

# Ambuja Cement

ACL:SEC:

26<sup>th</sup> October, 2021

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Dear Sir,

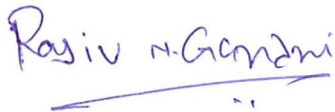
Sub: Investor Presentation on the Financial Results for the quarter and nine months ended September 30, 2021

Pursuant to Regulation 30 of SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015, please find enclosed the Investor presentation on financial results for the quarter and nine months ended September 30, 2021.

Kindly take the same on record.

Thanking you,

Yours faithfully,  
**For Ambuja Cements Limited**



**Rajiv Gandhi**  
**Company Secretary**  
**Membership No. A11263**

**AMBUJA CEMENTS LIMITED**

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CIN: L26942GJ1981PLC004717

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Cement**



# Investor Presentation

JULY - SEPTEMBER 2021



# Safe-harbour statement

This presentation may contain certain forward-looking statements relating to Ambuja Cements Ltd. (“Ambuja”, or “Company”) and its future business, development and economic performance. These statements include descriptions regarding the intent, belief or current expectations of the Company, its subsidiaries and associates and their respective directors and officers with respect to the results of operations and financial condition of the Company, subsidiary or associate, as the case may be. Such forward-looking statements are not guarantees of future performance and are subject to known and unknown risks, uncertainties and assumptions that are difficult to predict. Company assumes no obligation to update or alter forward-looking statements whether as a result of new information, future events or otherwise. Any forward-looking statements and projections made by third parties included in this presentation are not adopted by the Company and the Company is not responsible for such third-party statements and projections.

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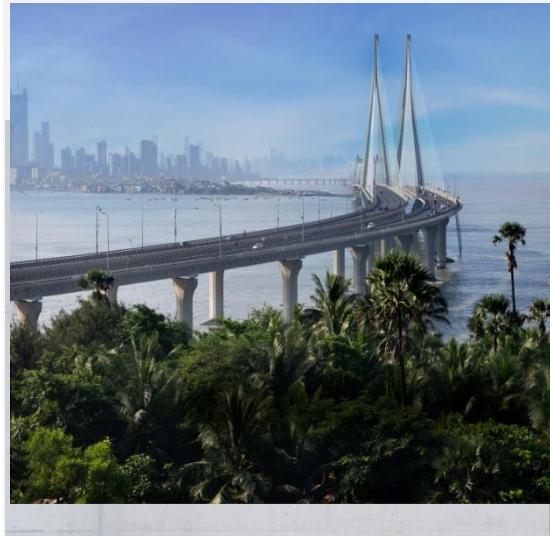
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# Company Overview



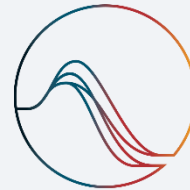
# Science Based Targets aligned with Net Zero Emission ambition



Climate and Energy



Signed the  
**Business Ambition for 1.5°C**  
along with Science Based Targets



SCIENCE  
BASED  
TARGETS

DRIVING AMBITIOUS CORPORATE CLIMATE ACTION

- Committed to reduce scope 1 and scope 2 GHG emissions by 21% per ton of cementitious materials by 2030 from a 2020 base year
- The target boundary includes biogenic emissions and removals from bioenergy feedstock's

**20%**

Scope 1 GHG emission reduction per ton of cementitious material

**43%**

Scope 2 GHG emissions reduction per ton of cementitious materials

# Viraat Strength




## Our Vision

To be the most sustainable and competitive company in our industry

## Our Mission

To create value for all

- Delighted Customers
- Inspired Employees
- Enlightened Partners
- Energized Society
- Loyal Shareholders
- Healthy Environment

 <p><b>Operational</b></p>	<p><b>31.45</b> MTPA Installed cement capacity</p>	<p><b>291</b> MW Captive power plant capacity</p>	<p><b>5</b> Bulk cement terminals</p>
 <p><b>Social</b></p>	<p><b>2.7</b> Value Shared – (million total beneficiaries)</p>	<p><b>~50,000</b> Channel partners</p>	<p><b>~4,900</b> Employee base</p>
 <p><b>Environment</b></p>	<p><b>6.6</b> Mn Tons Waste reused</p>	<p><b>5.1%</b> Thermal Substitution Rate</p>	<p><b>54</b> (Litres/ton cementitious) Freshwater withdrawal</p>

data for 9M 2021



# Performance drivers



- Product premiumisation resulting in better pricing and improved margins
- MSA (Master Supply Agreement) leading to volume optimisation and increased profitability



- Operational efficiencies through ICAN program aiding in mitigating cost headwinds
- Flyash dryers and Waste Heat Recovery Systems underway to attain cost savings



- Marwar production commenced from September 2021
- Commenced underground mining at Gare Palma Coal Block



- Geo tagging of channel partners for better reach
- Implementation of digitalisation tools at plants and mines for better performance



- Innovative products under development for eco-friendly construction
- Performance improvement and cost optimisation for cool walls



- Signed the Business Ambition for 1.5° C, with validated Science Based Targets, in line with Net Zero emission ambition
- Consistent improvement in Thermal Substitution Rate (TSR)



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# Economy and Industry

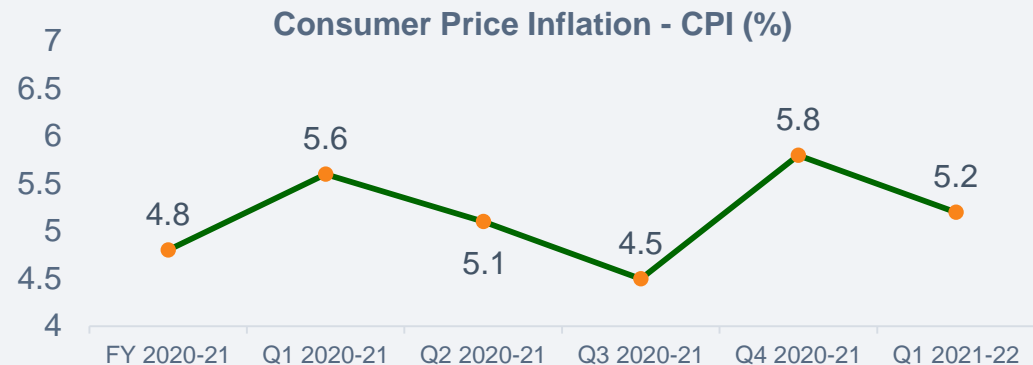


# Economy steadying as Covid-19 abates

- Sequential improvement across all sectors, with subsiding impact of Covid-19 and improvement in the vaccination rate
- RBI retained the GDP growth rate at 9.5% for April 2021-March 2022 and 7.8% for April 2022-March 2023
- Global growth forecast remains broadly unchanged
- In its latest monetary policy, the Reserve Bank of India has kept the repo rate unchanged at 4%
- Inflation pressure moderating driven by falling food inflation
- Crisil's FCI shows that the financial condition remains easier than the same period last year
- Key points to be looked out going forward includes – RBI's monetary policy and US Fed expected tapering of asset purchases

FCI – Financial Conditions Index

Source: Reserve Bank of India (RBI), CRISIL Research



FY - Fiscal Year, CPI - Consumer Price Inflation

Source - Standard and Poor (S&P) Global, Central Statistical Office and CRISIL Research



# Sectoral update



## Housing

- Government's spending on affordable housing schemes such as the Pradhan Mantri Awas Yojana (PMAY) with enhanced budgetary allocations, to be one of the primary drivers for housing demand
- Real estate construction in top cities expected to witness growth
- Industry has been on a volume growth path, driven by the government and individual housing schemes / projects



## Infrastructure

- Government thrust on infrastructure with projects in National Infrastructure Pipeline (NIP) to drive demand from infrastructure
- Increased allocation towards roads and highways to spur investments and cement demand
- Budgetary support to railway sector is ~34% higher than the previous budget



## Industrial / Commercial

Industrial construction demand to witness revival on the back of :

- Deferred investments
- Large players announcing capex plans
- Implementation of time bound PLI (Production Linked Incentive) scheme
- Healthy cash flows and low borrowing rates
- Warehousing space projected to more than double over next 5 years due to e-commerce boom

Source: Crisil and Fitch Research



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# Strategic Priorities





# Enhancing capacity

## Marwar, Rajasthan

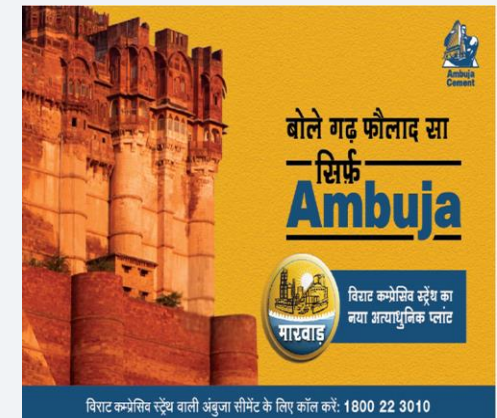
- **Commercial Production commenced from September 2021**
- Enhances Ambuja's clinker capacity by 3.0 MTPA and cement sales potential by 5.0 MTPA

### Project key highlights

- Commissioned a dedicated water treatment plant with ~35 km long pipeline
- Commissioned ~3.5 km long Overhead Line Belt Conveyor (OLBC)

### Sustainability features

- State-of-art-technology and equipment to produce cement in a sustainable manner
- Waste-heat recovery system for green power generation
- Kiln system is designed to make use of high calorific hazardous waste as Alternate Fuel
- Designed to use recycled process water



# Stepping up capabilities

## Gare Palma, Coal Block

- Production started from the underground mine, providing fuel linkage to Ambuja's Bhatapara plant in the East
- Conveyor belt operational
- Extraction is being ramped up



## Rabriyawas Plant (Rajasthan), Railway Siding

- Railway siding made operational at Rabriyawas Plant
- Raw material unloading & cement loading started





# Sharpening competitive edge

## Operational Efficiency



- Increase in home market sales and reduction in lead distance
- Continuous improvement in clinker factor and blending ratio
- Reduction in energy consumption

## Special / Value Added Products



- Ambuja's Special / Value Added cement are widely accepted for its distinctive benefits
- Sales volume of special cement increasing on continuous basis
- "Kawach" sees robust volume growth

## Competency Augmentation



- Waste Heat Recovery of ~55 MW under implementation at various plants
- Fly ash dryers in progress to provide raw material flexibility
- Alternative Fuel feeding system to increase thermal substitution rate

# Digitalisation & Innovation



## Manufacturing

- Mines of Tomorrow (MOT) – Concept of connected mines being developed
- Drones being harnessed for confined space inspections
- Digital technology being harnessed through FinCEM for cement fineness prediction and management
- Analytics infrastructure (TIS, PACT, Edge AI) successfully implemented and adopted



## Logistics & Commercial

- Continuous improvement through Transport Analytics Centre (TAC) to maintain a steady realisation of operational efficiency
- Electronic Proof of Delivery (EPOD) pilot to be launched shortly
- Geo tagging of channel partners for better reach
- Digital drive in commercial function through Dealer Connect app, Sales Force Automation and Contractor Loyalty solution



## Innovation & New Solutions

- New & innovative products and solutions with sustainability focus
- Range of value added products under development, to strengthen the premium positioning
- Ambuja Cool Walls: Performance and cost optimisation measures underway
- Maturity Sensors: Helps in real time monitoring of strength development in structures

TIS-Technical Information System; PACT- Performance and Collaboration Tool

# Steadfast progress towards Sustainable Development

## SUSTAINABILITY PILLARS

Climate & Energy



Circular Economy



Environment



Community



## LEAD METRICS

CO<sub>2</sub> Reduced  
[kg CO<sub>2</sub> / ton of cementitious material]

WASTE re-used  
[Mn tons]

WATER Saved  
[fresh water consumption - litre / ton cementitious]

VALUE Shared  
[Million new beneficiaries]

## PERFORMANCE 2021

527

6.6

54

2.7

## TARGET 2030

453

18

62

3.5

data for 9M 2021



# Geocycle driving commitment to circular economy



Circular Economy



## Co-processing the waste in cement kilns



Completely decomposes waste through high temperatures and long residence time



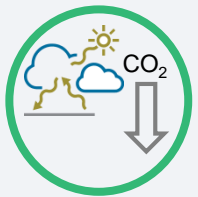
Recovers energy and recycles mineral value of waste, if any



Leaves no residue



Leads to conservation of natural resources



Reduces greenhouse gas emission



Offers local waste management solution



Saves public funds



Promotes a circular economy

## Geocycle Bubble Barrier



Source: <https://brightvibes.com/790/en/the-great-bubble-barrier-a-smart-solution-to-plastic-pollution>

- First of its kind pilot project in India
- Successfully demonstrated bubble curtain technology to collect plastic waste
- Location – Yamuna River (Mantola canal, Agra); carrying 40% waste load of Agra

# Water and Biodiversity conservation



Environment

- Biodiversity Assessment, through Biodiversity Indicator and Reporting System (BIRS) tool, for all its quarries
- Implementing Biodiversity Management Plans (BMP) or Wildlife Conservation Plan for enhancing Biodiversity and protecting wildlife
- Green Belt Development in and around premises

**We aim to further strengthen our “Positive Impact on Biodiversity”**



- Reducing freshwater consumption through process optimisation, reusing & recycling of water
- Enhance our water harvesting efforts within premises and communities
- Close monitoring of water withdrawal consumption and harvesting

**Additionally, we also plan to achieve the Water Positivity Index of at least 10x by 2030**



# Community outreach through ACF



Water

Education

Skill Development

Health and Nutrition

Women

Agriculture and Livelihood

- 2,543 students trained by SEDI and 1,668 students placed for work across locations
- SEDI's celebrated World Youth Skills Day with a opening of a new centre in Udaipur. Placement meets, competitions, guest speech were organized
- 0.03 millions cubic meters storage capacity created through Water Harvesting Structure
- 183 Individual Rooftop Rainwater Harvesting Systems constructed
- 268 hectares covered under watershed development through water and soil conservation
- A new HRDP project supported by HDFC Bank was inaugurated to work on holistic community development initiatives of Sankuri Kala village of Agra



Inauguration of SEDI Udaipur



Livelihood: Sericulture initiation in Bhatapara



# Response to pandemic through ACF



- Launched COVISainik's - a training program for community members as health volunteers; to offer a cadre of volunteers to the local administration and health system across ACF's locations
- Trained around 6,049 COVISainik's, some currently volunteering at hospitals and community clinics
- Setup Oxygen Plant at Ropar, Punjab
- Vaccinated more than 22 lacs community members from ACF villages
- Handed critical medical equipment including Oxygen cylinders & concentrators, pulse oximeters, PPE kits, and masks to the primary healthcare centre in Beniagram (a village in Farakka, West Bengal), in partnership with IndusInd Bank
- ACF's Bathinda unit delivered 500 Hygiene Kits to the Deputy Commissioner of Bathinda - for use in a COVID Hospital
- Distributed 2,200 COVID Kits to volunteers and frontline workers across ACF locations

COVID-19 awareness in Bathinda on E-Rickshaws



Mobilizing Physically Challenged to vaccination camps



COVID Sainik's Launch Event



# Appreciated across forums

ACF Dadri won the Rotary Club Award on water, hygiene & sanitation



ACF Ambujanagar, Ropar, Sankrail, Surat and Bhatapara were appreciated by government dignitaries for its work during the second COVID-19 wave





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# Performance Highlights





# Performance highlights – Q3 2021 (Standalone)



Sales Volume  
**6.2 mn tons**  
(9% YoY)



Net Sales  
**INR 3,193 crore**  
(14% YoY)



Op. EBITDA  
**INR 703 crore**  
(3% YoY)



Op. EBIT  
**INR 577 crore**  
(5% YoY)



PBT  
**INR 592 crore**  
(1% YoY)



Profit After Tax  
**INR 441 crore**  
(0.2% YoY)

# Performance highlights – 9M 2021 (Standalone)



Sales Volume  
**19.9 mn tons**  
(27% YoY)



Net Sales  
**INR 10,114 crore**  
(31% YoY)



Op. EBITDA  
**INR 2,639 crore**  
(40% YoY)



Op. EBIT  
**INR 2,258 crore**  
(52% YoY)



PBT  
**INR 2,445 crore**  
(39% YoY)



Profit After Tax  
**INR 1,829 crore**  
(41% YoY)

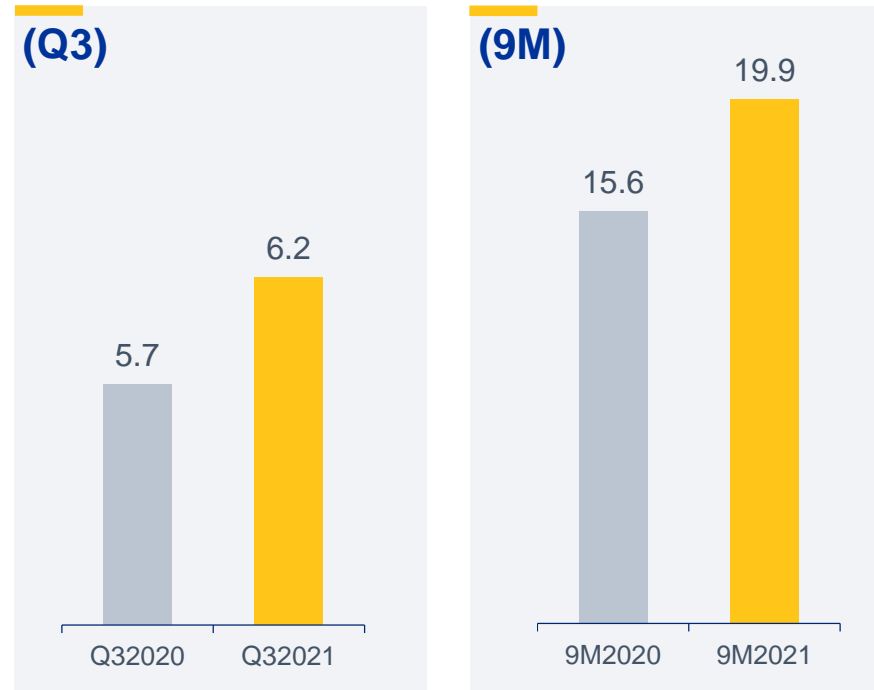
# Financial results – Standalone

₹ Crore	Quarter ended 30 <sup>th</sup> September 2021			Nine months ended 30 <sup>th</sup> September 2021		
	Q3 2020	Q3 2021	Change %	9M 2020	9M 2021	Change %
Net Sales	2,802	<b>3,193</b>	14.0	7,707	<b>10,114</b>	31.2
Total operating costs	2,172	<b>2,534</b>	16.7	5,978	<b>7,591</b>	27.0
EBITDA	681	<b>703</b>	3.2	1,879	<b>2,639</b>	40.4
EBITDA Margin (%)	24.3%	<b>22.0%</b>	-2.3pp	24.4%	<b>26.1%</b>	1.7pp
Operating EBIT	551	<b>577</b>	4.9	1,483	<b>2,258</b>	52.2
Operating EBIT Margin (%)	19.7%	<b>18.1%</b>	-1.6pp	19.2%	<b>22.3%</b>	3.1pp
Profit Before Tax	585	<b>592</b>	1.1	1,756	<b>2,445</b>	39.2
Tax Expenses	145	<b>151</b>	4.2	463	<b>616</b>	33.0
Profit After Tax	441	<b>441</b>	0.2	1,293	<b>1,829</b>	41.4
Earnings Per Share (₹/share)	2.22	<b>2.22</b>	0.2	6.51	<b>9.21</b>	41.4



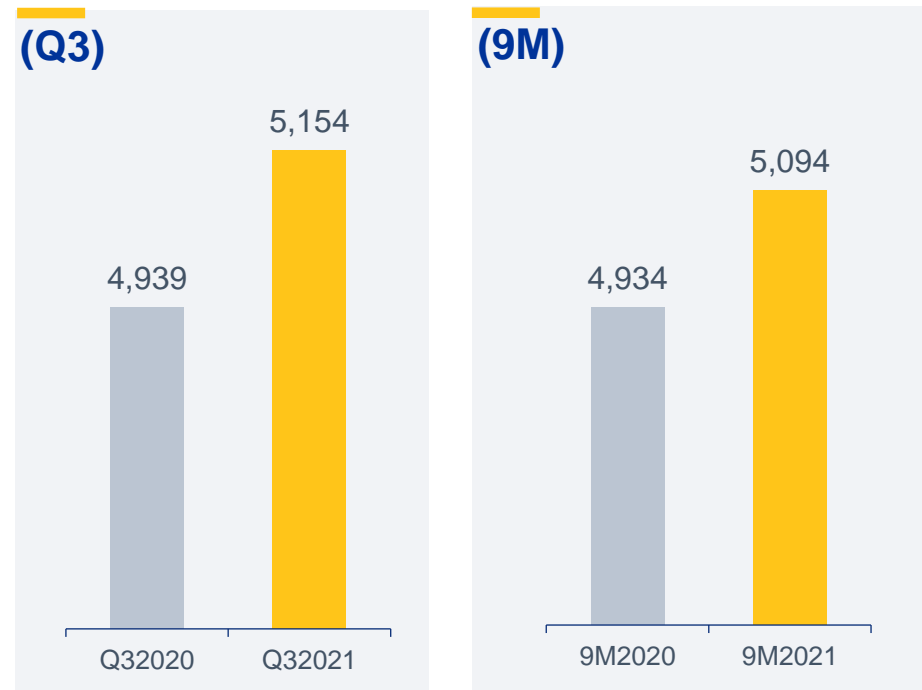
# Performance analysis – Sales Volume and Price

## Sales volume – Cement + Clinker (million tons)



- Sales volumes grew by 9% for the quarter and 27% for 9 months backed by strong growth in North and West-South regions

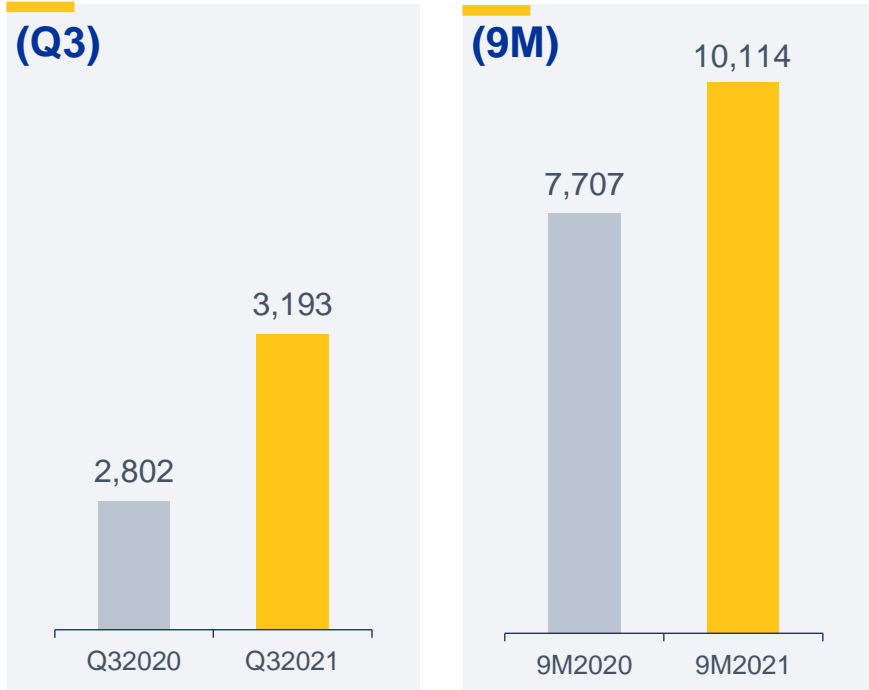
## Realisations (₹/ton)



- Realizations per ton grew 4% for the quarter and 3% for 9 months supported by growth in volumes and increased share of value added products

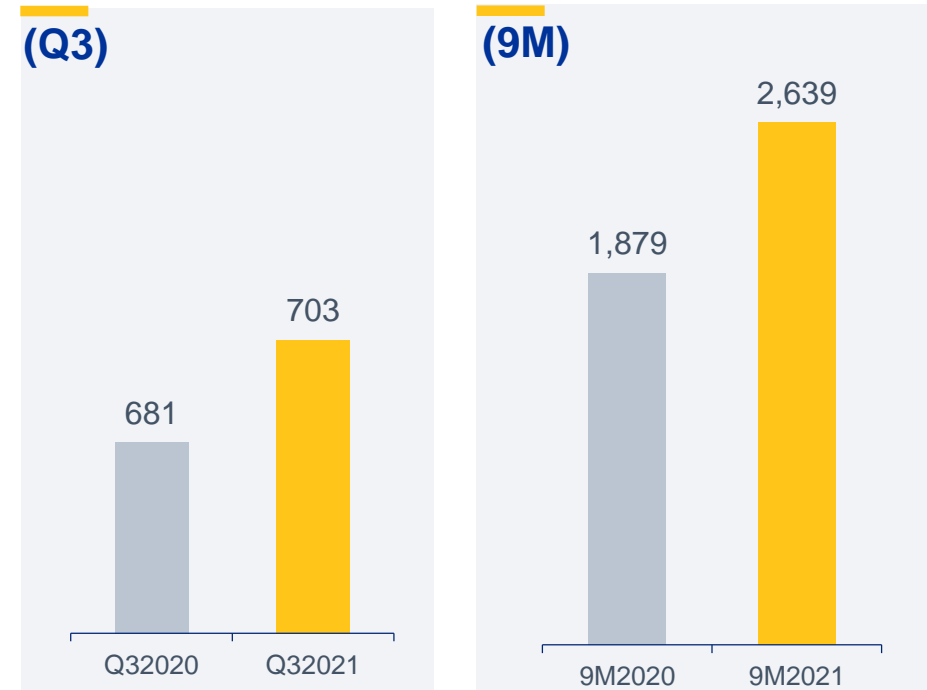
# Performance analysis – Net Sales and EBITDA

## Net Sales (₹ Crore)



- Net Sales grew by 14% for the quarter and 31% for 9 months supported by growth in volumes and increased share of value added products

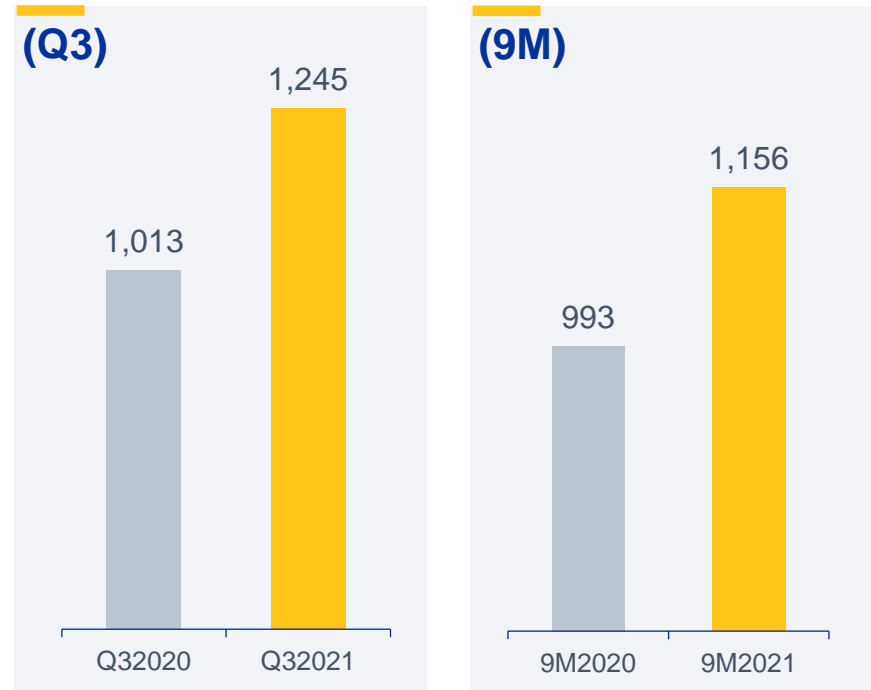
## EBITDA (₹ Crore)



- EBITDA grew by 3% for the quarter and 40% for 9 months driven by increase in sales volume and efficiency gains despite cost headwinds

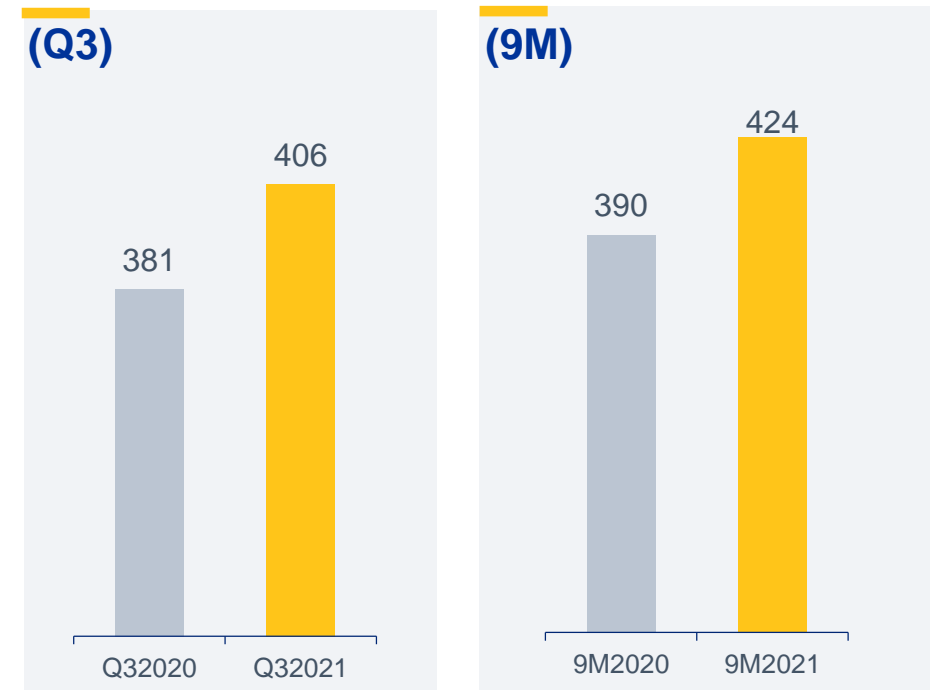
# Performance analysis – Costs

## Power and fuel Cost (₹/ton)



- Power and fuel cost per ton increased by 23% for the quarter and by 16% for 9 months on account of rise in fuel prices, partly mitigated by efficiency gains

## Raw material Cost (₹/ton)

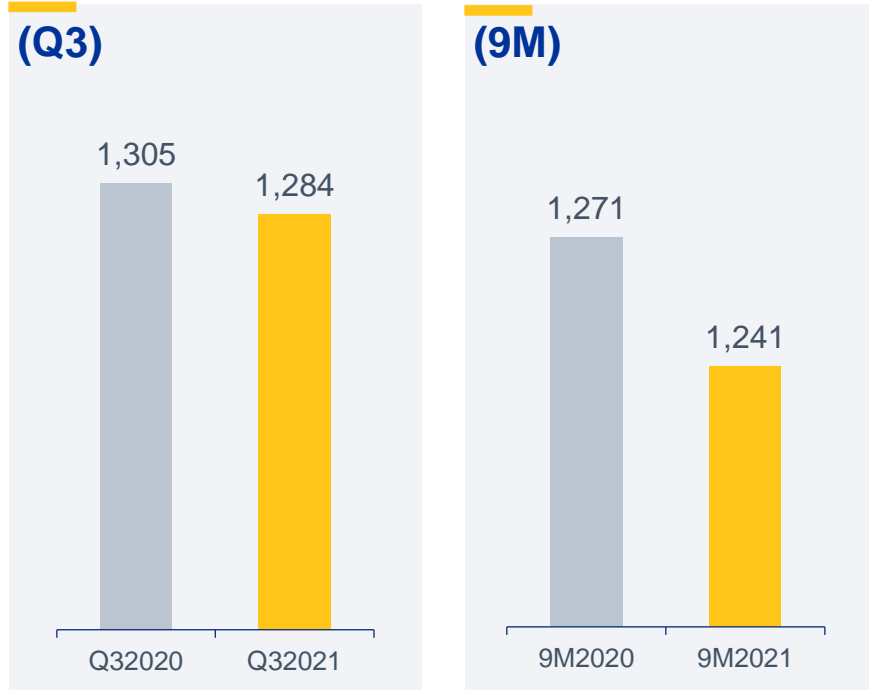


- Raw material cost per ton increased by 6% for the quarter and by 9% for 9 months on account of increase in inbound logistics cost and higher blending ratio



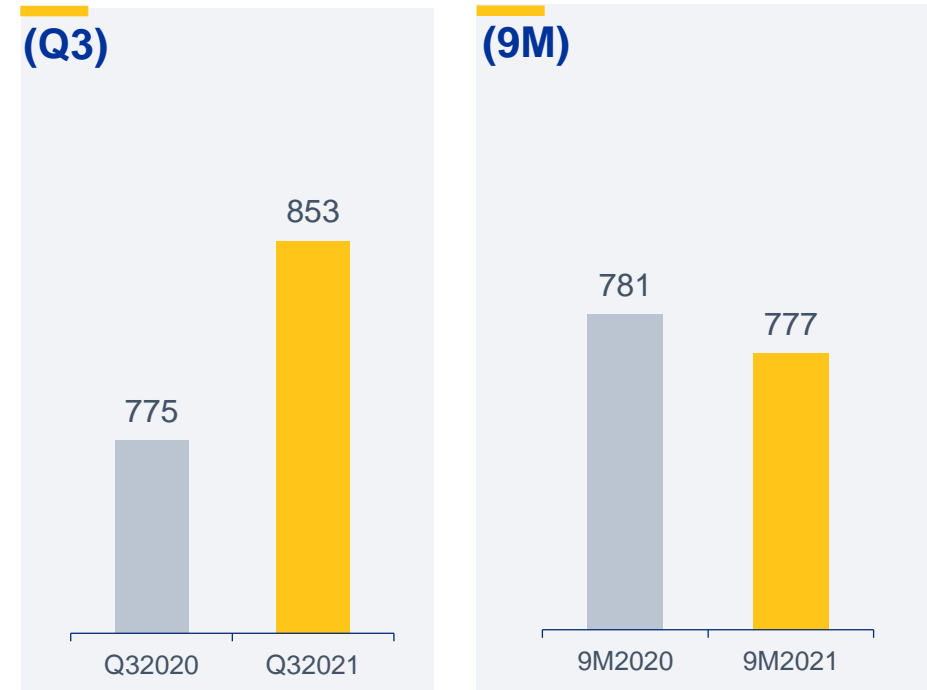
# Performance analysis – Costs

## Freight and forwarding Cost (₹/ton)



- Freight cost per ton declined by 2% for the quarter and 9 months, led by network optimization and increase in direct dispatches

## Other expenses (₹/ton)



- Other expenses per ton increased by 10% for the quarter on account of higher packing material cost and marketing & branding spend

# Financial results – Consolidated

₹ Crore	Quarter ended 30 <sup>th</sup> September 2021			Nine months ended 30 <sup>th</sup> September 2021		
	Q3 2020	Q3 2021	Change %	9M 2020	9M 2021	Change %
Net Sales	6,071	<b>6,529</b>	7.5	16,744	<b>21,045</b>	25.7
EBITDA	1,349	<b>1,416</b>	5.0	3,663	<b>5,082</b>	38.7
EBITDA Margin (%)	22.2%	<b>21.7%</b>	-0.5pp	21.9%	<b>24.1%</b>	2.2pp
Operating EBIT	1,060	<b>1,140</b>	7.6	2,785	<b>4,260</b>	53.0
Operating EBIT Margin (%)	17.5%	<b>17.5%</b>	-	16.6%	<b>20.2%</b>	3.6pp
Profit Before Tax	1,125	<b>1,201</b>	6.8	3,043	<b>4,436</b>	45.8
Tax Expenses	321	<b>311</b>	-3.4	905	<b>1,156</b>	27.8
Total operating costs	4,820	<b>5,231</b>	8.5	13,400	<b>16,258</b>	21.3
Net income attributable to Ambuja Group	622	<b>666</b>	7.1	1,633	<b>2,490</b>	52.4
Earnings Per Share (₹/share)	3.13	<b>3.25</b>	7.1	8.23	<b>12.54</b>	52.4



## **CORPORATE OFFICE**

Elegant Business Park  
MIDC Cross Road B  
Off Andheri-Kurla Road  
Andheri (E)  
Mumbai – 400 059

## **REGISTERED OFFICE**

PO Ambujanagar  
Taluka Kodinar  
Gir Somnath district  
Gujarat – 362 715