer, the accompanying Form of Acceptance cum Acknowledgement, Form of Withdrawal and Transfer Deed to the member of the Stock Exchange through whom the said sale was effected.

CASH OFFER AT Rs. 370 /- (Rupees Three Hundred and Seventy only) PER FULLY PAID-UP EQUITY SHARE OF Rs. 10 (RUPEES TEN ONLY)

Pursuant to the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 1997 and subsequent amendments thereto]

TO ACQUIRE

Up to 69,298,452 fully Paid-up Equity Shares of face value Rs. 10/- each, representing 38.82% of the equity voting capital (36.88% of the Fully Diluted Equity Voting Capital) ("Offer")

OF

The Associated Cement Companies Limited ("ACC"/"Target Company")

having its registered office at:

Cement House, 121, Maharshi Karve Road, Mumbai 400 020, India

Tel: +91 22 5665 4321, Fax: +91 22 5631 7458

BY

Holdcem Cements Private Limited ("Holcim India" / "Acquirer")

having its registered office at:

5th Floor, Rajendra Bhawan, 210 Deen Dayal Upadhyay Marg, New Delhi 110 002

Tel: + 91 11 23233792, 23234298, Fax: + 91 11 23234311

along with

Holderind Investments Ltd ("Holcim Mauritius") (as a Person Acting in Concert)

having its registered office at

Manor House, 1st Floor, Cnr St. George/Chazal Streets, Port Louis, Mauritius

Tel : +230 203 6600, Fax +230 203 6650

And

Ambuja Cement India Limited (ACIL) (as a Person acting in Concert only upon, and subject to, Acquirer receiving FIPB approvals referred to in Clause 6.1(a))

Having its registered office at

106, Maker Chamber III, Nariman Point, Mumbai, 400 021

Tel : + 91 22 5659 7300, Fax +91 22 2284 6270

And

Gujarat Ambuja Cements Limited (GACL) (as a Person acting in Concert only upon, and subject to, Acquirer receiving FIPB approvals referred to in Clause 6.1(a))

Having its registered office at

P.O. Ambujanagar, Taluka Kodinar, District Junagadh, Gujarat 362 715

Tel : +91 2795 221137, Fax +91 2795 232028

MANAGER TO THE OFFER



**DSP
Merrill Lynch**

DSP Merrill Lynch Limited

10th Floor, Mafatlal Center, Nariman Point

Mumbai 400 021

Tel: +91 22 56328000 Fax: +91 22 22048518

Email: acc_openoffer@ml.com

Contact Person: **Mr. Nitin Nayak**

REGISTRAR TO THE OFFER



KARVY

Karvy Computershare Private Limited

46, Avenue 4, Street No 1, Banjara Hills

Hyderabad 500 034

Tel: +91 40 23312454 Fax: +91 40 23311968

Email: murali@karvy.com

Contact Person: **Mr. Murali Krishna**

OFFER OPENS ON: MARCH 23, 2005

OFFER CLOSES ON: APRIL 11, 2005

LEGAL ADVISORS

Amarchand Mangaldas are legal advisors to ACIL. **Homburger Rechtsanwälte**, Zurich, Switzerland and **New Delhi Law Offices, Advocates** are legal advisors to Holcim.

ATTENTION:

- a) The Offer is subject to the receipt of approval from the Foreign Investment Promotion Board ("FIPB").
- b) The purchase of shares tendered by non-resident shareholders of ACC by ACIL may require RBI approval under the Foreign Exchange Management Act, 1999 ("FEMA"). The Acquirer will not acquire shares from non-resident shareholders failing to obtain such approval.
- c) Besides this, as on the date of this Letter of Offer, no other statutory approval was required to acquire the shares tendered pursuant to this Offer. The Acquirer will not proceed with the Offer in the event that any statutory approval indicated above is not obtained in terms of Regulation 27 of SEBI (SAST) Regulations and you will be informed by way of another public announcement in the same newspapers where the first PA had appeared.
- d) In case of delay in the receipt of any statutory approval(s), SEBI has the power to grant extension of time to the Acquirer for payment of consideration to shareholders who have validly tendered their Shares, subject to the Acquirer agreeing to pay interest for the delayed period as directed by SEBI in terms of Regulation 22(12) of the SEBI (SAST) Regulations. Further, if the delay occurs on account of willful default by the Acquirer in obtaining the requisite approvals, Regulation 22(13) of the SEBI (SAST) Regulations will also become applicable.
- e) If there is any upward revision in the Offer Price by the Acquirer prior to or on the last date for revising the offer price viz. **March 31, 2005**, you would be informed by way of another public announcement in the same newspapers where the first PA had appeared. The Acquirer would pay such revised price for all the shares validly tendered any time during the Offer and accepted under the Offer.
- f) ***Shareholders who have accepted the Offer by tendering the requisite documents, in terms of this Letter of Offer shall have the option to withdraw their acceptance up to April 6, 2005 i.e. 3 (three) working days prior to the date of closure of the Offer viz. April 11, 2005.***
- g) **There has been no competitive bid.**
- h) Form of acceptance cum acknowledgement and form of withdrawal are enclosed with this Letter of Offer.
- i) The Public Announcement and this Letter of Offer, Form of Acceptance cum Acknowledgement and Form of Withdrawal would also be available on SEBI's website (www.sebi.gov.in) from the Offer opening date viz. **March 23, 2005**.

SCHEDULE OF THE MAJOR ACTIVITIES OF THE OFFER:

Activity	Original Schedule	Revised Schedule
Public Announcement Date	Friday, January 21, 2005	Friday, January 21, 2005
Last date for a competitive bid	Friday, February 11, 2005	Friday , February 11, 2005
Specified Date (for the purpose of determining the names of shareholders to whom the Letter of Offer will be posted)	Friday, January 28, 2005	Friday , January 28, 2005
Date by which Letter of Offer will be dispatched to shareholders	Friday, March 4, 2005	Saturday , March 19, 2005
Date of opening of the Offer	Wednesday, March 9, 2005	Wednesday, March 23, 2005
Last date for revising the Offer Price	Wednesday, March 16, 2005	Thursday , March 31, 2005
Last date for withdrawing acceptance from the Offer	Tuesday, March 22, 2005	Wednesday, April 6, 2005
Last date of closure of the Offer	Monday, March 28, 2005	Monday , April 11, 2005
Date of communicating rejection/ acceptance and payment of consideration for accepted Shares/dispatch of the share certificate in case of rejection	Tuesday, April 12, 2005	Tuesday, April 26, 2005

RISK FACTORS

Given below are the risks related to the transaction, the proposed Offer and getting associated with the Acquirer:

- a) The acquisition of the shares tendered in the Offer is subject to the Composite FIPB Approval to be received by the Acquirer and the acquisition of shares tendered by non-resident holders may be subject to RBI approval. If the FIPB does not grant the Composite FIPB Approval (details of which are set out below) sought by the Acquirer, the Offer would stand withdrawn in terms of the SEBI (SAST) Regulations.
- b) In the event of regulatory approvals not being received in a timely manner or litigation leading to stay on the Offer, or SEBI instructing that the Offer should not proceed, the Offer process may be delayed beyond the Schedule of the Major Activities indicated in this Letter of Offer.
- c) The Acquirer makes no assurance with respect to the market price of the shares during/ after the Offer.
- d) The Offer to the shareholders of ACC is for substantial acquisition of shares along with acquisition of control, and it is made in accordance with Regulation 10 and 12 of the SEBI (SAST) Regulations. There is no assurance with respect to the continuation of the past trend in the financial performance of ACC.
- e) The tendered shares will lie to the credit of a designated escrow account until the completion of the Offer formalities. During such period, there may be fluctuation in the market price of the shares of ACC.
- f) In the event of oversubscription in the Offer, the acceptance will be on a proportionate basis and will be contingent on the level of oversubscription.

The risk factors set forth above pertain to the Offer and do not relate to the present or future business or operations of ACC or any other related matters, and are neither exhaustive nor intended to constitute a complete analysis of the risks involved in the participation by a shareholder in the Offer. The shareholders of ACC are advised to consult their stockbroker or investment consultant, if any, for further risks with respect to their participation in the Offer.

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DEFINITIONS

Acquirer or Holcim India	Holdcem Cements Private Limited
ACEL	Ambuja Cement Eastern Limited
ACIL	Ambuja Cement India Limited
ACRL	Ambuja Cement Rajasthan Limited
BCL	Bargarh Cement Limited
BSE	The Stock Exchange, Mumbai
CDSL	Central Depository Services Limited
CHF	Swiss Francs
Composite FIPB Approval	The approval for foreign direct investment to be made by Acquirer and Holcim Mauritius in ACIL for further downstream investments in ACC and ACEL, and as described in para 6.1(a)
DP	Depository Participant
DSPML	DSP Merrill Lynch Limited
EIL	Everest Industries Limited
Eligible Person(s) for the Offer	All owners (registered or unregistered) of Shares of ACC (other than Acquirer and Persons acting in Concert) anytime before the Closure of the Offer.
FEMA	Foreign Exchange Management Act, 1999
FIPB	Foreign Investment Promotion Board
Form of Acceptance	Form of Acceptance cum Acknowledgement
Fully Diluted Equity Voting Capital	The equity voting capital of ACC assuming that all the 60,000 1% Foreign Currency Convertible Bonds ("FCCBs") of US\$ 1,000 each are converted into 7,250,000 equity shares, and all the 2,098,438 stock options issued by ACC as of the date of the Public Announcement to employees under various ESOP plans are exercised. The FCCBs are convertible at any time at the option of the holders, and hence have been included in the Fully Diluted Equity Voting Capital
GACL	Gujarat Ambuja Cements Limited
Ganesha	Asian Infrastructure Ganesha Cement Holdings, Inc
Holcim Mauritius	Holderind Investment Ltd.
Indivest	Indivest Pte Ltd
INR or Rs.	Indian Rupees
Knight	Knight Investments Limited
Letter of Offer	Offer Document
Manager/ Manager to the Offer	DSP Merrill Lynch Limited
mm	Million
NSDL	National Securities Depository Limited
NSE	National Stock Exchange
OCB	Overseas Corporate Bodies
Offer	Open offer for acquisition of up to 69,298,452 fully Paid-up Equity Shares of face value of Rs.10/- each, representing 38.82% of the voting share capital (36.88% of the Fully Diluted Equity Voting Share Capital) of ACC at a price of Rs. 370 per fully paid-up equity share
Offer Price	Rs. 370 (Rupees Three Hundred and Seventy only) per fully paid-up equity share of Rs.10/-
OPC	Ordinary Portland Cement

PAC	Persons Acting in Concert, namely Holcim Mauritius, and contingent on the Acquirer receiving the Composite FIPB Approval referred to in Clause 6.1(a), ACIL and GACL
PPC	Portland Pozzolona Cement
PSC	Portland Slag Cement
Public Announcement/ PA	Announcement of the Offer made by Acquirer on January 21, 2005 and March 9, 2005
RBI	Reserve Bank of India
Registrar/ Registrar to Offer	Karvy Computershare Private Limited
Rupee Translation	Certain financial details contained in this Letter of Offer are denominated in USD, EUR and CHF. The Rupee equivalent quoted in case of USD and EUR is calculated in accordance with the RBI Reference rates as on January 18, 2005, namely 1USD = Rs. 43.74 and 1EUR = Rs. 57.06 (Source: www.rbi.org.in), while the Rupee equivalent of CHF numbers is calculated by first converting CHF into USD using the NY Fed Noon Buying Rate on January 18, 2005, namely 1USD = 1.1839 CHF, (Source: www.ny.frb.org) and then using the RBI Reference Rate to convert USD to Rupees leading to an effective rate of 1 CHF = Rs. 36.95
SEBI	Securities and Exchange Board of India
SEBI (SAST) Regulations	Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 1997 and subsequent amendments thereto
SEC	Securities and Exchange Commission, United States
Share(s)	Fully paid-up equity shares of face value of Rs.10 each of ACC
Specified Date	January 28, 2005
Target Company/ Company/ ACC	The Associated Cement Companies Limited
USD	United States Dollars

1 DISCLAIMER CLAUSE

"IT IS TO BE DISTINCTLY UNDERSTOOD THAT FILING OF THE DRAFT LETTER OF OFFER WITH SEBI SHOULD NOT IN ANY WAY BE DEEMED OR CONSTRUED THAT THE SAME HAS BEEN CLEARED, VETTED OR APPROVED BY SEBI. THE DRAFT LETTER OF OFFER HAS BEEN SUBMITTED TO SEBI FOR A LIMITED PURPOSE OF OVERSEEING WHETHER THE DISCLOSURES CONTAINED THEREIN ARE GENERALLY ADEQUATE AND ARE IN CONFORMITY WITH THE SEBI (SAST) REGULATIONS. THIS REQUIREMENT IS TO FACILITATE THE SHAREHOLDERS OF TARGET COMPANY TO TAKE AN INFORMED DECISION WITH REGARD TO THE OFFER. SEBI DOES NOT TAKE ANY RESPONSIBILITY EITHER FOR FINANCIAL SOUNDNESS OF THE ACQUIRER/TARGET COMPANY, WHOSE SHARES ARE PROPOSED TO BE ACQUIRED OR FOR THE CORRECTNESS OF THE STATEMENTS MADE OR OPINIONS EXPRESSED IN THE DRAFT LETTER OF OFFER. IT SHOULD ALSO BE CLEARLY UNDERSTOOD THAT WHILE ACQUIRER IS PRIMARILY RESPONSIBLE FOR THE CORRECTNESS, ADEQUACY AND DISCLOSURE OF ALL RELEVANT INFORMATION IN THIS DRAFT LETTER OF OFFER, THE MANAGER TO THE OFFER IS EXPECTED TO EXERCISE DUE-DILIGENCE TO ENSURE THAT ACQUIRER DULY DISCHARGES HIS RESPONSIBILITIES ADEQUATELY. IN THIS BEHALF, AND TOWARDS THIS PURPOSE, THE MANAGER - DSP MERRILL LYNCH LIMITED HAS SUBMITTED A DUE-DILIGENCE CERTIFICATE DATED JANUARY 28, 2005 TO SEBI IN ACCORDANCE WITH THE SEBI (SAST) REGULATIONS. THE FILING OF THE DRAFT LETTER OF OFFER DOES NOT, HOWEVER, ABSOLVE ACQUIRER FROM THE REQUIREMENT OF OBTAINING SUCH STATUTORY CLEARANCES AS MAY BE REQUIRED FOR THE PURPOSE OF THE OFFER".

2 DETAILS OF THE OFFER

2.1 Background

- a) Holdcem Cements Private Limited, a company incorporated under the Companies Act, 1956 having its registered office at 5th Floor, Rajendra Bhawan, 210 Deen Dayal Upadhyay Marg, New Delhi 110 002 ("Holcim India" / "Acquirer") along with its holding company, Holderind Investments Ltd., a company organized under the laws of Mauritius and having its registered office at Manor House, 1st Floor, Cnr St. George/Chazal Streets, Port Louis, Mauritius, ("Holcim Mauritius") being a person acting in concert with Holcim India within the meaning of Regulation 2(1)(e) of the SEBI (SAST) Regulations are making this voluntary offer to the public shareholders of The Associated Cement Companies Limited ("ACC") to acquire up to 69,298,452 fully paid up equity shares of Rs. 10/- each representing 38.82% of the paid up equity share capital (36.88% of the Fully Diluted Equity Voting Capital) at a price of Rs. 370 (Rupees Three Hundred and Seventy only) per share payable in cash in terms of Regulations 10 and 12 of the SEBI (SAST) Regulations subject to terms and conditions mentioned hereinafter and subject to Holcim India and Holcim Mauritius receiving the Composite FIPB Approval as described in para 6.1(a) herein ("The Offer"). Shares tendered pursuant to the Offer will be acquired by Ambuja Cement India Limited ("ACIL") as described and subject to the conditions set out in para 2.1(c) and 2.1(d) below.
- b) Holcim India and Holcim Mauritius are group companies of Holcim Ltd, which is one of the world's leading producers and suppliers of cement and aggregates, concrete and construction related services.
- c) Ambuja Cement India Limited, a company incorporated under the Companies Act, 1956, and having its registered office at 106, Maker Chamber III, Nariman Point, Mumbai, 400 021 ("ACIL") and its parent company, Gujarat Ambuja Cements Limited a company incorporated under the Companies Act, 1956, and having its registered office at P.O. Ambujanagar, Taluka Kodinar, District Junagadh, Gujarat 362 715. ("GACL") will be persons acting in concert, within the meaning of Regulation 2(1)(e), in the Offer made by Holcim India and Holcim Mauritius only upon, and subject to Holcim India and Holcim Mauritius receiving the Composite FIPB Approval as set out in para 6.1(a) herein.
- d) ACIL currently holds 24,670,000 equity shares in ACC constituting 13.82% of equity voting capital (13.13% of the Fully Diluted Equity Voting Capital) of ACC and 181,057,827 equity shares in Ambuja Cement Eastern Limited, a company incorporated under the Companies Act 1956 and having its registered office at Village Rawan, Tehsil-Baloda Bazar, District-Raipur, Chhattisgarh - 493 331 ("ACEL") constituting 94.08% of equity voting capital of ACEL
- e) Only upon receipt of the Composite FIPB Approval but not otherwise, ACIL will become person acting in concert to the Offer as stated in 2.1 (c) above and the shares tendered in the Offer will be acquired by ACIL. The funds necessary to finance the Offer will be contributed by Holcim India and Holcim Mauritius, for which purpose, Holcim India shall subscribe to and be allotted the equity shares of ACIL and Holcim Mauritius shall subscribe to and be allotted preference shares in ACIL as described in 2.1 f(ii) below, thereby enabling ACIL to remit considerations accordingly.
- f) On January 20, 2005, Holcim India and/or Holcim Mauritius entered into each of the following agreements, which are related to the indirect acquisition of shares in ACC, with the objective of allowing Holcim India and Holcim Mauritius to take management control of ACC, through ACIL. The acquisition of shares in ACC would be consummated only if the Composite FIPB Approval is received in terms of para 6.1 (a) herein. For the avoidance of doubt, it is clarified that the Offer has been voluntarily triggered under the SEBI (SAS&T)

Regulations by these agreements. In the event the said Composite FIPB Approval is refused or is not received by April 30, 2005, all agreements will stand terminated unless extended in writing by Holcim India, Holcim Mauritius and GACL:

- (i) **A Share Purchase Agreement** entered into by Holcim Mauritius with GACL, Asian Infrastructure Ganesha Cement Holdings, Inc., a company established under the laws of Mauritius and an affiliate of AIG Asian Infrastructure Fund II L.P. ("Ganesha"), Knight Investments Limited, a company established under the laws of Mauritius and an affiliate of AIG Asian Opportunity Fund ("Knight") and Indivest Pte Ltd, a company established under the laws of Singapore and an affiliate of GIC Infrastructure Pte Ltd ("Indivest"), whereby Holcim Mauritius will acquire all the 190,746,666 equity shares held by Ganesha, Knight and Indivest (with Ganesha, Knight and Indivest each holding 105,969,311 shares, 31,792,700 shares, and 52,984,655 shares respectively) in ACIL constituting 40% of ACIL's existing equity capital for Rs. 8,965.09 million at a price of Rs. 47 per equity share of ACIL subject to the receipt of the Composite FIPB Approval referred to in para 6.1 (a), and

- (ii) **A Share Subscription Agreement** with ACIL and GACL with respect to investment by

- Holcim India in the share capital of ACIL by subscription and allotment on a preferential basis of 390,163,637 equity shares in the expanded equity capital of ACIL for Rs. 18,337.69 million at a price of Rs. 47 per equity share of ACIL resulting in the combined holding of Holcim India and Holcim Mauritius in ACIL increasing from 40% to 67%; and
- Holcim Mauritius subscribing to and being allotted 81,003 6% cumulative redeemable preference shares of Rs. 100,000 each for a total consideration of Rs. 8,100.3 million.

The monies received by ACIL shall be utilized, inter-alia, for the purposes of this voluntary Offer by Holcim India with a view to reaching in excess of 50% of the voting shares of ACC through ACIL, as well as for the open offer for shares of ACEL, a subsidiary of ACIL that would be triggered under Regulation 12 of the SEBI (SAST) Regulations as a result of the indirect change in control of ACEL on Holcim India and Holcim Mauritius's acquiring a majority equity stake in ACIL.

- (iii) **A Shareholders Agreement** with GACL and ACIL setting out the business co-operation and financial collaboration between them in relation to and through ACIL, regulating their inter se relationship as shareholders of ACIL. Under the Shareholders Agreement, Holcim shall be in management control of ACIL and shall inter alia have the right to nominate a majority of the members (2/3) on the Board of Directors of ACIL and the Chief Executive Officer of ACIL. The Agreement provides that the rights and obligations of the parties to the agreement are subject to Holcim India receiving a Composite FIPB Approval, no later than April 30, 2005, for the purposes of the investment by Holcim India and Holcim Mauritius in ACIL and further downstream investment by ACIL in ACC and ACEL. Other key terms of the Shareholders Agreement are as follows:

- Chairman of the Board of Directors of ACIL shall be a person nominated by GACL and shall not have a casting vote.
- The directors of ACC (in the event of ACIL acquiring control over ACC pursuant to this voluntary open offer) and ACEL will be nominated by ACIL, with 2/3 of the ACIL nominees being proposed by Holcim and the remaining 1/3 of the ACIL nominees being proposed by GACL. Holcim and GACL have undertaken to ensure all ACIL nominees on the boards of directors of ACC and ACEL will collectively exercise their voting rights in such companies in the same manner, as directed by the ACIL board of directors, subject to the same not being inconsistent with Indian laws or clearly contrary to the interests of ACIL.
- In order to provide continuity, the current Managing Director of ACEL will continue in office as ACIL's nominee during the term of the Agreement
- During the term of this Agreement, if any investment opportunities arise other than (i) investments in shares of ACC and ACEL, and (ii) investments already planned or being pursued by ACC and ACEL, Holcim is required to provide ACIL with a right of first refusal in relation to such investment opportunities. If ACIL does not undertake this investment project, Holcim is permitted to pursue it separately provided it did not vote against ACIL undertaking the same.
- The affirmative vote of GACL will be required for the decisions of the board of ACIL, and of the ACIL nominees on the boards of ACEL and ACC, only with respect to the following limited matters: (i) any sale of shares presently held as well as to be acquired by ACIL in ACEL or ACC; (ii) any transfer (including by way of demerger or scheme of arrangement) of all or substantially all of the business, assets or undertakings of ACIL or ACEL or to the extent under ACIL's control, ACC; (iii) any merger, consolidation or amalgamation involving ACIL or ACEL or to the extent under ACIL's control, ACC; (iv) any change in the authorized or paid up share capital of ACIL or ACEL or to the extent under ACIL's control, ACC; (v) winding up or liquidation of ACIL or ACEL or to the extent under ACIL's control, ACC. All other decisions of ACIL will be taken by majority vote in accordance with law.

- (iv) A **Put and Call Option Agreement** between GACL and Holcim Mauritius, with respect to the rights granted by each party to the other with respect to the 286,120,000 equity shares held by GACL in ACIL and constituting 33% of the post expanded equity share capital of ACIL (in terms of the Share Subscription Agreement), whereby GACL shall have the right to put all or part of the 33% shares held by it to Holcim Mauritius and a matching right to Holcim Mauritius to call all or part of the 33% held by GACL in ACIL. Partial puts and partial calls are only permitted in increments of 11% or more of the shares held by GACL in ACIL. GACL has the right to put the shares anytime on or after June 30, 2005, and in case GACL does not put all the shares then Holcim has the right to call the remaining shares anytime on or after January 1, 2008. Pursuant to the exercise of the Put or Call option in full as aforesaid, Holcim's holding in ACIL, directly or through its subsidiaries will increase to 100% of the total paid up equity share capital of ACIL. Any further acquisition of shares/voting rights/control (including the acquisition of shares pursuant to the exercise of put and call option) of Target Company, whether direct or indirect, would be governed by the relevant provisions of the SEBI (SAST) Regulations, 1997 and amendment thereto.
- g) The Acquirer, Holcim Mauritius and GACL do not hold any shares in ACC as of the date of the Public Announcement. Currently, ACIL holds 24,670,000 equity shares in ACC as on the date of the Public Announcement. Following consummation of transactions disclosed in 2.1(f) above, Holcim India and Holcim Mauritius will hold 67% and GACL will hold 33% in the expanded equity capital of ACIL which in turn will hold up to 50.01% of the fully diluted equity share capital of ACC.
- h) The Acquirer, the PACs or the Target Company has not been prohibited by SEBI from dealing in securities, in terms of direction issued under Section 11B or any other regulations made under the SEBI Act, 1992.

2.2 The Details of the Offer

- a) The Public Announcements dated January 21, 2005 and March 9, 2005 was made in the following newspapers, in accordance with Regulation 15 of the SEBI (SAST) Regulations:

Publication	Editions
The Economic Times	All
The Navbharat Times	All
The Maharashtra Times	All

(The Public Announcement is also available at the SEBI website: www.sebi.gov.in)

- b) The Acquirer is making an offer to the public shareholders of ACC to acquire up to **69,298,452** fully paid-up Equity Shares ("Share(s)") of Rs. 10/- each, representing in aggregate 36.88% of the Fully Diluted Equity Voting Capital of ACC at a price of **Rs. 370** (Rupees Three Hundred and Seventy only) per share ("Offer Price"), payable in cash and subject to the terms and conditions mentioned hereinafter ("Offer").
- c) Other than ACIL which holds 2,46,70,000 equity shares in ACC constituting 13.13% of Fully Diluted Equity Voting Capital of ACC as on the date of the Public Announcement, the Acquirer and PACs do not hold any shares of ACC as of the date of the Public Announcement.
- d) ACIL will acquire all the shares tendered pursuant to the Offer, subject to the receipt of the Composite FIPB Approval by Holcim India and Holcim Mauritius as set out in para 6.1(a) herein and other terms and conditions set out in the Public Announcement and this Letter of Offer. Following consummation of transactions disclosed in 2.1(f) above, Holcim India and Holcim Mauritius will hold 67% and GACL will hold 33% in the expanded equity capital of ACIL which in turn, if this Offer is entirely successful, will hold up to 50.01% of the Fully Diluted Equity Capital of ACC. In the event such Composite FIPB Approval is refused in a final manner, or not granted by April 30, 2005, the Offer will not be consummated, and shares which have already been tendered will be released, subject to the provisions of the SEBI (SAST) Regulations.
- e) The Offer is not conditional on any minimum level of acceptance by the shareholders.

2.3 Object of the Offer and Acquirer's Future Plans for ACC

- a) The Offer to the shareholders of ACC is for substantial acquisition of shares along with acquisition of control, and it is made in accordance with Regulation 10 and 12 of the SEBI (SAST) Regulations.
- b) Holcim and GACL have entered into various agreements (as set out in para 2.1(f) above) for the establishment of a business co-operation and financial collaboration in the Indian cement industry through ACIL.
- c) The primary purpose of the business co-operation and financial collaboration as aforesaid is to acquire a majority shareholding in ACC through the Offer, with a view to enable Holcim, GACL and ACIL to work with ACC towards further consolidating ACC's existing position in the Indian cement market. The Offer is underpinned by the belief of the Acquirer and PACs in the entrepreneurial and management capabilities of the management team of ACC. Holcim and GACL will work with the management team to build upon and further augment ACC's existing position as a market leader in this industry. The focus shall be to work with the existing management team towards ACC further consolidating its position, enhancing production capacity and geographical reach.

- d) Assets / Businesses which are not core to Holcim belonging to ACC including investment in and businesses belonging to its subsidiary companies especially to the investment in equity shares of Everest Industries Limited ("EIL") are proposed to be sold/disposed off, subject to the entering into suitable definitive agreements for the same with the approval of the board of directors of ACC. For this purpose, Holcim India has entered into an agreement with Accurate Finstock Private Limited ("AFPL"), an affiliate of the Adani group of companies. As per the agreement, if Holcim acquires control of ACC, it would propose to the ACC Board that ACC sell its entire shareholding in EIL to AFPL at a fair value, such fair value and the remaining terms of the sale to be agreed by the Board of Directors of ACC with AFPL post this Offer. Other than as aforesaid, the Acquirer has no plans to sell, dispose of or otherwise encumber any assets of ACC in the next two years, except to the extent that may be required (i) for the purposes of restructuring or rationalization of assets, investments, liabilities or otherwise of ACC or (ii) in the ordinary course of business of ACC. The Acquirer may also be required to assume obligations under the existing contracts with third parties entered into by ACC which may result in transfer of certain assets/ investments. Further, the Acquirer undertakes, for the next two years following the completion of this Offer, not to sell, dispose off or otherwise encumber any substantial assets of ACC, except with the prior approval of Shareholders of ACC. It will be the responsibility of the board of directors of ACC to make appropriate decisions in these matters, in accordance with the requirements of the business of ACC. Such approvals and decisions will be governed by the provisions of the relevant regulations or any other applicable laws or legislation at the relevant time.
- e) Based on Acquirer's aggregate shareholding post completion of the open offer, the Acquirer may propose changes to the Board of Directors of ACC subject to applicable laws.

3 BACKGROUND OF THE ACQUIRER AND PERSONS ACTING IN CONCERT

Holceme Cements Private Limited ("Holcim India" / "Acquirer")

- a) Holcim India is a private company incorporated on September 5, 2002 under the Companies Act, 1956 having its registered office at 5th Floor, Rajendra Bhawan, 210 Deen Dayal Upadhyay Marg, New Delhi-110 002.
- b) Holcim India is a wholly owned subsidiary of Holcim Mauritius, formed to act as a holding company for making downstream investments in cement manufacturing ventures. Holcim Mauritius itself is a wholly owned subsidiary of Holderfin BV, a private limited liability company registered in Amsterdam, The Netherlands, which is a 100% subsidiary of Holcim Ltd, one of the world's leading suppliers of cement as well as aggregates (gravel and sand), concrete and construction-related services, which has a consolidated cement capacity of approx. 150 mtpa. around the world
- c) Brief history of Holcim India is as follows

05.09.2002	Holcim India incorporated as a private company under the Companies Act
18/20.12.2002	Holcim Mauritius receives FIPB approval to invest upto Rs. 600 cr. through Holcim India in downstream cement manufacturing activities

- d) There have been no acquisitions, spin-offs or merger involving the Acquirer over the last three years
- e) The key shareholders of Holcim India and their shareholding and voting rights on a non-diluted basis as on December 31, 2004 are given below

Particulars	No. of shares		Voting Rights	
	No. of shares	%	Voting Rights	%
Holcim Mauritius	499,999	99.998%	500,000	100%
Dinesh C. Kothari ⁽¹⁾	1	0.002%	Nil	Nil
Total	500,000	100%	500,000	

(1) Beneficially held for Holcim Mauritius

- f) The provisions of Chapter II of SEBI (SAST) Regulations are not applicable to Holcim India.

g) The Board of Directors of Holcim India as on the date of Public Announcement was as follows :

Name	Title	Date of Appointment	Qualification	Experience	Residential Address
Mr. Paul Hugentobler	Director	05.08.2003	Engineer	Project Manager, Area Manager Member of the Executive Committee of Holcim Ltd	Eschenweg 10, 8645 Jona, Switzerland
Mr. Beat Fellman	Director	19.05.2003	Chartered Accountant	Internal auditor, Assistant CFO, Head Financial Holdings, Deputy CFO of Holcim Ltd	Weidstrasse 7, 8472 Seuzach, Switzerland
Mr. Theophil Schlatter	Director	19.05.2003	Chartered Accountant	CPA at Coopers & Lybrand, CFO Holcim (Schweiz), Group CFO of Holcim Ltd	Baumgartenrain 6, 8822 Wädenswil, Switzerland
Mr. Dinesh C. Kothari	Director	05.09.2002	Chartered Accountant	Financial Consultant in the corporate sector for over 20 years	M-227, Greater Kailash- II, New Delhi, India
Mr. P.S.Dasgupta	Director	09.12.2004	B.A. (Hons) Economics, LLB	Senior Partner - New Delhi Law Offices, Advocates	J-1810, Chitranjan Park, New Delhi 110 019
Mr. Peter Doerr	Director	09.12.2004	Attorney-at-Law	Projects Central and Eastern Europe, Head Legal Department of Holcim Ltd	Reitweg 1, 8353, Elgg, Switzerland
Mr. Christof Haessig	Director	04.01.2005	Corporate Treasurer	Group Treasurer of Holcim Ltd	Brunnenhöfli 16, 8855 Wangen, Switzerland
Mr. Andreas Kranz	Director	04.01.2005	Chartered Accountant	Head Financial Holdings of Holcim Ltd	Weidstr. 11, 8706 Meilen, Switzerland

h) None of the Directors of Holcim India have acquired any shares of ACC during the preceding 12 months.

i) None of the Directors of Holcim India are on the board of ACC.

j) The brief financials of Holcim India (audited for the period ended March 31, 2003 and the year ended March 31, 2004 and reviewed for the 6 months ended September 30, 2004) are as follows :

Profit & Loss Statement for the year ended March 31,

(Rupees)	2002	2003	2004	6 months ended Sept 2004
Net Sales	NA	0	7,869	0
Total Expenses	NA	61,329	72,523	30,195
PBDITA	NA	(61,329)	(64,654)	(30,195)
Depreciation and Amortization	NA	0	0	0
Interest	NA	0	0	0
PBT	NA	(61,329)	(64,654)	(30,195)
Tax	NA	0	0	0
Net Income	NA	(61,329)	(64,654)	(30,195)

Balance Sheet as on 31st March

(Rupees)	2002	2003	2004	Sept 30th 2004
Sources of Funds				
Share Capital ⁽¹⁾	NA	500,000	500,000	500,000
Reserves & Surplus ⁽²⁾	NA	(61,329)	(125,983)	(156,178)
Net Worth	NA	438,671	374,017	343,822
Secured Loans	NA	0	0	0
Unsecured Loans	NA	5,000	5,000	5,000
Deferred tax liability	NA	0	0	0
Total	NA	443,671	379,017	348,822
Application of funds				
Net Fixed Assets	NA	0	0	0
Net Current Assets	NA	422,514	363,149	335,599
Miscellaneous Expenditure	NA	21,157	15,868	13,223
Total Assets	NA	443,671	379,017	348,822
Other Financial Data	NA			
Dividend (% of share nominal)	NA	0%	0%	
Earning per Share (Rs)	NA	(8.74)	(1.45)	(0.60)
Return on Net Worth	NA	-14.0%	-17.3%	
Book Value per Share (Rs)	NA		7.48	

(1) including advance against allotment of equity

(2) net of accumulated losses

k) Holcim India is currently an unlisted company and hence P/E ratio is not applicable

l) Major contingent liabilities :

Holcim India does not have any contingent liabilities

m) Reasons for the fall/rise in the total income and Net Income:

Holcim India has not yet commenced business operations. Loss for the year represents administrative costs

n) Significant Accounting Policies of the Acquirer

1. METHOD OF ACCOUNTING

The accompanying financial statements have been prepared in accordance with the historical cost conventions following accrual basis of accounting and in accordance with Generally Accepted Accounting Practices in India and confirms to the applicable Accounting Standards issued by the Institute of Chartered Accountants of India and relevant provisions of the Companies Act, 1956 as amended up to date.

2. USES OF ESTIMATES

The presentation of financial statements in conformity with the generally accepted accounting principles requires estimates and assumptions to be made that affect the reported amount of assets and liabilities on the date of the financial statements and the reported amount of revenues and expenses during the reporting period. Difference between the actual result and estimates are recognized in the period in which the results are known/materialized.

3. DEFERRED REVENUE EXPENDITURE

Preliminary Expenses relating to incorporation of Company is charged off over a period of five years.

o) Information in respect of all the companies promoted by Acquirer for the last three years based on audited statements : Holcim India has not promoted any new company in India during the last three years.

p) Current status of corporate governance Holcim India is an unlisted company and no corporate governance requirements are applicable to it at present

q) Status of pending litigation matters as on March 31, 2004

There are no pending litigation matters with regard to Holcim India

Holderind Investments Ltd. (“Holcim Mauritius”) (PAC)

- a) Holcim Mauritius is a company incorporated on April 20, 1993, under the laws of Mauritius having its registered office at Manor House, 1st Floor, Cnr St. George/Chazal Streets, Port Louis, Mauritius. Holderfin BV is the holding company of Holcim Mauritius.
- b) Holcim Mauritius is an indirect subsidiary of Holcim Ltd, one of the world's leading suppliers of cement as well as aggregates (gravel and sand), concrete and construction related services.
- c) Holcim Mauritius has been established to undertake offshore business activities as a corporate investment vehicle. Adequate funds are available to Holcim Mauritius as and when investments are decided upon or formalized
- d) Brief history of Holcim Mauritius is as follows

20 April 1993	Incorporated as a private limited company in Mauritius with the principal objective of holding investments. Is the holder of a Category 1 Global Business license and is required to carry out business in currencies other than the Mauritian Rupee
20 December 2002	Holcim Mauritius received FIPB approval to invest up to Rs. 600 cr. through Holcim India in downstream cement manufacturing activities

- e) There have been no acquisitions, spin-offs or merger involving Holcim Mauritius over the last three years other than the investment in equity shares of Holcim India in 2003
- f) The key shareholders of Holcim Mauritius and their shareholding and voting rights on a non-diluted basis as on September 30, 2004 are given below

Particulars	No. of shares		Voting Rights	
	No. of shares	%	Voting Rights	%
Holderfin BV	5,098,563	100%	5,098,563	100%
Total	5,098,563	100%	5,098,563	100%

- g) The provisions of Chapter II of SEBI (SAST) Regulations are not applicable to Holcim Mauritius.

- h) The Board of Directors of Holcim Mauritius as on the date of Public Announcement was as follows :

Name	Title	Date of Appointment	Qualification	Experience	Residential Address
Mr. Beat Fellmann	Director	03.07.1998	Chartered Accountant	Internal auditor, Assistant CFO, Head Financial Holdings, Deputy CFO of Holcim Ltd	Weidstrasse 7 8472 Seuzach, Switzerland
Mr Ignace Sydney Kon Kam King	Director	23.07.2002	ACCA III, MBIM	Ex Manager of the Industrial Section of the Development Bank of Mauritius, Project Consultant	8 Rue Sevrement Beau Bassins, Mauritius
Mr. Jayechund Jingree	Director	22.09.2003	Chartered Accountant, Trust and Estate Practitioner	Senior Partner at KPMG, Managing Director of Kross Border Trust Services Limited	Residence 190 Allee Brillant Route Floreal Vacoas, Mauritius
Sushil Kumar Jogoo	Alternate Director to Mr. Jayechund Jingree	11.01.05	B.A (Hons) Economics	Administrative Manager	52, Doyen Avenue Quatres Bornes Mauritius
Mr. Paul Hugentobler	Director	13.05.1993	Engineer	Project Manager Area Manager Member of the Executive Committee of Holcim Ltd	Eschenweg 10 8645 Jona, Switzerland
Mr. Pierre F. Haesler	Director	16.10.1999	Attorney-at-Law	Tax Legal and M&A at Holcim Ltd	Fluhgutstrasse 16 8645 Jona, Switzerland

- i) None of the Directors of Holcim Mauritius have acquired any shares of ACC during the preceding 12 months.
- j) None of the Directors of Holcim Mauritius are on the board of ACC.
- k) The brief financials of Holcim Mauritius (audited for the years ended December 31, 2001, December 31, 2002 and December 31, 2003 and reviewed for the 9 months ended September 30, 2004) are as follows:

Profit & Loss Statement for the year ended December 31,

	2001 ⁽¹⁾	2002	2003	9 months ended Sept 2004	2001	2002	2003	9 months ended Sept 2004
	USD				Rs in mm (Rupee Translation of USD)			
Revenue	550,412	684,048	518,396	29,068	24.1	29.9	22.7	1.3
Total Expenses	61,700	83,513	153,117	7,765	2.7	3.7	6.7	0.3
Net Profit from Operations	488,712	600,535	365,279	21,303	21.4	26.3	16.0	0.9
Depreciation and Amortization	0	0	0	0				
Interest Expense	0	0	0	0				
Write-down of interest receivable and/or principal on loan	1,982,341	684,048	511,631	0	86.7	29.9	22.4	
PBT	(1,493,629)	(83,513)	(146,352)	21,303	(65.3)	(3.7)	(6.4)	0.9
Tax	0	0	0	8,190	-	-	-	0.4
Net Income	(1,493,629)	(83,513)	(146,352)	13,113	(65.3)	(3.7)	(6.4)	0.6

⁽¹⁾ All P&L items for 2001 were originally reported in CHF and translated into USD at a fixed exchange rate of USD 1 = CHF 1.69

Balance Sheet as on 31st December

	2001 ⁽¹⁾	2002	2003	Sept 30th 2004	2001	2002	2003	2004
Assets	USD				Rs in mm (Rupee Translation of USD)			
Investments	0	0	10,986	10,986	—	—	0.5	0.5
Other Receivables	0	0	2,664,665	2,689,276	—	—	116.6	117.6
Total Non Current Assets	0	0	2,675,641	2,700,262	—	—	117.0	118.1
Total Current Assets	0	984	10,754	10,736	—	0.0	0.5	0.5
Total Assets	0	984	2,686,395	2,710,998	—	0.0	117.5	118.6
Equity and Liabilities								
Share Capital	79,780	98,563	98,563	5,098,563	3.5	4.3	4.3	223.0
Share Premium	5,447,476	6,730,026	6,730,026	6,730,026	238.3	294.4	294.4	294.4
Share Application Money	0	0	5,000,000	0		—	218.7	—
Accumulated Losses	(7,221,833)	(9,005,650)	(9,152,002)	(9,138,889)	(315.9)	(393.9)	(400.3)	(399.7)
Total Equity	(1,694,577)	(2,177,061)	2,676,587	2,689,700	(74.1)	(95.2)	117.1	117.6
Loan From Holding Company	1,428,122	1,774,371	0	0	62.5	77.6	—	—
Total Current Liabilities	266,455	403,674	9,808	21,298	11.7	17.7	0.4	0.9
Total Equity and Liabilities	0	984	2,686,395	2,710,998	-	0.0	117.5	118.6
Other Financial Data								
Dividend (% of share nominal)	0%	0%	0%	0%	0%	0%	0%	0%
Earning per Share (USD/ Rs)	NA	USD (0.85)	USD (1.48)	USD 0.00	NA	INR (37)	INR (65)	INR 0
Return on Net Worth	NM	NM	(5.5%)	0.5%	NM	NM	(5.5%)	0.5%
Book Value per Share ⁽²⁾ (USD /Rs)	0	USD (22.1)	USD (23.6)	USD 0.53	INR 0	INR (967)	INR (1,032)	INR 232

⁽¹⁾All Balance Sheet items for 2001 were originally reported in CHF and translated into USD at a fixed exchange rate of USD 1 = CHF 1.68

⁽²⁾based on net worth excluding share application money

NM - not meaningful

l) Holcim Mauritius is currently an unlisted company and hence P/E ratio is not applicable

m) Major contingent liabilities :

There are no contingent liabilities for Holcim Mauritius

n) Reasons for the fall/rise in the total income and Net Income:

2003 vs 2002

Revenues dipped almost 25% to ~ USD 518,400. Net loss increased 75% to USD 146,352, mainly due to the drop in revenue

2002 vs 2001

Revenues rose 24% to USD 684,048. Net loss fell sharply due to lower write down of interest receivable from loans to group companies

o) Significant Accounting Policies of the PAC

1. General Information

The company was incorporated as a private company in the Republic of Mauritius on 20 April 1993. The principal activity of the company is the holding of investments. The company as a holder of a Category 1 Global Business License under the Companies Act 2001 and the Financial Services Development Act 2001 is required to carry on its business in a currency other than in Mauritian rupee. Since the company operates in an international environment and conducts most of its transaction in foreign currencies the company has chosen to retain the United States Dollars (USD) as its reporting currency.

2. Accounting policies

The following accounting policies have been consistently applied in dealing with items which are considered material in relation to the company's financial statements.

Basis of preparation

The financial statements have been prepared on historical cost basis and in accordance with the International Financial Reporting Standards (IFRS). The preparation of financial statements in conformity with International Financial Reporting Standards requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting year. Actual results could differ from these estimates.

Investments in subsidiary

The company does not prepare consolidated financial statements and in accordance with IAS 27, has elected to report investment in subsidiary at cost.

Foreign currencies

Transactions in foreign currencies are translated at the exchange rate ruling at the date of transaction. Monetary assets and liabilities denominated in foreign currencies are translated into US dollar at the exchange rate ruling at the balance sheet date and the differences on exchange are recognized for in the Income statement.

Cash and cash equivalents

Cash comprises cash at bank. Cash equivalents are short term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value.

Related parties

Related parties are individuals and companies where the individual or company has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions.

p) Information in respect of all the companies promoted by Acquirer for the last three years based on audited statements :

Holcim Mauritius has not promoted any new company in India during the last three years other than the acquirer, Holcim India, the details of which have been given herewith.

q) Current status of corporate governance (Source : Holcim Mauritius' Annual Report 2003)

Holcim Mauritius is a Private Company and has no applicable corporate governance requirements.

- r) Status of pending litigation matters as on December 31, 2003 (Source : Annual Report of Holcim Mauritius). There are no pending litigations against Holcim Mauritius
- s) Holcim Ltd is the holding company of the Holcim Group (which comprises Holcim Ltd, its subsidiaries and affiliates), one of the world's leading suppliers of cement as well as aggregates (gravel and sand), concrete and construction related services, with a consolidated cement capacity of about 150 million tons . On the basis of capacity, Holcim Ltd, together with its subsidiaries and affiliates is the second largest cement producer in the world.
- t) Holcim Ltd is a public company (Aktiengesellschaft) incorporated under the laws of Switzerland.
- u) Brief History of Holcim Ltd is as follows (Source : Website)

1912	Holcim was founded in 1912 in the village of Holderbank, Canton Aargau.
1920 - 1945	By the early 1920's the company began investing in cement businesses in other European countries. This trend was quickly followed by investments in Egypt, Lebanon and South Africa.
1945 - 1970	In the years following 1945, and particularly in the Fifties and Sixties, a network of holdings began to develop in North and Latin America.
1970s	In the 1970's, ventures in the emerging markets of the Asia-Pacific began
1980s	In the 1980's, Holcim continued to expand into new markets, including Eastern Europe. A greater focus on aggregates and ready-mixed concrete production strengthened the company's position as a vertically integrated market leader
1990s	A strong focus on core business activities in cement, concrete and aggregates characterized Holcim's activities during the 1990's. Continuing professional development programs for employees, coupled with a best practices policy, ensured challenges were met with creative solutions and company performance was enhanced. Entry into new markets, particularly within Asia, expanded opportunities for the Group.
2001	The name of the Group was changed from "Holderbank" Financière Glaris Ltd to Holcim Ltd in May 2001.

- v) The Holcim Ltd shares (security code No. 1221405) are listed on the SWX Swiss Exchange and traded on virt-x. The shares are also traded on the Frankfurt Stock Exchange and in the form of ADRs (HCLMY) (which are equivalent to 0.5 equity shares) in the US. Telekurs, a screen-based stock exchange information system, lists the registered share under HOLN. The corresponding code under Bloomberg is HOLN VX, while Reuters uses the abbreviation HOLZn.VX. Every share carries one vote. The closing price of the shares of Holcim on virt-x as on January 21, 2005 was CHF 73.55 (Rs 2,717.36) , on the Frankfurt Stock Exchange as on January 21, 2005 was EUR 47.37 (Rs 2,702.93) and of the Holcim ADR in the US as on January 21, 2005 was USD 31.00 (Rs. 1,355.94)
- w) Based on the closing price of the shares of Holcim on Virt-x as on January 21 2005, and the EPS for December 31, 2003, the P/E ratio is 21.1 times.
- x) Brief financials of Holcim Ltd (audited for the years ended December 31, 2001, December 31, 2002 and December 31, 2003 and unaudited for the 9 months ended September 30, 2004) on consolidated basis :

Profit & Loss Statement for the year ended December 31,

	2001	2002	2003	9 months ended Sept 2004	2001	2002	2003	9 months ended Sept 2004
	CHF in mm				Rs in mm (Rupee Translation of CHF)			
Net Sales	13,644	13,010	12,600	10,017	504,087	480,663	465,516	370,085
Total Expenses	10,309	9,669	9,289	7,225	380,873	357,228	343,188	266,933
Operating EBITDA	3,335	3,341	3,311	2,792	123,214	123,436	122,327	103,152
Depreciation and Amortization of operating assets	1,390	1,438	1,386	1,005	51,355	53,128	51,207	37,130
Other Income (Expenses)	212	(49)	12	(30)	7,832	(1,810)	443	(1,108)
EBIT	2,157	1,854	1,937	1,757	79,692	68,497	71,564	64,914
Financial expenses net	693	564	495	371	25,603	20,837	18,288	13,707
Income Taxes	433	493	510	509	15,997	18,214	18,842	18,805
Net Income before minority interests	1,031	797	932	877	38,091	29,446	34,433	32,401
Minority Interest	219	291	246	186	8,091	10,751	9,089	6,872
Net Income	812	506	686	691	30,000	18,695	25,345	25,529

Balance Sheet as on 31st December

	2001	2002	2003	Sept. 30th 2004	2001	2002	2003	Sept.30th 2004
Assets	CHF in mm				Rs in mm (Rupee Translation of CHF)			
Total Current Assets	6,367	6,460	6,028	6,554	235,233	238,669	222,709	242,142
Financial Assets	3,312	2,030	1,862	1,578	122,364	75,000	68,793	58,300
Property, Plant and Equipment	14,235	13,806	13,294	13,496	525,922	510,072	491,156	498,619
Intangible and Other Assets	3,130	2,997	3,478	4,156	115,640	110,726	128,497	153,546
Deferred Tax Assets	NA ⁽¹⁾	167	163	149	NA ⁽¹⁾	6,170	6,022	5,505
Total Assets	27,044	25,460	24,825	25,933	999,159	940,637	917,177	958,113
Liabilities and Equity								
Total Short Term Liabilities	5,258	5,168	5,224	5,348	194,260	190,935	193,004	197,586
Long-term financial liabilities	9,281	8,777	8,157	7,613	342,893	324,272	301,366	281,268
Deferred Tax Liabilities	1,213	1,126	1,021	1,062	44,815	41,601	37,722	39,236
Long-term Provisions	909	954	924	1,019	33,584	35,246	34,138	37,648
Total Liabilities	16,661	16,025	15,326	15,042	615,552	592,055	566,230	555,737
Minority Interests	2741	2,867	2,666	2,091	101,268	105,923	98,497	77,253
Share Capital	402	402	402	460	14,852	14,852	14,852	16,995
Capital Surplus	2,570	2,628	2,628	3,995	94,950	97,093	97,093	147,598
Treasury Shares	(451)	(452)	(448)	(496)	(16,663)	(16,699)	(16,552)	(18,325)
Reserves	5,121	3,990	4,251	4,841	189,199	147,413	157,056	178,854
Total Shareholders Equity	7,642	6,568	6,833	8,800	282,339	242,659	252,450	325,122
Total Liabilities and Shareholders Equity	27,044	25,460	24,825	25,933	999,159	940,637	917,177	958,113
Other Financial Data								
Gross Dividend per share (CHF/Rs)	1.00	1.00	1.15		37	37	42	-
Consolidated earnings per dividend-bearing share (CHF / Rs)	4.24	2.59	3.51		157	96	130	-
Return on Equity (%) ⁽²⁾	11.0%	7.1%	10.2%		11.0%	7.1%	10.2%	
Consolidated shareholders equity per share (CHF /Rs)	39.16	33.66	35.00		1,447	1,244	1,293	-

⁽¹⁾ In 2001, deferred tax assets were not disclosed separately

⁽²⁾ excludes interest of minority shareholders

Ambuja Cement India Limited (ACIL) (PAC only upon, and subject to, Holcim India receiving the Composite FIPB Approval described in para 6.1(a))

- ACIL will act in concert only upon, and subject to receipt of the Composite FIPB Approval by Holcim India and Holcim Mauritius as described in para 6.1(a).
- ACIL is a limited company incorporated under the Companies Act, 1956 and has its registered office at 106, Maker Chamber III, Nariman Point, Mumbai, 400 021. ACIL is at present a subsidiary of GACL, which holds 286,120,000 equity shares constituting 60% of its paid up equity share capital while 190,746,666 equity shares constituting 40% of the paid up equity share capital are held by Ganesha, Knight and Indivest (with Ganesha, Knight and Indivest each holding 105,969,311 shares, 31,792,700 shares, and 52,984,655 shares respectively). However, following the consummation of transactions disclosed in para 2.1(f) above, Holcim India and Holcim Mauritius will hold an aggregate 580,910,303 equity shares constituting 67% and GACL will hold 286,120,000 equity shares constituting 33% of the expanded equity capital in ACIL.
- ACIL is engaged in the business of investing in companies in the field of cement manufacture and marketing. ACIL is pursuing and has the rights to set up a greenfield cement manufacturing project in the State of Andhra Pradesh, for which it has entered into agreements for the transfer of mining leases and land from GACL in its favor.

d) Brief history of ACIL is as follows

Date	Major Event
April 23, 1999	Date of Incorporation as Cement Holdings Private Limited
October 11, 1999	Change of Name to Ambuja Cement Holdings Private Limited
November 25, 1999	Change of Name to Ambuja Cement Holdings Limited
December 21, 1999	Purchase of Equity Shares in The Associated Cement Companies Limited (7.2%), through a negotiated transaction
January 19, 2000	Change of Name to Ambuja Cement India Limited
February 20, 2000	Enter into agreement with Foreign Investors to invest in the Company.
March 18, 2000	Acquired approx. 93% of Equity Shares in ACEL from GACL for an aggregate cost of Rs. 415 crores.
March 20, 2000	Enter into MOU with GACL for the transfer of rights and obligations relating to Andhra Pradesh Project to ACIL.
March 21, 2000	First Subscription by the Foreign Investors
January – September 2000	Purchase of Equity Shares in The Associated Cement Companies Limited (balance 7.2%) through a negotiated transaction.
March – September, 2000	Increase in Shares Issued in the form of Right Shares (3 Issues in All)
	Merger of Ambuja Orissa Cement Limited, with the Company, with effect from July 1, 2003
September, 2004	Investment in Kakinada Cement Limited making it a Wholly Owned Subsidiary of the Company.

e) There have been no acquisitions, spin-offs or merger involving ACIL over the last three years except the merger of Ambuja Cements Orissa Ltd. with the company with effect from July 2003 and an investment made in Kakinada Cement Ltd. in September 2004 making it a wholly owned subsidiary of the company

f) The key shareholders of ACIL and their shareholding and voting rights on a non-diluted basis as on December 31, 2004 are given below

Particulars	No. of shares		Voting Rights	
	No. of shares	%	Voting Rights	%
GACL ⁽¹⁾	286,120,000	60%	286,120,000	60%
Ganesha	105,969,311	22.2%	105,969,311	22.2%
Knight	31,792,700	6.7%	31,792,700	6.7%
Indivest	52,984,655	11.1%	52,984,655	11.1%
Total	476,866,666		476,866,666	

⁽¹⁾ including 700 shares held by nominees

g) ACIL has complied with the provisions of Chapter II of SEBI (SAST) Regulations with respect to its investments in ACC.

h) The Board of Directors of ACIL as on the date of Public Announcement was as follows :

Name of the Director	Designation & Appointment Date	Experience	Qualification	Residential Address
Mr Suresh Kumar Neotia	Director (Feb 18, 2000)	Industrialist and on the Board of Several Companies	Commerce and Law Graduate	7/2 Queens Park Calcutta – 700 019
Mr Harshavardhan Neotia	Director (Feb 18, 2000)	Industrialist and Managing Director of ACEL and Bengal Ambuja Housing Development Limited and on the Board of Several Companies	Commerce Graduate, OPMP Harvard Business School.	7/2 Queens Park Calcutta – 700 019

Name of the Director	Designation & Appointment Date	Experience	Qualification	Residential Address
Mr Amrit Lal Kapur	Director , (Feb 18, 2000)	Over 46 years experience in industry and in various positions.	BA, FCA and FCWA.	Southland Bldg Near Baptist Church Shahid Bhagat Singh Road, Colaba, Mumbai – 400 005
Mr Prakash Bajirao Kulkarni	Director , (Feb 18, 2000)	Over 38 years experience in industry and in various positions.	B. E (Mech).	703 Usha Kunj 30D Juhu Tara Road Mumbai – 400 049
Mr Anil Singhvi	Director , (April 23, 1999)	Over 22 years experience in industry and in various positions.	B Com and FCA	112A Twin Towers Veer Savarkar Marg Prabahdevi, Mumbai - 400 025
Mr Nimesh Kampani	Director (June 21, 2000)	Investment Banker	FCA	123 Maker Tower B 12th floor, Cuffe Parade, Mumbai - 400 005
Mr Sandeep Junnarkar	Director (June 21, 2000)	Solicitor	B.Sc. (Hons), LL.B, Solicitor	1702 Wallace Apartments 1 Naushir Bharucha Marg, Mumbai– 400 007
Mr Wilfried Kaffenberger (Alt. Santosh Senapati)	Director (March 22, 2000)	Chief Executive Officer of the AIG Asian Infrastructure Fund II. Managing Director of Emerging Markets Partnership (EMP), a Washington based asset management firm. 25 years at International Finance Corporation (IFC), a World Bank affiliate.	BS (Princeton), MBA (Harvard Business School)	5826 Bent Twig Road Mclean VA, USA – 22101
Mr Kunnasagaran Chinniah (Alt. Debi Guha)	Director (March 22, 2000)	Fund Manager	Bachelor of Engineering, Master of Business Administration and Chartered Financial Analyst	12 Countryside Grove Singapore – 789967
Mr David Kun Wah Yeung (Alt. Ada Tse)	Director (March 22, 2000)	Fund Manager		B2 Mandarin Villa Status Road Hongkong

- i) None of the Directors of ACIL have acquired any shares of ACC during the preceding 12 months at a price equal to or exceeding the Offer Price Rs. 370 per share
- j) None of the Directors of ACIL are on the board of ACC, except Mr. A.L. Kapur. Mr. A.L. Kapur has not participated in any manner concerning or relating to the open offer, including any preparatory steps leading to the Offer.
- k) The brief financials of ACIL (audited for the years ended June 30, 2002, June 30, 2003 and June 30, 2004 and reviewed for the 6 months ended December 31, 2004) are as under:

Profit & Loss June 30,	2002	2003	2004	6 months ended Dec 2004
	Rs. in lakhs			
Net Revenue	672.62	972.25	829.26	1,107.07
Total Expenses	15.88	78.09	21.33	29.95
PBDITA	656.74	894.16	807.93	1,077.12
Depreciation	1.08	1.09	1.14	0.54
Amortization and Impairment	0	0	0	0
Interest	0	0	0	0
PBT and Exceptional Items	655.66	893.07	806.79	1,076.58
Exceptional/Prior Period Items	0	0	13.32	0
Tax	11.20	283.58	13.57	7.00
Net Income	644.46	609.49	779.90	1,069.58

Balance Sheet as on 30th June	2002	2003	2004	December 31, 2004
	Rs. in lakhs			
Sources of Funds				
Share Capital	47,686.67	47,686.67	47,686.67	47,686.67
Reserves & Surplus*	94,347.51	94,956.99	95,736.89	96,806.46
Net Worth	142,034.18	142,643.66	143,423.56	144,493.13
Total	142,034.18	142,643.66	143,423.56	144,493.13
Application of funds				
Net Fixed Assets	1,859.05	1,867.53	1,853.12	1,852.60
Investments	137,783.85	137,783.83	137,783.83	137,788.83
Net Current Assets	2,391.28	2,992.30	3,786.61	4,851.69
Total Assets	142,034.18	142,643.66	143,423.56	144,493.13
Other Financial Data				
Dividend (% of share nominal)	0%	0%	0%	0%
Earning per Share (Rs)	0.14	0.13	0.16	0.22 ⁽¹⁾
Return on Net Worth	0.45%	0.43%	0.54%	1.48%
Book Value per Share (Rs)	29.78	29.91	30.08	30.30

⁽¹⁾ Annualized

- l) ACIL is currently an unlisted company and hence P/E ratio is not applicable
- m) Major contingent liabilities :
There are no significant contingent liabilities.
- n) Reasons for the fall/rise in the total income and Net Income:

FY 2004 vs. FY 2003

Total income dropped about 15% to Rs. 82.9 million mainly due to a drop in dividend income.

Net income rose 28% mainly due to a sharp drop in the effective tax rate, on account of dividend income being made exempt from Income Tax.

FY 2003 vs. FY 2002

Total income rose by about 45% to Rs. 97.2 million, mainly on account of a rise in dividend income.

Net income however dropped 5% on account of dividends being made taxable in the hands of the recipient, and the consequent dividend tax outgo.

FY 2002 vs. FY 2001

Total income rose by 41% on account of a significant rise in dividend income

Net income rose 65% due to the increased total income and lower legal and professional fees.

o) Significant Accounting Policies of the PAC

1. (A) Basis of preparation of financial statements

- I. The financial statements have been prepared in compliance with all material aspects of the mandatory Accounting Standards issued by the Institute of Chartered Accountants of India (ICAI) and the relevant provisions of the Companies Act, 1956
- II. Financial statements are based on historical cost and are prepared on accrual basis.

2. (B) Significant Accounting Policies:

a. Revenue Recognition

- I. Interest - Revenue is recognized on a time proportion basis at the applicable rates.
- II. Dividend - Revenue is recognized when the shareholder's right to receive payment is established by the balance sheet date.

b. Investments

Investments that are intended to be held for more than a year, from the date of acquisition, are classified as long term investments and are carried at cost. However, provision for diminution in value of investments is made to recognise a decline, other than temporary, in the value of the investments.

c. Fixed Assets

- I. Fixed Assets are stated at their original cost of acquisition/installation, net of accumulated depreciation/ amortisation, (except freehold land) which is carried at cost.
- II. Capital work-in-progress is stated at the amount expended upto the date of Balance Sheet.
- III. Depreciation on assets is provided on Straight Line Method in the manner and at the rates specified in Schedule XIV to the Companies Act, 1956
- IV. Depreciation on additions to fixed assets is provided on a pro-rata basis from the month of acquisition or installation. Depreciation on assets sold, discarded demolished or scrapped, is provided upto the month in which the said asset is sold, discarded, demolished or scrapped.

- d. Expenditure during Construction Period Expenditure incurred on projects under implementations are being treated as pre operative expenses pending allocation to the assets and are shown under "Capital work in progress" and the same will be apportioned to fixed assets on commencement of commercial production.

- e. Expenses on issue of Shares and Preliminary expenses have been adjusted to the Securities Premium Account.

f. Taxation:

Provision for current tax is made with reference to taxable income computed for the accounting year, for which the financial statements are prepared i.e. July-June by applying the tax rates as applicable. Deferred tax charge or credit on timing difference is recognized using tax rates and tax laws enacted or substantively enacted as on the Balance Sheet date. Deferred tax assets are recognized to the extent there is reasonable certainty that sufficient future taxable income will be available against which the assets can be realized in future and in respect of carry forward of losses and unabsorbed depreciation, deferred tax assets are recognized only if there is virtual certainty of realisation. Deferred tax assets/liabilities are reviewed at each Balance Sheet date.

g. Earnings per share

Basic earnings per share are calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period.

h. Retirement benefits

Provisions for accrued leave encashment is made on the full liability method based on the last drawn salary.

- p) Information in respect of all the companies promoted by PAC for the last three years based on audited statements : ACIL has not promoted any new company in India during the last three years.
- q) Current status of corporate governance Since ACIL is an unlisted company hence there is no mandatory requirement for independent directors , however the company , has got a share allotment committee and an audit committee.
- r) Status of pending litigation matters. There are no significant litigations involving ACIL as of date.

Gujarat Ambuja Cements Limited (PAC only upon, and subject to Holcim India receiving the Composite FIPB Approval described in para 6.1(a))

- a) GACL being the holding company of ACIL is deemed to be a person acting in concert only upon, and subject to receipt of the Composite FIPB Approval by Holcim India and Holcim Mauritius as described in para 6.1(a).
- b) GACL was incorporated on 20 October 1981 and has its registered office at P.O. Ambujanagar, Taluka Kodinar, District Junagadh, Gujarat 362 715.
- c) GACL does not belong to any group. Its key shareholders are the Promoters, including Radha Madhav Investment Ltd. and RKBK Financial Services Pvt. Ltd., who hold 23.66% of the paid up equity share capital of GACL.
- d) GACL, with its subsidiaries is among the largest players in the Indian cement industry, with a total installed capacity of 14.86 mtpa of cement (including ACEL). It is one of the most profitable and efficient companies in the Indian cement industry. GACL has a market capitalization of approximately Rs. 80,000 million. It has subsidiaries located in India as well as in Mauritius and Sri Lanka.
- e) The shares of GACL are listed on NSE and BSE, and the stock exchange at Kolkata. The closing price of the shares of GACL on NSE as on January 20, 2005 was Rs. 423.45 and on the BSE was Rs. 423.50.
- f) Brief history of GACL is as follows

20 October 1981	Company established as a private limited company with the name Ambuja Cements Private Limited
19 March 1983	Company was changed into a public limited company
19 May 1983	Company was renamed as GACL
February 1986	Stocks were listed on the BSE and stock exchanges of Ahmedabad, Kolkata and Delhi
October 1986	Commenced operations with a 0.7 mtpa plant at Kodinar
October 1993	Gajambuja plant was set up in Gujarat
September 1995	Darlaghat plant in Himachal Pradesh and the Ropar grinding unit in Punjab were set up
March 1997	Third plant in Gujarat was set up
December 1997	Gained control of ACEL through BIFR scheme April 1998 Stock was listed on the NSE
December 1999	Acquired DLF Cement, which was renamed as Ambuja Cement Rajasthan Ltd.
February 2000	Invited American International Group (AIG) and Government of Singapore (GIC) to invest in shares of ACIL
March 2000	Sold shareholding in ACEL to ACIL
June 2002	Maratha Cement plant in Maharashtra was set up
June 2004	ACRL was merged with GACL

- g) Acquisitions/Merger/de-merger, spin off during the last 3 years involving GACL is as follows (as per Annual Report of GACL for periods ending June 30 2002, 2003 and 2004):
 - The Board of Industrial and Financial Restructuring (BIFR) vide their order dated 7th January 2004 and corrigendum dated 27th May 2004 sanctioned the merger of Ambuja Cements Rajasthan Ltd. (ACRL) with GACL as a part of the rehabilitation scheme. Accordingly, ACRL has been merged with GACL with effect from June 1, 2004. According to the scheme, shareholders of ACRL have been allotted one fully paid up share of GACL for every 50 fully paid up shares they held in ACRL.

- h) The key shareholders of GACL and their shareholding and voting rights on a non-diluted basis as on December 31, 2004 are given below

Particulars	No. of shares		Voting Rights	
	No. of shares	%	Voting Rights	%
Radha Madhav Investment Ltd.	25,973,898	14.46%	25,973,898	14.46%
RKBK Financial Services Pvt. Ltd.	5,258,590	2.93%	5,258,590	2.93%
Other Promoter Group Members	11,263,724	6.27%	11,263,724	6.27%
Life Insurance Corp. of India	18,328,610	10.20%	18,328,610	10.20%
Other Institutional Shareholders (incl. FIIs, MFs and FIs)	67,702,751	37.70%	67,702,751	37.70%
Others (incl. Bodies Corporate, NRIs, OCBs, GDR and Public)	51,060,218	28.43%	51,060,218	28.43%
Total	179,587,791	100%	179,587,791	100%

- i) GACL has complied with applicable provisions of Chapter II of SEBI (SAST) Regulations.
- j) The Board of Directors of GACL as on the date of Public Announcement was as follows :

Name of the Director	Designation & Appointment Date	Experience	Qualification	Residential Address
Mr Suresh Neotia	Non Executive Chairman (September 7, 1985)	Industrialist and on the Boards of several companies	Commerce and Law Graduate	7/2 Queens Park Calcutta - 700 019
Mr. Vinod Neotia	Director (November 10, 1982)	Industrialist	Commerce Graduate	7/2 Queens Park Calcutta - 700 019
Mr. M.L. Bhakta	Director (September 7, 1985)	Senior Partner, Kanga & Co., Advocates and Solicitors	Arts and Law Graduate	4, Sagar Villa, 3B, Bhulabhai Desai Road, Mumbai 400 006
Mr. Nimesh Kampani	Director (October 16, 1985)	Chairman, J.M Morgan Stanley Pvt. Ltd., one of the leading investment banks in India	FCA	123, Maker Towers 'B', Cuffe Parade, Mumbai 400 005
Mr. M.T. Patel	Director (February 2, 1985)	Industrialist engaged in the manufacture of agro based products and ceramic products	Commerce Graduate	Nilmani Park Colony, Jamnagar, Gujarat - 361 008
Mr. Harshavardhan Neotia	Director (December 29, 1995)	Managing Director of Ambuja Cement Eastern Ltd. and Chairman of Bengal Ambuja Housing Development Ltd.	Commerce Graduate, OPMP, Harvard Business School	7/2 Queens Park Calcutta - 700 019
Mr. Nasser Munjee	Director (August 16, 2001)	Worked with HDFC for 21 years. Former Managing Director of Infrastructure Development Finance Co. Ltd.	M.Sc (Econ.) from LSE	Champagne House, 69 Worli Sea Face, Mumbai 400 018

Name of the Director	Designation & Appointment Date	Experience	Qualification	Residential Address
Mr. Rajendra P Chitale	Director (July 7, 2002)	Partner, M.P. Chitale & Co., a leading firm of Chartered Accountants	FCA	13 - B, Tanna Residency, 392, V.S. Marg, Prabhadevi, Mumbai 400 025
Mr. A.L. Kapur	Wholetime Director (May 1, 1999)	Over 46 years experience in industry in various positions including CEO. Over 2 decades of experience in the cement industry	BA, FCA and FCWA	Southland Bldg Near Baptist Church Shahid Bhagat Singh Road Colaba, Mumbai - 400 005
Mr. P.B Kulkarni	Wholetime Director (February 1, 1999)	Over 38 years experience. Joined the company in 1982 as Project Manager	B . E . (Mech)	703 Usha Kunj 30D Juhu Tara Road Mumbai - 400 049
Mr. Pulkit Sekhsaria	Wholetime Director (December 29, 1995)	11 years of experience	Commerce Graduate; ADMP from LBS	1st Floor, Kamal Mahal, Carmichael Road, Mumbai 400 026
Mr. Anil Singhvi	Wholetime Director (May 1, 1999)	Over 22 years experience including with the company since 1986	B.Com, FCA	112A Twin Towers Veer Savarkar Marg Prabhadevi, Mumbai - 400 025
Mr. B.L. Taparia	Wholetime Director and Company Secretary (May 1, 1999)	Over 34 years experience including with the company since 1983	Commerce and Law Graduate, Fellow Member of ICSI	3 0 1 , Saraswathi Sadan, Link road, Bangur Nagar, Goregaon, Mumbai - 400 090
Mr. N.P. Ghuwalewala	Wholetime Director (June 28, 2004)	Over 35 years of experience including 21 years in the cement industry. Former managing director of ACRL	Chemical Engineer	Vallabh Niwas, 31A, M.L. Dahanukar Road, Mumbai 400 026
Mr. N.S. Sekhsaria	Managing Director (November 10, 1982)	Managing Director of the company since 1982	Chemical Engineer	3, Rushilla, 1 7 C , Carmichael Road, Mumbai 400 026

- k) None of the Directors of GACL have acquired any shares of ACC during the preceding 12 months at a price of equal to or more than the offer price of Rs. 370 per share
- l) None of the Directors of GACL are on the board of ACC, except Mr. N.S. Sekhsaria and Mr. A.L. Kapur. Such directors have not participated in any manner concerning or relating to the open offer, including any preparatory steps leading to the Offer.
- m) The brief financials of GACL (audited for the years ended June 30, 2002, June 30, 2003 and June 30, 2004 and reviewed for the 6 months ended December 31, 2004) are as under:

Profit & Loss Statement for the year ended June 30,	2002	2003	2004	6 months ended Dec 2004
	Rs. in lakhs			
Net Sales	138,416	174,225	196,811	121,921
Other Income	2,158	3,630	5,049	5,300
Total Expenses	93,995	126,571	143,108	91,605
PBDITA	46,579	51,284	58,752	35,616
Depreciation and Amortization	13,781	17,134	16,861	9,958
Interest	9,664	8,794	7,843	4,132
PBT and Exceptional Items	23,134	25,356	34,048	21,526
Exceptional / Prior Period Items	—	—	4,302	0
PBT	23,134	25,356	38,350	21,526
Current Tax	1,650	1,975	2,030	1,565
Deferred Tax	2,832	1,172	2,641	1,960
PAT	18,652	22,209	33,679	18,001

Balance Sheet as on 30th June	2002	2003	2004	
	Rs. in lakhs			
Sources of Funds				
Share Capital	15,517	15,530	17,940	
Reserves & Surplus*	144,948	146,134	184,236	
Net Worth	160,465	161,664	202,176	
Amount Received against issue of warrants	1,800			
Secured Loans	119,115	84,500	64,978	
Unsecured Loans	59,200	90,628	61,990	
Deferred tax liability, net	22,277	30,530	37,071	
Total Liabilities	362,857	367,322	366,215	
Application of funds				
Net Fixed Assets (incl. CWIP)	205,226	201,236	249,822	
Investments	113,205	110,171	101,097	
Net Current Assets	43,998	54,785	14,407	
Miscellaneous Expenditure Not Written Off	428	1,130	889	
Total Assets	362,857	367,322	366,215	
Other Financial Data				
Dividend (% of share nominal)	60%	70%	80%	
Earning per Share (Basic) (Rs)	11.54	14.31	21.24	10.03
Return on Net Worth	11.6%	13.8%	16.7%	
Book Value per Share (Rs)	103.1	103.3	112.2	

* Reserves and Surplus include share application money pending allotment and ESOP outstanding

- n) Based on the closing price of the shares as on January 20, 2005 on NSE and the EPS for year ended June 30, 2004, the P/E ratio is 19.9 times
- o) Major contingent liabilities : (Source : Annual Report for FY 2004)

Contingent Liabilities Not Provided For as on 30.06.2004	Rs. in Millions
2. a) Contingent liabilities not provided for in respect of :	
(i) Amount outstanding in respect of Indemnities given by the Company to Banks for loans given to third parties, for Company's business	1.4
(ii) Claims against the Company not acknowledged as debts	385.8
(iii) Tax matters	
(a) Disputed liability in respect of Income-tax demands (including interest) - matters under appeal	275.6
(b) Disputed Sales-tax demands (including interest and penalty) - matters under appeal :	
(i) Matter decided in favor of the Company by the Honorable High Court of Himachal Pradesh, against which the Department has filed a Special Leave Petition in the Honourable Supreme Court, pending final decision in the said matter	343.5
(ii) Others	1.3
(c) Disputed Excise demands - matters under appeal	55.5
(d) Disputed Customs demands - matters under appeal	0
(e) Disputed liability of RTO Tax on Mining Machinery	6.2
(iv) Disputed liabilities relating to Railway Freight on Cement - matter once decided in favour of the Company by the Honourable High Court of Gujarat was remanded back by the Honourable Supreme Court pursuant to an SLP filed by the railways.	55.1
(v) Disputed liabilities relating to Coal claims - matter pending in the Honourable High Court:	
(a) Railway freight on Coal .	14.5
(b) Penal freight on Excess Weight of Coal	2.4
(c) Interest on Royalty on Coal	0
(d) Interest on Premium on Coal	32.9
(vi) Disputed liability relating to Workmen Compensation for reinstatement and back wages - matter pending in the Honourable High Court of Gujarat	1.1

- b) The Government of Rajasthan has granted 75% exemption from Sales Tax in respect of Rabriyawas unit (erstwhile Ambuja Cement Rajasthan Ltd.). However, the eligibility of exemption in excess of 25% has been contested by the State Government in a similar matter of another Company and the matter is pending before the Honourable Supreme Court. The Company has given an undertaking to the Government of Rajasthan that the Company will deposit the differential amount of Sales Tax which is Rs. 351.6 million, in case the Supreme Court's decision goes against in the matter referred above.
3. Estimated amount of Contracts remaining to be executed on Capital Account and not provided for (net of advances) is Rs. 771.8 million

- p) Reasons for the fall/rise in the total income and Net Income:

FY2004

In value terms, GACL's net sales rose 13% to Rs. 19,681 million in FY2004 from Rs. 17,422 million in the previous year. The increased sales were due to a 6% increase in sales volumes from 9.82 million tons in FY03 to 10.44 million tons in FY04, and due to an increase in price realizations on both domestic and export sales

Net profit increased by 52% from Rs. 2,220.9 million in FY2003 to Rs. 3,367.9 million in FY2004 driven by increased sales, higher efficiency and lower interests costs, which were partly offset by higher fuel prices.

FY2003

In value terms, GACL's net sales rose 26% to Rs. 17,422 million in FY2003 from Rs. 13,842 million in the previous year. The increased sales were due to a 37% increase in sales volumes to 9.82 million tons in FY03 from 7.18 million tons in FY02 mainly driven by the full year operation of the new Maratha cement plant, which was commissioned in June 2002.

Net profit increased by 19% to Rs. 2,220.9 million in FY2003 from Rs. 1,865.2 million in FY2002 driven by increased sales

FY2002

In value terms, GACL's net sales rose 9 % from Rs. 12,686 million in FY2001 to Rs. 13,842 million in FY2002. The increased sales were due to a 18 % increase in sales volumes to 7.18 million tons in FY02 from 6.10 million tons in FY01 , which was offset by a 7% decrease in sales realizations due to challenging market conditions.

Net profit remained almost constant at Rs. 1,865.2 million in FY2002 compared to Rs. 1,863.5 million in FY2001 despite a significant drop in sales realizations thanks to increased volumes, and reduced power, freight and interest costs

- q) Significant Accounting Policies of the PAC

1. (A) Basis of preparation of Financial Statements :

- (i) The financial statements have been prepared in compliance with all material aspects of the mandatory Accounting Standards issued by the Institute of Chartered Accountants of India (ICAI) and the relevant provisions of the Companies Act, 1956.
- (ii) Financial statements are based on historical cost and are prepared on accrual basis.

(B) Significant Accounting Policies :

(a) Fixed Assets:

- (i) Fixed Assets are stated at their original cost of acquisition/installation, net of accumulated depreciation/amortization, except freehold land which is carried at cost. Modvat/Cenvat Credit on capital goods availed on fixed assets purchased is credited to the Modvat/ Cenvat Credit on Capital Goods Reserve. However, the same is netted off from the cost of fixed assets for the purpose of computation of depreciation.
- (ii) Capital work in progress is stated at the amount expended upto the date of Balance Sheet.
- (iii) Machinery spares which can be used only in connection with a particular item of fixed asset and the use of which is irregular are capitalised, at cost net of Modvat/Cenvat.
- (iv) Expenditure during construction period (including financing cost relating to borrowed funds for construction or acquisition of fixed assets) incurred on projects under implementation are treated as Pre-operative expenses, pending allocation to the assets, and are included under "Capital

Work in Progress". These expenses are apportioned to fixed assets on commencement of commercial production.

(b) Depreciation and Amortization :

- (i) Premium on leasehold land is amortized over the period of lease.
- (ii) Depreciation on all assets, other than Vehicles, is provided on the "Straight Line Method" in accordance with the provisions of Section 205(2)(b) of the Companies Act, 1956, and on Vehicles on the "Written Down Value Method" in accordance with the provisions of Section 205(2)(a) of the Companies Act, 1956, in the manner and at the rates specified in Schedule XIV to the Companies Act, 1956. Continuous process plants, are identified based on a technical assessment and depreciated at the specified rate as per Schedule XIV of the Companies Act, 1956. Cost of fixed assets for the purpose of computation of depreciation is taken net of Modvat/Cenvat credits. Depreciation on additions to fixed assets is provided on a pro-rata basis from the month of acquisition or installation, and in the case of a new project, the same is provided on a pro-rata basis from the date of commencement of commercial production. Depreciation on assets sold, discarded, demolished or scrapped, is provided upto the month in which the said asset is sold, discarded, demolished or scrapped.
- (iii) Machinery spares which are capitalised are depreciated over the useful life of the related fixed asset. The written down value of such spares is charged to the Profit and Loss Account, on issue for consumption.
- (iv) The cost of fixed assets, constructed by the Company, but ownership of which belongs to Government/Local Authorities, is amortized at the rate of depreciation specified in Schedule XIV to the Companies Act, 1956.
- (v) Expenditure on Power Lines, ownership of which belongs to the State Electricity Boards, is amortized over the period as permitted in the Electricity Supply Act, 1948.
- (vi) Expenditure to acquire Water Drawing Rights from Government/Local Authorities/other parties, is amortized over the period of rights to use the facilities.
- (vii) Expenditure on Marine Structures, ownership of which belongs to the Maritime Boards, is amortized over the period of agreement.

(c) Investments :

Investments that are intended to be held for more than a year, from the date of acquisition, are classified as long term investments and are carried at cost. However, provision for diminution in value of investments is made to recognise a decline, other than temporary, in the value of the investments. Current investments are valued at cost or market value, whichever is lower.

(d) Inventories :

- (i) Coal, Fuel, Packing Materials and Stores & Spare Parts are valued at cost on FIFO basis or net realisable value, whichever is lower.
- (ii) Raw Materials are valued at cost or net realisable value whichever is lower. Cost is arrived at on FIFO basis. Limestone, Marl and Shale raised in own mines are valued at cost.
- (iii) Materials-in-process are valued at cost or net realisable value, whichever is lower. (*)
- (iv) Finished Goods are valued at cost or net realisable value, whichever is lower, including excise duty. (*)
- (v) Trial Run Inventories are valued at cost or net realisable value, whichever is lower. (*)

(vi) Goods in transit are stated at costs upto the date of Balance Sheet.

(*) Cost is arrived at on full absorption basis as per Accounting Standard AS 2 - "Valuation of Inventories".

(e) Inter Unit Transfers :

Inter-unit transfers of independently marketable products for further processing are included under the respective heads of account, at market value, to reflect the true working of the respective units. Any unrealised profit on unsold stock is eliminated while valuing the inventories.

(f) Foreign Currency Conversion :

Foreign currency transactions are recorded at the rates of exchange prevailing on the date of transaction. Monetary foreign currency assets and liabilities outstanding at the close of the financial year are revalued at the contracted rate or at exchange rates prevailing on the balance sheet date. The gain or loss due to decrease/increase in rupee liability on account of fluctuations in the rate of exchange is adjusted to the cost of the respective fixed assets, if it relates to acquisition of fixed assets, and is charged to Profit & Loss Account in other cases.

(g) Sales :

- (i) Domestic sales are accounted on despatch of products to customers and Export sales are accounted on the basis of dates of Bill of Lading. Sales are disclosed net of sales tax, discounts and returns, as applicable.
- (ii) Benefit on account of entitlement to import goods free of duty under the "Duty Entitlement Pass Book under Duty Exemption Scheme" is accounted in the year of export.

(h) Research & Development Expenditure :

Expenditure, both revenue and capital, incurred relating to "Research and Development" activities are accounted under the normal account heads of revenue expenses and fixed assets, as the case may be.

(i) Retirement Benefits:

- (i) Contribution to Provident Fund and Pension Schemes are charged to the Profit and Loss Account when due.
- (ii) Payment for present liability of future payment of gratuity is made to an approved Gratuity Fund, which fully covers the said liability under Cash Accumulation Policy of Life Insurance Corporation of India (LIC). The additional liability arising out of the difference between the actuarial valuation and the fund balance with the LIC, if any, is accrued at the year end.
- (iii) Contribution in respect of employees covered under Superannuation Scheme of the Company is made to an approved Superannuation Fund, which fully covers the same under policy of Life Insurance Corporation of India.
- (iv) Provision for accrued leave encashment is made on the basis of an actuarial valuation.

(j) Miscellaneous Expenditure :

Expenses included under the head 'Miscellaneous Expenditure' are amortized over the period of estimated future benefits.

(k) Discount on Equity Shares, under the Employee Stock Option Scheme, is amortized in accordance with Securities and Exchange Board of India (SEBI) Guidelines.

(l) Borrowing Costs and Share Issue Expenses :

- (i) Share issue expenses for specific projects and borrowing cost attributable to acquisition and construction of assets are capitalised as part of the cost of such assets upto the date when such assets are ready for intended use.

- (ii) Expenses on other issue of Shares, Debentures and Bonds as well as Premium on Redemption of Debentures are adjusted to Security Premium Account in accordance with Section 78 of the Companies Act, 1956.
- (iii) Borrowing cost such as discount or premium and ancillary costs in connection with arrangement of borrowings excluding debenture and bonds, are amortised over the period of borrowings.
- (iv) Other borrowing costs are charged as expense in the year in which these are incurred.

(m) Taxation :

Provision for current tax is made with reference to taxable income computed for the accounting year, for which the financial statements are prepared, i.e. July - June by applying the tax rates as applicable.

Deferred tax charge or credit on timing difference is recognised using tax rates and tax laws enacted or substantively enacted at the Balance Sheet date. Deferred tax assets are recognised only to the extent there is reasonable certainty that sufficient future taxable income will be available against which these assets can be realised in future and in respect of carry forward of losses and unabsorbed depreciation, deferred tax assets are recognised only if there is virtual certainty of realisation.

Deferred tax assets/liabilities are reviewed at each Balance Sheet date.

- r) Information in respect of all the companies promoted by PAC for the last three years based on audited statements :

GACL has not promoted any new company in India during the last three years.

- s) Current status of corporate governance

The details regarding the corporate governance norms for the Company are as follows:

Particulars	Listing Agreement Clause
Board of Directors	49 I
Audit Committee	49 II
Shareholders / Investors Grievance Committee	49 VI (C)
Remuneration of Directors	49 III
Board Procedures	49 IV
Management	49 V
Shareholders	49 VII
Report on Corporate Governance	49 VII

All of the above clauses have been complied with and hence no remarks.

- t) Status of pending litigation matters as on June 30, 2004 (Source : Annual Report of GACL).

The following litigations involving statutory matters were pending as on 30 June 2004

Nature of Case	Amount (Rs cr.s)	Period	Forum
Dispute regarding sales tax exemption	34.34	1995-1998	Supreme Court
Sales Tax set-off	0.12	1991-1995	Appellate Tribunal
Non deduction of income tax at source	3.46	1999-2000	Appellate Tribunal
MODVAT/CENVAT on capital goods	0.18	1996 and 2000-01	Appellate Tribunal
MODVAT/CENVAT on capital goods	2.41	1995-1997	High Court
Availment of MODVAT/CENVAT	2.31	1996-97 and 2001-02	Commissioner
Availment of MODVAT/CENVAT	0.06	2003	Assistant Commissioner
Availment of MODVAT/CENVAT	0.32	1995 - 2004	Deputy Commissioner
Export cement used for home consumption	0.15	2003-04	Commissioner
Excise on earthquake supply	0.01	2001-02	Commissioner
Excise on earthquake supply	0.03	2001-02	Tribunal

- u) Name and contact details of investor relations officer

Jayesh Doshi, Gujarat Ambuja Cements Ltd., 10th Floor, Maker Chamber III, Nariman Point, Mumbai 400 021. Tel: +91 22 5659 7426 Fax: +91 22 2284 6270 email: investor@ambujamail.com

4. BACKGROUND OF THE ASSOCIATED CEMENT COMPANIES LIMITED (“ACC”/ “TARGET COMPANY”)

- ACC was incorporated in 1936, and is a company registered as a public limited company under the Indian Companies Act, VII of 1913 and has its registered office at Cement House, 121, Maharshi Karve Road, Mumbai 400 020.
- There has been no change in the name of the Company since incorporation
- ACC is engaged in the business of manufacture and sale of cement, ready-mix concrete, other building related products, refractories and providing consultancy and engineering services. ACC along with its subsidiary companies has a manufacturing network of 15 cement plants with a total installed capacity of 18.28 million tonnes.

d) Description of locations and manufacturing facilities :

ACC along with its subsidiary companies has a total of 15 cement plants, which are spread over 12 states of India. Details of the cement manufacturing plants are given below: (source: www.acclimited.com)

Plant	Capacity (mtpa)	Type of Plant	Types of Cement	State
Kymore	1.70	Dry Process	OPC & PPC	Madhya Pradesh
Lakheri	0.60	Dry Process	OPC & PPC	Rajasthan
Madukkarai	0.96	Semi-Dry Process	OPC& PPC	Tamil Nadu
Gagal I	0.98	Dry Process	OPC & PPC	Himachal Pradesh
Gagal II	1.72	Dry Process	PPC	Himachal Pradesh
Chaibasa	0.61	Wet Process	PSC & PPC	Jharkhand
Sindri	0.60	Grinding Unit	PSC	Jharkhand
Mancheria	0.33	Semi-Dry Process	OPC, SRC, OWC	Andhra Pradesh
Jamul	1.58	Dry Process	PSC & PPC	Chattisgarh
Chanda	1.00	Dry Process	OPC & PPC	Maharashtra
Wadi I	2.11	Dry Process	OPC & PPC	Karnataka
Wadi II	2.60	Dry Process	PPC	Karnataka
Tikaria	2.00	Grinding Unit	PPC	Uttar Pradesh
DCSL	0.53	Grinding Unit	PSC	West Bengal
BCL	0.96	Dry Process	OPC, PSC, PPC	Orissa

ACC is in the midst of implementing modernization /expansion in certain of its plants as detailed hereunder:

- Chaibasa - Conversion of existing wet process to dry process with a resultant increase in clinker capacity by 1 mtpa and cement capacity by 0.66 mtpa.
- Gagal I & II - Enhancement of aggregate grinding capacity by 1 mtpa .
- Lakheri - Expanding Cement capacity by 0.9 mtpa

All of ACC's cement plants except Lakheri, Tikaria and DCSL are ISO 9002 certified. In addition, all of ACC's plants except Tikaria, Chanda and DCSL have obtained ISO 14001 certification, which indicates a sound and working environmental management system is in place. In addition, the Gagal Plant has also obtained the prestigious OHSAS 18001 certification for occupational health and safety systems.

ACC also has refractory manufacturing units at Katni in Madhya Pradesh, and at Butibori in Maharashtra and Ready mix concrete plants at Bangalore, Chennai, Delhi, Kolkata, Mumbai and Goa (franchise unit).

e) Merger/de-merger/spin-off in the last 3 years :

- The Company has sought shareholders approval through postal ballot for divesting its Mancheria cement plant
- ACC has acquired from The Tata Power Company Limited a 75 MW Captive Power Plant (CPP) at Wadi with effect from July 1, 2004 at a cost of Rs.2,354.5 million.
- In December 2003, ACC acquired 86.79% of the equity of Bargarh Cement Ltd. ("BCL") (formerly IDCOL Cement Ltd.) from Industrial Development Corporation of Orissa Limited for Rs.1,764.1 million. ACC also acquired from Unit Trust of India the balance 13.21% of the equity of BCL for Rs. 268.45 million. BCL's shares were acquired by ACC under a share purchase agreement with the following significant terms:
 - In addition to the purchase price, ACC was required to pay the sum of Rs.56,078,000 to Industrial Development Corporation of Orissa Limited on behalf of BCL as repayment of BCL's debt. Further, ACC has agreed to bear any additional or unprovided or undisclosed liability of any nature (including taxes, claims etc.) imposed on BCL.
 - ACC also agreed to continue to retain the services of all the permanent employees of BCL, and continue with existing labour contracts for two years from the date of acquisition of the shares other than dismissal on disciplinary grounds. Further, in case any voluntary retirement scheme is initiated for any permanent employees of BCL during the period of two years from the date of acquisition of the shares, the terms of such scheme would have to be no less favourable than offered by the Government of Orissa to its employees.

- ACC agreed to begin work on expanding clinker production capacity by around 35% shortly after taking over the management of BCL. It also agreed to expand the capacity to 2 MT in the next five years and to take up exploration work to assess the extent of BCL's limestone reserves.
- ACC has an ongoing program of divesting non-core assets thereby releasing capital which is locked up in those businesses and assets. . Between the financial years 2000-01 and 2003-04, it had sold its stake in several joint-ventures, including Floatglass India Ltd., International Ferrites Ltd., and Bridgestone ACC India Ltd., which resulted in total sale proceeds of Rs.1,104 million (U.S. \$24.2 million), and made a net profit of Rs. 418 million on these divestments.

There has been no de-merger or spin-off in the last 3 years.

- f) The share capital structure of ACC is as follows: (as on the date of the Public Announcement)

	No. of Shares/voting rights Face Value (Rs. 10 each)	% of Shares
Fully Paid-up Equity Shares	178,533,611	100%
Partly paid-up Equity Shares	0	0%
Total paid-up Equity Shares	178,533,611	100%
Total voting rights in Target Company	178,533,611	100%

- g) Current capital structure of the company since inception and the disclosure status of compliance with applicable provisions of SEBI (SAST) Regulations/other applicable Regulations under the SEBI Act 1992 and other statutory requirements as applicable:

Date of	No. and % of Shares issued		Cumulative Paid up Capital		Mode of Allotment	Identity of Allottees	Status of Compliance*
Allotment	Equity (Face Value Rs.100)	Preference (Face Value Rs.100)	Equity (FV Rs.100)	Pref. (FV Rs.100)		(promoters/ ex-promoters/ others)	
1937	705,421	0	705,421		Original Issue	Subscribers	Complied
1945	351,038	0	1,056,459		Rights Issue	Existing shareholders	Complied
1954	211,279	0	1,267,738		Bonus Issue	Existing shareholders	Complied
1955	4,064	0	1,271,802		Issue to Shareholders of Patiala Cement Cos Ltd.	Others	Complied
1956	635,598	0	1,907,400		Rights Issue	Existing shareholders	Complied
1964	127,161	0	2,034,561		Bonus Issue	Existing shareholders	Complied
1966	339,094	0	2,373,655		Bonus Issue	Existing shareholders	Complied
1968	474,731	0	2,848,386		Rights Issue	Existing shareholders	Complied
1979	474,731	0	3,323,117		Bonus Issue	Existing shareholders	Complied
1985	664,623	0	3,987,740		Bonus Issue	Existing shareholders	Complied
1987	80,882	0	4,068,622		Issued to FIs on Conversion of Loans	Others	Complied
1987	16,175	0	4,084,797		Issued to FIs as Bonus Shares against shares issued to them on conversion of loans	Others	Complied

Date of	No. and % of Shares issued		Cumulative Paid up Capital		Mode of Allotment	Identity of Allottees	Status of Compliance*
Allotment	Equity (Face Value Rs.100)	Preference (Face Value Rs.100)	Equity (FV Rs.100)	Pref. (FV Rs.100)		(promoters/ ex-promoters/ others)	
1988	1,510,707	0	5,595,504		Issued against Fully Convertible Debentures	Others	Complied
1992	2,238,201	0	7,833,705		Bonus Issue	Existing shareholders	Complied
1995	729,571	0	8,563,276		Rights Issue	Existing shareholders	Complied
1996	5,137,965	0	13,701,241		Bonus Issue	Existing shareholders	Complied
1999	(38,411)	0	13,662,830		1995 Rights Shares (incl bonus thereon) forfeited	Existing shareholders	Complied
	Equity (Face Value Rs.10)		Equity (FV Rs.10)				
1999			136,628,300		Face Value Change to Rs. 10 each	Existing shareholders	Complied
1999	34,050,822		170,679,122		Rights Issue	Existing shareholders	Complied
2000	50		170,679,172		Annulment of forfeiture of 5 shares of Rights Issue 1995	Existing shareholders	Complied
	571,200		171,250,372		Shares allotted against options under ESOP-2000	Employees	Complied
	138,663		171,389,035		Shares allotted against options under ESOP-2001	Employees	Complied
	150,495		171,539,530		Shares allotted against options under ESOP-2002	Employees	Complied
March 2004	5,656,000		177,195,530		Shares allotted pursuant to GDR Issue	Others	Complied
April 2004	806,000		178,001,530		Shares allotted pursuant to greenshoe option on GDR issue	Others	Complied
April - Dec 2004	414,172		178,415,702		Shares allotted against various ESOP Schemes	Employees	Complied
April - Dec 2004	452		178,416,154		Shares allotted from those kept in abeyance at the time of Rights Issue 1999	Existing Shareholders	Complied
January 20, 2005	117,457		178,533,611		Shares allotted against various ESOP Schemes	Employees	Complied

* The applicable Regulations at the time of each allotment have been complied with

- h) There was no suspension of trading of the share of ACC in any Stock Exchange(s) as applicable.
- i) The shares of ACC are listed on BSE, NSE and the Stock Exchange at Kolkata while the Global Depository Receipts and Foreign Currency Convertible Bonds are listed on the London Stock Exchange.
- j) The closing prices of the shares of ACC on BSE and NSE as on January 20, 2005 were Rs. 341.75 and Rs. 342.10 respectively.
- k) ACC had also issued 60,000 1% Foreign Currency Convertible Bonds of US\$ 1,000 each. The bonds are redeemable on March 19, 2009 at a redemption premium so as to give the bond holders a yield to maturity of 2.5% per annum. These bonds are convertible into GDS/Shares at an initial conversion price of Rs. 374.42 per share with a fixed rate of exchange of Rs. 45.2425 = US\$ 1.00 at the option of the bondholder at any time on/or after April 28, 2004 and prior to the close of business on March 8, 2009. ACC, subject to fulfillment of certain conditions and obtaining requisite approvals, has an option to redeem these bonds in whole but not in part, at anytime on/or after March 19, 2007 and prior to March 19, 2009 at its early redemption amount together with accrued and unpaid interest. If all the bonds are converted into GDS/Share, then the share capital of the ACC will increase by around 72,50,000 equity shares of Rs. 10/- each.
- l) ACC has also granted stock options to its employees under various ESOP Plans, which if exercised would result in the issue of 2,098,438 Equity Shares as on the date of the Public Announcement.
- m) ACC has complied with applicable provisions of Chapter II of SEBI (SAST) Regulations.
- n) ACC is in compliance with the listing agreement as on the date of the Public Announcement and no punitive action has been initiated against ACC by the stock exchanges where its shares are listed.
- o) The Board of Directors of ACC as on the date of the Public Announcement was as follows:

Name of the Director	Designation & Appointment Date	Experience	Qualification	Residential Address
Mr. Tarun Das	Chairman (26.4.2000)	As Director General of the Confederation of Indian Industry (CII), he was involved with major policy making groups concerned with the Indian Industry and in promoting business co-operation internationally. He is presently Chief Mentor of CII.	Graduate in Economics/ Commerce from Manchester University Honorary Doctorate in Science from the University of Warwick, U.K.	172 Jor Bagh, New Delhi 110003.
Mr N S Sekhsaria	Deputy Chairman (27.12.1999)	Managing Director of Gujarat Ambuja Cements Ltd.	Bachelor of Chemical Engineering, University of Bombay.	3, Rushilla, 17C, Carmichael Road, Mumbai 400 026
Mr M L Narula	Managing Director (1.4.1996)	42 years with the Company in various senior positions including as a Whole-time Director since April 1996.	B.Sc. Engineering (Electrical). Graduate from Punjab University.	162 Venus Apartments, Cuffe Parade, Colaba, Mumbai 400 005.
Mr N A Soonawala	Director (1.11.1998)	Over 46 years experience in the field of Finance culminating as Finance Director and Vice Chairman of Tata Sons Limited. He is a Director on the Boards of various Tata Companies	B.Com, ACA.	29, Hampton Court, Opposite Colaba Post Office, Colaba, Mumbai 400 005

Name of the Director	Designation & Appointment Date	Experience	Qualification	Residential Address
Mr. Amitabha Ghosh	Nominee Director of Unit Trust of India (UTI) (28.5.1992)	Expertise in Finance and Banking spanning over five decades. Former Chairman & Managing Director of Allahabad Bank and Deputy Governor and Governor of Reserve Bank of India. Former Chairman of RBI Services Board and Deposit Insurance & Credit Guarantee Corporation and Member of the Boards of IDBI , Exim Bank IRBI National Institute of Bank Management and Institute of Banking Personnel Relations. He is presently a Director on the Board of a number of reputed companies.	Chartered Accountant and Fellow, Indian Institute of Bankers	Flat No. 32, Mehr-Naz, 91 Cuffe Parade, Mumbai 400 005.
Mr. O. P. Dubey	Representing LIC (25.3.1998)	Former Zonal Manager of Life Insurance Corporation of India (Eastern Zone) in the rank of Executive Director.	M.A.LLB	Quarter No. B-8, National Insurance Academy Capus, National Insurance Academy, NIA PO; Balewadi, Pune 411 045
Mr. A. L. Kapur	Director (27.12.1999)	Over two decades in the cement industry. Currently Wholetime Director of GACL, formerly Wholetime Director of ACC and Executive Director and Chief Executive Officer of Birla Corporation Limited.	B.A., FCA, FICWA.	Southland Bldg., Near Baptist Church, Shahid Bhagat Singh Road, Colaba, Mumbai - 400 005
Mr. S. M. Palia	Director (25.1.2002)	Development Banker, with IDBI from 1964-1989 during which period he held various responsible positions including that of an Executive Director.	B.Com., LL.B, CAIIB, CIIB (London).	"Disha", 16, Ruchir Bunglows, Judges Bunglows Road, Vastrapur, Ahmedabad 380054
Mr. Cyril S Shroff	Director (27.3.2002)	Solicitor, High Court, Mumbai, Advocate on record, Supreme Court of India Managing Partner of Messrs Amarchand & Mangaldas & Suresh A Shroff & Co.,	B. Com., LL. B.	Rupam, 60, Worli Sea Face, Mumbai 400 025.
Mr Naresh Chandra	Director (5.5.2004)	Joined the Indian Administrative Service in 1956 and was Cabinet Secretary from 1990 to 1992. Subsequently, was Senior Adviser to the Prime Minister of India from 1992 to 1995. He has held various important positions including that of Governor of the State of Gujarat and India's Ambassador to the United States of America. He has served on numerous important Committees including as Chairman of the Committee on Corporate Governance set up by the Union Ministry of Finance and Company Affairs in 2002.	Post Graduate degree in Mathematics from Allahabad University, IAS(Retired)	C-4/4053, Vasant Kunj, New Delhi, 110070.

Name of the Director	Designation & Appointment Date	Experience	Qualification	Residential Address
Mr R K Vashishtha	Director (5.5.2004)	Retired as the Managing Director, Life Insurance Corporation of India. He is a well known and respected figure in the field of insurance.	P o s t Graduate in Mathematics.	D-2 Jeevan Jyot, Setalvad Lane, Nepean Sea Road, Mumbai 400 026.
Mr A. K. Jain	Wholetime Director (25.1.2002)	Around 35 years with the Company, with a rich and varied experience of handling R & D, Refractories Business, Human Resources and Cement Marketing functions at senior levels. He is presently in charge of the Company's Cement Marketing functions, Ready-Mix Concrete and Refractory Businesses	B.Tech (Chemical Engineering), IIT Bombay	ACC Central Research Station Colony, Lal Bahadur Shastri Marg, Thane 400 064

None of the above directors represent the Acquirer. However, Mr. N.S. Sekhsaria and Mr. A.L. Kapur are also respectively the Managing Director and a Wholetime Director of GACL. Further Mr. Cyril Shroff, an independent director on the Board of ACC, is a partner with Amarchand & Mangaldas & Suresh A. Shroff & Co., the legal advisors to ACIL.

- p) Key financials of ACC on stand-alone basis (Audited results for FY2002, FY2003 and FY2004; and reviewed results for 9 months ended December 2004) (Rs in lacs) :

Profit & Loss Statement for the year ended March 31,	2002	2003	2004	9 months ended Dec 2004#
Net Sales	280,976	286,040	328,447	278,854
Other Income	7,567	11,041	15,053	5,957
Total Income	288,543	297,081	343,500	284,811
Total Expenses	239,318	256,720	290,108	233,525
PBDIT	49,225	40,361	53,392	51,286
Depreciation	15,114	16,456	17,685	13,955
Interest	14,078	10,391	9,291	6,782
PBT and Exceptional Items	20,033	13,514	26,416	30,549
Exceptional Items	(3,600)	(1,696)	(1,030)	(50)
Tax				
Current	1,340	958	1,609	2,373
Deferred	2,050	471	3,753	6,839
Total	3,390	1,429	5,362	9,212
PAT	13,043	10,389	20,024	21,287

Balance Sheet as at March 31				
Sources of Funds	2002	2003	2004	
Equity share capital	17,105	17,114	17,794	
Reserves & Surplus (excluding Revaluation Reserve)	84,882	90,560	117,579	
Net Worth	101,987	107,674	135,373	
Deferred tax liability (Net)	23,299	23,770	27,523	
Stockists Deposits (Unsecured)	7,986	9,145	9,002	
Secured Loans	110,540	128,742	104,013	
Unsecured Loans	40,305	11,733	28,711	
Total Liabilities	182,130	173,390	169,249	
Total	284,117	281,064	304,622	

Application of funds				
Fixed Assets (including CWIP)	231,672	245,548	247,207	
Less: Revaluation Reserve	0	0	0	
Net Fixed Assets	231,672	245,548	247,207	
Investments	17,534	12,777	37,574	
Net Current Assets	27,552	17,524	16,349	
Misc expenses not written off	7,359	5,215	3,492	
Total Assets	284,117	281,064	304,622	
Other Financial Data				
Dividend (%)	30%	25%	40%	
Earning per Share (Rs) (diluted)	7.63	6.07	11.61	11.52
Return on Net Worth	13.8%	10.1%	15.2%	
Book Value per Share (Rs) (1)	55.4	59.9	74.4	

Based on Limited Review Report by Auditors. EPS is not annualised.

(1) Book Value Per Share = (Equity Capital + Reserves - Miscellaneous Expenses) / No of outstanding shares on balance sheet date

- q) M/s. A.F. Ferguson & Co., & M/s. K.S. Aiyar & Co., the statutory auditors of ACC, have undertaken a Limited Review of financials for the nine months ended 31st December 2004 and have certified the same.
- r) Reasons for the fall/rise in the total income and Net Income:

FY 2004

During the year ended March 31, 2004 ACC's total income increased by 16% to Rs 34,350 million. Net sales increased 15% to Rs. 32,845 million driven by improved volume at 15.25 million tons and better cement prices. Other income also increased by 36% to Rs. 1505 million in the period.

Profit after exceptional items and taxation grew by more than 90% to reach Rs 2,002 million against Rs 1,039 million in FY2003. This represents 5.8% of sales as against 3.5% sales in FY2003. The increase in the margin was due to a combination of the factors viz. higher volume and capacity utilization, higher prices, improved operational efficiencies and lower interest costs due to access to low cost funds and better working capital management.

FY 2003

During the year ended March 31, 2003 ACC's total income increased by 3 % to Rs 29,708 million. Net sales increased only 2% to Rs. 28,604 million driven by 15% increase in sales volumes, which were offset by depressed selling prices, particularly in South and Western India.

Profit after exceptional items and taxation fell by more than 20% to Rs. 1,039 million driven by lower operating profit in view of reduced prices.

FY 2002

During the year ended March 31, 2002 ACC's total income increased by 11% to Rs 28,854 million. Net sales increased 10% to Rs. 28,098 million driven by improved volume at 12.18 million tons. Other income also increased due to writeback of Rs. 255 million towards Mineral Rights Tax provision no longer required.

Profit after exceptional items and taxation grew by more than 170% to Rs. 1,304 million driven by significant cost reductions, higher contribution due to higher sales volumes and lower interest costs due to improved financial and working capital management, and prepayment of costlier debt.

- s) The shareholding pattern of ACC as on January 20, 2005 was as follows:

Shareholders' category	Shareholding & Voting rights prior to the agreement/ acquisition and Offer (A)	Shares/ Voting rights agreed to be acquired which triggered off the Regulations (B)	Shares/ Voting rights to be acquired in the open Offer (Assuming full acceptances) (C)	Shareholding/ Voting rights after the acquisition and Offer (A)+(B)+(C) = (D)
1) Promoter Group				
a) Indian Promoters	Nil(0%)	Nil		
2) Acquirer and PACs				
a) Holcim India	Nil	Nil	Nil	Nil
b) Holcim Mauritius	Nil	Nil	Nil	Nil
c) ACIL	24,670,000 (13.82%)	Nil	69,298,452 (38.82%)	93,968,452 (52.63%)
d) GACL	Nil	Nil	Nil	Nil
Total (2) (a)+(b)+(c) +(d)	24,670,000 (13.82%)	Nil	69,298,452 (38.82%)	93,968,452 (52.63%)
3) Public				
a) Fls/FIs/MFs/UTI/ Banks	104,071,765 (58.29%)			
b) NRIs/Pvt. Corp. Bodies/ OCBs/GDRs/other	14,392,551 (8.06%)			
c) Public	35,399,295 (19.83%)			
Total (3) (a)+(b)+(c)	153,863,611 (86.18%)		(69,298,452) (- 38.82%)	84,565,159 (47.37%)
Grand Total (1+2+3)	178,533,611 (100%)			178,533,611 (100%)

Total number of shareholders was 111,876 as on December 31, 2004.

- t) Details of the change in the shareholding of the promoters as and when it happened in the Target Company :

ACC is a professionally managed company with no defined promoter group.

Target Company has complied with the applicable provisions of the SEBI (SAST) Regulations/other applicable Regulations under SEBI Act 1992 and other statutory requirements as applicable.

- u) ACC has not received any directions from SEBI u/s 11B of the SEBI Act, prohibiting them from dealing in securities or under any of the regulations made under the SEBI Act.
- v) The details regarding the corporate governance norms for the Company are as follows:

Particulars	Listing Agreement Clause
Board of Directors	49 I
Audit Committee	49 II
Shareholders / Investors Grievance Committee	49 VI (C)
Remuneration of Directors	49 III
Board Procedures	49 IV
Management	49 V
Shareholders	49 VII
Report on Corporate Governance	49 VII

All of the above clauses have been complied with and hence no remarks.

w) Contingent Liabilities not provided :

Item	As on March 31, 2004 Amount (Rs. million)	Previous Year Amount (Rs. million)
(A) Indemnity given to Bank of India for the guarantee/s executed by them on behalf of TRF Ltd. to the extent of	3.6	3.6
(B) Indemnity, Guarantee/s and Letter of Comfort given to Banks/Financial Institutions and Government Bodies for the grant of term loan and for other facilities on behalf of subsidiary companies	797.0	507.0
(C) Guarantee provided to a Corporate Body on behalf of Subsidiary Company	11.7	17.5
(D) As a signatory to the Memorandum of Association of The Cement Allocation and Co-ordinating Organisation, a company limited by guarantee	0.1	0.1
(E) Sales Tax	165.0	149.6
(F) Claims against the Company not admitted as debts	51.0	43.4
(G) Income Tax	71.5	71.5

x) Future obligations of ACC include(as per the latest audited balance sheet as at 31st March, 2004):

- Estimated amount of contracts remaining to be executed on capital account and not provided for (Net of Advances) are Rs.1279.4 million
- Future obligation by way of lease rentals payable Rs. 0.09 crore - Previous Year - Rs. 3.01 crore.

y) The details of the pending litigation for the Company are as follows:

Outstanding Litigations

- Litigations involving Criminal Offences as listed out below :

There are two criminal cases under the Factories Act pending against Mr. M.L. Narula, Managing Director and Mr. A.K. Jain, Wholetime Director by virtue of their being named as 'Occupier' under the and as per the provisions of the Factories Act. One case is pending in the Court of Chief Judicial Magistrate, Chaibasa, Jharkhand State, and another case is pending in the Court of Metropolitan Magistrate, Mumbai.

- Litigations involving Securities Related Offences : NIL
- Litigations involving Civil Offences as listed out below: NIL
- Litigations involving Statutory and other offences as listed out below :

Litigation relating to Tax Disputes as per latest audited Balance Sheet as at 31.3.2004 is as under:

	Amount (Rs lakhs)	Forum
Sales Tax Related	4,259	Commissionerate
Sales Tax Related	1,776	Appellate and Tribunal
Sales Tax Related	17,791	High Court
Sales Tax Related	917	Supreme Court
Excise Related	412	Commissionerate
Excise Related	1,976	Appellate and Tribunal
Excise Related	19	High Court

- Overdue interest/principal as on date : NIL

■ Other major litigation:

Issue	Amount	Forum
Wadi Power Plant Tax on Captive Consumption	Rs. 75 million	Karnataka High Court
Writ Petition against Madhya Pradesh State Mining Department demand for additional Royalty on Limestone	Rs. 418 million	High Court of Jabalpur
Royalty on limestone at Madukkarai works	Rs 61.1 million	High Court, Madras
Transport Subsidy against actual expenditure on freight incurred in respect of its new 1 MTPA plant at Gagai	Rs.806 million	High Court of Shimla
Power Tariff Freeze at Gagai	Rs. 51 million	Government of Himachal Pradesh
Cess on Power Generated at Kymore, Madhya Pradesh	Rs. 130.5 million	High Court at Jabalpur
Interest on delayed payment of Royalty at Gagai	Rs.67.6 million	Himachal Pradesh High Court

■ Roll over / Re-scheduling of loans or any other liability : NIL

■ Labour problems / closure as listed below : NIL

No penalty has been levied by SEBI or any other regulatory body or any other authority in India or abroad.

No disciplinary action/ investigation has been taken by the Securities and Exchange Board of India/ Stock Exchange against the Company, its Directors, Promoters and their other business ventures (irrespective of the fact whether they fall under the purview of Section 370 (1B) of the Companies Act, 1956).

- z) The compliance officer of the Target Company is Mr. A Anjeneyan, Company Secretary and can be contacted at ACC, Cement House, 121, Maharshi Karve Road, Mumbai - 400020, India, Tel: +91 225665 4321, Fax: +91 22 5631 7458, E-mail : anjeneyan@accement.com

5 OFFER PRICE AND FINANCIAL ARRANGEMENTS

5.1 Justification of Offer Price

- a) The shares of ACC are listed on The Stock Exchange, Mumbai ("BSE") and National Stock Exchange ("NSE") and the stock exchange at Kolkata. Based on the information available, the shares of ACC are frequently traded on BSE (Source: www.bseindia.com) and NSE (Source:www.nseindia.com) within the meaning of explanation (i) to Regulation 20 (5) of SEBI (SAST) Regulations. At the Extra-Ordinary General Meeting of ACC held on 1st March 2004, its members have inter-alia passed a resolution for voluntary delisting of its Equity Shares from all the stock Exchanges excluding NSE and BSE. Pursuant thereto, ACC has, based on the public information written to the Stock Exchanges at Ahmedabad, Bangalore, Chennai, Cochin, Kolkata and New Delhi for de-listing its shares from these Exchanges, subsequent to which ACC has received permission to delist from the stock exchanges at Ahmedabad, Bangalore, Chennai, Cochin, and New Delhi. (Source : nseindia.com).
- b) The annualised trading turnover during the preceding six months in each of the Stock Exchanges is detailed below:

Date	Name of Stock Exchange	Total number of shares traded during the preceding six calendar months	Total number of listed shares	Annualised trading turnover (in terms of % of total listed shares)	Trading Status in terms of SEBI (SAST) Regulations
December 31, 2004	NSE	221,191,881	178,416,154	248%	Frequently Traded
December 31, 2004	BSE	76,441,404	178,416,154	86%	Frequently Traded

(Source: www.bseindia.com and www.nseindia.com)

- c) The Offer Price of Rs. 370 per share is justified in terms of Regulation 20 (4) of the SEBI(SAST) Regulations in view of the following:

Particulars	Date of the public announcement for this Offer for shares of ACC January 21, 2005
i. Negotiated price : If the Acquirer has entered into any agreement for acquisition of shares or voting rights or deciding to acquire shares or voting rights exceeding the prescribed percentage	Not applicable
ii. Price paid by Acquirer for any acquisition including by way of allotment in a public or rights or preferential issue during the 26-week period prior to the date of this Public Announcement	Not applicable
iii. Higher of (A) or (B) below Share price data of ACC on NSE, where it is most frequently traded, is as under:	
A. The average of the weekly high and low of the closing prices of the shares of ACC during the 26-weeks preceding the announcement	Rs. 282.94
B. The average of the daily high and low of the shares of ACC during the 2-weeks preceding the announcement	Rs. 350.61

Holcim and GACL have agreed to an Offer Price of Rs. 370 per share, which is higher than the price pursuant to (iii) above.

- d) 26 weeks weekly high/low data on NSE (most frequently traded Stock Exchange)

Week No.	Week Ending	High (Rs.)	Low (Rs.)	Average (Rs.)	Volume
1	July 29, 2004	239.9	233.3	236.6	10,324,888
2	August 5, 2004	253.05	239.7	246.4	15,350,176
3	August 12, 2004	261.4	254.6	258.0	15,738,986
4	August 19, 2004	266.5	260.6	263.5	13,170,174
5	August 26, 2004	263.8	259.6	261.7	12,118,391
6	September 2, 2004	271.25	261.5	266.4	9,627,756
7	September 9, 2004	271	267.0	269.0	6,607,197
8	September 16, 2004	275.6	272.0	273.8	6,992,172
9	September 23, 2004	276.85	272.0	274.4	8,325,199
10	September 30, 2004	270	266.1	268.1	8,340,066
11	October 7, 2004	276	274.0	275.0	6,978,544
12	October 14, 2004	275.45	266.5	271.0	5,116,087
13	October 21, 2004	265.7	264.0	264.8	4,369,754
14	October 28, 2004	261.1	251.2	256.1	7,100,574
15	November 4, 2004	264.7	256.4	260.5	4,808,061
16	November 11, 2004	267.1	261.0	264.0	4,136,845
17	November 18, 2004	270.15	266.8	268.5	2,369,241
18	November 25, 2004	287.85	272.2	280.0	9,497,731
19	December 2, 2004	294.2	285	289.6	5,728,249
20	December 9, 2004	314.75	292.7	303.7	14,524,826
21	December 16, 2004	320.85	313.7	317.3	8,213,163
22	December 23, 2004	320.4	316.8	318.6	5,250,955
23	December 30, 2004	335.2	322.1	328.7	7,601,455
24	January 6, 2005	351.25	338.7	345.0	11,521,792
25	January 13, 2005	350.85	333.2	342.0	10,397,484
26	January 20, 2005	365.65	342.1	353.9	30,156,565
			26 week average	282.94	

e) 2 weeks daily high/low data on NSE (most frequently traded Stock Exchange)

Day No.	Date	High (Rs.)	Low (Rs.)	Average (Rs.)	Volume
1	January 07, 2005	354.80	344.00	349.40	1,817,394
2	January 10, 2005	356.70	343.05	349.88	1,531,063
3	January 11, 2005	348.50	332.25	340.38	1,999,397
4	January 12, 2005	341.90	329.75	335.83	2,458,645
5	January 13, 2005	355.00	336.10	345.55	2,590,985
6	January 14, 2005	357.50	342.65	350.08	2,869,246
7	January 17, 2005	362.90	342.10	352.50	4,035,758
8	January 18, 2005	368.00	356.95	362.48	4,204,544
9	January 19, 2005	370.50	360.10	365.30	5,605,929
10	January 20, 2005	368.90	340.60	354.75	13,441,088
			2 week average	350.61	

f) 26 weeks weekly high/low data on BSE

Week No.	Week Ending	High (Rs.)	Low (Rs.)	Average (Rs.)	Volume
1	July 29, 2004	239.9	233.2	236.6	4,600,109
2	August 5, 2004	253.25	239.6	246.4	5,140,974
3	August 12, 2004	261.4	254.5	258.0	4,929,303
4	August 19, 2004	266.35	260.5	263.4	4,395,722
5	August 26, 2004	263.75	259.6	261.7	3,805,362
6	September 2, 2004	271.2	261.5	266.3	3,629,775
7	September 9, 2004	271	267.0	269.0	2,098,083
8	September 16, 2004	275.5	271.8	273.7	2,687,000
9	September 23, 2004	276.65	271.9	274.3	2,598,325
10	September 30, 2004	269.9	266.0	267.9	2,427,308
11	October 7, 2004	275.85	273.7	274.8	2,846,166
12	October 14, 2004	275.55	266.6	271.1	2,049,576
13	October 21, 2004	265.55	263.8	264.7	1,161,860
14	October 28, 2004	261.2	251.6	256.4	2,192,228
15	November 4, 2004	264.45	256.2	260.3	1,378,316
16	November 11, 2004	266.75	260.6	263.7	1,246,199
17	November 18, 2004	269.7	266.7	268.2	652,380
18	November 25, 2004	287.6	272.3	279.9	2,665,732
19	December 2, 2004	294.25	284.85	289.6	1,832,625
20	December 9, 2004	315.15	292.4	303.8	5,562,805
21	December 16, 2004	320.9	313.4	317.1	3,273,463
22	December 23, 2004	319.5	316.2	317.9	1,928,600
23	December 30, 2004	335.15	321.4	328.3	2,576,419
24	January 6, 2005	351.55	338.7	345.1	3,695,850
25	January 13, 2005	350.8	333.5	342.1	3,665,458
26	January 20, 2005	365.35	341.8	353.6	12,359,607
			26 week average	Rs. 282.83	

- g) 2 weeks daily high/low data on BSE

Day No.	Date	High (Rs.)	Low (Rs.)	Average (Rs.)	Volume
1	January 07, 2005	351.65	344.00	347.83	638,375
2	January 10, 2005	356.60	331.55	344.08	565,272
3	January 11, 2005	347.80	332.30	340.05	705,809
4	January 12, 2005	342.00	329.55	335.78	785,901
5	January 13, 2005	355.00	335.10	345.05	970,101
6	January 14, 2005	357.90	342.55	350.23	1,183,926
7	January 17, 2005	362.90	342.10	352.50	1,479,317
8	January 18, 2005	367.90	357.10	362.50	1,591,152
9	January 19, 2005	370.50	360.10	365.30	2,343,626
10	January 20, 2005	369.00	340.00	354.50	5,761,586
			2 week average	Rs. 349.78	

- h) The shares of ACC are infrequently traded on Stock Exchange at Kolkata (Source: Bloomberg) within the meaning of explanation (i) to Regulation 20(5) of the SEBI (SAST) Regulations.

- i) The financial parameters based on the audited financials for the year ended 31st March 2004 for ACC are:

- (a) Return on Net-worth of 15.18%,
- (b) Book Value per share of Rs. 74.4,
- (c) Earnings per Share (EPS) of Rs. 11.68, and
- (d) P/E multiple of 31.68 (based on the Offer Price) and Industry P/E multiple of 17.6 (Source: - Capital Market, dated January 3-16, 2005, Industry: Cement - North India).

Considering the above parameters under Regulation 20(5), applicable to infrequently traded shares, the Offer Price of Rs. 370 per share is justified.

- j) In the opinion of the Manager to the Offer and Acquirer, the Offer Price of Rs 370 per fully paid-up Equity share is justified.
- k) If the Acquirer acquires shares after the date of Public Announcement upto 7 (seven) working days prior to the closure of the Offer at a price higher than the Offer Price, then the highest price paid for such acquisition shall be payable for all the valid acceptances received under the Offer.

5.2 Financial Arrangements

- a) The total fund requirement for the acquisition of up to 69,298,452 shares at Rs. 370 per shares is approximately Rs. 25,640 million (Rupees Twenty Five Billion Six Hundred and Forty million only).
- b) With reference to the transactions described in 2.1 (f) above, Holcim Mauritius along with Holcim India has filed its application to the FIPB with regard to the Composite FIPB Approval to be received as described in 6.1 (a) below. On receipt of the Composite FIPB Approval, Holcim India will contribute Rs. 18,337.69 million for subscribing to equity shares, and Holcim Mauritius will contribute Rs. 8,100.3 million for subscribing to preference shares as part of the Share Subscription Agreement. Under the Share Subscription Agreement, a sum of USD 530,476,429 (equivalent to Rs. 23,184.47 million) is currently held in an escrow account with HSBC Guyerzeller Bank, Zurich, Switzerland, to be jointly operated by Holcim Mauritius and GACL.
- c) These funds will be transferred to ACIL through Holcim India for capitalization and these funds in turn would be used for making payments to the tenderers in the Open Offers for ACC and ACEL
- d) Pursuant to its letter dated January 20, 2005, Holcim Ltd has confirmed that it will supervise the management of its wholly owned subsidiary Holcim India so as to enable its management being able to fulfill its obligations under regulation 29 of the SEBI (SAST) Regulations, and that all funds necessary to consummate this Offer have been or will be made available on behalf of Holcim India as at the date of this announcement.
- e) The Manager to the Offer is satisfied about the ability of the Acquirer to implement the Offer in accordance

with the SEBI (SAST) Regulations as firm financial arrangements are in place to fulfill the obligations under the SEBI (SAST) Regulations.

- f) Further, Holcim Mauritius has made a cash deposit of USD 6,024,185 (equivalent to Rs. 263.3 million only) with HSBC Guyerzeller Bank AG, Zurich, Switzerland and provided a bank guarantee for Rs. 2,782.87 million only by HSBC Mumbai with an aggregate commitment of Rs. 3,046.16 million only, being in excess of the amount required under Regulation 28(2) of the SEBI (SAST) Regulations i.e. 25% for the first Rs. 100 crores and 10% thereafter. DSPML has been authorized to realize the value of the aforesaid bank account and bank guarantee. Upon the Composite FIPB Approval being received by Holcim for all the transactions described in para 2.1 (f) above, the amount in the aforesaid bank account and the bank guarantee will be released to Holcim Mauritius, subject to alternate security arrangements acceptable to DSPML being put in place in India by ACIL.
- g) Holcim Mauritius has also made a cash deposit of USD 187,508 (equivalent to more than Rs. 7.98 million only) with HSBC Guyerzeller Bank AG, Zurich, Switzerland and provided a bank guarantee for Rs. 199.39 million only by HSBC Mumbai, with an aggregate commitment of Rs. 207.37 million only for the open offer to shareholders of ACEL that is being made simultaneously.

6 TERMS AND CONDITIONS OF OFFER

6.1 Statutory approvals required for the Offer

- a) The Offer, along with any obligation to purchase the shares tendered and accepted and to pay for the same, is subject to the receipt of the Composite FIPB Approval to be obtained by Holcim India and Holcim Mauritius from the Foreign Investment Promotion Board ("FIPB") permitting all of:
 - (i) Holcim India and Holcim Mauritius acquiring up to 100% of the total paid up share capital of ACIL through:
 - (A) Holcim Mauritius acquiring 190,746,666 equity shares constituting 40% of the current share capital of ACIL from Asian Infrastructure Ganesha Cement Holdings, Inc., Knight Investments Limited, Indinvest Pte Ltd;
 - (B) Holcim India contributing Rs. 1833,76,90,939 to subscribe to equity shares of ACIL, resulting in an increase in Holcim India and Holcim Mauritius' shareholding in ACIL from 40% to 67%; and
 - (C) Holcim Mauritius, acquiring 286,120,000 equity shares (presently constituting 60%, and which will constitute, 33% of ACIL post the proposed investments by Holcim) of ACIL from GACL either pursuant to GACL's exercise of its put option or Holcim Mauritius' exercise of its call option; and
 - (ii) Holcim Mauritius contributing Rs. 810,03,07,061 to subscribe to 6% redeemable cumulative preference shares of ACIL; and
 - (iii) Holcim India, through ACIL, enhancing ACIL's shareholding percentage in ACC from 13.84% up to 50.01% (calculated on a fully diluted basis, taking into account outstanding employee stock options and outstanding convertible bonds due 2009, convertible into global depository shares of ACC) at a price of Rs. 370 per share or such higher price as may be offered in the proposed open offer by Holcim India and ACIL through this Offer and through secondary market purchases of ACC shares; and
 - (iv) Holcim India, through ACIL, acquiring up to 100% of the paid up equity share capital of ACEL (when taken together with 94.08% of ACEL already held by ACIL) pursuant to its open offer of ACEL shares; and
 - (v) Amendment of existing FIPB approval to Holcim India permitting the additional FDI of up to US \$ 1.1 Billion, equivalent to Rs 4885 crores, by Holcim India (directly and through its holding company Holcim Mauritius).

The Acquirer along with Holcim Mauritius has made the necessary composite application to the FIPB seeking approval for each of the above described investments.

- b) The purchase of shares tendered by non-resident shareholders of ACC by ACIL may require RBI approval under the Foreign Exchange Management Act, 1999 ("FEMA")
- c) Besides this, as on the date of this Public Announcement, no other statutory approval is required to acquire the shares tendered pursuant to this Offer. In terms of Regulation 27 of SEBI (SAST) Regulations, the

Acquirer will not proceed with the Offer in the event that any statutory approval indicated above is not obtained.

- d) In case of delay in receipt of any statutory approval(s), SEBI has power to grant extension of time to the Acquirer for payment of consideration to shareholders, subject to the Acquirer agreeing to pay interest for the delayed period as directed by SEBI in terms of Regulation 22(12) of SEBI (SAST) Regulations. Further, if the delay occurs on account of willful default by the Acquirer in obtaining the requisite approval, Regulation 22(13) of SEBI (SAST) Regulations will also become applicable.
- e) The Acquirer does not require any approvals from financial institutions or banks for the Offer.

6.2 Others

- a) The Letter of Offer together with the Form of Acceptance cum Acknowledgement is being mailed to the shareholders of ACC (except the Acquirer and Persons Acting in Concert), whose names appear on the Register of Members of ACC and to the beneficial owners of the shares of ACC, whose names appear as beneficiaries on the records of the respective Depositories, at the close of business on January 28, 2005. ("Specified Date").
- b) Shareholders having their beneficiary account in CDSL have to use inter-depository delivery instruction slip for the purpose of crediting their Shares in favour of the special depository account with NSDL.
- c) All owners (registered or unregistered) of Shares of ACC, (except the Acquirer and Persons Acting in Concert) anytime before the closure of the Offer are eligible to participate in the Offer. Unregistered owners can send their application in writing to the Registrar to the Offer, on a plain paper stating acceptance of the Offer with Name; Address; Number of shares held; Number of shares offered; Distinctive Numbers; Folio Number; together with the original Share Certificate(s); Valid Transfer Deed(s) and the Original Contract Note issued by the broker through whom they acquired their shares. No indemnity is required from the unregistered owners.
- d) The acceptance of the Offer is entirely at the discretion of the shareholders of ACC. The Acquirer will not be responsible in any manner for any loss of equity share certificate(s) and offer acceptance documents during transit and the shareholders of ACC are advised to adequately safeguard their interest in this regard.
- e) Shares that are subject to any charge, lien or encumbrance are liable to be rejected.

7 PROCEDURE FOR ACCEPTANCE AND SETTLEMENT

- a) Shareholders of ACC, who wish to avail of this Offer are free to offer their shareholding in whole or in part and should forward the under mentioned documents to the Registrar to the Offer at their office at **Karvy Computershare Private Limited, 46, Avenue 4, Street 1, Banjara Hills, Hyderabad 500 034. Telephone No.: (040) 2331 2454, Fax no.: (040) 2331 1968** either by hand delivery on weekdays or by Registered Post, on or before the Close of the Offer, i.e., no later than April 11, 2005 or at the Collection Centres, so as to reach the Registrar/ Collection Centres on or before the close of business hours, i.e., no later than 1700 hrs on April 11, 2005 in accordance with the instructions specified in this Letter of Offer and in the Form of Acceptance cum Acknowledgement. **Shareholders are advised to ensure that the Form of Acceptance cum Acknowledgement and other documents are complete in all respects, otherwise the same is liable to be rejected. In the case of dematerialized shares, the shareholders are advised to ensure that their shares are credited in favour of the special depository account before the closure of the Offer. The Form of Acceptance cum Acknowledgement of such dematerialized shares, not credited in favour of the special depository account before the closure of the Offer, will be rejected.**

i. For Equity shares held in physical form:

Registered Shareholders should enclose:

- Form of Acceptance cum Acknowledgement duly completed and signed in accordance with the instructions contained therein, by all shareholders whose names appear on the share certificates.
- Original Share Certificate(s).
- Valid Share Transfer form(s) duly signed as transferors by all registered shareholders (in case of joint holdings) in the same order and as per specimen signatures registered with "ACC" and duly witnessed at the appropriate place. A blank Share Transfer form is enclosed along with this Letter of Offer.

Unregistered owners should enclose:

- Form of Acceptance cum Acknowledgement duly completed and signed in accordance with the instructions contained therein.
- Original Share Certificate(s).
- Original broker contract note.
- Valid Share Transfer form(s) as received from the market.

The details of buyer should be left blank failing which the same will be invalid under the Offer. The details of buyer will be filled upon verification of the Form of Acceptance and the same being found valid. All other requirements for valid transfer will be preconditions for valid acceptance.

ii. For Equity shares held in dematerialized form:

Beneficial owners should enclose:

- Form of Acceptance cum Acknowledgement duly completed and signed in accordance with the instructions contained therein, as per the records of the Depository Participant (DP).
- Photocopy of the delivery instruction in "Off-market" mode or counterfoil of the delivery instruction in "Off-market" mode, duly acknowledged by the DP.
- For each Delivery Instruction, the beneficial owner should submit separate Form of Acceptance.

- b) The Registrar to the Offer, M/s Karvy Computershare Private Limited, have opened a special depository account at National Securities Depository Limited (NSDL) as detailed below :

DP Name	DSP Merrill Lynch Ltd.
Special DP Account	Escrow Account - ACC Offer
DP ID	IN302638
Client ID	10009205

- c) The share certificate(s), share transfer form(s) and the Form of Acceptance should be sent only to the Registrar to the Offer and not to the Manager to the Offer, the Acquirer or ACC.
- d) The holders of the Global Depository Receipts (GDRs) who wish to avail of this Offer should request withdrawal of the equity share(s) from the Depository in terms of the issuance of GDRs . Holders of GDRs who wish to tender the equity shares underlying such GDRs, should also request the Depository to instruct the Custodian to deliver the equity shares in accordance with (a) above.
- e) The holders of the FCCBs or ESOPS who wish to avail of this Offer would need to convert the FCCBs or ESOPs as the case maybe into equity shares and deliver the equity shares in accordance with (a) above.
- f) In case of non-receipt of the Letter of Offer, the eligible persons may send their consent to the Registrar to the Offer, on a plain paper stating acceptance of the Offer with Name; Address; Number of Shares held; Distinctive Number; Folio Number, Number of shares offered; along with documents as mentioned above, so as to reach the Registrar to the Offer on or before the close of the Offer, i.e., no later than April 11, 2005 or in case of beneficial owners they may send their application in writing to the Registrar to the Offer, on a plain paper stating acceptance of the Offer with Name; Address; Number of Shares held; Number of shares offered; DP name; DP ID; Beneficiary Account Number and a photocopy of the delivery instruction in "Off-market" mode or counterfoil of the delivery instruction in "Off-market" mode, duly acknowledged by the DP, in favour of the Special Depository Account, or the eligible persons can write to the Manager to the Offer requesting for the Letter of Offer and Form of Acceptance cum Acknowledgement and fill up the same in accordance with the instructions given therein, so as to reach the Registrar to the Offer, on or before the close of the Offer, i.e., no later than April 11, 2005. Unregistered owners should not sign the transfer deed and the transfer deed should be valid for transfer. Alternatively, the Letter of Offer and Form of Acceptance cum Acknowledgement will be available on SEBI's website (www.sebi.gov.in), from the date of Opening of the Offer. The eligible persons can download the Form of Acceptance cum Acknowledgement from the SEBI's website and apply using the same.
- g) If the aggregate of the valid responses to the Offer exceeds the Offer size of 69,298,452 fully paid-up equity shares of ACC (representing 36.88% of the Fully Diluted Equity Voting Capital of ACC), then the Acquirer shall accept the valid applications received on a proportionate basis in accordance with Regulation 21(6) of the SEBI (SAST) Regulations. The shares of ACC are compulsorily traded in dematerialised form, hence minimum acceptance will be one share.

- h) Shareholders who have sent their shares for dematerialization need to ensure that the process of getting shares dematerialized is completed well in time so that the credit in the Special Depository Account is received on or before the date of Closure of the Offer, i.e., no later than April 11, 2005, else the application would be rejected.
- i) While tendering shares under the Offer, NRIs/OCBs/Foreign Shareholders will be required to submit the previous RBI Approvals (specific or general) that they may have obtained for acquiring shares of ACC. ***In case of previous RBI Approvals not being submitted, the Acquirers reserve the right to reject such shares tendered.***
- j) While tendering shares under the Offer, NRI/OCBs/Foreign Shareholders will be required to submit a Tax Clearance Certificate from the Income Tax authorities, indicating the amount of tax to be deducted by the Acquirers under the Income Tax Act, 1961 before remitting the consideration. In case the aforesaid Tax Clearance Certificate is not submitted, the Acquirers will arrange to deduct tax at the rate as may be applicable to the category of the shareholder under the Income Tax Act, 1961, on the entire consideration amount payable to such shareholder.
- k) In addition to the above mentioned address, the equity shareholders of ACC, who wish to avail of and accept the Offer can also deliver the Acceptance Form along with all the relevant documents at any of the collection centres below. All the centres mentioned herein below would be open as follows:

(Monday to Saturday: 10.00 a.m. to 5.00 p.m.)

Address	Contact Person	Mode of Delivery	Phone No.	Fax
16/22, Bake House, Maharashtra Chamber of Commerce Lane, Opp. MSC Bank, Fort, Mumbai - 400 023	Ms.Nutan Shirke	Hand Delivery	(022) 56382666	(022) 5633 1135
7, Andheri Industrial Estate Off. Veera Desai Road, Andheri (W), Mumbai - 400 053	Ms.Vishakha Shringarpure	Hand Delivery	(022) 26730799	(022) 2673 0152
T K N Complex, No. 51/2, Vanivilas Road Basavangudi Bangalore - 560 004	Ms.Shashikala	Hand Delivery	(080) 26621193 / 26621192	(080) 26621169
201-203 "Shail" Opp: Madhusudhan House Off CG Road Ahmedabad - 380 006	Mr.Edward	Hand Delivery	(079) 26420422 / 26400527	(079) 26565551
G1, Swathy Court, 22, Vijaya Raghava Road T Nagar, Chennai - 600 017	Mr.Gunasekhar	Hand Delivery	(044) 28153445 / 28151034	(044) 28153181
Karvy House, 21, Avenue 4, Street No:1, Banjara Hills, Hyderabad - 500 034.	Ms. A Anitha	Hand Delivery/ Registered Post	(040) 23312454/ 23320251	(040) 23312946
49, Jatin Das Road, Kolkata - 700 029	Mr.Sujit Kundu	Hand Delivery	(033) 24647231 / 24644891	(033) 2464 4866
105-108, Arunachal Building, 19, Barakhamba Road, Connaught Place, New Delhi - 110 001	Mr. Michael George	Hand Delivery	(011) 23324401	(011) 2332 4621
Off. No.6, 3rd floor, Rachana Trade Centre, Law College Road, SNDT Circle, CGS No. 105, Erandwane, Pune - 411 004	Ms. Sarika Belote	Hand Delivery	020- 4048790 (5 lines)	020-25456842

- l) Shareholders who cannot hand deliver their documents at the Collection Centers referred above, may send the same by Registered Post, at their own risk and cost, to the Registrar to the Offer at their address given below:

Karvy Computershare Private Limited, 46, Avenue 4, Street 1, Banjara Hills, Hyderabad 500 034. Telephone No.: (040) 2331 2454, Fax no.: (040) 2331 1968.

- m) In terms of Regulation 22 (5A) of the SEBI (SAST) Regulations, shareholders desirous of withdrawing their acceptance tendered by them in the Offer, may do so up to three working days prior to the date of closure of the Offer. The withdrawal option can be exercised by submitting the documents only to the Registrar to the Offer as per the instructions below, so as to reach the Registrar to the Offer at any of the collection centers mentioned above as per the mode of delivery indicated therein on or before April 6, 2005:

- i. For Equity Shares held in demat form:

Beneficial owners should enclose

- Duly signed and completed Form of Withdrawal (enclosed with the Letter of Offer).
- Acknowledgement slip in original / Copy of the submitted Form of Acceptance cum Acknowledgement in case delivered by Registered A.D.
- Photocopy of the delivery instruction in "Off-market" mode or counterfoil of the delivery instruction in "Off-market" mode, duly acknowledged by the DP.

- ii. For Equity Shares held in physical form:

Registered Shareholders should enclose:

- Duly signed and completed Form of Withdrawal (enclosed with the Letter of Offer).
- Acknowledgement slip in original/ Copy of the submitted Form of Acceptance cum Acknowledgement in case delivered by Registered A.D.
- In case of partial withdrawal, valid Share Transfer form(s) duly signed as transferors by all registered shareholders (in case of joint holdings) in the same order and as per specimen signatures registered with ACC and duly witnessed at the appropriate place.

Unregistered owners should enclose:

- Duly signed and completed Form of Withdrawal (enclosed with the Letter of Offer).
- Acknowledgement slip in original/ Copy of the submitted Form of Acceptance cum Acknowledgement in case delivered by Registered A.D.

In case of non-receipt of Form of withdrawal, the withdrawal option can be exercised by making a plain paper application along with the following details

- In case of physical shares: Name; Address; Distinctive Numbers; Folio Number; Number of Shares tendered and
- In case of dematerialised shares: Name; Address; Number of Shares offered; DP name; DP ID; Beneficiary Account Number and a photocopy of the delivery instruction in "Off-market" mode or counterfoil of the delivery instruction in "Off-market" mode, duly acknowledged by the DP, in favour of the special depository account.

- 1) The withdrawal of Shares will be available only for the Share certificates/ Shares that have been received by the Registrar to the Offer/ Special Depository Escrow Account.

- 2) The intimation of returned shares to the Shareholders will be at the address through Registered post as per the records of ACC/Depository as the case may be.
 - 3) In case of partial withdrawal of Shares tendered in physical form, if the original share certificates are required to be split, the same will be returned on receipt of share certificates from ACC
 - 4) Partial withdrawal of tendered shares can be done only by the Registered shareholders / Beneficial owners. In case of partial withdrawal, the earlier Form of Acceptance will stand revised to that effect.
 - 5) ***Shareholders holding Shares in dematerialised form are requested to issue the necessary standing instruction for receipt of the credit in their DP account.***
- n) In case of delay in receipt of statutory approvals beyond April 26, 2005, interest will be payable for the delayed period in terms of Regulation 22(12) of SEBI (SAST) Regulations. Further, if the delay occurs on account of willful default by Acquirers in obtaining the requisite approvals, Regulation 22(13) of SEBI (SAST) Regulations will also become applicable.
 - o) Payment of consideration will be made by crossed account payee cheque / demand draft and sent by registered post, to those shareholders/unregistered owners and at their own risk, whose shares/ share certificates and other documents are found in order and accepted by the Acquirers. In case of joint registered holders, cheques /demand drafts will be drawn in the name of the sole/first named holder/unregistered owner and will be sent to him. ***It is desirable that shareholders provide bank details in the Form of Acceptance cum Acknowledgment, so that same can be incorporated in the cheque / demand draft.***
 - p) Unaccepted or withdrawn Share Certificate(s), transfer form(s) and other documents, if any, will be returned by Registered Post at the shareholders'/unregistered owners' sole risk to the sole/first named shareholder/unregistered owner. Unaccepted or withdrawn shares held in demat form will be credited back to the beneficial owners' depository account with the respective depository participant as per the details furnished by the beneficial owner in the Form of Acceptance cum Acknowledgement.
 - q) The Registrar to the Offer will hold in trust the Share(s)/Share certificate(s), Shares lying in credit of the special depository account, Form of Acceptance cum Acknowledgement, if any, and the transfer form(s) on behalf of the shareholders/unregistered owner(s) of ACC, who have accepted the Offer, till the cheques / drafts for the consideration and/or the unaccepted shares/ share certificates are despatched / returned.

8 DOCUMENTS FOR INSPECTION

The following material documents are available for inspection at the office of the Manager to the Offer, DSP Merrill Lynch Limited, from 10.30 a.m. to 1.00 p.m. on any day, except Saturdays, Sundays and Holidays, until the Offer closes:

- a) Copy of the Share Subscription Agreement between Holcim India, Holcim Mauritius, ACIL and GACL referred in para 2.1 (f) above
- b) Copy of the Shareholders Agreement between Holcim India, Holcim Mauritius, GACL and ACIL referred to in para 2.1(f) above
- c) Memorandum and Articles of Association of the Acquirer
- d) Holcim Ltd letter dated January 20, 2005 confirming that it will supervise the management of its wholly owned subsidiary Holcim India so as to enable its management being able to fulfill its obligations under regulation 29 of the SEBI (SAST) Regulations, and that all funds necessary to consummate this Offer have been or will be made available on behalf of Holcim India as at the date of this announcement.

- e) Audited results of Holcim India for the period ended March 31, 2003 & the year ended March 31, 2004
- f) Certified copy of limited review results of Holcim India for the period of six months ended September 30, 2004
- g) Memorandum and Articles of Association of Holcim Mauritius
- h) Audited results of Holcim Mauritius for three years ended December 31, 2001, 2002 & 2003
- i) Certified copy of limited review results of Holcim Mauritius for the period of nine months ended September 30, 2004
- j) Audited results of Holcim Ltd for three years ended December 31, 2001, 2002 & 2003
- k) Copy of unaudited results of Holcim Ltd for the period of nine months ended September 30, 2004
- l) Memorandum and Articles of Association of ACIL
- m) Audited results of ACIL for three years ended June 30, 2002, 2003 & 2004
- n) Certified copy of limited review results of ACIL for the period of six months ended December 31, 2004
- o) Memorandum and Articles of Association of GACL
- p) Audited results of GACL for three years ended June 30, 2002, 2003 & 2004
- q) Certified copy of limited review results of GACL for the period of six months ended December 31, 2004
- r) Memorandum and Articles of Association of ACC
- s) Audited results of ACC for three years ended March 31, 2002, 2003 & 2004
- t) Certified copy of unaudited results of ACC for the period of nine months ended December 31, 2004
- u) Escrow agreement entered into amongst the Acquirer, HSBC Guyerzeller Bank and DSPML confirming the deposit referred in para 5.2 (b) above
- v) Published copy of Public Announcements dated January 21, 2005 and March 9, 2005.
- w) SEBI observation letters

9 DECLARATION BY THE ACQUIRER

The Acquirer and PACs accept responsibility for the information contained in this Public Announcement. The Acquirer and PAC are jointly and severally responsible for the fulfillment of their obligations under the SEBI (SAST) Regulations.

Holcim India	Holcim Mauritius	ACIL	GACL
5th Floor, Rajendra Bhawan, 210 Deen Dayal Upadhyay Marg, New Delhi-110 002.	Manor House, 1st Floor, Cnr St. George/Chazal Streets, Port Louis, Mauritius.	106, Maker Chamber III, Nariman Point, Mumbai, 400 021	P.O. Ambujanagar, Taluka Kodinar, District Junagadh, Gujarat 362 715.

Sd/-

Authorised Signatories

Date: March 19, 2005

Encl:

1. Form of Acceptance cum Acknowledgement
2. Form of Withdrawal
3. Transfer deed for shareholders holding shares in physical form

(Please send this Form with enclosures to the Registrars to the Offer at their address given overleaf)

FROM

OFFER
OFFER OPENS ON : March 23, 2005
OFFER CLOSES ON : April 11, 2005

To, **Holdcem Cements Private Limited**
C/o. Karvy Computershare Private Ltd.
46, Avenue 4, Street No.1, Banjara Hills, Hyderabad 500 034
Dear Sir,

Open offer for acquisition of up to 69,298,452 fully Paid-up Equity Shares of face value of Rs.10/- each, representing 38.82% of the voting share capital (36.88% of the fully Diluted Voting Equity Capital) of ACC at a price of Rs. 370 per fully paid-up equity share

I/We refer to the Letter of Offer dated March 19, 2005 for acquiring the equity shares held by me/us in **The Associated Cement Companies Limited**.

I/We, the undersigned have read the Letter of Offer and understood its contents including the terms and conditions as mentioned therein.

I/We, hold the following shares in physical form and accept the offer and enclose the original share certificate(s) and duly signed transfer deed(s) in respect of my/our shares as detailed below:

Ledger Folio No.	No. of Share Certificate(s)	No. of Shares
------------------	-----------------------------	---------------

Sr.No.	Certificate No.	Distinctive No.		No. of Shares
		From	To	
Total				

(In case of insufficient space, please use an additional sheet and authenticate the same)

I/We confirm that the equity shares of **The Associated Cement Companies Limited**, which are being tendered herewith by me/us under this Offer, are free from liens, charges and encumbrances of any kind whatsoever.

I/We note and understand that the original share certificate(s) and the valid share transfer deed(s) will be held in trust for me/us by the Registrar to the Offer until the Acquirer makes payment of the purchase consideration as mentioned in the Letter of Offer.

I/We also note and understand that the Acquirer will pay the consideration only after verification of the documents and signatures. I/We hold the following shares in Demat Form and accept the Offer and enclose a photocopy of the Depository Delivery Instruction(s) duly acknowledged by DP in respect of my/our equity shares as detailed below

DP Name	DP ID	Client ID	Name of Beneficiary	No. of Shares

IN302638/10009205

I/We note and understand that the Shares would lie in the said A/c i.e. "**Escrow Account-ACC Offer**" until the Acquirer makes payment of the purchase consideration as mentioned in the Letter of Offer.

I/We authorise the Acquirer to accept the shares so offered, which they may decide to accept in consultation with the Manager to the Offer and in terms of the Letter of Offer and

I/We further authorise the Acquirer to return to me/us, the equity share certificate(s) in respect of which the offer is not found valid/not accepted, specifying the reasons thereof and in the case of dematerialised shares, to the extent not accepted will be released to my Depository Account at my sole risk.

I/We authorise the Acquirer or the Manager to the Offer or the Registrar to the Offer to send by registered post the draft/cheque, in settlement of the amount to the sole/firstholder at the address mentioned above.

The Permanent Account No. (PAN/GIR NO.) allotted under the Income Tax Act 1961 is as under

	1 st Shareholder	2 nd Shareholder	3 rd Shareholder
PAN/GIR No.			

So as to avoid fraudulent encashment in transit, the shareholder(s) holding shares in physical form may provide details of bank account of the first/sole shareholder and the consideration payment will be drawn accordingly. For shares that are tendered in electronic form, the bank account details obtained from the beneficiary position download to be provided by the depositories will be considered and the consideration payment will be issued with the said bank particulars.

Name of Bank	Account No.	Savings/Current/NRE/NRO/Others(Please tick)
Address of the Branch		Pin

Yours faithfully,

Signed and delivered	FULL NAME(S)	SIGNATURE(S)
1 st Shareholder		
2 nd Shareholder		
3 rd Shareholder		

Note : In case of joint holders all must sign. In case of body coporate, stamp of the company should be affixed and necessary Board resolution should be attached.

Place:

Date : _____

Ack. Receipt

Holdcem Cements Private Limited

C/o. Karvy Computershare Private Ltd., 46, Avenue 4, Street 1, Banjara Hills, Hyderabad 500 084

Received from Mr./Ms./M/s. Form of Acceptance cum Acknowledgement

#..... Number of Share Certificates for.....shares/# Copy of the Delivery Instruction to (DP) for.....shares

Delete whichever is not applicable

Stamp of collection centre

INSTRUCTIONS

1. In the case of demat shares, the shareholders are advised to ensure that their shares are credited in favour of the special depository account, before the closure of the Offer. The Form of Acceptance cum Acknowledgement of such demat shares not credited in favour of the special depository account, before the closure of the Offer will be rejected.
2. Shareholders should enclose the following:-
 - i. **For Equity shares held in demat form:-**

Beneficial owners should enclose

 - Form of Acceptance cum Acknowledgement duly completed and signed in accordance with the instructions contained therein, as per the records of the Depository Participant (DP).
 - Photocopy of the delivery instruction in "Off-market" mode or counterfoil of the delivery instruction in "Off-market" mode, duly acknowledged by the DP.
 - For each Delivery Instruction, the beneficial owner should submit separate Form of Acceptance.

In case of non-receipt of the aforesaid documents, but receipt of the shares in the special depository account, the Offer shall be deemed to be accepted.
 - ii. **For Equity shares held in physical form:-**

Registered Shareholders should enclose:

 - Form of Acceptance cum Acknowledgement duly completed and signed in accordance with the instructions contained therein, by all shareholders whose names appear on the share certificates.
 - **Original Share Certificate(s).**
 - **Valid Share Transfer form(s)** duly signed as transferors by all registered shareholders (in case of joint holdings) in the same order and as per specimen signatures registered with The Associated Cement Companies Limited. and duly witnessed at the appropriate place. A blank Share Transfer form is enclosed along with this Letter of Offer.

In case of registered shareholder, non-receipt of the aforesaid documents, but receipt of the share certificates alongwith the duly completed transfer form, the Offer shall be deemed to be accepted.

Unregistered owners should enclose:

 - **Form of Acceptance cum Acknowledgement** duly completed and signed in accordance with the instructions contained therein.
 - **Original Share Certificate(s).**
 - **Original broker contract note.**
 - **Valid Share Transfer form(s)** as received from the market.

The details of buyer should be left blank failing which the same will be invalid under the Offer. The details of the Acquirer as buyer will be filled by the Acquirer upon verification of the Form of Acceptance and the same being found valid. All other requirements for valid transfer will be preconditions for valid acceptance.
3. The share certificate(s), share transfer form(s) and the Form of Acceptance should be sent **only** to the Registrar to the Offer and not to the Manager to the Offer or the Acquirer or **The Associated Cement Companies Limited**.
4. **Shareholders having their beneficiary account in CDSL have to use "INTER DEPOSITORY DELIVERY INSTRUCTION SLIP" for the purpose of crediting their shares in the favour of the special depository account with NSDL.**
5. **Non resident shareholders should enclose a copy of the permission received from RBI for the equity shares held by them in The Associated Cement Companies Limited.. If, the shares are held under General Permission of RBI the non resident shareholder should state that the shares are held under General Permission and whether on repatriable basis or non repatriable basis.**
6. **Non resident shareholders should enclose No Objection certificate/ Tax Clearance certificate from the Income Tax Authorities under Income-Tax Act, 1961, indicating the tax to be deducted by the Acquirer before remittance of consideration otherwise tax will be deducted at marginal rate as may be applicable to the category of the shareholder on the consideration payable by the Acquirer.**

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Note : All future correspondence, if any, should be addressed to the Registrar to the Offer

Karvy Computershare Private Limited

(Unit: The Associated Cement Companies Limited.)

46, Avenue 4, Street 1, Banjara Hills, Hyderabad 500 034

Tel.: 040 - 2331 2454 / 2332 0251 Fax : 040 - 2331 1968

From:
Name:
Address:

B
ACC(FOW)

INSTRUCTIONS

1. Shareholders are advised to ensure that the Form of Withdrawal should reach the Registrar to the Offer at any of the Collection Centers mentioned in the Letter of Offer as per the mode of delivery indicated therein on or before the last date of withdrawal i.e no later than 17.00 hours on April 6, 2005.
2. Shareholders should enclose the following:-
 - i. For Equity Shares held in demat form:- Beneficial owners should enclose
 - Duly signed and completed Form of Withdrawal.
 - Acknowledgement slip in original/ Copy of the submitted Form of Acceptance-cum-Acknowledgement in case delivered by Registered A.D.
 - Photocopy of the delivery instruction in "Off-market" mode or counterfoil of the delivery instruction (TIFD) in "Off-market" mode, duly acknowledged by the DP.
 - ii. For Equity Shares held in physical form:- Registered Shareholders should enclose:
 - Duly signed and completed Form of Withdrawal.
 - Acknowledgement slip in original/ Copy of the submitted Form of Acceptance-cum-Acknowledgement in case delivered by Registered A.D. In case of partial withdrawal, Valid Share Transfer form(s) duly signed as transferors by all registered shareholders (in case of joint holdings) in the same order and as per specimen signatures registered with **The Associated Cement Companies Limited** and duly witnessed at the appropriate place.
 - iii. Unregistered owners should enclose:
 - Duly signed and completed Form of Withdrawal.
 - Acknowledgement slip in original/ Copy of the submitted Form of Acceptance-cum-Acknowledgement in case delivered by Registered A.D.
3. The withdrawal of Shares will be available only for the Share certificates/the Shares that have been received by the Registrar to the Offer/ Special Depository Escrow Account.
4. The intimation of returned Shares to the Shareholders will be at the address as per the records of the Target Company/ Depository as the case may be.
5. The Form of Withdrawal should be sent only to the Registrar to the Offer.
6. In case of partial withdrawal of Shares tendered in physical form, if the original share certificates are required to be split, the same will be returned on receipt of share certificates from the Target Company. The facility of partial withdrawal is available only to registered shareholders.
7. Shareholders holding Shares in dematerialised form are requested to issue the necessary standing instruction for receipt of the credit in their DP account.
8. The Form of Withdrawal and other related documents should be submitted at any of the Collection Centers of **Karvy Computershare Private Limited** stated in Paragraph 7(k) of the Letter of Offer.
9. Applicants who cannot hand deliver their documents at the Collection Centers, may send their documents only by Registered Post, at their own risk, to the Registrar to the Offer at **Karvy Computershare Private Limited, 46, Avenue 4, Street 1, Banjara Hills, Hyderabad 500 034** so as to reach the Registrars on or before the last date of withdrawal i.e. April 6, 2005.

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Note : All future correspondence, if any, should be addressed to the Registrar to the Offer

Karvy Computershare Private Limited
(Unit: The Associated Cement Companies Limited)
46, Avenue 4, Street 1, Banjara Hills, Hyderabad 500 034
Tel. : 040 - 2331 2454 / 2332 0251 Fax : 040 - 2331 2946