

Ambuja Cement Investment Rationale - Acquisition of Orient Cement



Orient Cement – Transaction Brief

- Ambuja Cements to acquire 46.8% shares of Orient Cement Limited ("OCL"). Transaction has triggered an open offer of 26.0% to acquire shares from Public Shareholder.
- Transaction at an Equity Value of Rs. 8,100 Crs or Rs. 395.40/share.
- Transaction to be fully funded through internal accruals.
- It includes 8.5 MTPA Cement Operational Capacity. It also has 8.1 MTPA Ready to execute projects. High quality limestone mine at Chittorgarh (Rajasthan) can support additional 6.0 MTPA Cement Capacity in North India.
- This will take Adani Cement operational capacity to 97.4 MTPA, accelerates to achieve 100 MTPA+ capacity by Mar'25.

The efficient operations of OCL highly complements with existing operations of Ambuja Cements and provide immediate opportunity of scaling and savings in logistics cost.

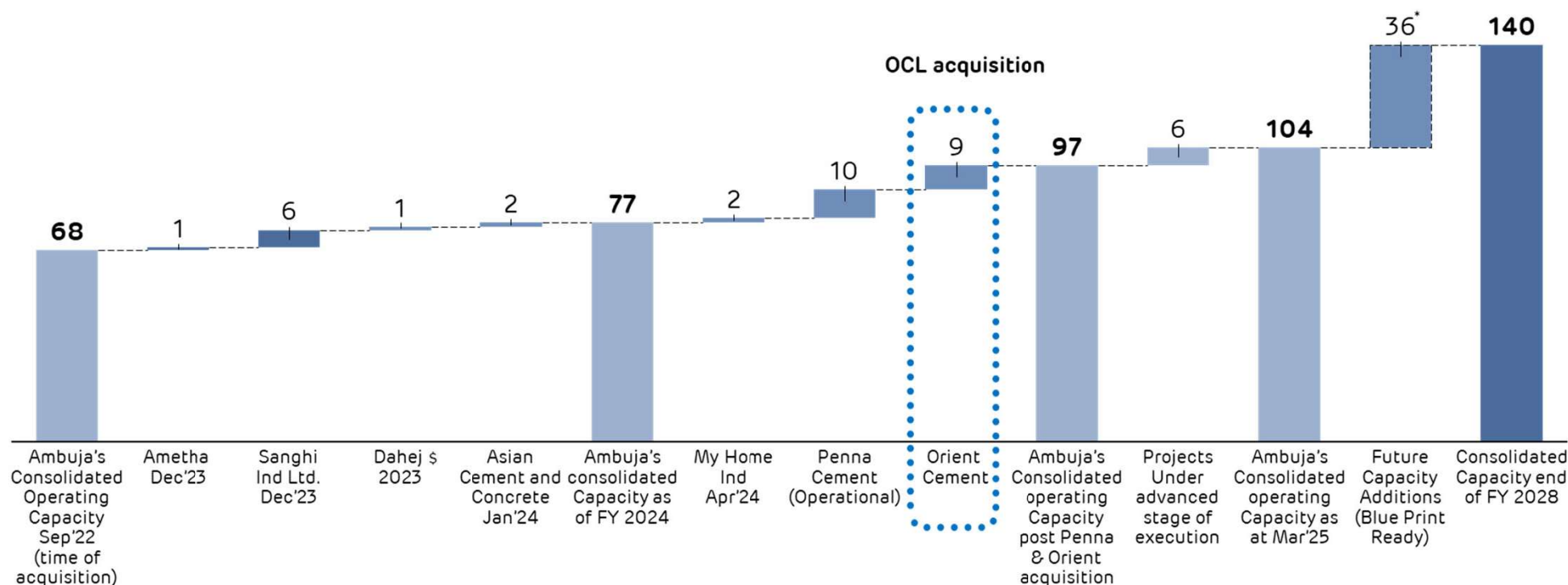
Orient Cement – Rationale for Investment

1. Growth

- Helps Ambuja Cements to increase its presence by 8.5 MTPA in core market of South & West India.
- Pan India Market Share to improve by ~2%.
- OCL also has additional 8.1 MTPA capacities which are in Ready to Execute phase and construction can be started immediately.
- In addition, large size high quality limestone deposit at Chittorgarh (Rajasthan) provides potential to increase Cement Grinding capacity by 6 MTPA in attractive Northern Market (through split GU).

It helps to accelerate Ambuja Cements journey to 100 MTPA+ Capacity by 2025 and 140 MPTA by 2028.

Cement Capacity – A step closer to 140 MTPA by 2028



Proposed acquisition adds 8.5 MTPA capacity and provides potential to expand additional 14.1 MTPA capacity.

\$ Ambuja/ACC have long term purchase agreement with Dahej plant of Adani Cement Industries Ltd.

* Includes under construction Penna cement plants, Ready to Execute Projects of OCL and other projects.

Asset Footprint with Orient Cement



Orient Cement's Plant wise Capacity

| Plant | Clinker (MTPA) | Cement (MTPA) |
|---|----------------|---------------|
| Chittapur, KR | 2.1 | 3.0 |
| Devapur, TG | 3.5 | 3.5 |
| Jalgaon GU | - | 2.0 |
| Operational Capacity | 5.6 | 8.5 |
| Chittapur, KR | 2.9 | 4.0 |
| Devapur, TG + Satpura, MP | 3.0 | 4.1 |
| Ready to Implement Capacity | 5.9 | 8.1 |
| Potential New Capacity in North Market | 4.0 | 6.0 |
| Total Capacity + Expansion Potential | 15.5 | 22.6 |

The acquisition expands Ambuja Cement's footprint to wider geography.

Orient Cement – Rationale for Investment

2. Cost Leadership

- Entire Limestone Reserves at Nil Premium (Pre-Auction era mines)
- Railway siding at all the plants
- 95 MW CPP, 10 MW WHRS & 13.5 MW Renewal Power. 19.7 MW Renewal Power is under commissioning; AFR - 18%.
- Opportunity to further improve operational efficiency through green power and domestic coal linkage.
- Logistic Cost optimization of Ambuja Cements with improved geographical footprint. E.g. Clinker rail freight for Jalgaon GU will reduce by ~Rs. 150/t by clinker source swapping with Adani Cement's existing footprint.

The acquisition strengthens Ambuja Cement's journey of cost leadership.

Orient Cement – Rationale for Investment

3. Improved Profitability

- Expected to improve capacity utilization which will ramp up to 85% by third year.
- Ambuja & ACC brand to further help in trade sales , improving realizations and sale of premium cement.
- Cost optimization and rationalization of realization to achieve sustainable EBITDA of more than 1,500/t by FY28.
- Target ROCE of > 15% on the investment.

The acquisition will improve overall ROCE of Ambuja Cements.

Orient Cement – Rationale for Investment

4. Stronger Balance Sheet

- Orient Cement is almost debt free.
- Rating targeted to be upgraded from AA – to AAA.

The acquisition will further strengthen the Balance Sheet of Orient Cement.

Quote – Mr. Karan Adani, Director, Ambuja Cements

“This timed acquisition marks another significant step forward in Ambuja Cements’ accelerated growth journey, increasing cement capacity by ~30 MTPA within two years of Ambuja’s acquisition,” said **Mr Karan Adani, Director of Ambuja Cements**. “By acquiring OCL, Ambuja is poised to reach 100 MTPA cement capacity in FY 25. The acquisition will help to expand Adani Cement’s presence in core markets and improve its pan-India market share by 2%. OCL’s assets are highly efficient, equipped with railway sidings and well supported by captive power plants, renewable energy, WHRS and AFR facilities. OCL’s strategic locations, high-quality limestone reserves and requisite statutory approvals present an opportunity to increase cement capacity in the near term to 16.6 MTPA.”

Quote – Mr. Chandrakant Birla, Chairman, Orient Cement and the CK Birla Group

CK Birla, Chairman of Orient Cement and the CK Birla Group, said, “The CK Birla Group is continuously reallocating capital to sharpen its focus on consumer centric, technology driven and service based businesses. I take pride in Orient Cement’s impressive track record of building premium brands and maintaining a leading market share in the geographies it operates in. We are confident that the Adani Group, with its strong focus on cement and infrastructure, is the ideal new owner to drive continued growth at Orient Cement for our people and stakeholders”.

Quote – Mrs. Amita Birla, Co-Chairman, CK Birla Group

"Amita Birla, Co-Chairman, CK Birla Group, added, "Orient Cement has a strong market presence, with sustainability initiatives, particularly in renewable energy, being a significant part of its DNA. I am convinced that Ambuja Cements is the right home for all our colleagues at Orient Cement, as well as our customers."

Thank You