

Ambuja Cement

Strength. Performance. Passion.

Unlocking Synergies

Deriving Further Value from the India Platform



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Agenda

Deriving Further Value from the India Platform

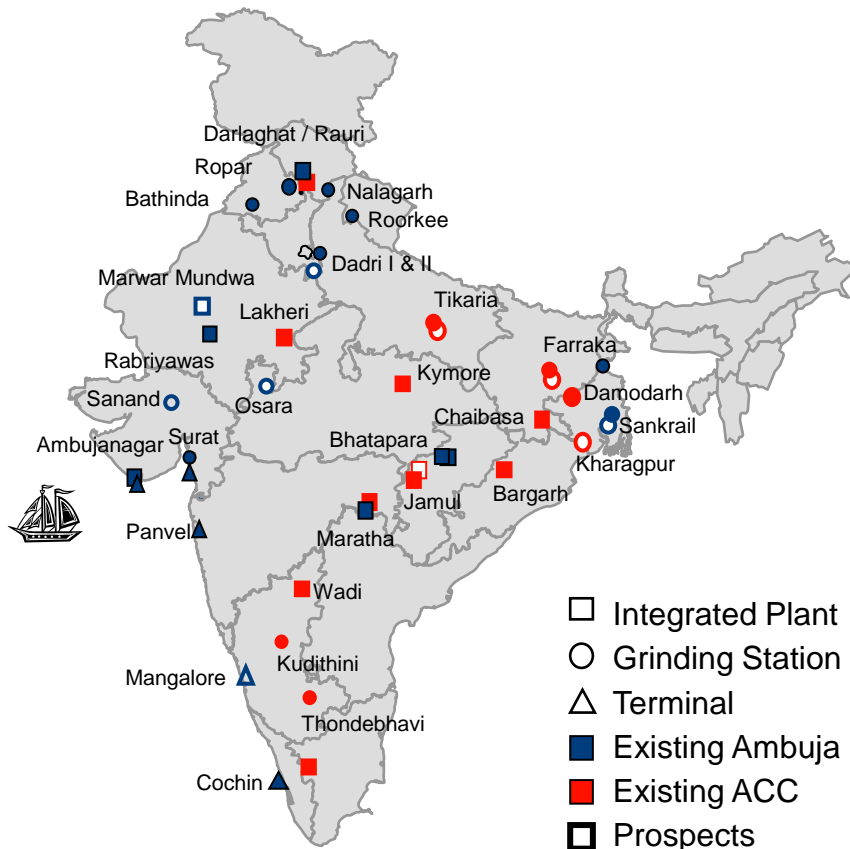
Transaction Steps and Valuation

Implementation Timeline

Conclusion

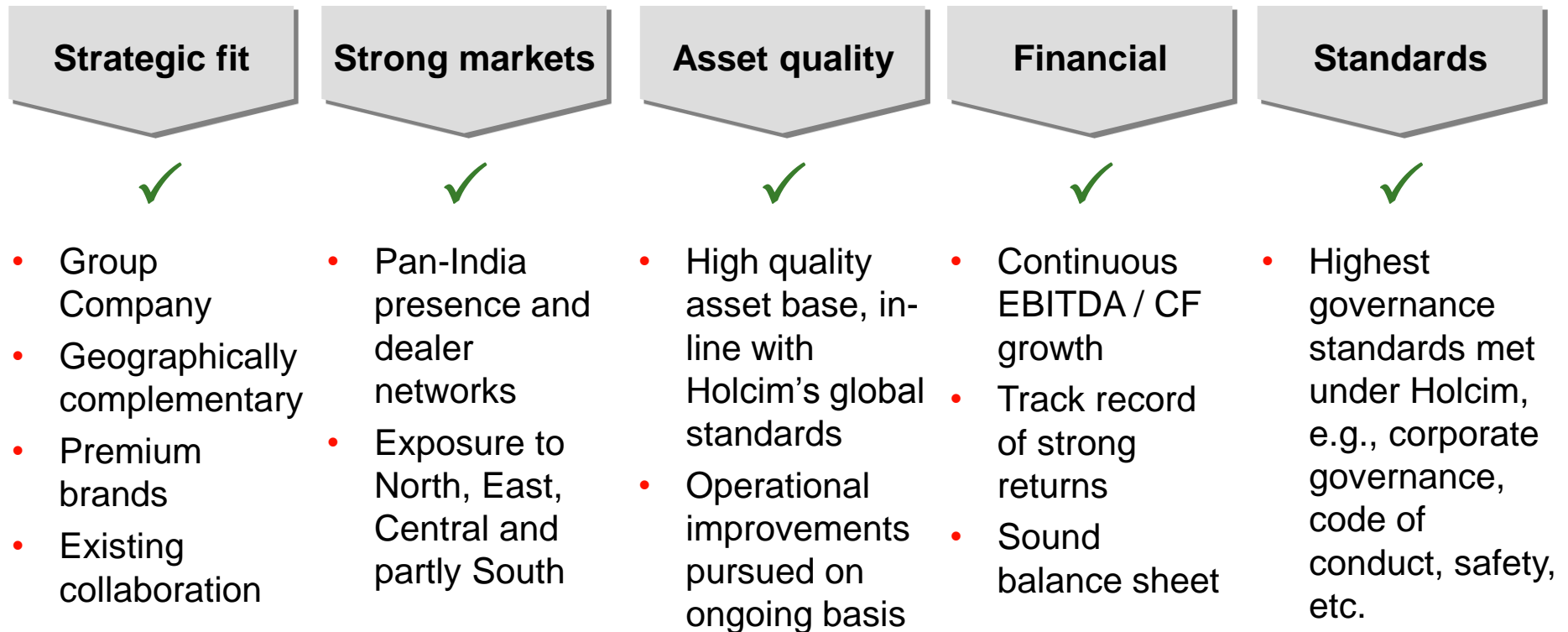
Capitalise on India Group Platform to increase profitability

Holcim India platform – Ambuja and ACC footprint



- Ambuja and ACC form Holcim's India Group – prime positions, brands and access to attractive markets
- Significant expansions and performance improvements over the last few years, with above peer profitability
 - ▶ Strategic choices
 - ▶ First collaboration between Ambuja and ACC in Technical, IT and Procurement
- Moderation in short-term India growth story provides opportunity to strengthen our solid foundation further
- Mid to long-term prospects are promising – We get ready now!

Ambuja and ACC are a perfect match



Combining Ambuja and ACC best practices into competitive advantages and synergy benefits

Value creation opportunity

Improve Structure

- More efficient capital structure; EPS accretive from Year 1
- Re-investment of cash into business
- Collaboration under 'India Management' structure

Unlock Synergies

- Synergy potential of approximately INR 900 crore (USD 150 mio) through supply chain and fixed cost optimisation

Get Scale

- Consolidated pan-India footprint with 58 mio tpa capacity
- Confirmed >10 mio tpa capacity expansion underway in both companies; additional projects in planning (e.g. ACC Ametha)
- Strong and debt free balance sheet; cash flow diversification

Maintain Front-end

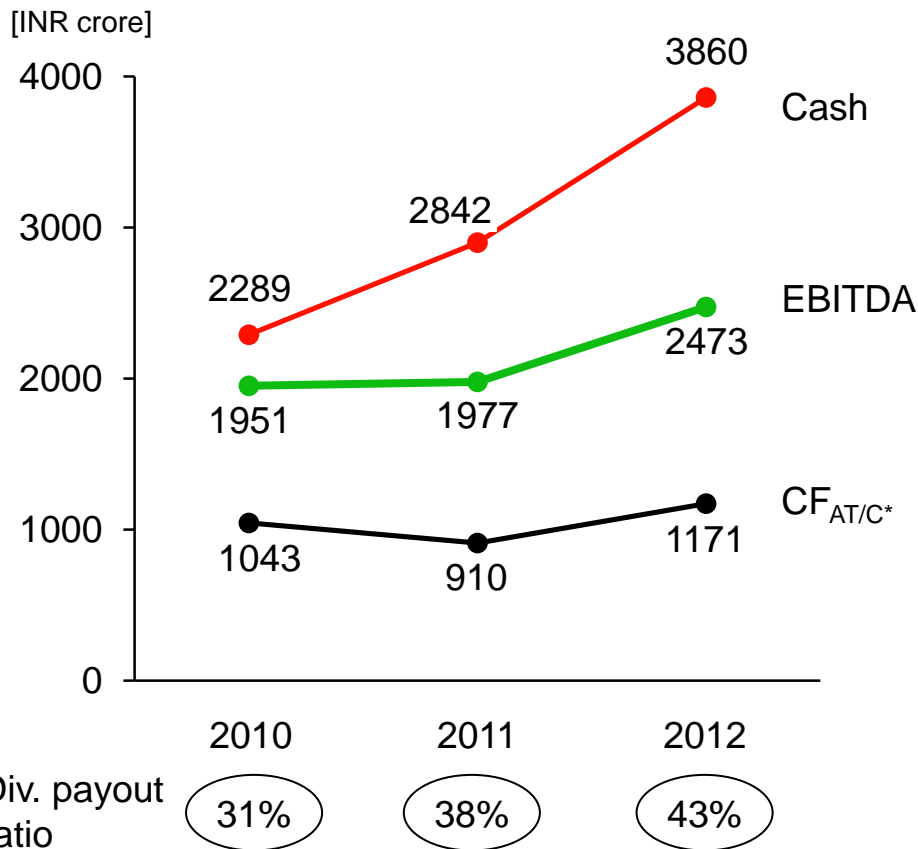
- Complementary premium brands will continue to exist
- Independent go-to-market strategy with strong dealer networks / distribution in respective markets

Commit to India Group

- Investment in Marwar Mundwa
- Intent to increase economic ownership in ACC over time

Improve financial structure by re-investing into the business

Significant cash build-up at Ambuja despite CAPEX and above average payout

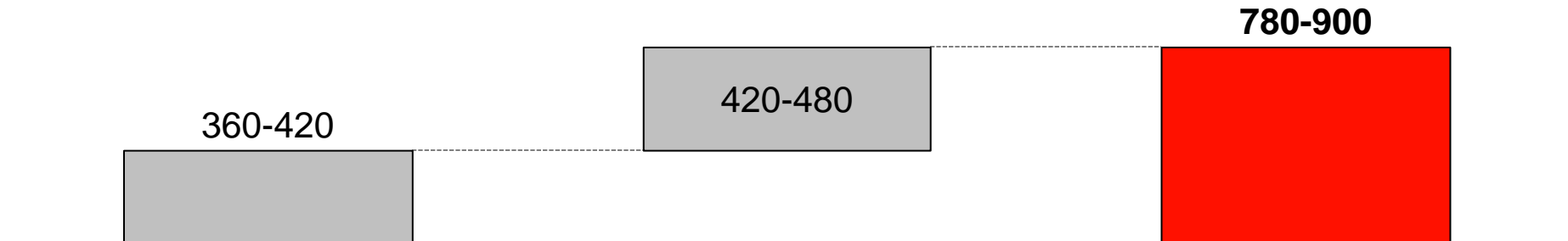


Efficient use of cash is beneficial for Ambuja and its shareholders

- Part cash deal supports
 - ▶ EPS accretion in Year 1
 - ▶ Lower dilution for minorities
 - ▶ Re-investment into business
- More efficient capital structure and lower cost of capital due to larger asset base and greater scale
- Debt free and sufficient cash post completion of the transaction for CAPEX and increase in economic ownership
 - ▶ Consolidated: INR ~3352 crore
 - ▶ ACL standalone: INR ~400 crore

Significant synergies and benefits of INR 900 crore (USD 150 mio) expected to be realised in a phased manner

Sources of synergy potential [INR crore]



Supply Chain Optimisation

- Clinker swaps
 - ▶ 2 ACC plants supply clinker to 2 ACL units
 - ▶ 2 ACL plants supply to 4 ACC units
- Cement swaps
 - ▶ 13 ACL plants supply in parts of 21 States for ACC
 - ▶ 10 ACC plants supply in parts of 16 States for ACL

Shared services / Fixed Costs

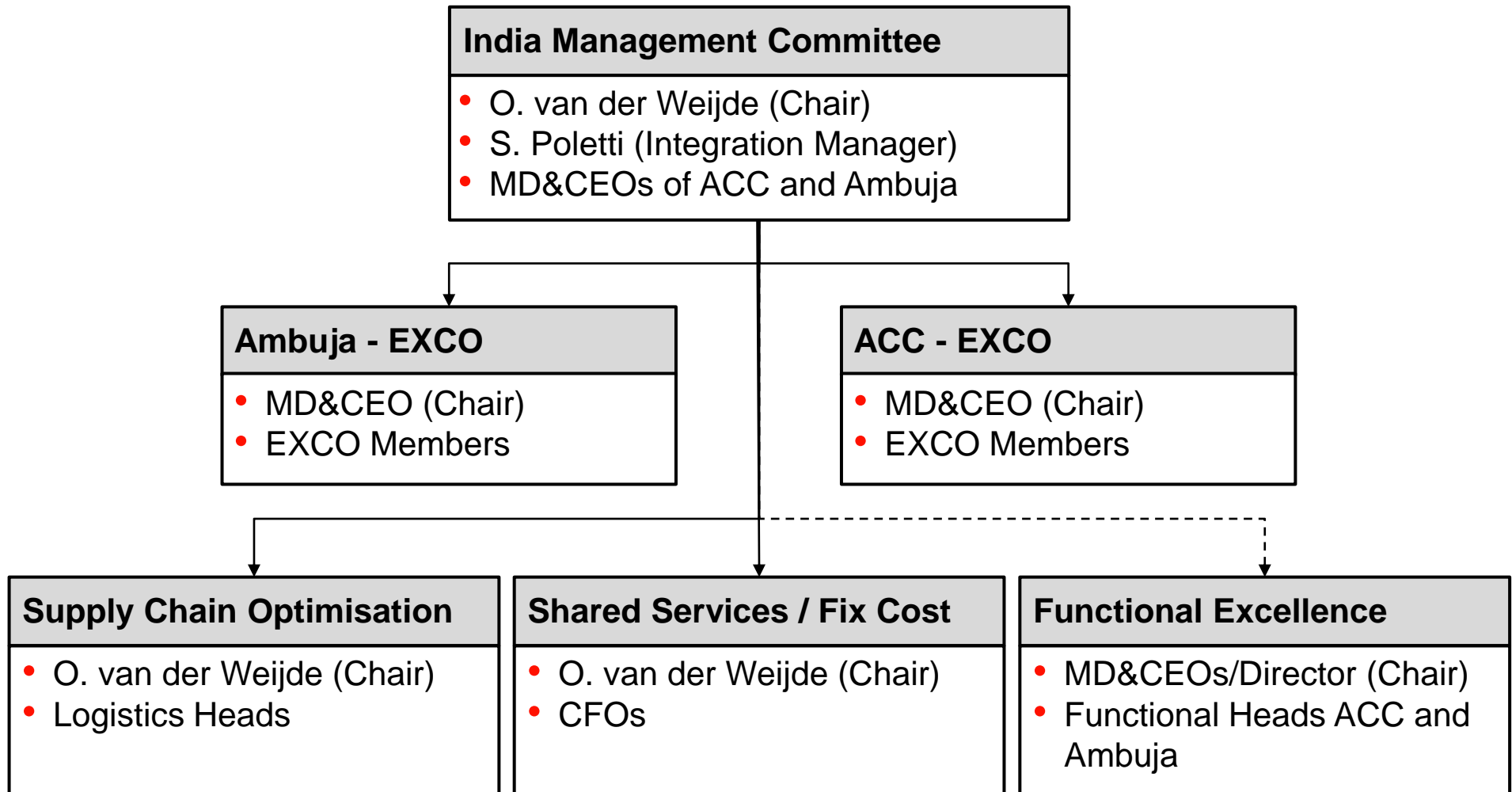
- Procurement
- Fixed cost reduction through shared services in back-end processes
 - ▶ Finance / Controlling
 - ▶ Human resources
 - ▶ Marketing / Sales
- Financial optimisation

Expected Synergies & Benefits

- Replication of best practices
- Annual saving potential to be realised in phased manner over 2 years
- Equally beneficial for ACL and ACC
- 'India Management Committee' structure

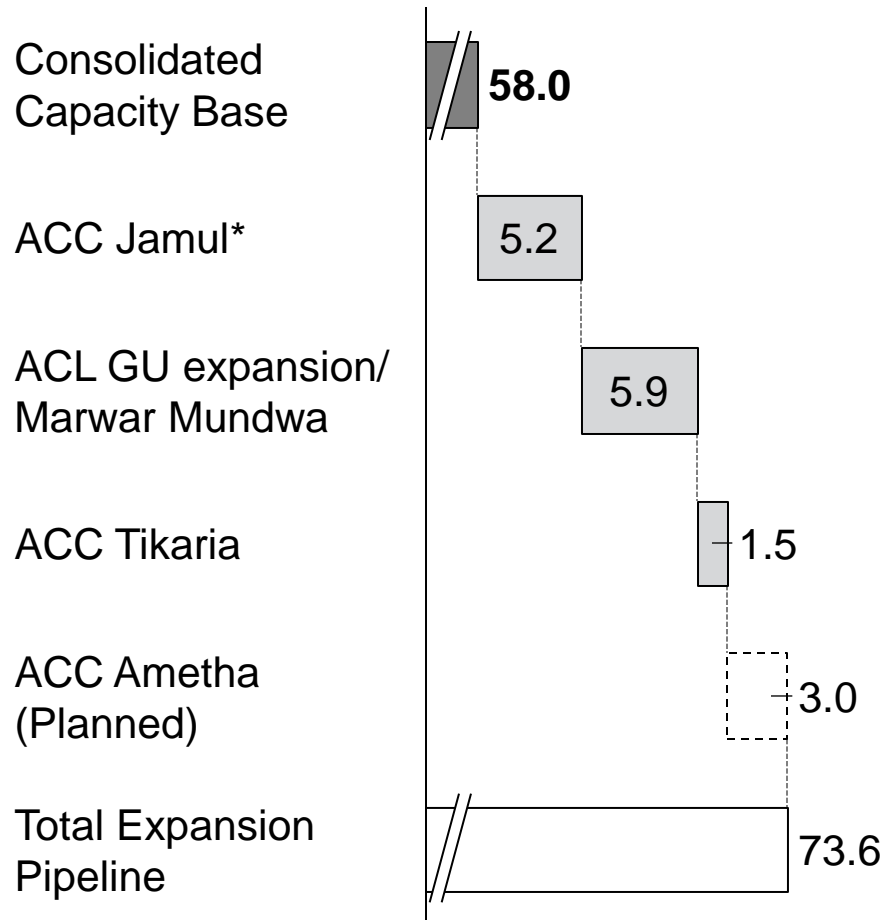
'India Management Committee' structure to drive increased collaboration and realisation of synergy potential

India Management Team, effective as of August 1, 2013

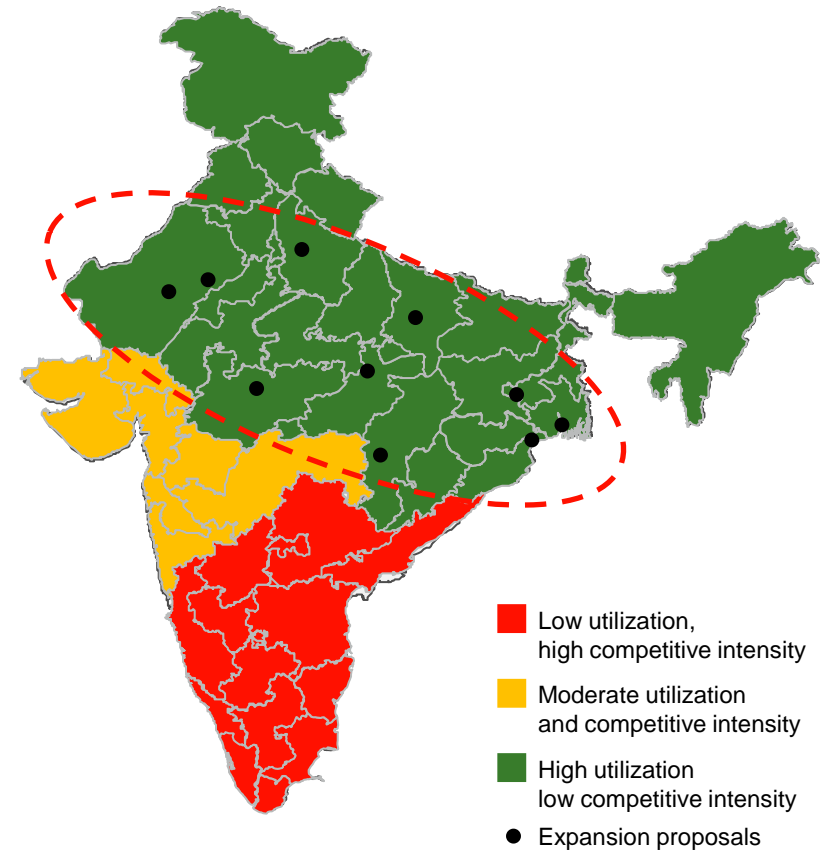


Large scale for investments in India's most attractive areas

Solid expansion pipeline to be realized over the next years [mio t]



Focus on growth opportunities in India's most attractive regions*



Strong consolidated financials and cash flow diversification

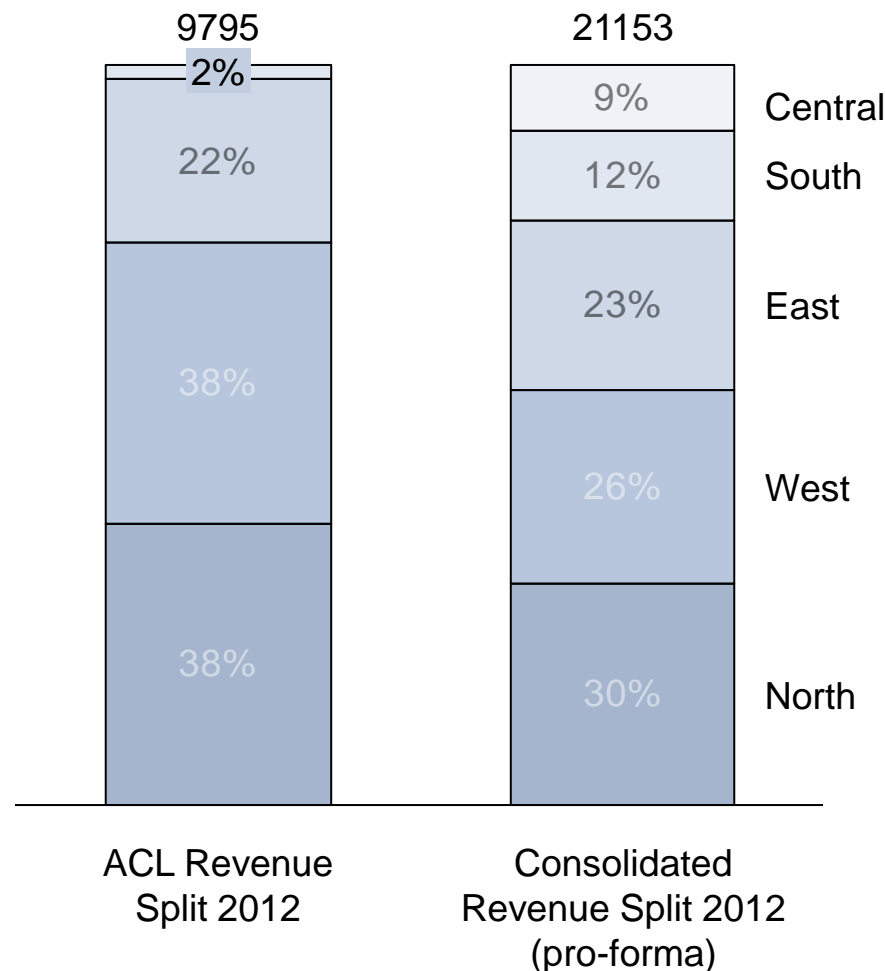
Strong combined financial position post transaction ensures flexibility

| | Pro Forma |
|---------------------------------|---------------------|
| (in Rs. crore) | (2012) |
| Net Sales | 21153 |
| Operating EBITDA ⁽¹⁾ | 4719 |
| Total Assets | 24385 |
| Debt | 226 |
| Net Cash | 3352 ⁽²⁾ |
| Debt / EBITDA | 0.0x |

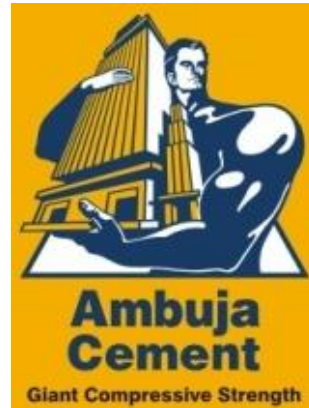
Source Company filings. Notes:

1. Excluding synergies.
2. Includes acquisition of 24% stake in Holcim India

Diversification of revenue levels impact of regional demand / supply shocks [INR cr]



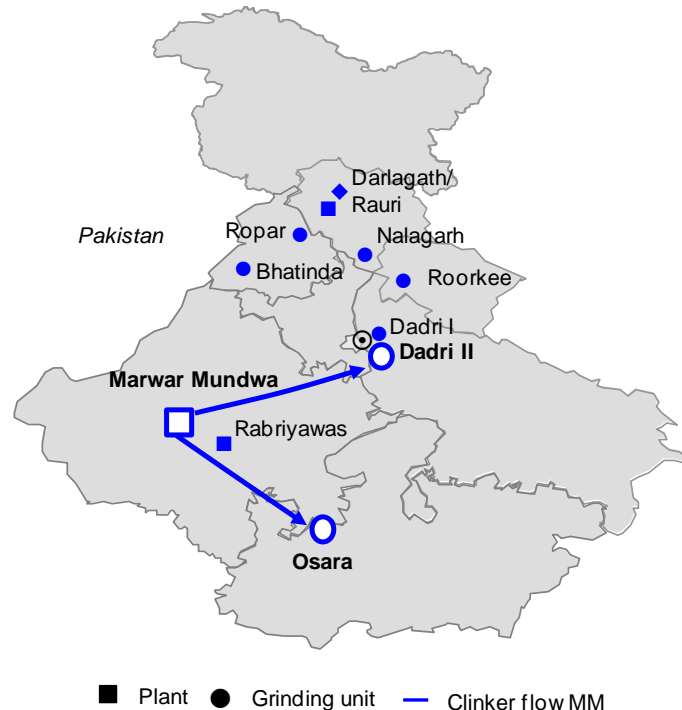
Two strong brands continue to exist



- Well established premium brands with different positioning – both brands to continue to exist
 - ▶ Ambuja: Early strength
 - ▶ ACC: Durability
 - ▶ Brand equity indices of both companies are far above India cement industry average
- Potential to expand brand presence for both companies into each others' markets
- Independent go-to-market strategy with strong dealer networks / distribution channels to be preserved – leaves customer-end unaffected

Ambuja commitment and contribution to Holcim India Group

Investment in Marwar Mundwa



- Clinker capacity of 2.2 MTPA
- Cement capacity of 4.5 MTPA; split between three locations

Increase in ACC shareholding

- Ambuja intends to further increase its economic ownership in ACC by up to 10% over a period of 24 months
 - ▶ In-principle approval of Ambuja Board in place for a maximum amount of INR 3,000 crores
 - ▶ Ambuja shareholder consent will be sought along with transaction
- Prepares ground for further optimization of the Group structure in the future

Agenda

Deriving Further Value from the India Platform

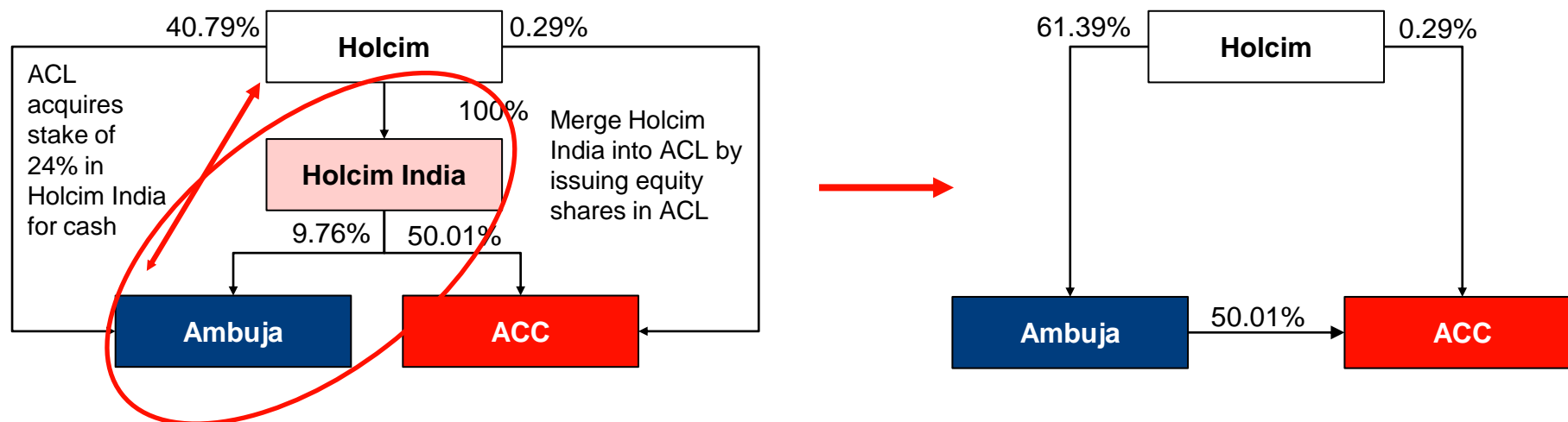
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Proposed transaction steps

Evolution of current to target shareholder structure

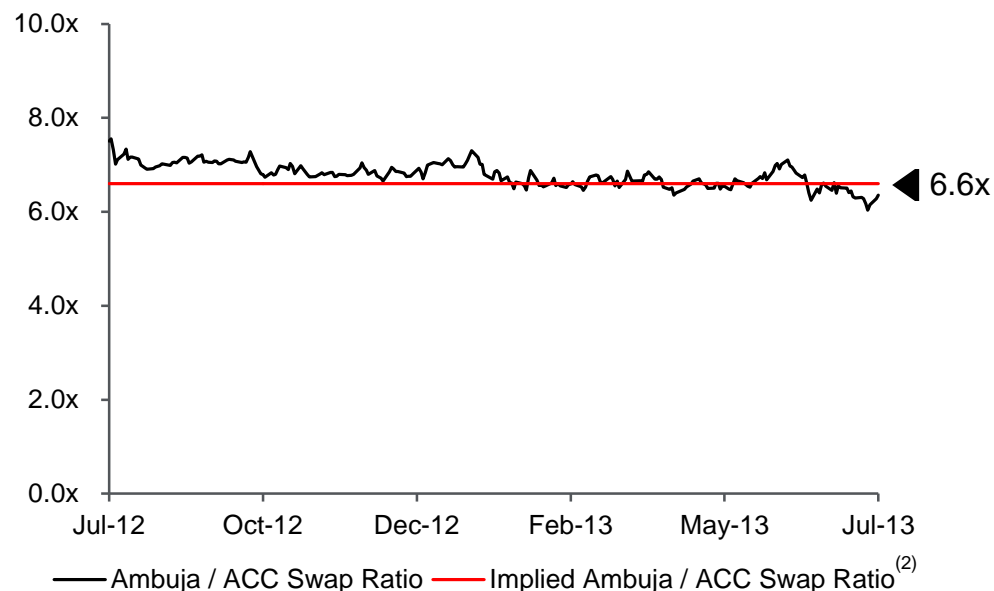


- Ambuja acquires Holcim's 50% equity stake in ACC as under:
 - ▶ Ambuja to acquire a 24% stake in Holcim India for Rs. 3,500 crore in cash
 - ▶ Holcim India to merge into Ambuja under a scheme of amalgamation by issuing shares to Holcim; Holcim India's 9.8% stake in Ambuja to be cancelled
- Derived Ambuja / ACC swap ratio of 6.6, determined from Holcim India / Ambuja swap ratio of 7.4
 - ▶ Independent valuation by BSR and Associates and Price Waterhouse & Co.
 - ▶ Fairness opinion by Axis Capital

Fair arms length transaction close to market values

- Fair and arm's-length transaction
- Independent valuation of Ambuja and Holcim India jointly conducted by BSR and Associates and Price Waterhouse & Co.
- Valuation methodology based on
 - ▶ Market values
 - ▶ Trading multiples
 - ▶ Discounted cash flow
- Determined Holcim India to Ambuja swap ratio of 7.4
 - ▶ Implied Ambuja to ACC swap ratio of 6.6
 - In-line with historical Ambuja and ACC exchange ratio
- Fairness opinion by Axis Capital Limited

Historical Ambuja/ ACC Swap Ratio ⁽¹⁾



| Time Period | Swap Ratio |
|--------------|------------|
| 30 Day VWAP | 6.5x |
| 60 Day VWAP | 6.6x |
| 90 Day VWAP | 6.6x |
| 6 Month VWAP | 6.6x |
| 1 Year VWAP | 6.8x |
| 3 Year VWAP | 7.1x |
| 5 Year VWAP | 7.0x |

Note: Volume Weighted Average Price ("VWAP") based on NSE close as on July 23, 2013.

1. Exchange ratio based on the number of Ambuja shares for every 1 share of ACC.

2. Based on determined Holcim India to Ambuja swap ratio

Additional transaction highlights

- Simplification of India Group structure to unlock synergies and drive collaboration under the 'India Management Committee'
- Ambuja intends to make commercially reasonable efforts to acquire upto 10% in ACC without triggering a mandatory open offer
 - ▶ Ambuja Board of Directors has given its approval for a maximum investment of upto INR 3,000 crore in compliance with regulatory conditions ⁽¹⁾
 - ▶ Approval of Ambuja's shareholders as applicable is being sought along with this transaction
- Commitment to Marwar Mundwa Project with an overall capacity of 4.5 mio tpa capacity in North-Central India

Agenda

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Transaction timetable

| Event | Indicative date ⁽¹⁾ |
|---|--------------------------------|
| Approval by the Boards of Ambuja and Holcim India | July 24, 2013 |
| BSE and NSE filings | July 31, 2013 |
| BSE and NSE Observation Letter | Q3 CY2013 |
| Application to Delhi and Gujarat High Courts | Q3 / Q4 CY 2013 |
| EGM Notice with Scheme and Other Documents sent to shareholders | Q4 CY2013 |
| Ambuja EGM | Q4 CY2013 |
| High Court and other approvals | Q2 / Q3 CY2014 |
| Transaction completion | Q2 / Q3 CY2014 |

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Key take-away messages

- Improve financial structure by re-investing into the business
- Capitalise on Group's platform to increase profitability and EPS
- Unlock significant synergies and benefits of approximately INR 900 crore (USD 150 mio) over a time of two years
- Get immediate capacity and scale for investments in attractive growth regions for both Ambuja and ACC
- Strong consolidated financial position and cash flow diversification
- Fair and arms-length transaction
- Commitment to Marwar Mundwa expansion project
- Be ready to embark on the next phase of the India growth story!

**Ambuja
Cement**