

ADITYA BIRLA



UltraTech



INDIA'S
LARGEST
CEMENT
COMPANY

RESULTS
Q4:FY 2014-15



Stock code: **BSE:** 532538 **NSE:** ULTRACEMCO **Reuters:** UTCL.NS **Bloomberg:** UTCES IS / UTCES 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 = 62.50

GLOSSARY

Mnt – Million Metric tons **Lmt** – Lakhs Metric tons **Mtpa** – Million Tons Per Annum **Q3** – October-December **Q4** – January-March
LY – Corresponding Period last Year **FY** – Financial Year (April-March) **ROCE** – Return on Average Capital Employed
NROCE – Net Return on Average Capital Employed **MW** – Mega Watts **ICU** – Integrated Unit **GU** – Grinding Unit



Macro and Sector Highlights



Macro and Sector Highlights



Macro Environment

- ▶ Strong GDP growth nos. for first nine months: 7.4% (new data series)
- ▶ Though manufacturing growth still remain below normal level:
 - ❖ Industrial Production (IIP) till Feb'15 : 2.8% (Nil in LY)
- ▶ Interest rate cuts
- ▶ Commodity prices continue to remain soft

Sector Performance

- ▶ Muted Cement Demand in Q4
 - ❖ Low infrastructure spending and subdued housing demand continuously affecting the industry
- ▶ Improved volumes over Q3
- ▶ Sector capacity utilisation for the quarter estimated c 67%
 - ❖ Annual demand c 255-260 million tonnes v/s capacity: around 390 mtpa.... resulted into surplus capacity of c 120 mtpa



Key Highlights for Quarter and Annual



Key milestones Q4 2014-15



► Commissioned

- ❖ 6000 TPD Clinkerisation line at Aditya Cement, Rajasthan
- ❖ WHRS: 10 MW at Aditya Cement, Rajasthan and 6 MW at Rajashree Cement, Karnataka

Benefits to accrue from FY16 onwards

► Awarded Bicharpur Coal mines in Madhya Pradesh under coal block auction process

- ❖ Total Reserve: c29 million tonnes
- ❖ Started process of taking possession of the mines

► Rajasthan High Court order in favour of the Company for taking back possession of it's Gotan Limestone mines

► Allotted land by Mumbai Port Trust for setting-up cement terminal

► Increased petcoke consumption to 64% (excluding acquired plants 70%)

Key highlights FY 2014-15



- ▶ **Company's cement capacity in India expanded to 60.2 mtpa**
 - ❖ Completed acquisition of Gujarat Units – 4.8 mtpa
 - ❖ Commissioned remaining cement capacity of Rajashree IV – 1.4 mtpa
- ▶ **Thermal Power Plant capacity augmented to 717 MW, WHRS to 33 MW and Solar & Wind Mill 4 MW**
- ▶ **Completed Brand transition for acquired Gujarat plants**
 - ❖ Other integration and operational efficiency programme moving on as per target
- ▶ **Acquisition of two cement plants with a capacity of 4.9 mtpa in Madhya Pradesh**
 - ❖ Proposed acquisition on track...likely to complete in Q3 FY16
- ▶ **Safety Priority - Achieved Zero Harm Mission**

Key highlights FY 2014-15

(Contd...)



▶ Operating performance

- ❖ Capacity utilisation at 75% v/s Industry c 68%
- ❖ Volume grew by 8% ... major growth driven by eastern region and on account of acquired Gujarat plants

▶ Net sales up 13%

▶ EBIDTA improved 10% ...with consistent operating margin of 20%

▶ Dividend Payout : ~ 15% of Net Profit

▶ Consolidated Net debt increase on acquisition and on-going capacity expansion programme (+ ₹ 2,700 Crs)

▶ Strong financial position

- ❖ Net Debt : Equity : 0.27
- ❖ Net Debt / EBIDTA : 1.09



Operational and Financial Performance



Sales performance

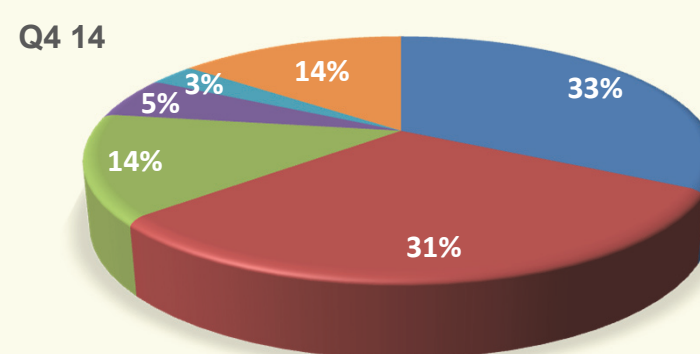
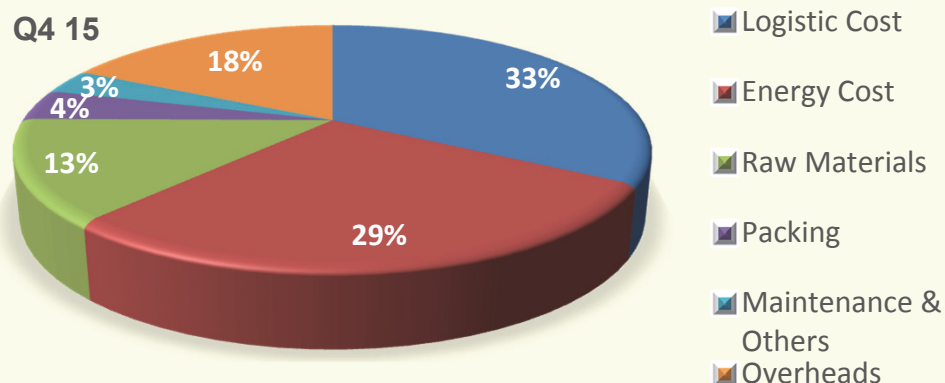


Q3	Particulars	Q4				Annual		
FY15		CY	LY	▲%	Q3	CY	LY	▲%
63.2	Consolidated Capacity (mtpa)	63.2	57.0	11	-	63.2	57.0	11
Sales Volume (Mnt):								
10.5	- Domestic Cement	11.5	11.9	(3)	9	43.4	40.4	7
11.8	- Consolidated (Incl. Clinker)	12.8	13.0	(2)	8	48.2	44.7	8
3.2	White Cement & Putty (Lmt)	3.5	3.3	7	11	12.2	11.4	7

- ▶ Overall net sales for the quarter improved 5%
- ▶ Capacity utilisation for the Indian operations for the quarter at 78%
- ▶ White Cement & Putty Volume up 7% on YoY basis and 11% sequentially

Operational Performance

Cost composition (Grey Cement)



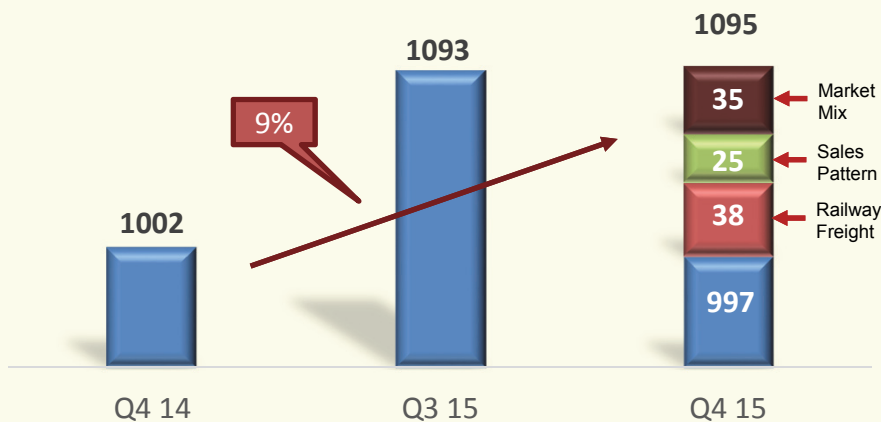
- ▶ Logistics cost increased by 9% at ₹ 1095/t
- ▶ Benefit of diesel prices reduction in road freight negated with increase in railway freight and change in market mix & sales pattern
- ▶ Energy costs remained flat at ₹ 940/t
- ▶ Raw materials cost higher at ₹ 443/t (5% increase) due to hike in limestone royalty & additional levies under MMDR Act
- ▶ Higher retiral provisions

Logistics cost trends

(Indian Operations)



Logistic Cost ₹/t



► Logistics cost remained in line with Q3, however increased over LY by 9%

► Saving in road freight on account of reduction in diesel prices negated by:

- ❖ Increase in railway freight (₹ 38/t)
- ❖ Change in sales pattern from ex-works to FOR (₹ 25/t)
- ❖ Change in Plant/ Market mix (₹ 35/t)

► Non-availability of rakes increased the dependence on road movement

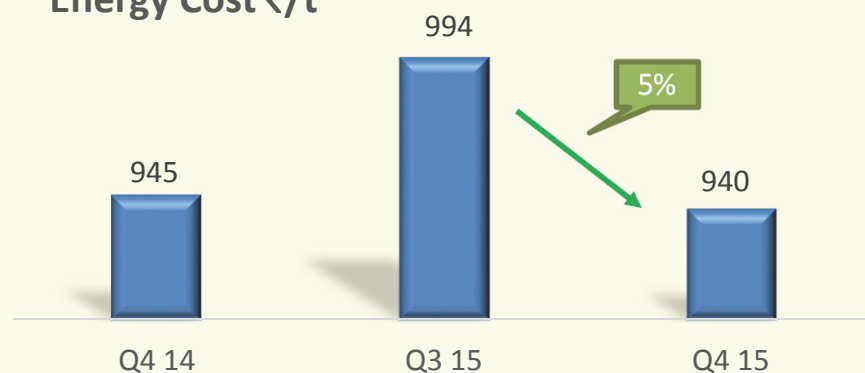
Mode Mix	Q4 14	Q3 15	Q4 15
Rail	37%	26%	28%
Road	60%	70%	68%
Sea	3%	4%	4%

Energy costs trends

(Indian Operations)



Energy Cost ₹/t



► Energy costs declined by 5% over Q3

► Increasing share of TPP and Petcoke consumption; WHRS share in total power about 2%

► Increased domestic coal prices and higher freight partially set off the gain in imported coal prices

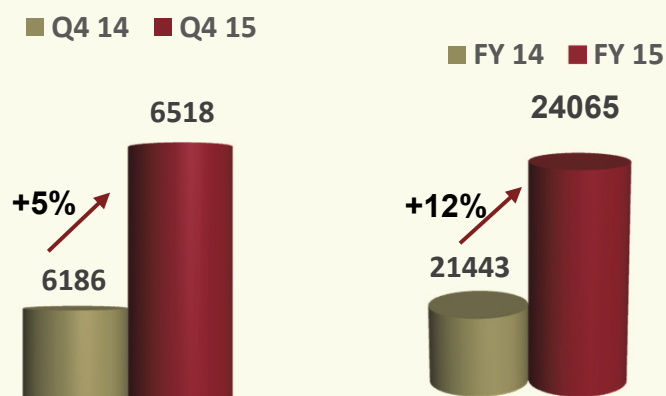
Power Mix %	Q4 14	Q3 15	Q4 15
TPP + WHRS	83%	86%	85%

Kiln Fuel Mix %	Q4 14	Q3 15	Q4 15
Petcoke	52%	51%	64%
Imported Coal	22%	29%	19%
Indigenous Coal and Others	26%	20%	17%

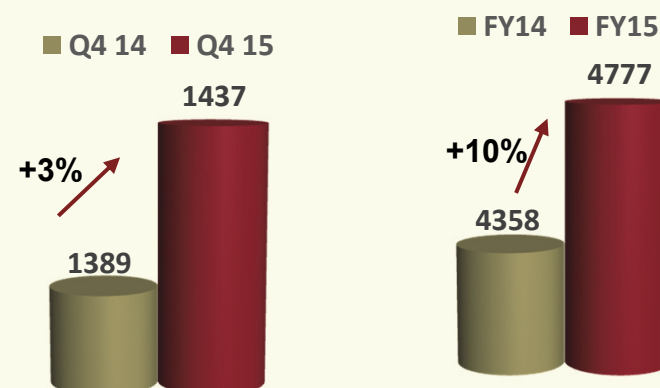
Financial Performance Indicators (Consolidated)



Net Sales (₹ crs)



EBIDTA (₹ crs)



- ▶ EBIDTA for the quarter up 3% and for full year improved 10%
- ▶ EBIDTA margin for the quarter at 22% as compared to 18% in Q3

Income statement

(Standalone)



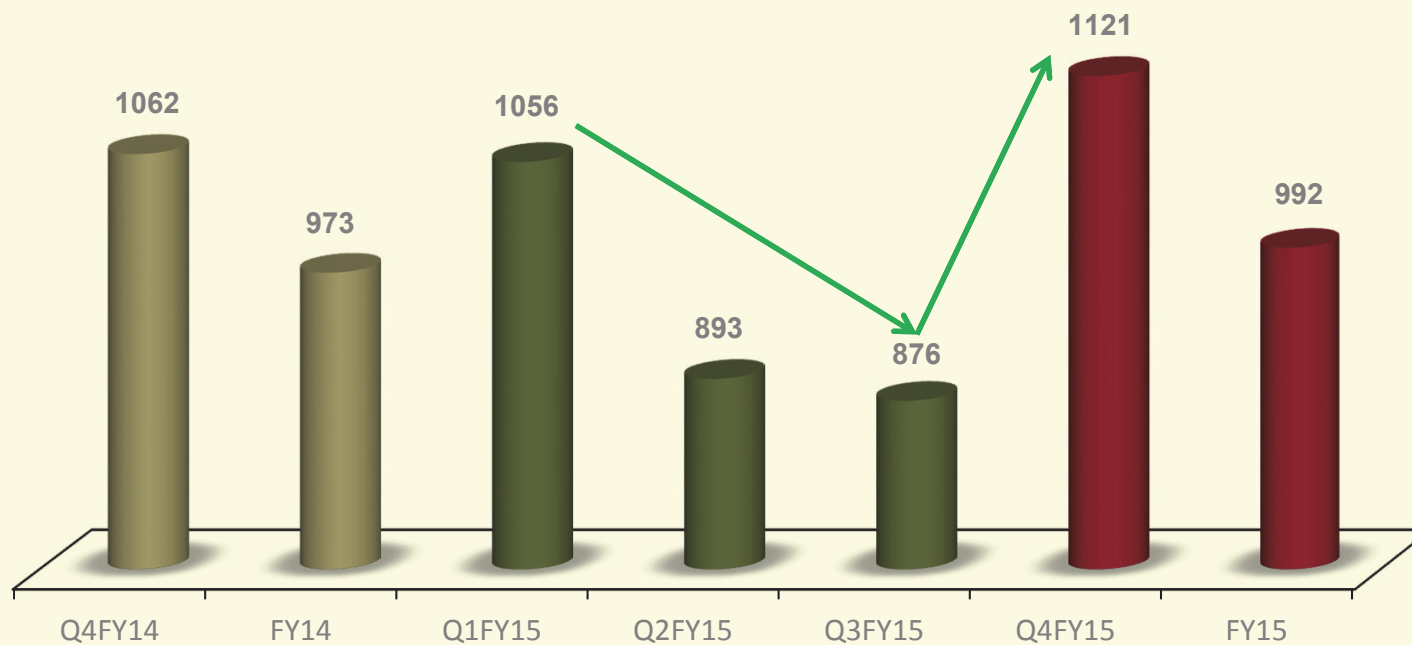
₹ crs

Q4FY15			Particulars	Annual		
CY	LY	▲%		CY	LY	▲%
6135	5832	5	Revenue	22656	20078	13
1364	1329	3	EBIDTA	4569	4147	10
22%	23%	(1)	Margin (%)	20%	21%	1
150	74		Finance Costs	547	319	(72)
290	278	(4)	Depreciation	1135	1052	(8)
924	976	(5)	PBT	2886	2776	4
309	138	-	Tax Expenses*	872	631	(38)
615	838	(27)	PAT	2015	2144	(6)
665	742	(10)	Normalised PAT*	2065	2049	1
22.4	30.6	(27)	EPS (₹)	73.4	78.2	(6)

*CY: Deferred tax incidence of ₹ 50 crs due to increase in surcharge on Income-tax &

LY: Reversal of tax provisions related to earlier years - ₹ 96 crs

EBIDTA pmt



CY Q4: EBDITA pmt improved 28% over Q3 and 6% over LY Q4

Income statement

(Consolidated)



₹ crs

Q4FY15			Particulars	Annual		
CY	LY	▲%		CY	LY	▲%
6518	6186	5	Revenue	24065	21443	12
1437	1389	3	EBIDTA	4777	4358	10
22%	22%	-	Margin (%)	20%	20%	-
160	85	(87)	Finance Costs	587	361	(62)
308	301	(2)	Depreciation	1205	1139	(6)
969	1002	(3)	PBT	2986	2858	4
312	140	-	Tax Expenses*	884	645	(37)
-	-3		Minority Interest	4	7	(44)
657	865	(24)	PAT	2098	2206	(5)
707	769	(8)	Normalised PAT*	2148	2110	2
24.0	31.5	(24)	EPS (₹)	76.5	80.5	(5)

*CY: Deferred tax incidence of ₹ 50 crs due to increase in surcharge on Income-tax &

LY: Reversal of tax provisions related to earlier years - ₹ 96 crs



Annual Performance 2014-15



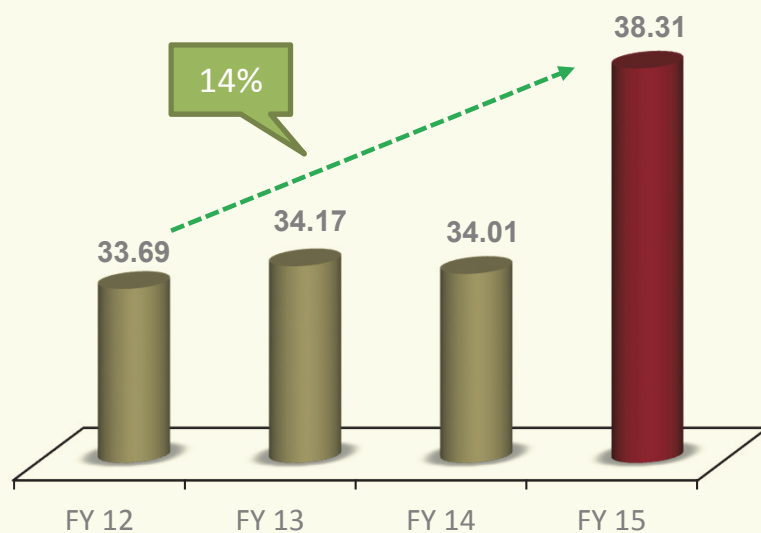
Production trends

(Consolidated)



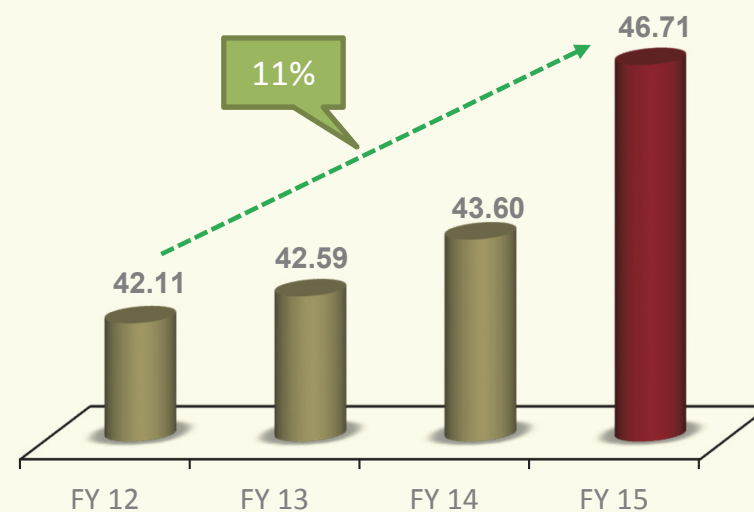
Clinker production

(Million tonnes)



Cement production

(Million tonnes)

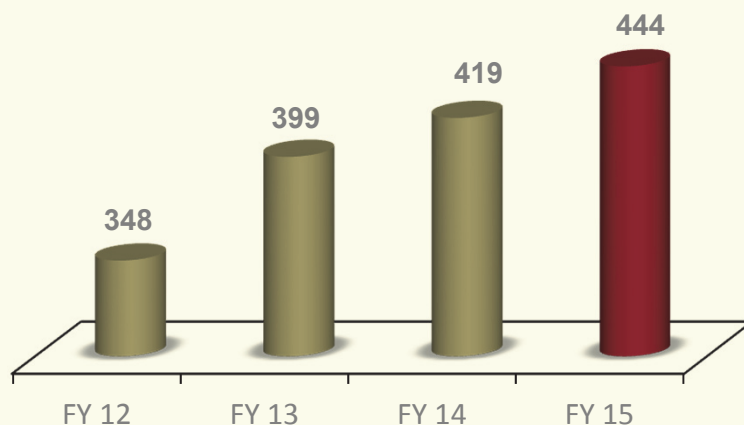


Grey cement cost trends

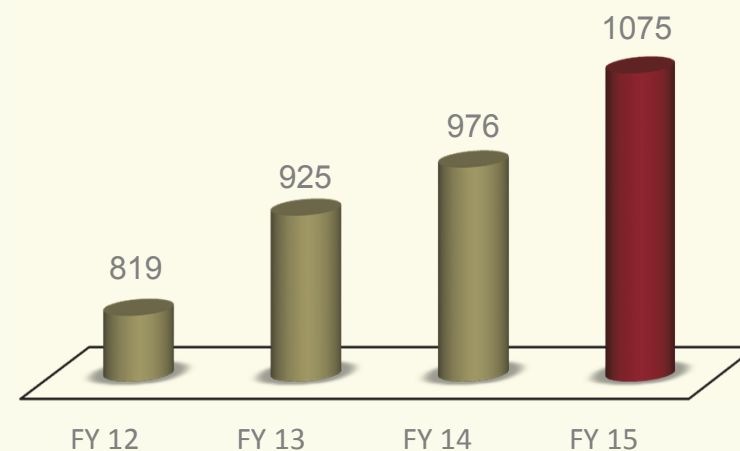
(Indian Operations)



Raw Material Cost (₹/Mt)



Logistics Cost (₹/Mt)



Input material prices hardening

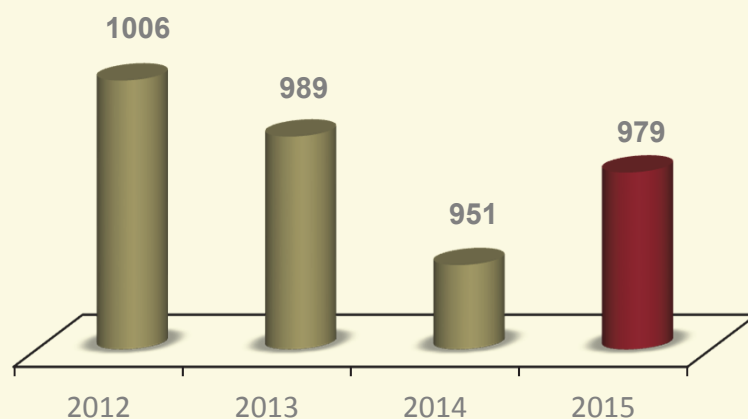
Mix	FY12	FY13	FY14	FY15
Rail	36%	34%	34%	29%
Road	61%	63%	62%	67%
Sea	3%	3%	3%	4%

Grey cement cost trends(Contd.)

(Indian Operations)



Energy Cost (₹/Mt)



Fuel Mix - Kiln	FY12	FY13	FY14	FY15
Imported Coal	44%	35%	26%	26%
Petcoke	26%	38%	48%	52%
Ind. Coal & Others	30%	27%	26%	22%

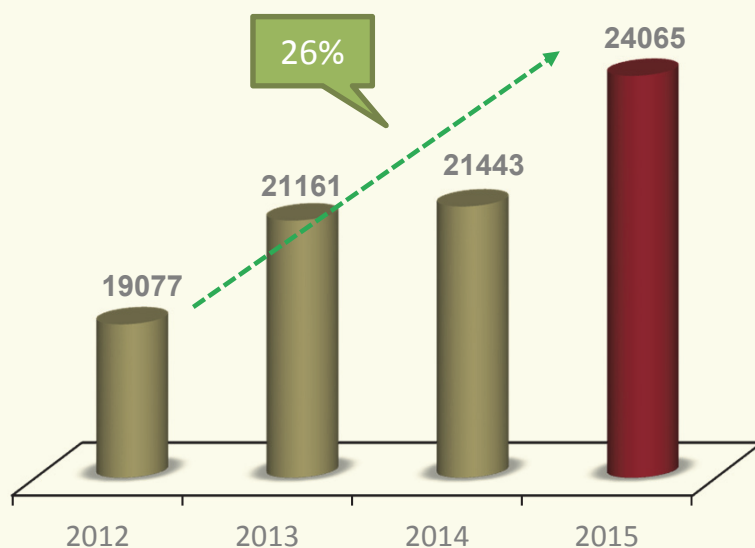
Energy cost - Range bound

Financial performance trends

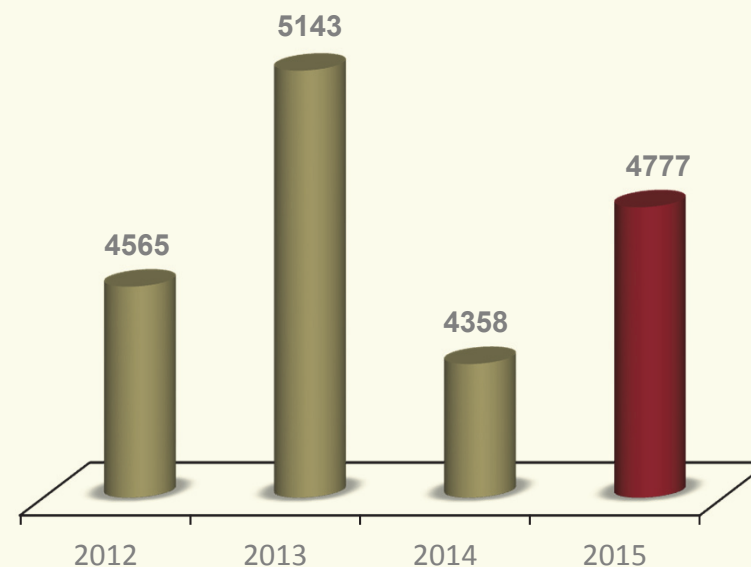
(Consolidated)



Revenue
(₹ Cr)



EBIDTA
(₹ Cr)



Financial Position



₹ crs

Standalone		Particulars	Consolidated	
31.03.15	31.03.14		31.03.15	31.03.14
18858	17098	Shareholders Funds	19041	17182
-	-	Minority Interest	18	17
7414	5199	Loans (Incl. Current Maturities)	9829	7332
2792	2296	Deferred Tax Liabilities	2786	2290
29064	24593	Sources of Fund	31674	26821
23632	18650	Net Block (Incl. Capital Advances)	25186	20090
-	-	Goodwill on Consolidation	1053	967
Investments:				
4479	4841	Liquid Investments	4634	4841
730	551	Long-term Investments	21	21
223	551	Net Working Capital	780	902
29064	24593	Total Application of Funds	31674	26821

Financial Indicators



Indicators	Standalone		Consolidated	
	31.03.15	31.03.14	31.03.15	31.03.14
Shareholders fund (₹ crs)	18858	17098	19041	17182
Borrowings (₹ crs)	7414	5199	9829	7332
Cash Equivalents (₹ crs)	4479	4841	4634	4841
Financial Indicators				
Net Debt: Equity	0.16	0.02	0.27	0.14
Net Debt / EBIDTA	0.64	0.09	1.09	0.57
Interest Cover (PBIT/Gross Interest)	5.8	7.8	5.7	7.3
ROCE	12.0%	13.1%	11.5%	12.5%
NROCE	8.9%	10.5%	8.6%	10.0%
Book Value (₹/Share)	687	623	694	627



Projects Update



Projects update



► Cement Grinding Units:

- ❖ Cement GU attached with Rawan II in West Bengal and Bihar (1.6 mtpa each) – work in progress, commercial production by end of FY16
- ❖ GU at Jhajjar, Haryana (1.6 mtpa) – commissioning by mid FY16
- ❖ GU at Nagpur, Maharashtra (1.6 mtpa) – commercial production by mid FY17
- ❖ GU at Bahrain (0.6 mtpa) – commissioning by early FY17

► Cement Terminals:

- ❖ at Pune - Commissioning in Q1 FY16
- ❖ at Mumbai Port – Commissioning in FY17

► Waste Heat Recovery Systems (30 MW)

- ❖ Commissioning by mid FY16



Sector Guidance



Sector guidance



- ▶ Cement demand expected to grow at average historical multiple of GDP
- ▶ Cement demand growth drivers:
 - ❖ Government focus on infrastructure push-up with higher budgetary allocation for roads, dedicated freight corridor, smart cities, irrigation, port etc.
 - ❖ Government manifesto – “Housing for all”
 - ❖ Softening of interest rates
- ▶ Supply-demand balance to improve on increase demand and slowing down of capacity addition

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

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.

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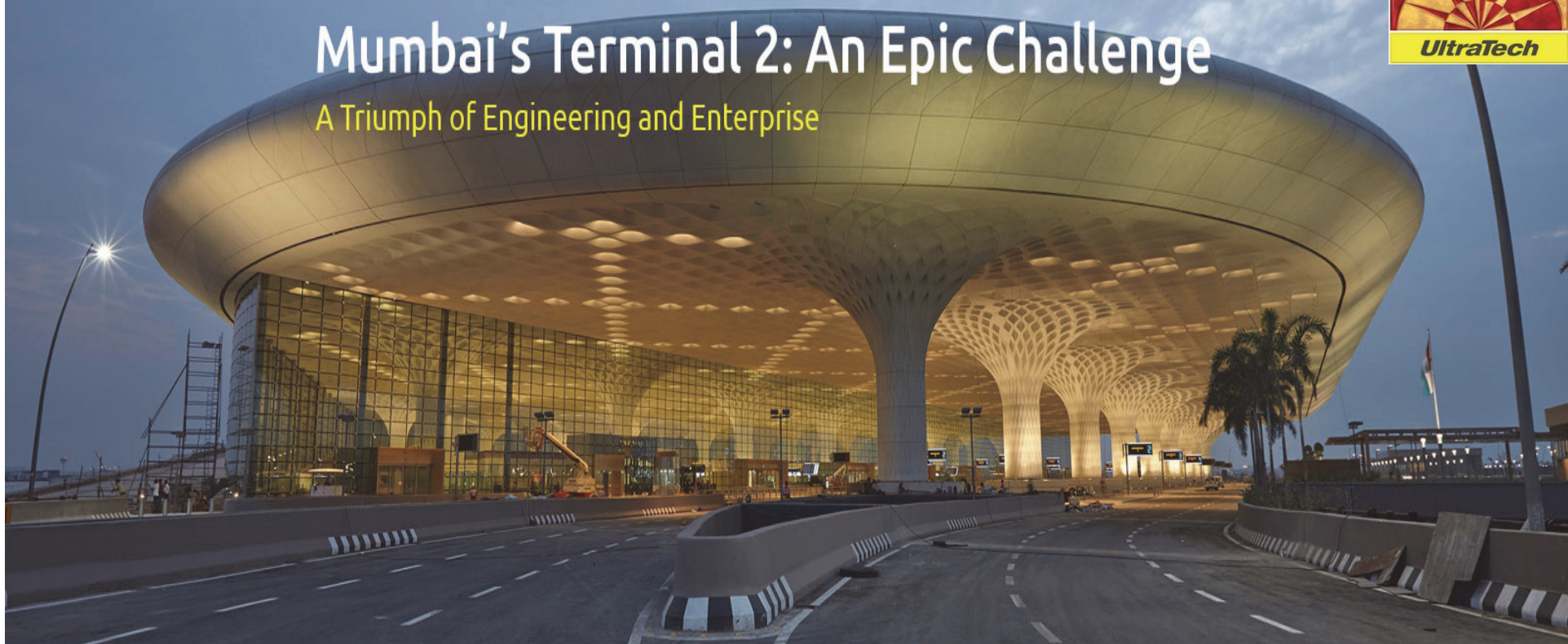
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Mumbai's Terminal 2: An Epic Challenge

A Triumph of Engineering and Enterprise



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