



**INDIA'S  
LARGEST  
CEMENT  
COMPANY**

**RESULTS  
Q1:FY 2015/16**



Stock code: **BSE: 532538 NSE: ULTRACEMCO Reuters: UTCL.NS Bloomberg: UTCEM IS / UTCEM LX**

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**Note 1:** The financial figures in this presentation have been rounded off to the nearest ₹ 1 cr **Note 2 :** USD:INR = 63.65

## GLOSSARY

**Mnt** – Million Metric tons **Lmt** – Lakhs Metric tons **Mtpa** – Million Tons Per Annum **Q1** –April-June **Q4** – January-March  
**LY** – Corresponding Period last Year **FY** – Financial Year (April-March) **ROCE** – Return on Average Capital Employed  
**MW** – Mega Watts **ICU** – Integrated Unit **GU** – Grinding Unit



# Macro and Sector Update





## Macro and Sector Update

### Macro Update

- ▶ Government reforms initiated ..... But yet to yield results
- ▶ Industry performance – “**Below Potential**”
  - ❑ Manufacturing Sector remained sluggish
  - ❑ Industrial Production for first two months: 3.0% (4.6% in LY)

### Sector Update

- ▶ Industry off-take - **Flat**
- ▶ Sector capacity utilisation - **Low for the quarter**
- ▶ Cement prices - **under pressure**
- ▶ **Positive signs on cost front** with softening of petcoke costs
  - ❑ Raw materials cost impacted with increased royalty on limestone

# Sector- Regional Update



Zone / Region	Volume	Infra	Const.	Housing	Rural
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North	↩	+	+	—	—
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- ☐ Pick-up in infrastructure projects and pre-monsoon construction activities
- ☐ Low demand from Rural and Housing

East	↩	+	+	+	+
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- ☐ Uptick in Govt infra demand - Odisha and Bihar
- ☐ Double digit rural and housing demand – West Bengal, Bihar and Jharkhand

Gujarat	↩	—	==	+	+
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- ☐ Growth from IHB and rural infra
- ☐ Green shoots of corporate capex
- ☐ Demand impacted in Jun'15 with early monsoon

# Sector- Regional Update



Zone / Region	Volume	Infra	Const.	Housing	Rural
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## Maharashtra



- ❑ Slow down in housing demand
- ❑ Highway and rural road development yet to take-off fully

## South



- ❑ Government projects and road construction yet to get momentum
- ❑ Demand from new state creation – likely to come from H2
- ❑ Negative rural and housing demand

▶ **Q1 has been weak for the industry**

▶ **Post monsoon, activity on ground is expected to improve**



# Key Highlights for the Quarter



## Key highlights Q1 2015-16



- ❑ Commissioned Waste Heat Recovery Systems (WHRS):15 MW  
Full year benefits from FY17

- ❑ YoY stable sales volume  
Double digit growth in East

- ❑ Petcoke consumption increased further at 68%  
(Ex-acquired plants – 74%)

- ❑ Flat EBIDTA – Impact of subdued cement prices and  
lower treasury income

**Total Capacity  
48 MW**

**Sequentially up 3%**

**North and South  
Plants ~ 90%**

**Stable Operating  
Margin ~ 20%**



## Key highlights Q1 2015-16



- ❑ Consolidated net debt reduced > ₹ 500 Crs

Net Debt:Equity 0.24  
Net Debt/EBIDTA 0.91

- ❑ Cement plants acquisition in Madhya Pradesh progressing well  
Received CCI, shareholders and creditors approval

Benefits from  
Q4 FY16

- ❑ Bicharpur coal block – taken possession

Production from  
early FY18



# Operational and Financial Performance



# Sales performance



Q4 FY15	Particulars	Q1		
		CY	LY	▲%
63.2	Annual Consolidated Capacity (mtpa)	63.2	61.8	2
<b>Sales Volume (Mmt):</b>				
11.5	- Domestic Cement	11.9	11.3	5
12.8	- Consolidated (Incl. Clinker)	13.0	12.4	4
3.5	White Cement & Putty (Lmt)	2.7	2.6	4

▶ Volume growth in spite of slowdown

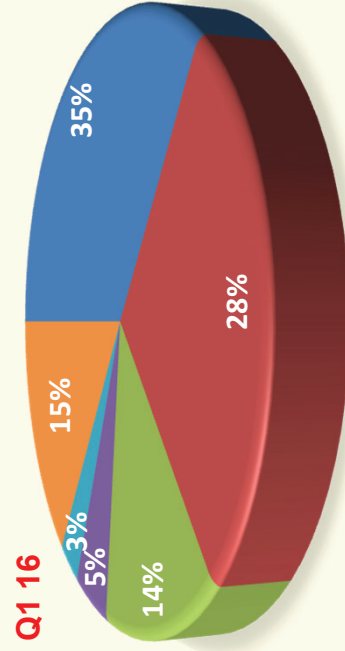
▶ Capacity utilisation for the Indian operations for the quarter at 80%

# Operational Performance

Cost composition (Grey Cement)

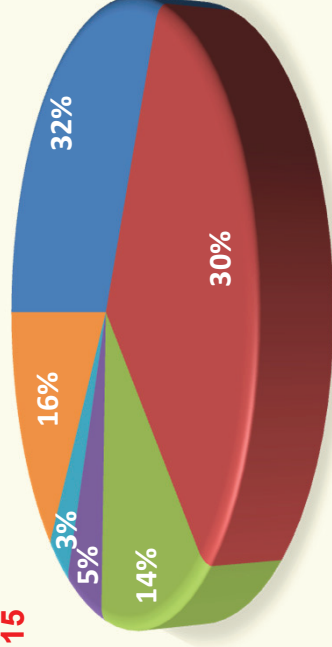


**Q1 16**



- Logistic Cost
- Energy Cost
- Raw Materials
- Packing
- Maintenance & Others
- Overheads

**Q1 15**



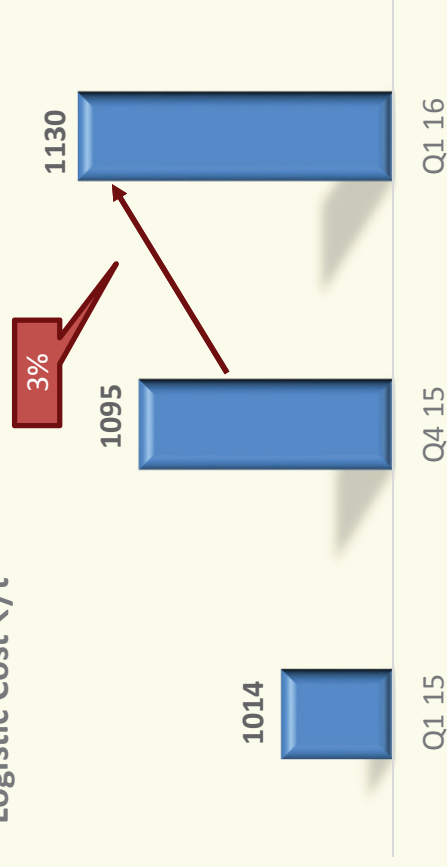
- ▶ **Logistic cost increased 11% - ₹ 1130/t**
- **Impact of increased rail freight (9.2%) and change in sales pattern & mix**
- ▶ **Saving in Energy cost 7% at ₹ 901/t**
- **Benefit of softening petcoke prices and higher usage of low cost fuel**
- ▶ **Raw material costs up 6% at ₹ 452/t**
- **Hike in limestone royalty**

# Logistic cost trends

(Indian Operations)



Logistic Cost ₹/t



Mode Mix	Q1 15	Q4 15	Q1 16
Rail	33%	28%	30%
Road	63%	68%	67%
Sea	4%	4%	3%

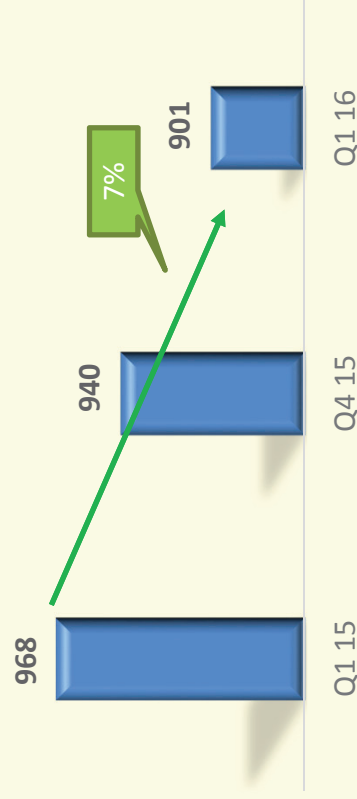
- ▶ **Sequentially logistic cost up - 3%**
  - ❑ **Railway freight up 2.7% (April'15)**
  - ❑ **Change in plant mix**
- ▶ **YoY logistic cost higher – 11%**
  - ❑ **Railway freight hike – 9.2% (₹ 40/t)**  
**Jun'14: 6.5% & April'15: 2.7%**
  - ❑ **Change in sales pattern**  
**from ex-works to FOR (₹ 30/t)**
  - ❑ **Change in Plant/ Market mix (₹ 45/t)**

# Energy cost trends

(Indian Operations)



Energy Cost ₹/t



## Power Mix %

	Q1 15	Q4 15	Q1 16
TPP + WHRS	84%	85%	86%

## Kiln Fuel Mix %

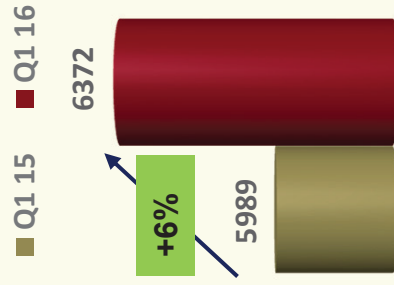
	Q1 15	Q4 15	Q1 16
Petcoke	43%	64%	68%
Imported Coal	28%	19%	20%
Indigenous Coal and Others	29%	17%	12%

- ▶ **Improved Energy Cost: 7% YoY and 4% QoQ**
- ▶ **Increasing trend in captive power consumption share :**
  - ❑ **Benefit of commissioning of WHRS**
  - ❑ **Increased captive power wheeling to GUs**
- ▶ **Gain in fuel costs:**
  - ❑ **Softening fuel prices (Petcoke 10-12%)**
  - ❑ **Higher usage of petcoke and other low cost alternate fuels**
  - ❑ **Disposed off Maggi noodles in Kiln as fuel**

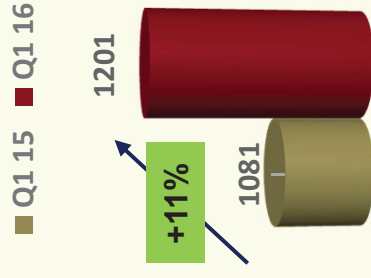
# Financial Performance Indicators (Consolidated)



Net Sales (₹ crs)



Operating EBITDA\* (₹ crs)



\* Excluding Other Incomes

- ▶ Net Sales up 6% ..... Stable revenues for overseas subsidiaries
- ▶ Operating EBITDA improved 11% linked to cost efficiencies

# Income statement: Q1

(Standalone)



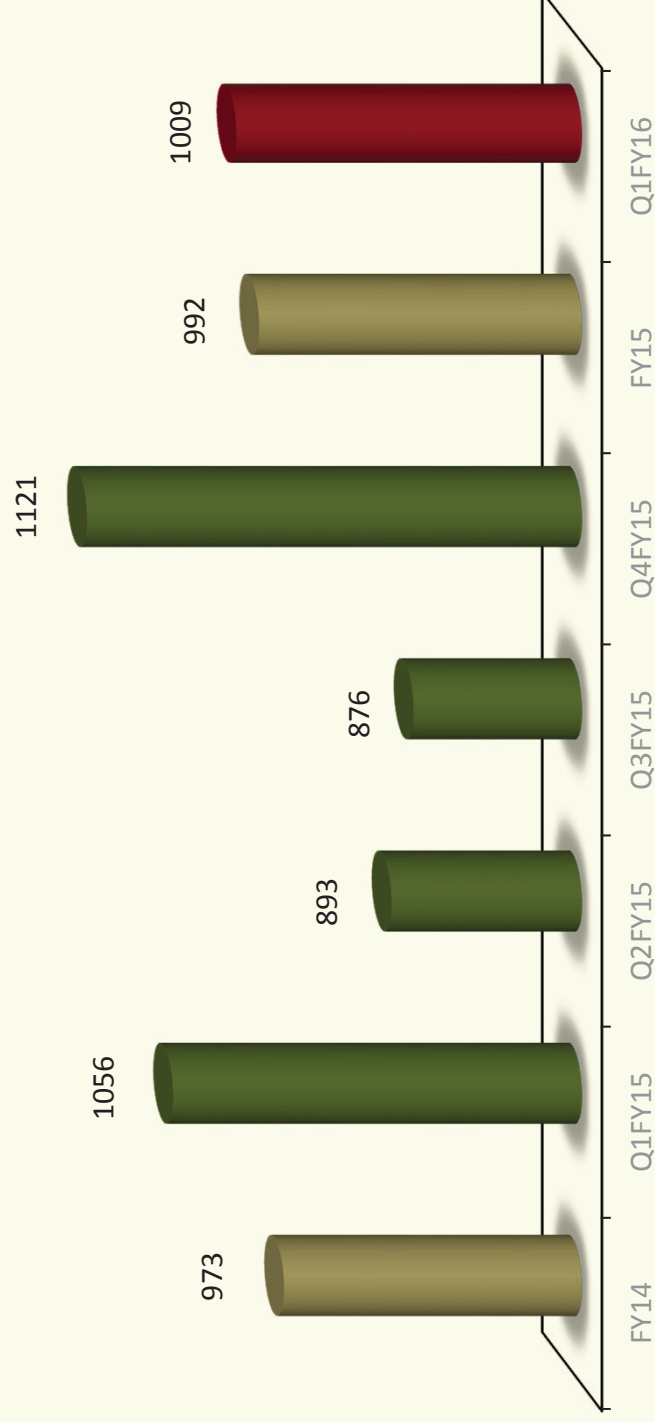
₹ CRS

Particulars	CY	LY	▲%
Revenue	6038	5649	7
Other Income	100	213	(53)
<b>EBIDTA</b>	<b>1252</b>	<b>1264</b>	<b>(1)</b>
<i>Margin (%)</i>	21%	22%	(2)
Finance Costs	138	100	(38)
Depreciation	283	265	(7)
<b>PBT</b>	<b>831</b>	<b>899</b>	<b>(8)</b>
Tax Expenses	240	273	12
<b>PAT</b>	<b>591</b>	<b>626</b>	<b>(6)</b>
<b>EPS (₹)</b>	<b>21.5</b>	<b>22.8</b>	<b>(6)</b>

**Overall EBIDTA down due to deferment of CY treasury income for LTCC**



# EBIDTA Pmt (Indian Operations)



**YoY EBDITA Pmt down; but 6% higher at operating level (₹ 928/t v/s ₹ 878/t in LY)**

# Income statement: Q1

(Consolidated)



₹ CRS

Particulars	CY	LY	▲%
Revenue	6372	5989	6
Other Income	82	215	(62)
<b>EBIDTA</b>	<b>1282</b>	<b>1296</b>	<b>(1)</b>
<i>Margin (%)</i>	20%	22%	(2)
Finance Costs	148	110	(35)
Depreciation	301	282	(7)
<b>PBT</b>	<b>833</b>	<b>904</b>	<b>(8)</b>
Tax Expenses	242	276	12
Minority Interest	0	1	
<b>PAT</b>	<b>591</b>	<b>627</b>	<b>(6)</b>
<b>EPS (₹)</b>	<b>21.5</b>	<b>22.9</b>	<b>(6)</b>

**Overall EBIDTA down due to deferment of CY treasury income for LTCC**

# Financial Position



₹ CRS

Standalone		Particulars	Consolidated	
30.06.15	31.03.15		30.06.15	31.03.15
19453	18858	Shareholders Funds	19649	19041
-	-	Minority Interest	14	18
6842	7414	Loans (Incl. Current Maturities)	9297	9829
2944	2792	Deferred Tax Liabilities	2938	2786
<b>29240</b>	<b>29064</b>	<b>Sources of Fund</b>	<b>31897</b>	<b>31674</b>
23969	23632	Net Block (Incl. Capital Advances)	25541	25186
-	-	Goodwill on Consolidation	1072	1053
		<b>Investments:</b>		
4482	4479	Liquid Investments	4636	4634
730	730	Long-term Investments	21	21
59	223	Net Working Capital	627	780
<b>29240</b>	<b>29064</b>	<b>Total Application of Funds</b>	<b>31897</b>	<b>31674</b>
<b>2361</b>	<b>2935</b>	<b>Net Debt</b>	<b>4660</b>	<b>5195</b>

## Financial Indicators



Indicators	Standalone		Consolidated	
	30.06.15	31.03.15	30.06.15	31.03.15
Shareholders fund (₹ crs )	19453	18858	19649	19041
Borrowings (₹ crs )	6842	7414	9297	9829
Cash Equivalents (₹ crs )	4482	4479	4636	4634
<b>Financial Indicators</b>				
Net Debt: Equity	0.12	0.16	0.24	0.27
Net Debt / EBITDA	0.47	0.64	0.91	1.09
Interest Cover (PBIT/Gross Interest)	6.9	5.8	6.5	5.7
ROCE	13.3%	12.0%	12.3%	11.5%
Book Value (₹/Share)	709	687	716	694



# Sector Guidance



## Sector guidance



- ▶ Cement demand expected to pick-up from H2 FY16
- ▶ Cement demand growth drivers:
  - ❑ Government focus on infrastructure development with higher budgetary allocation for roads, dedicated freight corridor, irrigation, port etc.
  - ❑ Expected demand from “Smart Cities” and “Housing for all” initiatives – recently Government released overall approach and guidelines
  - ❑ Likely positive results of various reforms initiated ... boosting overall business sentiments
  - ❑ Softening of interest rates
- ▶ Supply-demand balance to improve on expected increase in demand and slowing down of capacity addition

**Our Focus – “High Quality, High Volume and Low Cost”**

# Disclaimer



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