

June 14, 2024

**National Stock Exchange of India
Limited**

Scrip Code: AMBUJACEM

BSE Limited

Scrip Code: 500425

**Luxembourg Stock
Exchange**

Code: US02336R2004

Sub.: Presentation on investment rationale on acquisition of Penna Cement Industries Ltd.

Dear Sir / Madam,

Further to our communication dated 13th June 2024, please find enclosed herewith a presentation covering investment rationale on acquisition of Penna Cement Industries Limited.

The aforesaid information is also being placed on the website of the Company at www.ambujacement.com

Kindly take the same on record.

Thanking you,

Yours Sincerely,
For Ambuja Cements Limited

Sd/-
Manish Mistry
Company Secretary & Compliance Officer

Encl: as above

Ambuja Cement Investment Rationale - Acquisition of Penna Cement



Penna Cement – Transaction Brief

- Ambuja Cements to acquire 100% shares of Penna Cement Industries Limited. Penna Cement to become WOS of Ambuja Cements.
- Transaction at an Enterprise Value of Rs. 10,422 Crs.
- Transaction to be fully funded through internal accruals.
- It includes 14.0 MTPA Cement Capacity. Under construction 4.0 MTPA cement capacity at Jodhpur IU and Krishnapatnam GU to be completed by Seller. Cost to complete the same is part of Enterprise Value.
- This will take Adani Cement operational capacity to 89 MTPA. Remaining 4 MPTA under construction capacity will be operational in 12 months. This is over and above ongoing expansions.
- It also includes five BCTs and one 25,500 tons self-discharging Cement Carrier.

The acquisition highly complements with existing operations of Ambuja Cements.

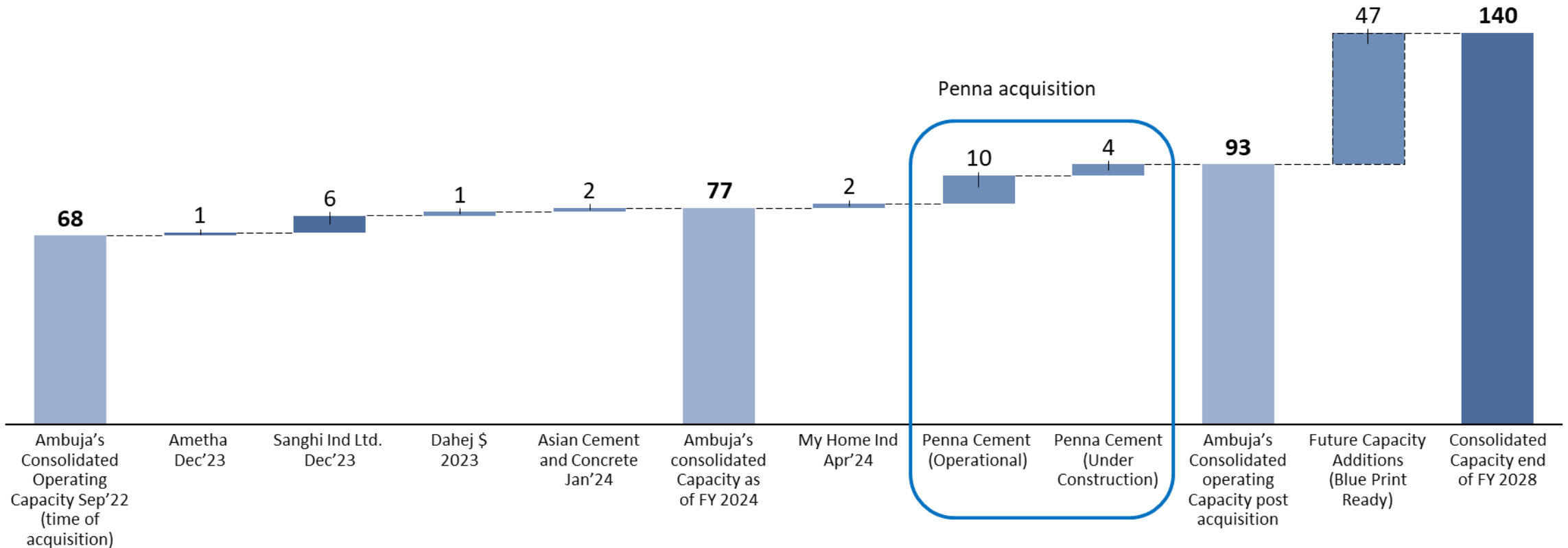
Penna Cement – Rationale for Investment

1. Growth

- Helps Ambuja Cements to increase its presence in South India while further expansion in Pan India. Fast tracks the capacity which otherwise was planned as a greenfield expansion.
- South India Market Share to improve by ~8% to ~15% and Pan India Market Share to improve by ~2%.
- Surplus clinker at Jodhpur plant provides potential to increase Cement Grinding capacity by 3 MTPA in attractive Northern Market over and above acquired capacity of 14 MTPA.
- Surplus land & limestone reserves available at Integrated Units to setup additional clinker lines. Scope to debottleneck and further improve capacity at marginal investment.
- Entry to Sri Lanka Market.

It helps to accelerate Ambuja Cements journey to 140 MPTA by 2028.

Cement Capacity – A step closer to 140 MTPA by 2028



Proposed acquisition adds 14 MTPA capacity and provided potential to expand additional 3 MTPA with surplus clinker in Jodhpur IU.

\$ Ambuja/ACC have long term purchase agreement with Dahej plant of Adani Cement Industries Ltd., 100% subsidiary of AEL

Asset Footprint with Penna Cement



Penna Cement's Plant wise Capacity

Plant	Clinker (MTPA)	Cement (MTPA)
Talariceruvu, AP	1.3	1.8
Boyareddypalli, AP	3.5	2.0
Ganeshpahad, TG	1.0	1.2
Tandur, TG	1.5	2.0
Krishnapatnam, AP	-	2.0
Patas, MH	-	1.0
Operational Capacity	7.3	10.0
Jodhpur, RJ #	3.0	2.0
Krishnapatnam, AP		2.0
Under Construction Capacity	3.0	4.0
Total Capacity	10.3	14.0

Surplus Clinker to support or 3 MTPA

Expected Commissioning for Jodhpur IU is 12 months and Krishnapatnam GU is 6-9 months.

The acquisition balances Ambuja Cement capacity Pan India.

Penna Cement – Rationale for Investment

2. Cost Leadership

- Limestone Reserves at Nil Premium (Pre-Auction era mines)
- Railway siding at all the plants except Talaricheruvu (Tadipatri).
- Sea Logistics (Five BCTs and one 25,000 ton Cement Carrier) to provide substantial competitive edge to cover peninsular India.
- 77 MW CPP, 7 MW WHRS at Ganeshpahad IU and 25 MW WHRS at Boyareddypalli IU. Opportunity to further improve efficiency, green power, AFR.
- Improved Working Capital to facilitate competitive procurement.
- Logistic Cost optimization of Ambuja Cements with improved geographical footprint. It will help to achieve sea logistic movement of 10% of total logistic movement targeted by 2028.

The acquisition strengthens Ambuja Cements' journey of cost leadership.

Coastal Footprint



The acquisition provides 25,500 ton state of the art self discharging Cement Carrier.

The acquisition gives substantial strength to Ambuja Cements to serve peninsular India at most optimum logistic cost.

Penna Cement – Rationale for Investment

3. Improved Profitability

- Expected to improve capacity utilization which will ramp up to 85% by third year.
- EBITDA improvement which will help Ambuja to achieve sustainable EBITDA of more than 1,500/t by FY28.
- Ambuja & ACC brand to help command premium.
- Target ROCE of > 15% on the investment.

The acquisition will improve overall ROCE of Ambuja Cements.

Penna Cement – Rationale for Investment

4. Stronger Balance Sheet

- All debt to be fully paid on closing, which will provide substantial savings in Interest Cost.
- Rating targeted to be upgraded from BBB – to AAA.

The acquisition will improve Balance Sheet of Penna Cement.

Thank You