

# Ambuja Cement

ACL:SEC:

June 27, 2017

The Secretary  
Bombay Stock Exchange Limited  
Phiroz Jeejeebhoy Towers,  
Dalal Street,  
Mumbai - 400 023

National Stock Exchange of India Ltd.,  
Plot No. C/1 'G' Block  
Bandra - Kurla Complex  
Bandra East,  
Mumbai 400 051

BSE Scrip Code: 500425

NSE Scrip Code: AMBUJACEM

Deutsche Bank  
Trust Company Americas  
Winchester House  
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London EC2N 2DB

Societe de la Bourse de Luxembourg,  
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Dear Sir,

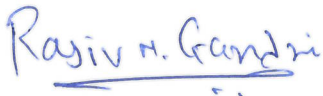
Sub : Presentation made at the Investor Meeting held on 26<sup>th</sup> June, 2017.

We refer to our letter dated 26<sup>th</sup> June, 2017, wherein we have informed the details of the schedule of Investors meetings.

As required under Regulation 46(2)(o) of the Securities & Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations 2015, please find attached the presentation made to the Analyst/Institutional Investors.

This is for your kind information and record.


Thanking you,  
Your Faithfully,  
For AMBUJA CEMENTS LIMITED



RAJIV GANDHI  
COMPANY SECRETARY

**AMBUJA CEMENTS LIMITED**

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

A wide-angle photograph of an industrial cement factory complex. The central focus is a tall, multi-story cylindrical structure under construction, with a large crane perched on top. To the right, another tall, narrower structure is also under construction. The foreground shows various industrial buildings, including one with a prominent blue arched roof. In the background, a range of rugged mountains is covered in snow under a clear blue sky with light clouds. The overall scene depicts a large-scale industrial project in a high-altitude, mountainous region.

**Ambuja  
Cement**

# INVESTOR PRESENTATION

**June 2017**

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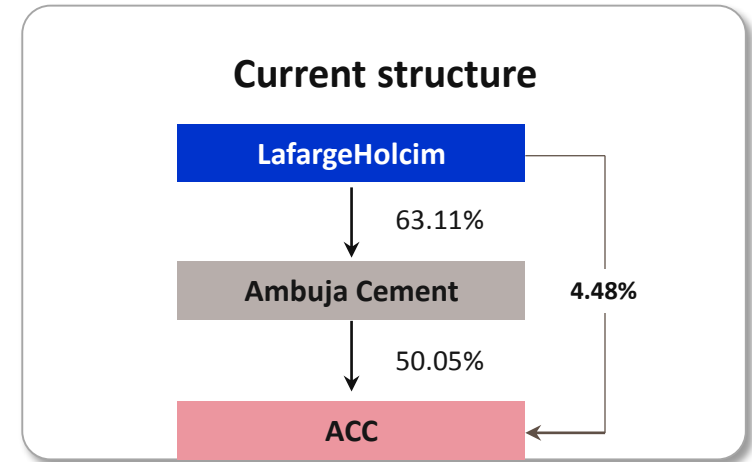
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# Ambuja Cement (ACL): Leading cement company in India

## ◆ Pan India footprint with consolidated cement capacity of 63 mn tonnes

- ▶ Attractive geographical positioning.
- ▶ Market leading brands with large network of dealers/retailers (trade sales >80% of total volume).
- ▶ Strong balance sheet with consolidated net cash of Rs. 44 bn.



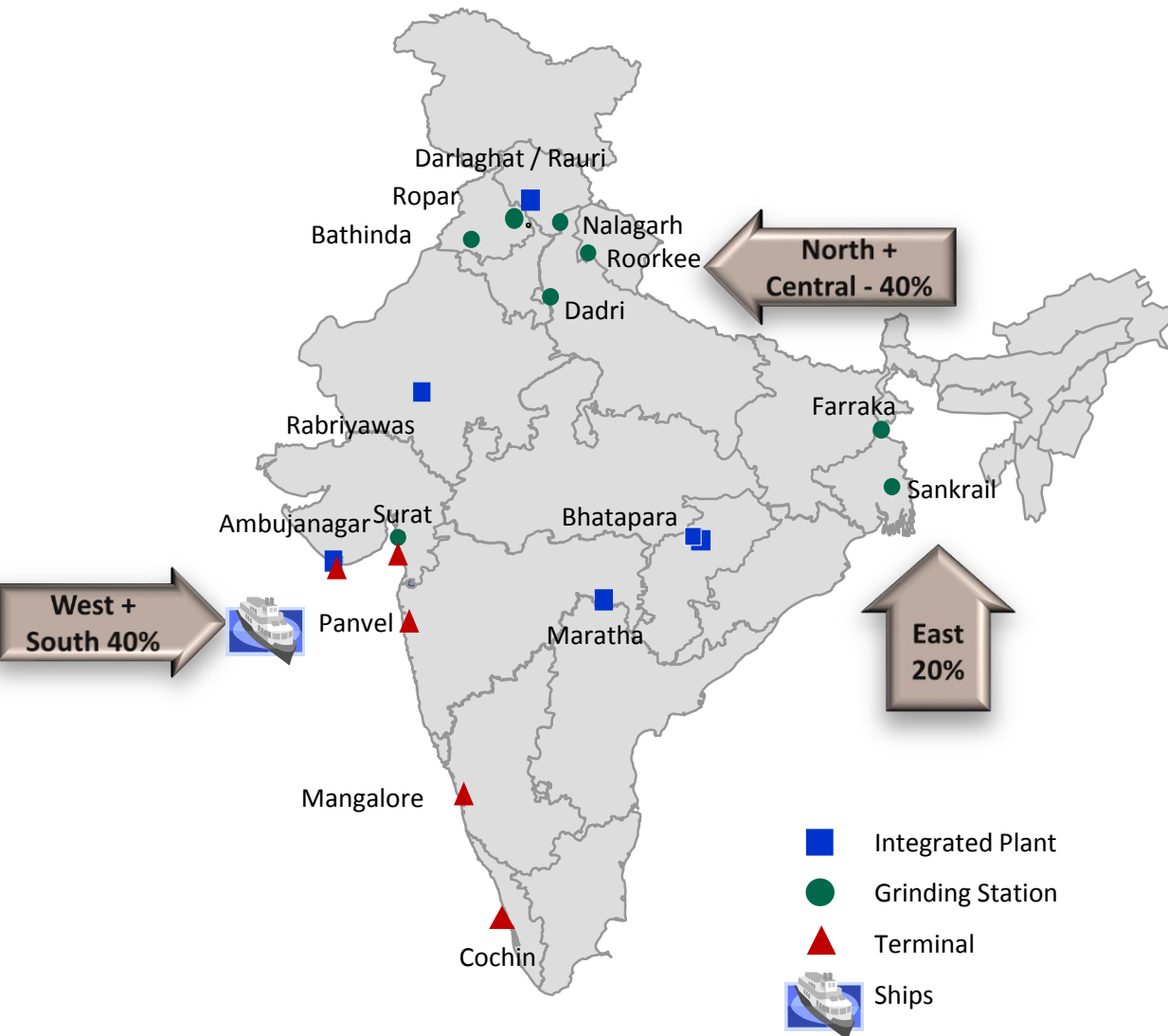
## ◆ ACL - Strategies in place to enhance value

- ▶ CY16 capacity utilization of 71% - leaving ample scope for volume growth.
- ▶ Clinkerisation capacity addition of 1.7 mn tonnes by setting up green field clinkerisation plant at Marwar Mundwa, Nagaur district in Rajasthan has now been undertaken.
- ▶ Commercial transformation: New and innovative premium product launches, focus on customer excellence and on margin management levers.
- ▶ To continue optimize cost structure: Increase in use of pet-coke/alternate fuels further (currently 67%), reduction in lead distance and savings in fixed overheads.

*Ambuja Cements Ltd. is one of the leading cement companies in India. It is part of the LafargeHolcim Group, the world leader in the building materials industry, with a presence in 80 countries, and a focus on cement, aggregate and concrete since 2006. For three decades, Ambuja Cements has provided hassle-free home building solutions with its unique sustainable development projects and environment-friendly practices.*

# ACL – Standalone Asset Footprint

1 CAN.



## Physical infrastructure

Integrated Plants	5
Kilns	9
Clinkerisation Capacity (MTPA)	17.7
Grinding Units	8
Bulk Cement Terminals	3
Loading Port	1
Cement Grinding Capacity (MTPA)	29.7
Ships	10

# India – Macroeconomic context

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## ◆ India on the growth path trajectory

- ▶ India growth story continues - GDP : \$2.1 trillion; Annual GDP growth: > 7%
- ▶ India is currently 7th largest country in terms of GDP (nominal value) & 3rd largest GDP in terms of PPP (purchasing power parity).
- ▶ The long-term growth potential is positive - Young population; Healthy savings & investment rates; Political stability; Govt. push for faster economic growth & reforms on fast track and increasing integration into global economy.

## ◆ Impending growth in Construction Sector

- ▶ The construction sector is expected to pick up its growth from current levels of 4% to 7%+ levels in coming years.
  - The key drivers for growth in construction sector:
    - Rapid Urbanization
    - Infrastructure development (Road, Rail, Metro, Ports etc.)
    - Affordable Housing / PMAY



# Demand drivers for cement industry

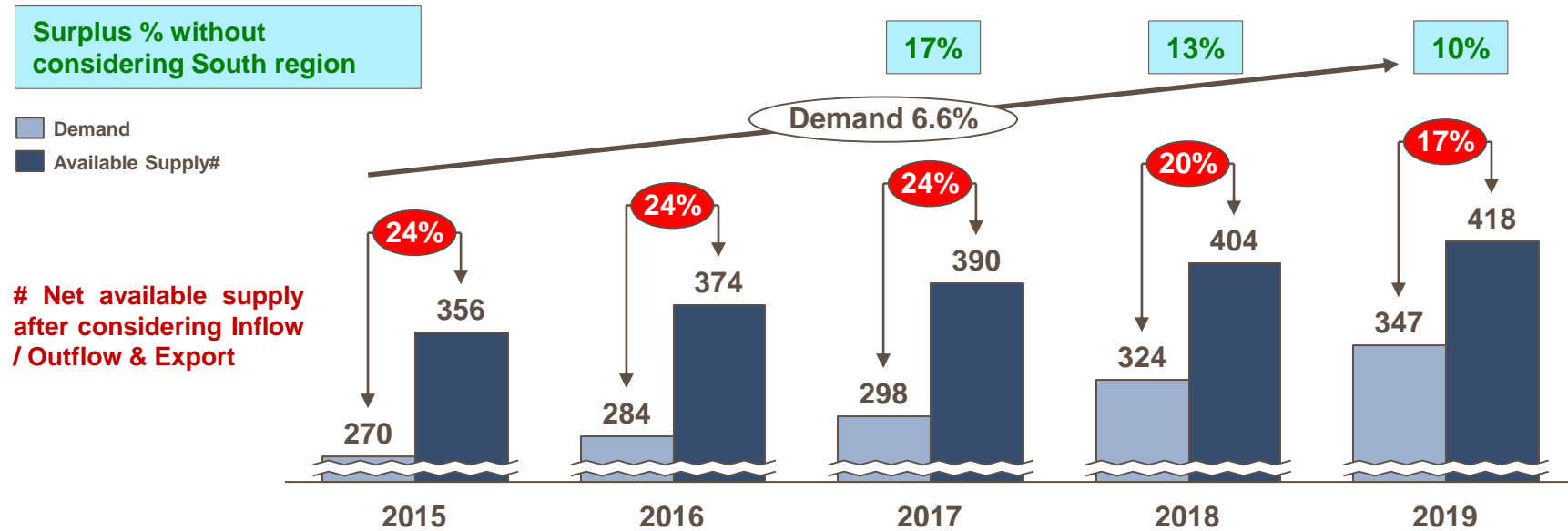
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- ◆ **Government capex :**
  - ▶ PMAY to achieve housing for all by the year 2022, 20 mn in Urban and 30 mn houses in Rural areas
  - ▶ AMRUT to ensure that every household has access to a tap with assured supply of water and a sewerage connection; (ii) increase the amenity value of cities by developing greenery and well maintained open spaces (e.g. parks); and (iii) reduce pollution by switching to public transport or constructing facilities for non-motorized transport (e.g. walking and cycling).
  - ▶ Smart City Mission Launched to develop 100 cities all over the country making them citizen friendly and sustainable. Swachh Bharat Mission etc. will drive cement demand in current 5-year cycle.
  - ▶ Swachh Bharat Abhiyan implemented for urban and rural areas respectively.
  - ▶ Increased government allocation in the Union Budget for infrastructure development, housing, roads, and railways would boost demand for cement and concrete.
- ◆ **Re-monetization:** Cement demand is now reviving due to re-monetization & improved liquidity.
- ◆ **GST:** In long term, with formalisation of economy and widening of tax base, a positive impact on country's GDP & consequently on Cement demand is imminent.
- ◆ **Affordable Housing:** Infrastructure status awarded to affordable Housing along with interest subsidies is major boost for the housing sector, augurs well for cement demand
- ◆ **Real Estate Regulatory Authority (RERA):** It seeks to protect home buyers & boost investment in real estate augurs well for cement sector in long term. The Act ushers in much desired accountability, transparency & efficiency in the sector.

# Cement industry – Demand / Supply Scenario

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Supply surplus to reduce gradually to 17% by 2019 (10% excluding South)

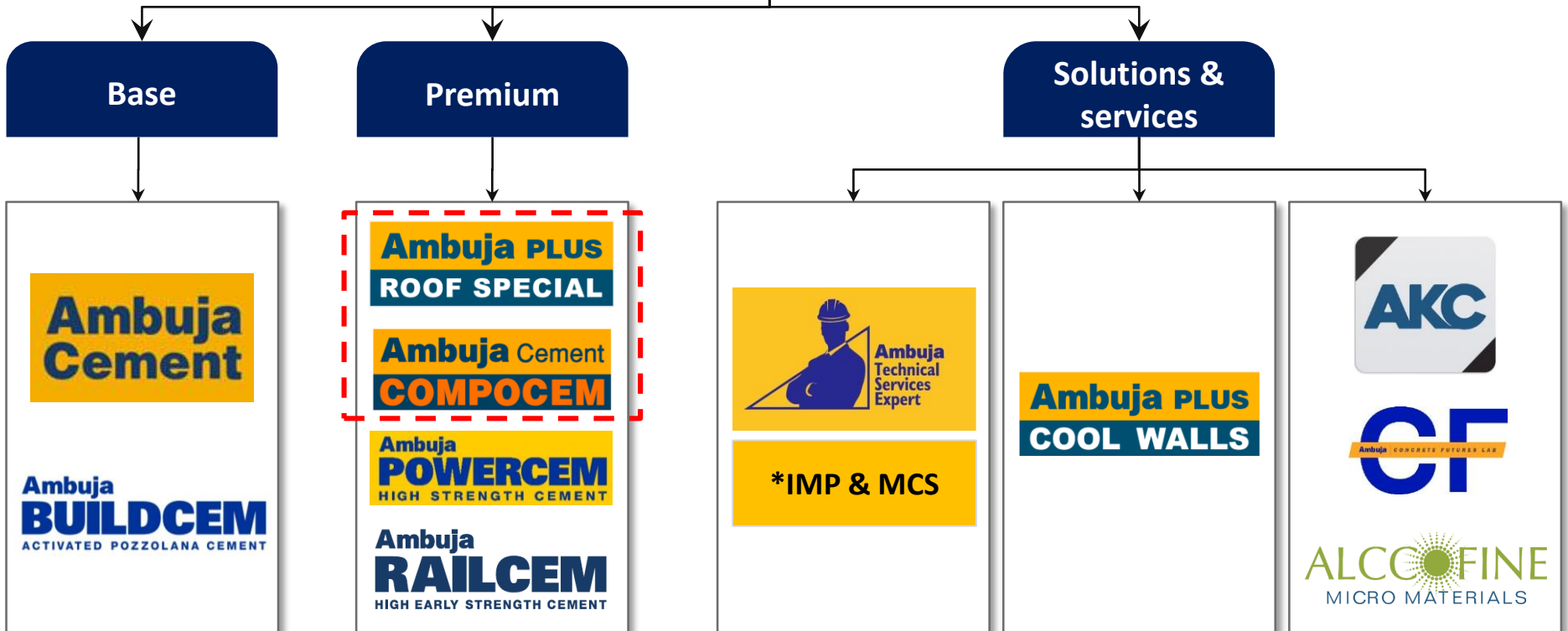
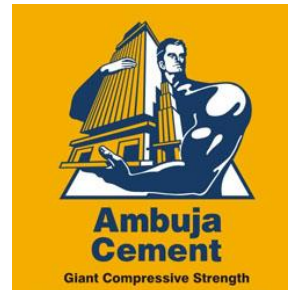


- ◆ Increase in cement demand and reduction in supply, augurs well for the cement industry.
- ◆ Capacity utilization to enhance which in turn would support better pricing scenario.

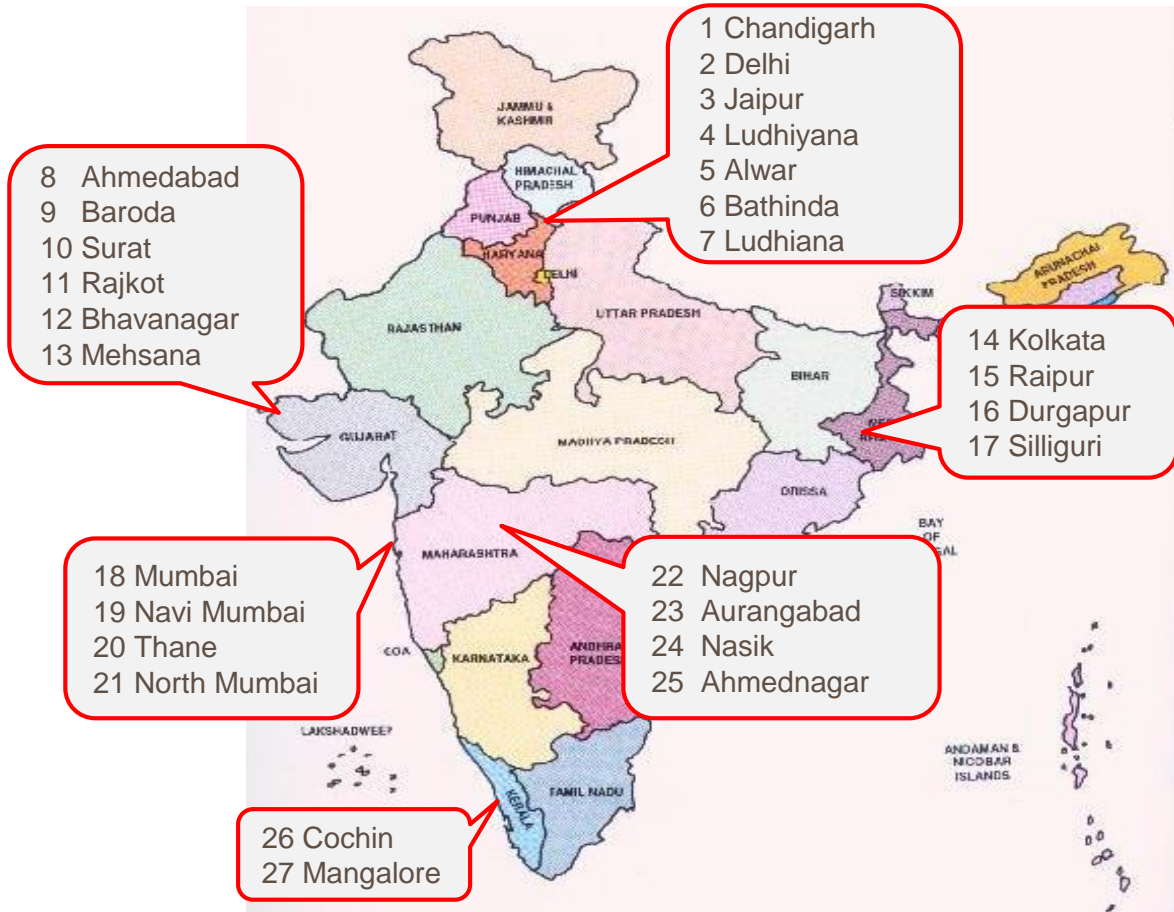


# Brand Architecture

I CAN.



*Share of Premium products expected to increase sharply*



***In-house engagement programs and knowledge initiatives undertaken. Several onsite service interventions are offered for the individual house builder and good knowledge initiatives shared through our Ambuja Knowledge Centre (AKC) network.***

# Ambuja: Financial highlights (CY2016)

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**21.1** mn t  
Cement  
Sales

Rs. **2.8**/share  
Dividend

**18.4%**  
EBITDA Margin

Rs **16.8** bn  
Op. EBITDA

**Highlights of  
standalone  
financial  
performance**

Rs **9.7** bn  
Profit  
after Tax

Rs **13.4** bn  
Profit  
before Tax

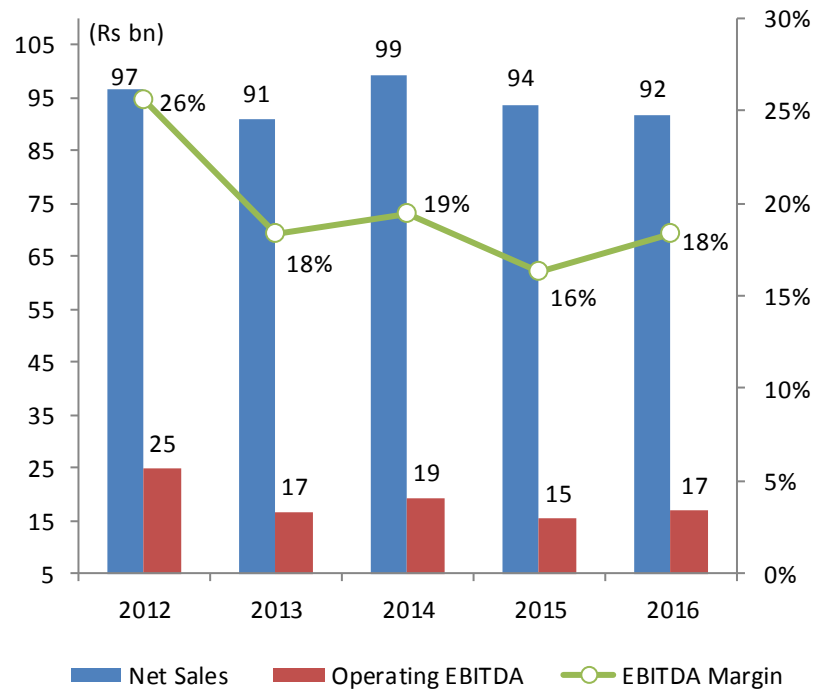
Rs **91.6** bn  
Net Sales

Rs. **96**/share  
Book Value

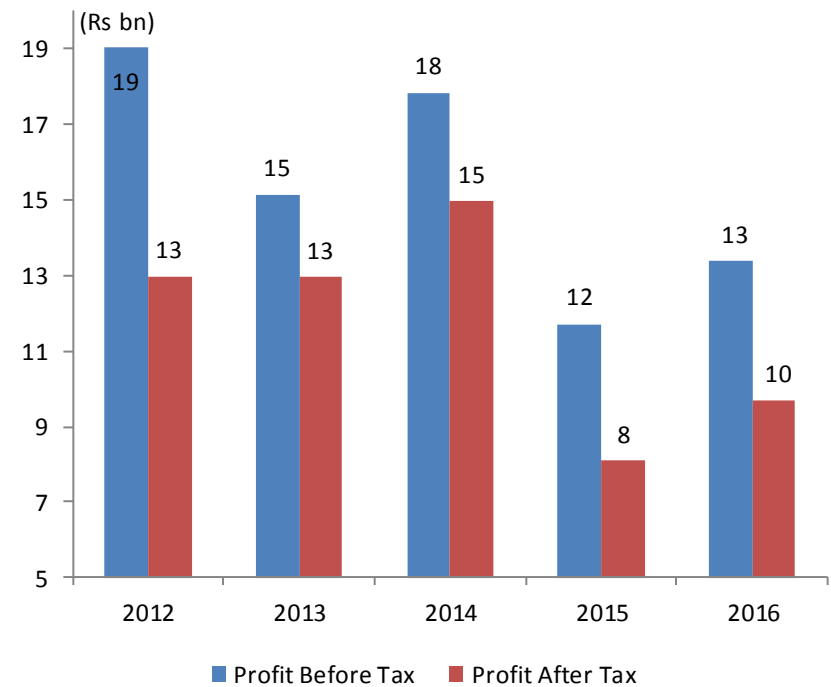
# ACL: Consistent financial performance

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### Net Sales, EBITDA and Margin



### PBT and PAT



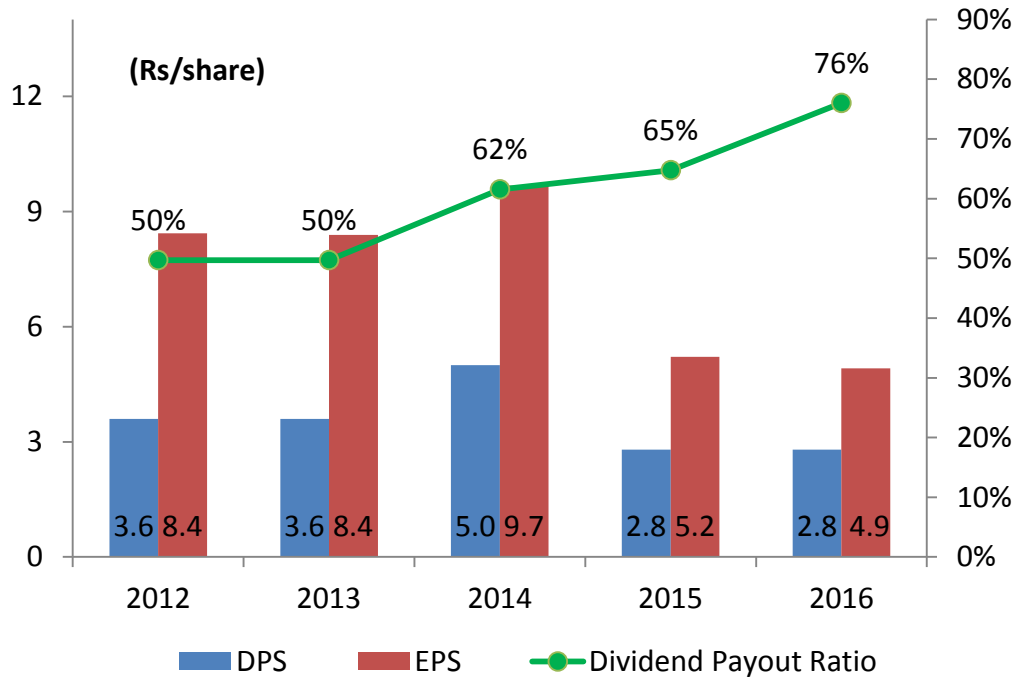
**Achieved an absolute EBITDA of Rs. 17 bn, which was higher by 10% y-o-y basis.**

**Profit before Tax stood at Rs. 13 bn, Up by 14% y-o-y basis and**

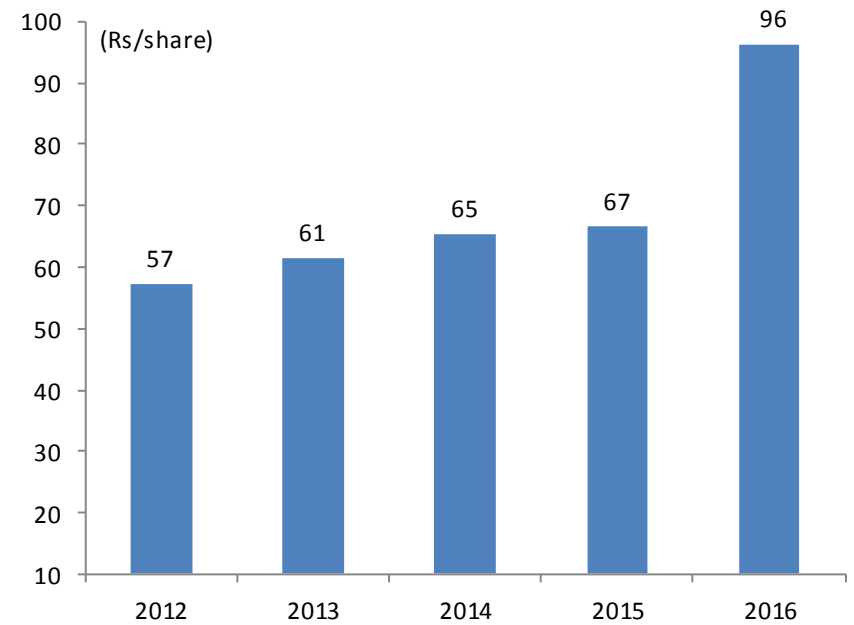
**Net Profit stood at Rs. 10 bn, Up by 20% on a y-o-y basis.**

# Dividends per share /EPS/Dividends Pay-out ratio

Dividend/share, EPS and Payout ratio



Book Value Per Share



***Maintained a Consistent and Progressive Dividend payout ratio***

## Key Thrust Areas

### Commercial Transformation

- ◆ Customer Excellence Initiatives
- ◆ Value offering
- ◆ Premium Products
- ◆ Digital Strategy

### Cost Leadership

- ◆ Manufacturing Excellence
- ◆ Logistics Excellence
- ◆ Efficient Procurement
- ◆ Fixed Costs Optimization
- ◆ IMT –Productivity improvement

### Asset light Approach

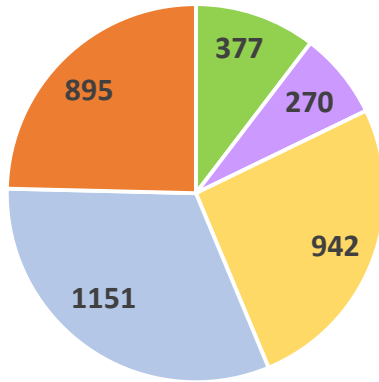
- ◆ Modernization and debottlenecking initiatives
- ◆ Fly Ash dryer
- ◆ Plug&Play-GU

### Sustainable Development

- ◆ Sustainability KPIs
- ◆ SD 2020/2030 Plan
- ◆ Green Building

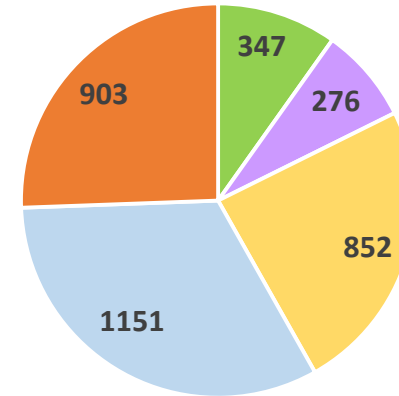
# Cost / Tonne breakup: Significant reduction in fuel costs

CY 2015 - Cost /Tonne



- Consumption of Raw Materials
- Employee Cost
- Power & Fuel
- Freight and Handling
- Other Expenditure

CY 2016 - Cost / Tonne



- Consumption of Raw Materials
- Employee Cost
- Power & Fuel
- Freight and Handling
- Other Expenditure

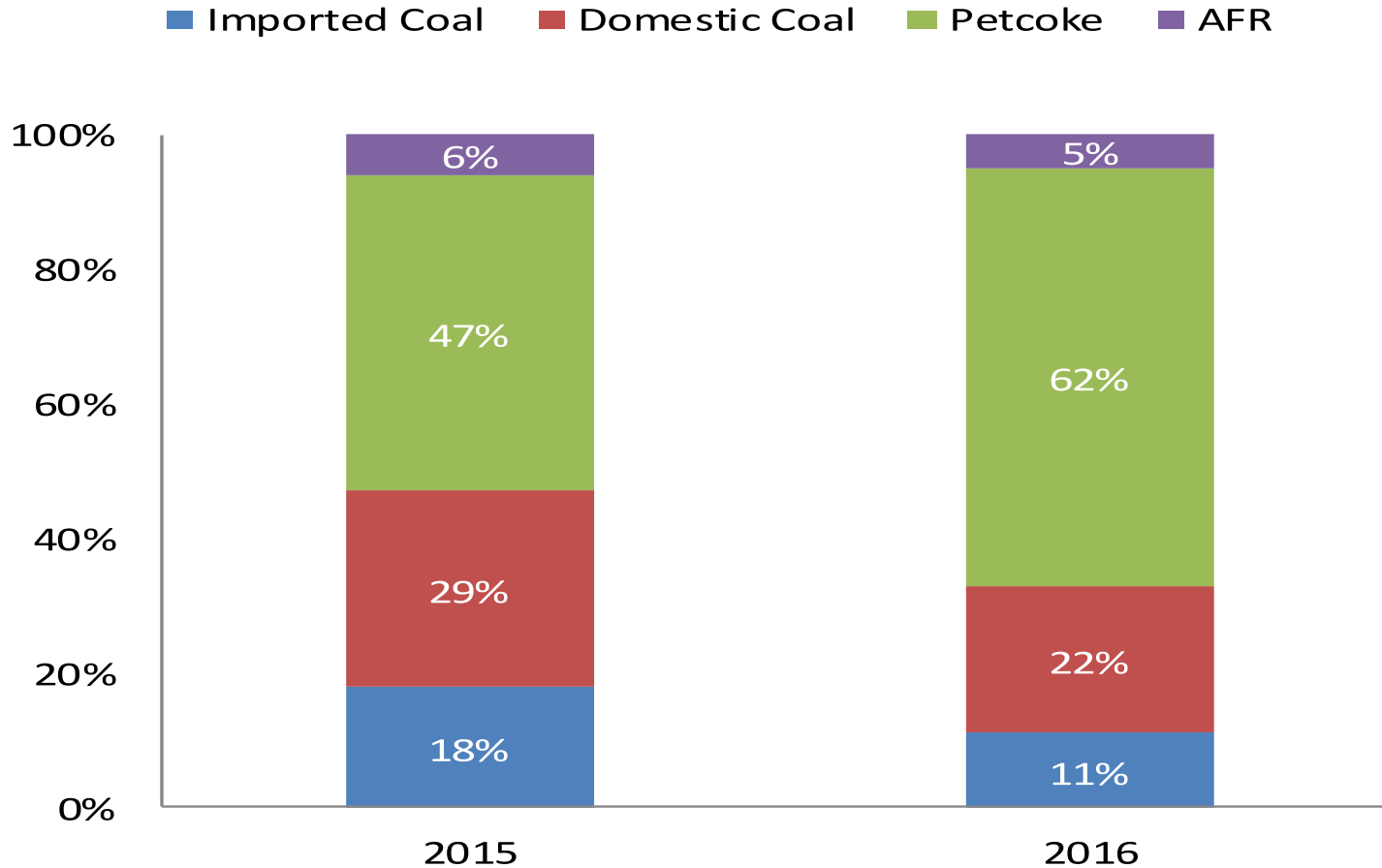
ACL's total cost / tonne reduced to Rs. 3530 / tonne in CY 2016 from Rs. 3636 / tonne in CY 2015, a decline of ~3% on a y-o-y basis, largely attributable to reduction in Power & Fuel costs

***Maintained sustained focus on cost optimization during 2016***



# Fuel mix – Higher usage of low cost pet-coke

Kiln - Fuel Mix (%) Y-o-Y Basis



Going forward as well a balanced fuel mix is planned since ACL's Gare Palma Coal Block will assist in meeting 20-25% of fuel requirements. Alternate fuels targeted is ~10%, Balance 65-70% will be met by Petcoke & Coal-Domestic / Imported

## Capital projects under implementation

- ◆ New coal block, at Gare-Palma in the state of Chhattisgarh acquired that would secure the long term requirement of fuel.

Land Acquisition and various clearances are in progress and the mining operation is expected to commence in the year 2018.

- ◆ Secured long term limestone requirement of the Bhatapara plant as a new mining lease, at Maldi Mopar Mines was allotted. Environmental clearance and other required approvals for the mining lease acquired.

- ◆ Acquired a new mining lease at Lodhva mines to secure long term limestone requirement of Ambujangar Plant.

Environmental clearance and other required approvals for the mining lease have been secured.

- ◆ Setting up of a 1.7 mn tonnes green field clinkerisation plant at Marwar Mundwa, in Rajasthan has now been undertaken.

The company will commence, in 2017, the site development, infrastructure, engineering, tendering and contracting of the project. While the majority of the mining and plant land is already in possession and the rest is under an advanced stage of acquisition.

- ◆ Various projects undertaken to comply with new Environmental Regulations issued by MOEF related to Dust Emission, SOx & NOx emissions.

- ◆ *ACL recently won the Nandgaon-Ekodi Block for Limestone mining lease in Maharashtra.*

**ACL enjoys long term secured limestone reserves ~ 50 years plus**

**- A huge competitive advantage**

## In Summary

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- We strongly believe in India's long term potential and prospects for the cement and construction sector.
- Focus on Commercial Transformation:
  - Customer Excellence Initiatives.
  - Focus on Margin Management levers - Capture opportunities to extract higher contribution
  - Sustain Cost efficiency
- Investments in Marwar Mundwa Project.
- A Solid debt free balance sheet and cash-flow generation which supports growth and ACL investment.
- Value creation opportunity post acquisition of 50.05% stake in ACC.
- The Board of Directors has recently initiated a study to explore the possibility of a merger between the Company and ACC Limited, which could enable both the companies to combine their strengths of business so as to benefit all the stakeholders.