

ADITYA BIRLA



19th July, 2016

BSE Limited
Corporate Relationship Department
Phiroze Jeejeebhoy Towers,
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Mumbai 400 001.
Tel.: 2272 1233/34
Fax: 022 2272 2039/3121
Scrip Code: 532538

The Manager
Listing Department
The National Stock Exchange of India Limited
"Exchange Plaza", Bandra-Kurla Complex,
Bandra (East), Mumbai 400 051.
Tel.: 26598236
Fax: 2659 8237 / 38.
Scrip Code: ULTRACEMCO

Dear Sirs,

Attached is an investor's presentation on the performance of the Company for the quarter ended 30th June, 2016.

The same is for your information, please.

Thanking you.

Yours very truly,

S. K. Chatterjee
Company Secretary

Encl: A/a

UltraTech Cement Limited

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ADITYA BIRLA



UltraTech



INDIA'S
LARGEST
CEMENT
COMPANY

EARNINGS
Q1:FY 2016/17



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

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GLOSSARY

Mnt – Million Metric tons **Lmt** – Lakhs Metric tons **MTPA** – Million Tons Per Annum **Q1** – April-June **CY** – Current year period

LY – Corresponding Period last Year **FY** – Financial Year (April-March) **ROCE** – Return on Average Capital Employed

Note: The financial figures for previous year are restated as per Ind AS.
The financial figures in this presentation have been rounded off to the nearest ₹ 1 cr ; 1 US\$ = ₹ 67.53

Economy Update Q1



Macro Performance

- ▶ FY16: Highest GDP growth in last 4 years at 7.6%
- ▶ Brexit Impact on Currency & IRS markets
- ▶ WPI inflation 3.8% for Q1FY17

Industry Performance

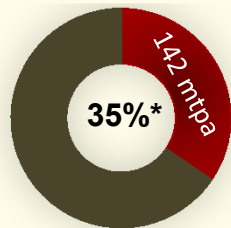
- ▶ Subdued demand due to drought situation and severe heat conditions
- ▶ Capacity utilisation at Q4 level
- ▶ Cement prices – improved QoQ ; but lower YoY
- ▶ Operating costs – inching up

Industry (411 mtpa) Regional Update



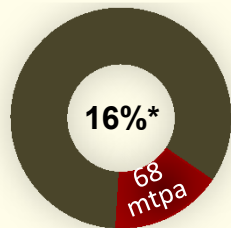
Zone / Region	Volume	Infra	Comm.	Housing	Rural
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North (~ 81% cu)**



- ❑ Rural housing demand - Positive
- ❑ Infrastructure spending continued in UP and Punjab

East (~ 80% cu)**



- ❑ Low cost housing demand – remained key growth driver
- ❑ Road & other infrastructure demand maintained – Odisha, Chhattisgarh & WB
- ❑ Suppressed urban demand – Bihar & Jharkhand

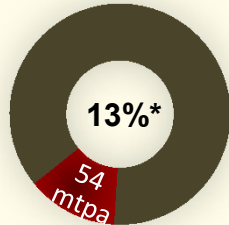
Industry (411 mtpa)

Regional Update



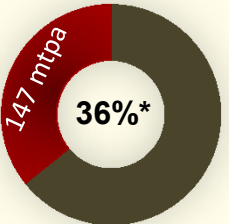
Zone / Region	Volume	Infra	Comm.	Housing	Rural
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West (~ 70% cu)**					
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- ❑ Maharashtra –Demand impacted due to drought situation
- ❑ Gujarat – Meaning full demand yet to come

South (~ 57% cu)**					
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- ❑ Demand from AP (Amravathi)
- ❑ AP & Telangana – Demand for low cost housing and IHB in urban areas
- ❑ Karnataka – Some demand from infrastructure and housing segment
- ❑ Tamil Nadu and Kerala – Sluggish

- ❑ Demand from road segment provided thrust for growth
- ❑ Speedy project clearances by Government



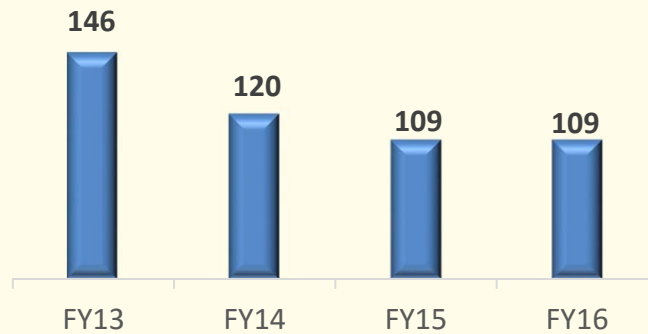
Environment Sustenance



BIG on..... Sustainability Development



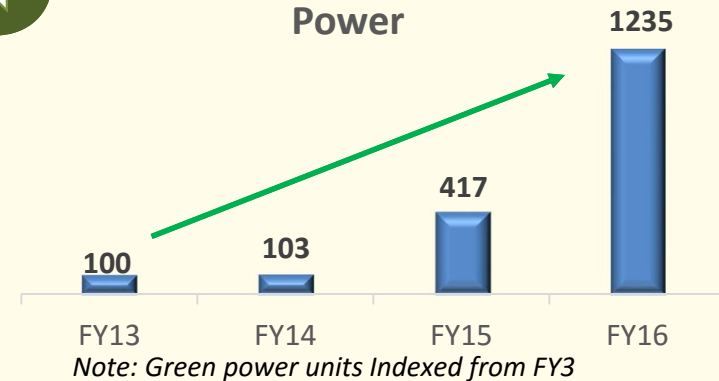
SO2 Emission (g/ton of clinker)



- ▶ Continuous online monitoring system available for all major emissions
- ▶ Introduced Low NOx Technology – Low NOx burner, Low NOx calciner etc.
- ▶ Capex investments towards environment
- ▶ Striving to become Water positive. 6 Integrated plants are using no/very less amount of ground water



Increasing Quantum of Green Power

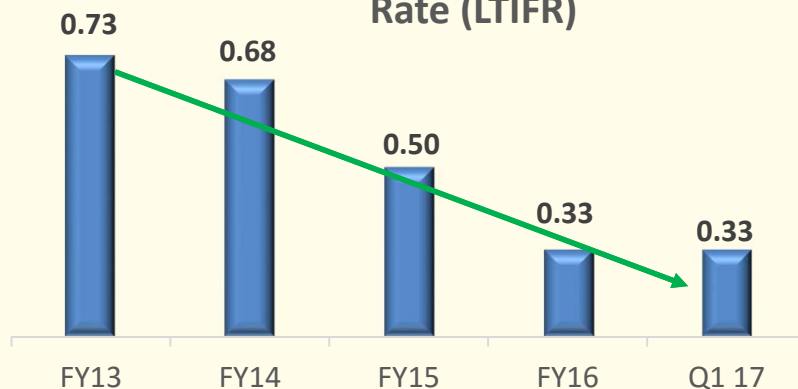


- ▶ Invested in Waste Heat Recovery Systems during last 2 years Supported in reduction of usage of thermal energy
- ▶ Plan for second phase of WHRS capex underway
- ▶ Long-term tie up with external parties for supply of Green Power
- ▶ Increased Fly ash absorption 2%

BIG on Safety and Community Development



Declining Loss Time Injury Frequency Rate (LTIFR)



<p>265 medical camps, > 56000 patients treated in Company hospitals</p>	<p>250 Aganwadis Scholarship Special Coaching</p>	<p>Agri productivity programme > 3600 farmers Water harvesting structures</p>	<p>Skill training for > 3000 people Industrial Training for > 750 students</p>	<p>Building of approach roads, Solar lights, Community Halls & Public rest places</p>
<p>Committed to Society > 1.3 million beneficiaries</p>				

- ▶ Effective Risk Assessment – drive
- ▶ Structural stability – assessment and corrections across plants
- ▶ Weightage of Safety performance in annual performance review

- ▶ Out of 407 villages covered under the CSR programme, selected 54 to be transformed into model villages by 2017
- ▶ Partnership with district rural development authorities, local hospitals, District Panchayati Raj Institutions for various activities



Key Highlights for the Quarter



Acquisition update



- ▶ Enterprise value : ₹ 16,189 Crs for 21.2 mtpa (USD 107/t)
- ▶ Access to new markets
- ▶ Financing tied up
- ▶ EPS dilutive for 8 quarters
- ▶ Application for CCI clearance has been filed
- ▶ Application to High Court – to be filed by next month
- ▶ Transaction expected to complete in next 9-10 months after getting all the regulatory and shareholders approval

Capacity to augment to 91.1 mtpa

UltraTech...BIG on Growth



(+) 6%*

☐ Sales Volume at 12.57 Mnt

~ 46000 retailers; ~ 17000 dealers

~ 1250 UBS Stores



(-) 7%*

☐ Total Cost at ₹ 3,643/t

Power Consumption
(- 3%)

Clinker Cement Conversion ratio
(+2%)

Q1 – Operating Performance



YoY Change

❑ Rural Market Penetration

40%

+ 1.5%

❑ Blended Sales

67%

+ 3%

❑ Average Realisation

₹ 4,683/t

(-) 2%*

** Increased 3% over Q4 16*

❑ Sales through UBS

7%

+ 1.5%

Q1 – Operating Performance



YoY Change

Petcoke in TPP+ Kiln

69%

+ 9%

WHRS Power Share

6%

+ 3%

Logistics Costs

₹ 1,170/t

(-) 6%

1/3rd of total cost saving on YoY basis achieved through efficiency measures

BIG on Financial Performance

(India)



Operating margin at 23% + 400 bps

↑	Turnover : ₹ 6182 Crs	+4%
↑	EBIDTA : ₹ 1573 Crs	+ 24%
↑	PAT : ₹ 775 Crs	+ 28%
↑	Operating Profit: ₹ 1078/t	+ 16%

ROCE at 15.8% +3.5%

Other developments



❑ FII Investment limit increased to 30% from earlier 24%. **more value creation**

- ❑ Secured coal linkage under auction in Maharashtra - 82000 tons per annum
- ❑ **Meeting 10% of the coal requirement for Awarpur plant**

- ❑ **Zero Net Debt** company. Debt reduced by ₹ 1590 crs
- ❑ Debt of ₹ 2398 crs in UAE subsidiary @ **interest rate of < 2%**

- ❑ **Strengthening Corporate Governance** - New Directors Appointment
 - Ms. Alka Bharucha – as Independent Director
 - Mr. Atul Daga – as Executive Director & CFO

❑ Moved to new accounting standards ...Indian Accounting Standards (Ind AS)

Ind AS implementation



Implemented Ind AS Accounting w.e.f. 01.04.2016..... Key changes applicable for UTCL

- ❑ Sales revenue is net-off discounts and direct sales incentives
- ❑ ESOP charge based on the fair valuation
- ❑ Capitalisation of large stores & spares having life more than 1 year
- ❑ M-to-M on forward cover on foreign currency instruments

**Operating
EBIDTA Impact**
+ ₹ 8 Crs

- ❑ Interest income on investments accrued as per fair valuation

Other Income
+ ₹ 103 Crs

- ❑ NPV interest charge for Interest free sales tax loans and mines liability
- ❑ Additional Depreciation charge for stores capitalized and mines restoration
- ❑ Assets creation for mines restoration cost
- ❑ M-to-M on foreign currency borrowings (considered cash flow hedge)

**Total Impact at
PBT + ₹ 106 Crs**



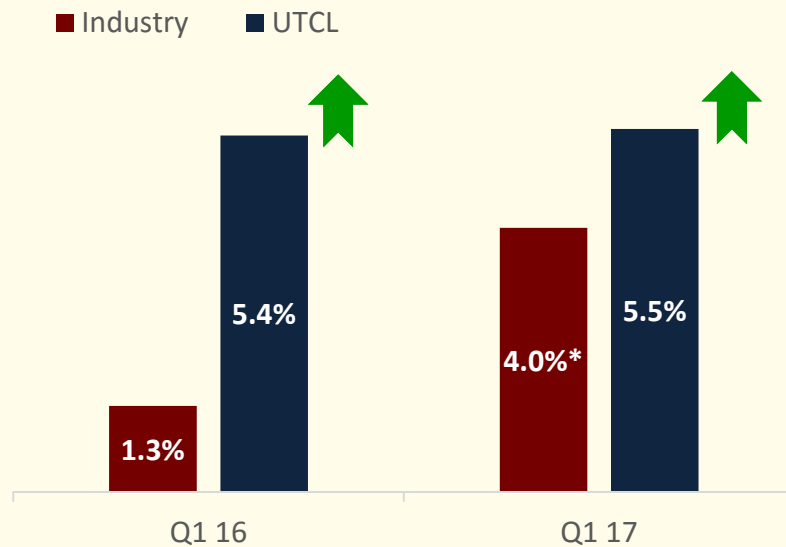
Operational and Financial Performance



BIG on Sales Performance



Domestic Growth Industry vs UTCL



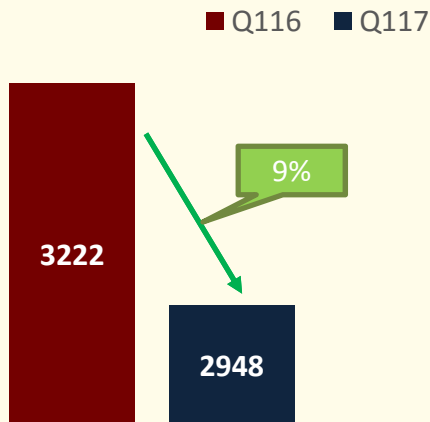
UTCL – India Performance

Particulars	CY	LY	▲%
Capacity (mtpa)	66.25	60.15	10
Cap Utilisation	77%	80%	(3)
Cement Sales (Mnt):			
Domestic Cement	12.57	11.91	6
Others	0.64	0.51	26
Total	13.20	12.41	6

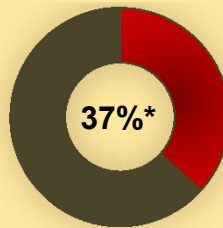
- ▶ Capacity utilisation on existing plants @ 80%; New capacities in ramp-up mode
- ▶ Enhanced presence in the market place

BIG on operational efficiency

Operational Costs (Grey Cement)



Total Operational Costs incl. Logistics & Packing (Pmt)



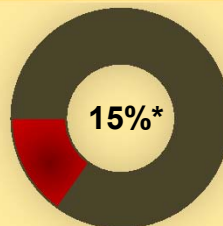
▶ Logistics cost improved 4% YoY: ₹ 1081/t

- ❑ Gain in rail freight due to withdrawal of busy season surcharge for May & Jun'16
- ❑ Lead distance reduced



▶ Energy cost Lower 24% YoY

- ❑ Higher usage of petcoke
- ❑ Power and fuel consumption improved



▶ Raw materials cost - Range bound: ₹ 448/t

- ❑ Improved clinker cement conversion ratio
- ❑ Raw mix optimisation

Cost to increase going forward with upward movement in fuel prices

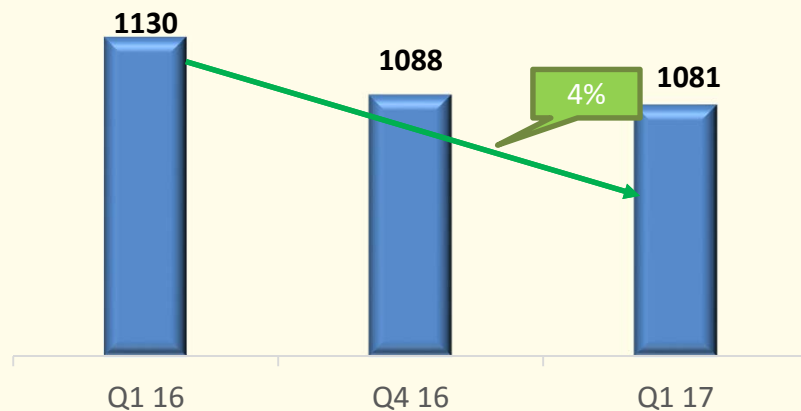
*% share in total operational costs including logistics.

Logistics cost trends

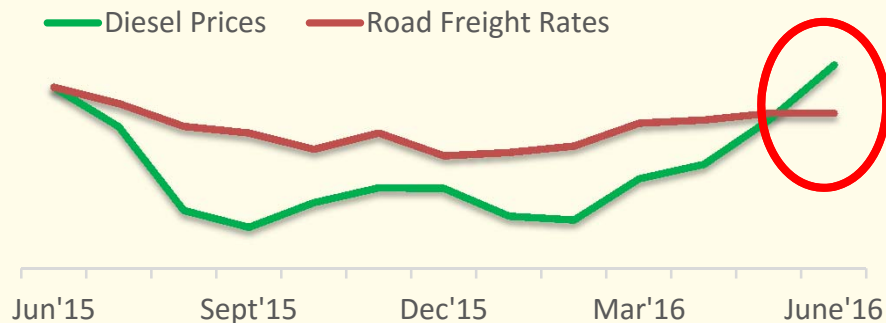
(Grey Cement)



Logistics Cost ₹/t



Road freight rates v/s Diesel prices trend



▶ YoY cost – declined 4%

- ❑ Withdrawal of 15% busy season surcharge on rail freight for 2 months (₹ 20/t)
- ❑ Improved average lead distance: 3% (₹ 30/t)
- ❑ Continuous decline in availability of wagons - Road share increased in overall distribution share to: 71% (LY - 67%)

▶ QoQ cost marginally improved

- ❑ Rail freight gain partially offset with hike in diesel prices (~ 11%)

Note 1: Every 1% reduction in diesel price corresponds to 0.4% reduction in road freight

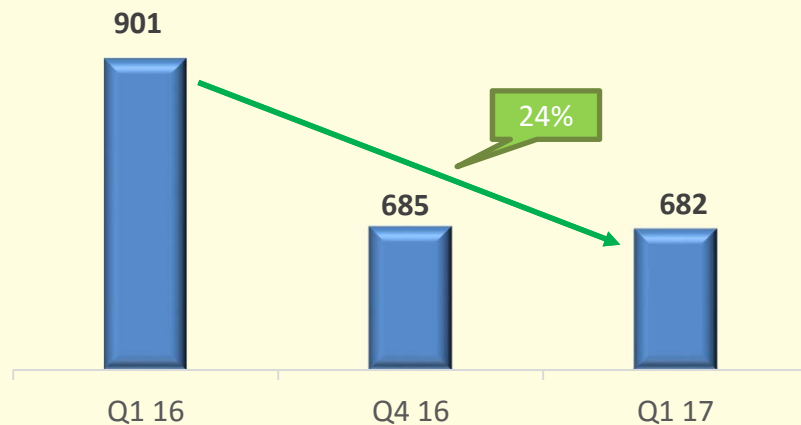
Note 2: Above prices index trend is on base prices/rates of Jun'15

Energy cost trends

(Grey Cement)



Energy Cost ₹/t



Kiln Fuel Mix %	Q1 16	Q4 16	Q1 17
Petcoke	68%	70%	74%
Imported Coal	20%	21%	18%
Indigenous Coal and Others	12%	9%	8%

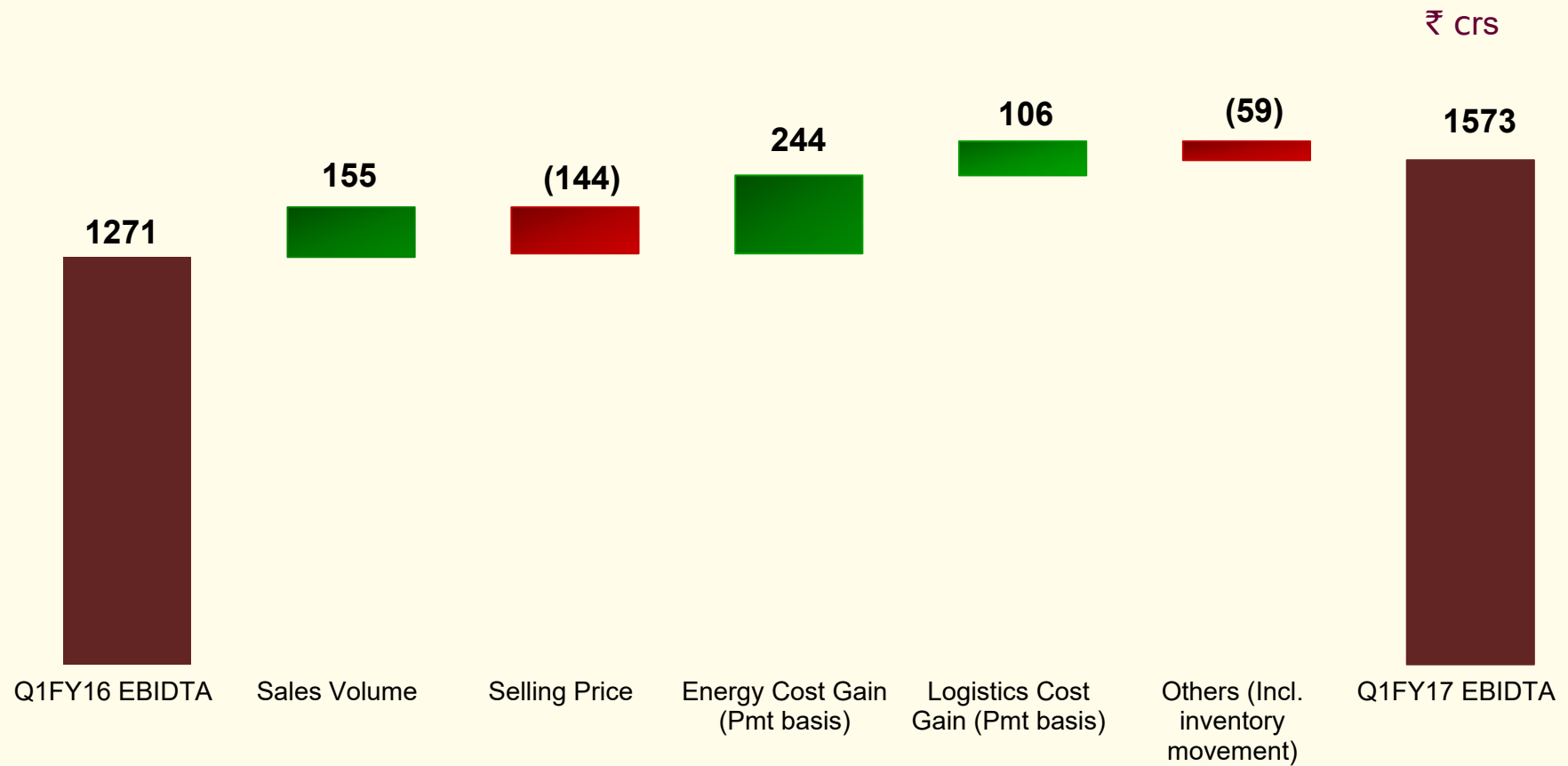
▶ YoY Energy cost declined 24% but no surge over Q4 despite increase in fuel prices

- ❑ Increased petcoke consumption in Kiln (74%) as well as TPP (57%) - ₹ 15/t
- ❑ YoY better efficiency norms for Fuel (1%) and Power Consumption (3%) - ₹ 15/t
- ❑ WHRS share in total power 6% (LY- 3%)
- ❑ Higher clinker conversion ratio and other efficiency gain - ₹ 20/t

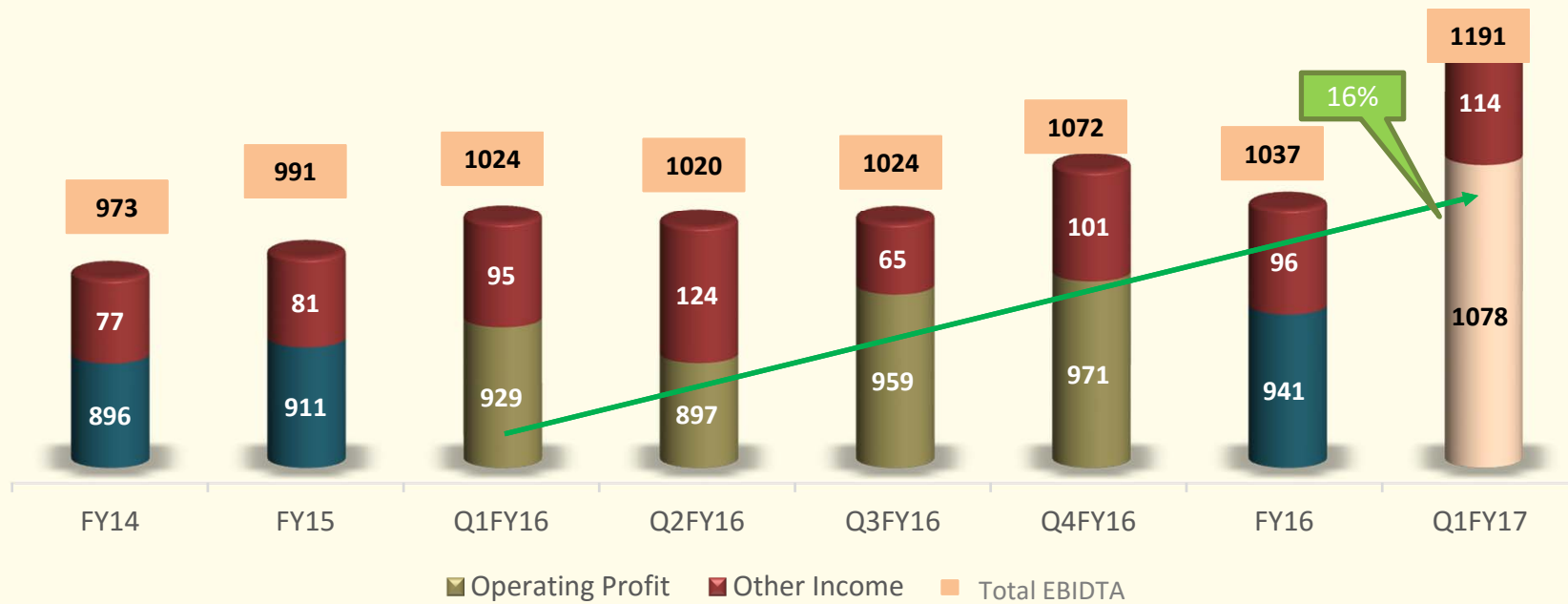
▶ Fuel price increase impact:

- ❑ Domestic petcoke price increase impact negated with low cost inventory
- ❑ Imported fuel price rise – impact to reflect from Q2 onwards

EBIDTA movement (India)



EBIDTA ₹ pmt (India)



EBIDTA per ton improved 11% QoQ

Income statement – Q1



₹ crs

Consolidated			Particulars	Standalone		
CY	LY	▲%		CY	LY	▲%
6538	6281	4	Revenue	6182	5948	4
151	100	52	Other Income	150	118	28
1626	1302	25	EBIDTA*	1573	1271	24
25%	21%	4	Margin (%)	25%	21%	4
180	150	(20)	Finance Costs	152	140	(9)
323	304	(6)	Depreciation	303	285	(6)
1124	848	33	PBT	1,118	846	32
344	244	(41)	Tax Expenses	343	242	(42)
-0.28	-0.20	(40)	Minority Interest	-	-	-
780	604	29	PAT	775	604	28
28.4	22.0	29	EPS (₹)	28.2	22.0	28

- ▶ **EBIDTA registered growth of 24% on account of higher sales volume and lower cost**
- ▶ **PAT up 28% for Indian Operations and 29% including overseas**

* Includes Ind AS impact: Q1FY17: ₹ 111 Crs, Q1FY16: ₹ 19 Crs (restated nos as per Ind AS)

Financial Position



₹ crs

Consolidated		Particulars	Standalone	
30.06.16	31.03.16		30.06.16	31.03.16
22723	21943	Shareholders Funds	22388	21627
15	15	Minority Interest	-	-
9669	10616	Loans (Incl. Current Maturities)	7271	8250
2531	2430	Deferred Tax Liabilities	2536	2433
34939	35004	Sources of Fund	32195	32309
26151	26134	Net Block (Incl. Capital Advances)	24475	24506
1124	1106	Goodwill on Consolidation	-	-
		Investments:		
7699	7093	Liquid Investments	7679	7069
14	14	Long-term Investments	725	725
433	589	Derivative Assets (Net)	432	589
(482)	67	Net Working Capital	(1117)	(579)
34939	35004	Total Application of Funds	32195	32309
1969	3523	Net Debt	(408)	1181

Financial Indicators



Consolidated		Indicators	Standalone	
30.06.16	31.03.16		30.06.16	31.03.16
0.09	0.16	Net Debt: Equity	(0.02)	0.05
0.30	0.69	Net Debt / EBIDTA	(0.06)	0.23
7.7	6.5	Interest Cover	8.3	7.2
14.9%	11.2%	ROCE	15.8%	12.3%
8.9%	7.1%	ROIC	9.6%	7.3%
201	195	EV (USD/ ton)		
828	800	Book Value (₹/Share)	816	788



Sector Guidance



Sector guidance: Cautiously optimistic



Expectations

- Continuing Government infrastructure spending
- Pick-up in rural housing on back of normal monsoon and 7th pay commission disbursement
- Development activities in UP, Punjab, AP & Telangana
- Steady Cement Prices

Concerns

- Delay in execution of Government projects
- Slowdown in urban real estate
- Increased fuel prices

Cement demand expected to grow ~7% for FY17



Annexures



Income statement – Q1



US\$ Mn

Consolidated			Particulars	Standalone		
CY	LY	▲%		CY	LY	▲%
968	930	4	Revenue	915	881	4
22	15	52	Other Income	22	17	28
241	193	25	EBIDTA	233	188	24
25%	21%	4	Margin (%)	25%	21%	4
27	22	(20)	Finance Costs	23	21	(9)
48	45	(6)	Depreciation	45	42	(6)
166	126	33	PBT	166	125	32
51	36	(41)	Tax Expenses	51	36	(42)
-0.04	-0.03		Minority Interest	-	-	-
116	89	29	PAT	115	89	28
0.4	0.3	29	EPS (₹)	0.4	0.3	28

- ▶ **EBIDTA registered growth of 24% on account of higher sales volume and lower cost**
- ▶ **PAT up 28% for Indian Operations and 29% including overseas**

Financial Position

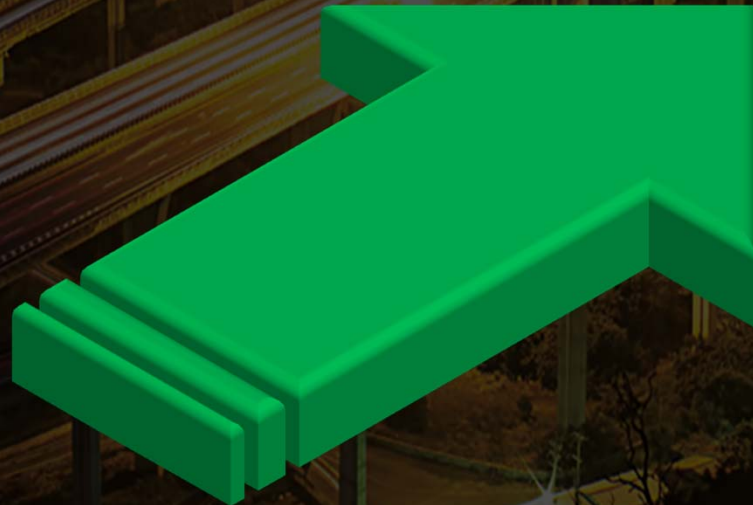


US\$ Mn

Consolidated		Particulars	Standalone	
30.06.16	31.03.16		30.06.16	31.03.16
3365	3249	Shareholders Funds	3315	3203
2	2	Minority Interest	-	-
1432	1572	Loans (Incl. Current Maturities)	1077	1222
375	360	Deferred Tax Liabilities	376	360
5174	5183	Sources of Fund	4767	4784
3872	3870	Net Block (Incl. Capital Advances)	3624	3629
166	164	Goodwill on Consolidation	-	-
64	87	Derivative Assets (Net)	64	87
		Investments:		
1140	1050	Liquid Investments	1137	1047
2	2	Long-term Investments	107	107
-71	10	Net Working Capital	-165	-86
5174	5183	Total Application of Funds	4767	4784
292	522	Net Debt	(60)	175



BIG ON PROFITABLE GROWTH



Disclaimer



Statements in this “Presentation” describing the Company’s objectives, estimates, expectations or predictions may be “forward looking statements” within the meaning of applicable securities laws and regulations. Actual results could differ materially from those expressed or implied. Important factors that could make a difference to the Company’s operations include global and Indian demand supply conditions, finished goods prices, feedstock availability and prices, cyclical demand and pricing in the Company’s principal markets, changes in Government regulations, tax regimes, economic developments within India and the countries within which the Company conducts business and other factors such as litigation and labour negotiations. The Company assumes no responsibility to publicly amend, modify or revise any forward looking statement, on the basis of any subsequent development, information or events, or otherwise.

UltraTech Cement Limited

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[Corporate Identity Number L26940MH2000PLC128420]

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