

ADITYA BIRLA



UltraTech

25th April, 2016

BSE Limited
Corporate Relationship Department
Phiroze Jeejeebhoy Towers,
Dalal Street
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 year ended 31st March, 2016.

The same is for your information, please.

Thanking you.

Yours very truly,

S. K. Chatterjee
Company Secretary

Encl: A/a

UltraTech Cement Limited

Registered Office :
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ADITYA BIRLA



UltraTech



INDIA'S
LARGEST
CEMENT
COMPANY

EARNINGS
Q4:FY 2015/16



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

Contents



**MACRO AND
INDUSTRY
UPDATE**

**KEY HIGHLIGHTS
FOR THE
QUARTER & YEAR**

**OPERATIONAL
AND FINANCIAL
PERFORMANCE**

GLOSSARY

Mnt – Million Metric tons **Lmt** – Lakhs Metric tons **MTPA** – Million Tons Per Annum **Q3** – October - December **Q4** – January-March **Annual** – April-March
LY – Corresponding Period last Year **FY** – Financial Year (April-March) **ROCE** – Return on Average Capital Employed

Note: The financial figures in this presentation have been rounded off to the nearest ₹ 1 cr ; 1 US\$ = ₹ 66.25

Economy Update Q4



Macro Performance

- ▶ Steady GDP growth during first nine months 7.5% (7.4%)
- ▶ Indian Rupee continue to depreciate against USD (YoY – 8%)
- ▶ WPI inflation decline 0.9% over LY
- ▶ Crude oil prices – some indication of hardening

Industry Performance

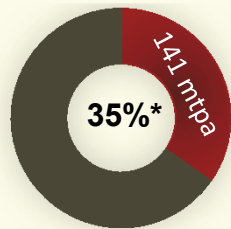
- ▶ Q4 – displayed signs of recovery in cement demand with strong growth nos. ~ 11.5%
- ▶ Capacity utilisation improved ~ > 71%*
- ▶ Volatile cement prices
- ▶ Operating costs – benign

Industry (405 mtpa)

Regional Update

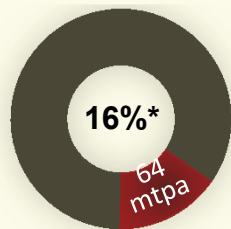


Zone / Region	Volume	Infra	Comm.	Housing	Rural
North (~ 80% cu)**					



- ❑ Infrastructure growth from UP and Punjab
- ❑ Housing Sector – Marginal growth

East (~ 85% cu)**					
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- ❑ Robust growth from infrastructure spending in all major states – Roads & other developments (Urban as well as rural)
- ❑ Sustained housing growth “Housing for all” & “Biju Patnaik Housing Scheme”
- ❑ Consistent demand from IHB segment
- ❑ Bihar demand – impacted due to sand availability

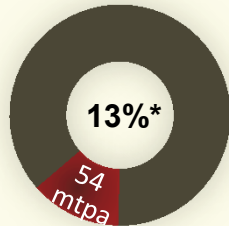
Industry (405 mtpa)

Regional Update



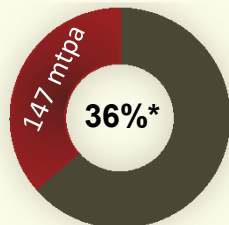
Zone / Region	Volume	Infra	Comm.	Housing	Rural
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West (~ 70% cu)**



- ❑ Maharashtra – Momentum in Infrastructure segment - Concrete roads in rural areas, Subdued demand from IHB segment, Mumbai demand - muted
- ❑ Gujarat – Marginal demand uptick from Infrastructure

South (~ 55% cu)**



- ❑ Demand started from AP, Telangana and Karnataka
- ❑ Tamil Nadu and Kerala – No recovery

► **Increased Infrastructure activities and demand from AP/Telangana development lead the overall industry demand improvement in Q4**



Key Highlights for the Quarter



UltraTech Update



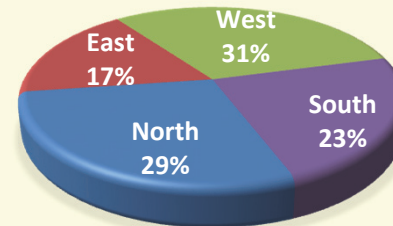
Projects Update

Commissioned 1.6 mtpa Grinding unit in Bihar (6.1 mtpa green field capacity added since Apr'15)

Grinding unit in Maharashtra at final stage of commissioning



Total Capacity- 66.25 MTPA
in India

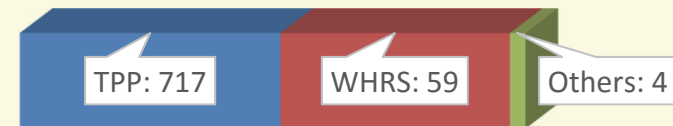


WHRS Update

Commissioned another 6 MW Waste Heat Recovery System



Total WHRS Capacity- 59 MW



Total Captive Power Capacity

UltraTech Building Solution

Added ~ 100 stores more during this quarter. Total stores



1200

Acquisition update



Asset Detail

- ▶ Network in AP, UP, MP, UK, HP
- ▶ 21.2 mtpa Cement and 16.2 mtpa Clinker; TPP – 265 MW; Mines ~ 40 years
- ▶ Enterprise value: ₹ 15,900 Crores (USD 107/t)
- ▶ Definitive Agreements signed on 31st March 2016
- ▶ **Next Steps:** CCI application and filing of Court Scheme

Financing

- ▶ 20 years Rupee Term loans at Base Rate (covenant free)
- ▶ 5 years moratorium on principal
- ▶ Balance Sheet will be debt free before taking on the acquisition financing

Acquisition to consummate within 12 to 13 months

Q4 – Highlights



YoY Change

Domestic Cement Sales Volume

13.20 Mnt

+ 15%

Blended Sales

64%

+ 2%

RMC volume

13.31 LM³

+ 18%

Average Realisation (Indian Operations)

₹ 4,609/t

(-) 9%

Q4 – Highlights



YoY Change

▣ Total Costs

₹ 3689/t

(-) 8%

▣ Energy Cost

₹ 685/t

(-) 27%
Efficiency
Gain : 5%

▣ Petcoke Consumption

70%

+ 6%

▣ Fuel Consumption

710
Kcal/kg of Clinker

(-) 1%

Q4 – Financial performance

(Consolidated)



Turnover
Growth

₹ 6850 crs

+ 5%



EBIDTA
Growth

₹ 1478 crs

+ 3%



Capacity
Utilisation

84%

+ 5%



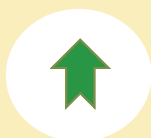
Profit after
tax

₹ 723 crs

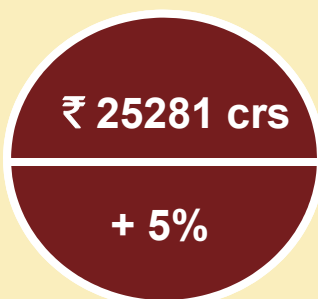
+ 10%

FY16 - Financial performance

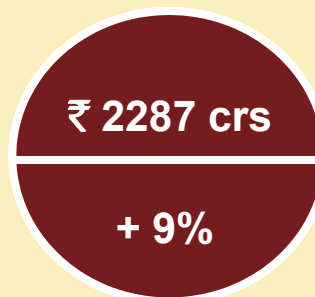
(Consolidated)



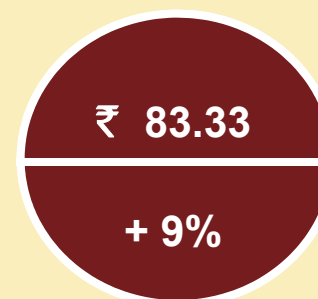
Turnover
Growth



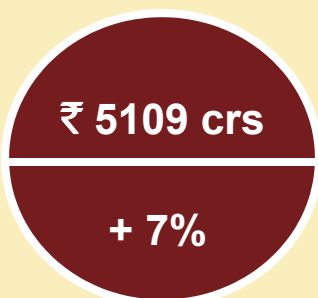
PAT



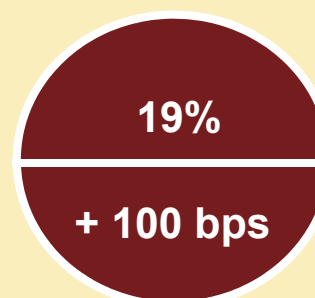
EPS



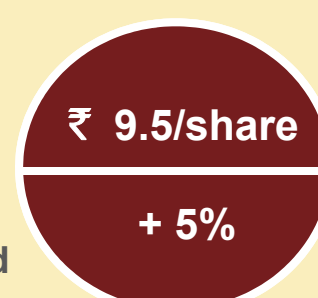
EBIDTA
Growth



Operating
Margin



Dividend



Consolidated Net Debt reduced by ₹ 1569 crs

Net Debt: EBIDTA = 0.71

Net Debt/Equity = 0.17



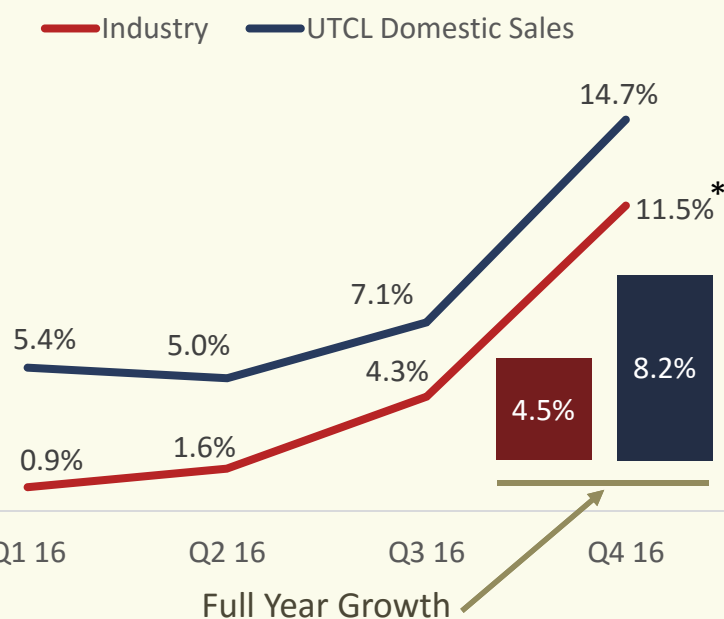
Operational and Financial Performance



Strong sales performance



Grey Cement Sales



UTCL Consolidated Performance

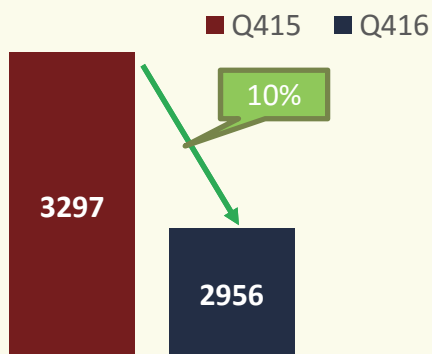
Particulars	CY	LY	▲%
Capacity (mtpa)	67.7	63.2	7
Cap Utilisation	84%	79%	5
Grey Cement Sales (Mnt):			
Q4	14.5	12.8	13
FY	51.3	48.2	7
White Cement & Putty Sales (Lmt):			
Q4	3.9	3.5	9
FY	13.1	12.2	7

- ▶ **Achieved double digit volume growth ... remained ahead of industry performance**
- ▶ **Improved capacity utilisation on higher capacity base**

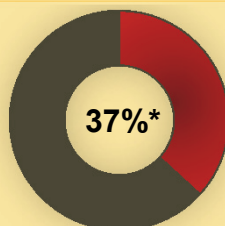
Industry Growth : DIPP Data & *Company Estimates

Operational Performance

Operational Costs (Grey Cement)

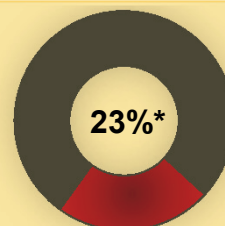


Total Operational Costs incl. Logistics & Packing (Pmt)



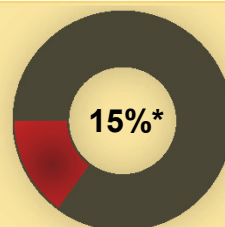
► Logistics cost marginally lower YoY : ₹ 1088/t

- ❑ Advantage of lower fuel prices
- ❑ Increase in rail freight arrested overall gain



► Further improvement in energy cost: 27% YoY

- ❑ Coal/ petcoke prices continued to remain soft
- ❑ Consistent improvement in efficiencies



► YoY Marginal increase in Raw Materials Cost

- ❑ Full impact of MMDR Act levy

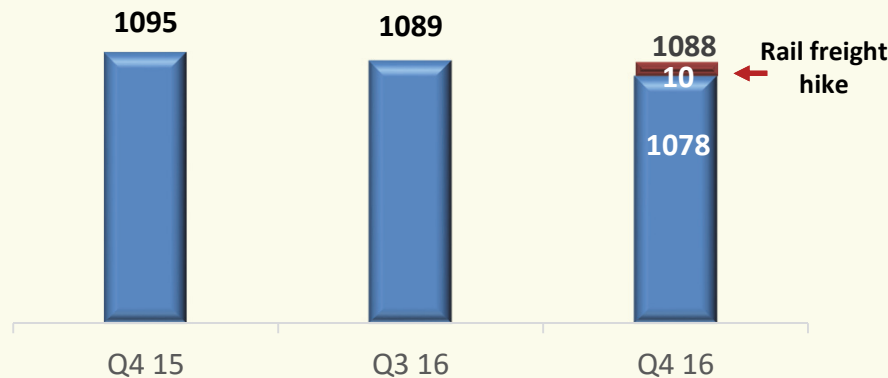
Decline in overall costs partially negated impact of volatile cement prices

Logistics cost trends

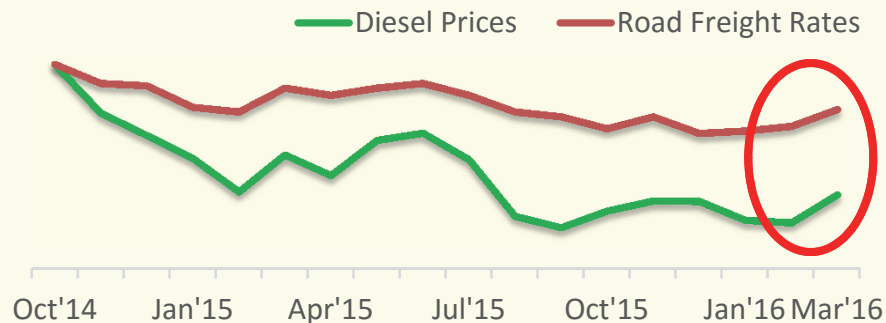
(Indian Operations)



Logistics Cost ₹/t



Road freight rates v/s Diesel prices trend



► YoY Logistics cost – declined marginally

- ❑ Benefit of lower diesel prices (₹ 15/t)
- ❑ Rail freight hike 2.7% in April'15 (₹ 10/t)
- ❑ Marginal benefit from plant / market alignment
- ❑ Road share in overall mix: 70% (LY - 68%)

► QoQ cost remained range bound

- ❑ Diesel prices started showing upward trend from Mar'16 Impacting road freight

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

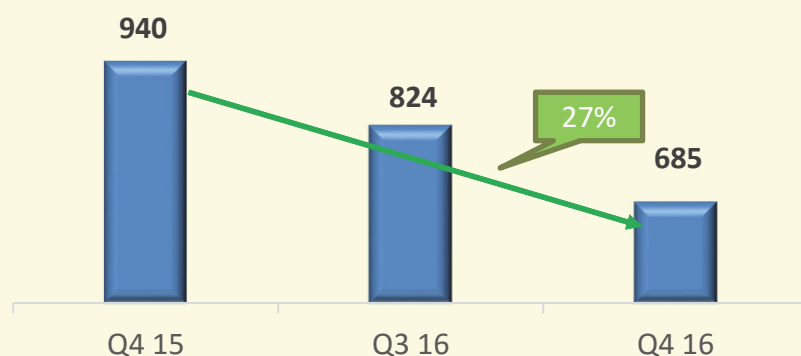
Note 2: Above prices index trend is on base prices/rates of Oct'14

Energy cost trends

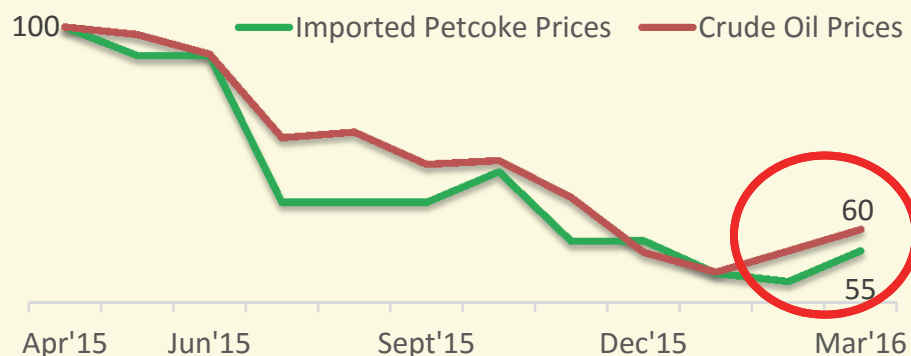
(Indian Operations)



Energy Cost ₹/t



Imported Petcoke Prices / Crude Oil Prices Trend



Note: Above prices index trend is on base prices of April'15.

- ▶ **Improved Energy Cost: 27% YoY and Sequentially: 17%**
- ▶ **Saving in power costs:**
 - ❑ **WHRS share enhanced to 6%; Operating at 75% utilisation**
 - ❑ **Power consumption norms improved 3% over Q3 16**
 - ❑ **Improved petcoke usage in TPP : 55% (44%)**
- ▶ **Gain in fuel costs: Mainly lower coal / petcoke prices incl. benefit of low cost inventory**
- ❑ **Hardening prices going forward**

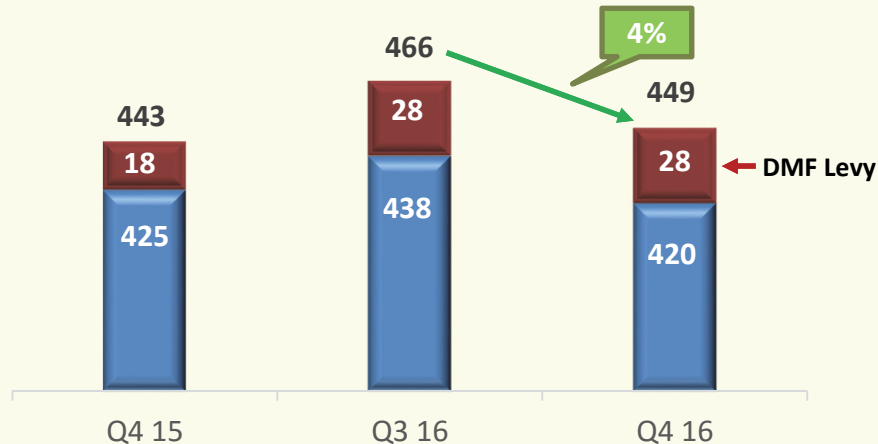
Kiln Fuel Mix %	Q4 15	Q3 16	Q4 16
Petcoke	64%	74%	70%
Imported Coal	19%	18%	21%
Indigenous Coal and Others	17%	8%	9%

Raw Materials cost trends

(Indian Operations)



Raw Materials Cost ₹/t



► **Sequentially cost declined 4%**

- ❑ Softening prices of additives and Improved blending ratio

► **YoY marginal increase in costs:**

- ❑ Full impact of DMF levy under MMDR Act (₹ 11/t)
- ❑ Benefit from lower additives prices

Income statement

(Standalone)



₹ crs

Q4			Particulars	Annual		
CY	LY	▲%		CY	LY	▲%
13.20	11.51	15	Domestic Cement Sales Volume	46.93	43.37	8
6436	6133	5	Revenue	23841	22648	5
38	52	(27)	Other Income	235	372	(37)
1390	1362	2	EBIDTA	4851	4567	6
22%	22%	-	Margin (%)	20%	20%	-
111	150	26	Finance Costs	505	547	8
349	288	(21)	Depreciation	1289	1133	(14)
930	924	1	PBT	3,057	2,886	6
249	309	20	Tax Expenses	882	872	(1)
681	615	11	PAT	2,175	2,015	8
24.8	22.4	11	EPS (₹)	79.2	73.4	8

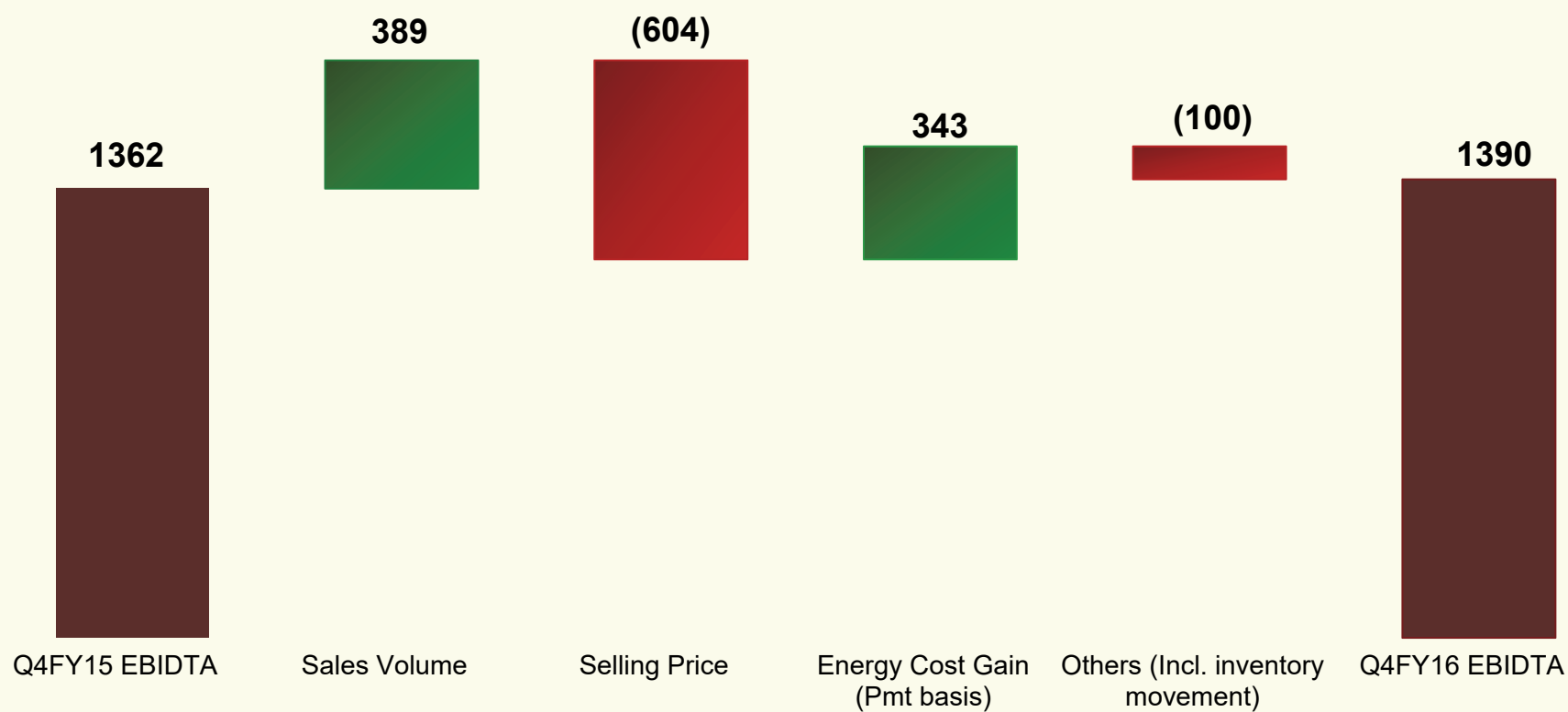
- ▶ Q4 EBIDTA – marginally higher; benefit of higher sales volume and low costs set-off with weak cement prices
- ▶ PAT improved 11% during Q4 and 8% for full year

EBIDTA movement

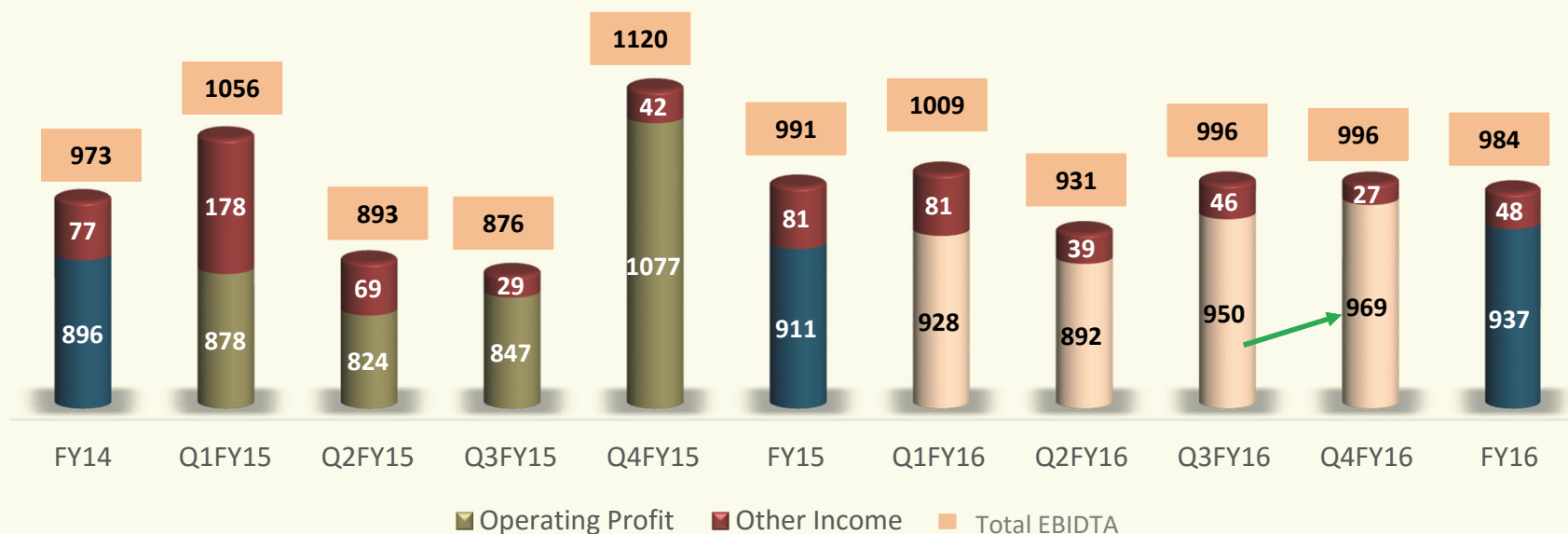
(Standalone)



₹ Crs



Operating and Total EBIDTA ₹ pmt (Indian Operations)



Operating EBIDTA/tonne improved QoQ

Income statement

(Consolidated)



₹ crs

Q4			Particulars	Annual		
CY	LY	▲%		CY	LY	▲%
6850	6517	5	Revenue	25281	24056	5
38	52	(27)	Other Income	218	350	(38)
1478	1435	3	EBIDTA	5109	4776	7
22%	22%	-	Margin (%)	20%	20%	-
127	160	21	Finance Costs	560	587	5
376	306	(23)	Depreciation	1368	1203	(14)
975	969	1	PBT	3181	2986	7
252	312	19	Tax Expenses	892	884	(1)
0.5	(0.3)		Minority Interest	2	4	
723	657	10	PAT	2287	2098	9
26.3	24.0	10	EPS (₹)	83.3	76.5	9

- ▶ Q4 EBIDTA – marginally higher; benefit of higher sales volume and low costs set-off with weak cement prices
- ▶ PAT improved 10% during Q4 and 9% for full year

Financial Position



₹ crs

Standalone		Particulars	Consolidated	
31.03.16	31.03.15		31.03.16	31.03.15
20736	18858	Shareholders Funds	21058	19041
-	-	Minority Interest	15	18
7661	7414	Loans (Incl. Current Maturities)	10027	9829
3227	2792	Deferred Tax Liabilities	3222	2786
31624	29064	Sources of Fund	34322	31674
24344	23632	Net Block (Incl. Capital Advances)	25964	25186
-	-	Goodwill on Consolidation	1106	1053
Investments:				
6377	4479	Liquid Investments & Bank FD	6401	4634
732	730	Long-term Investments	21	21
172	223	Net Working Capital	830	780
31624	29064	Total Application of Funds	34322	31674
1284	2935	Net Debt	3626	5195

Financial Indicators



Indicators	Standalone		Consolidated	
	31.03.16	31.03.15	31.03.16	31.03.15
Shareholders fund (₹ crs)	20736	18858	21058	19041
Borrowings (₹ crs)	7661	7414	10027	9829
Cash Equivalents (₹ crs)	6377	4479	6401	4634
Financial Indicators				
Net Debt: Equity	0.06	0.16	0.17	0.27
Net Debt / EBIDTA	0.26	0.64	0.71	1.09
Interest Cover (PBIT/Gross Interest)	6.8	5.8	6.5	5.7
ROCE	11.7%	12.0%	11.3%	11.5%
Book Value (₹/Share)	756	687	767	694



Annual Performance



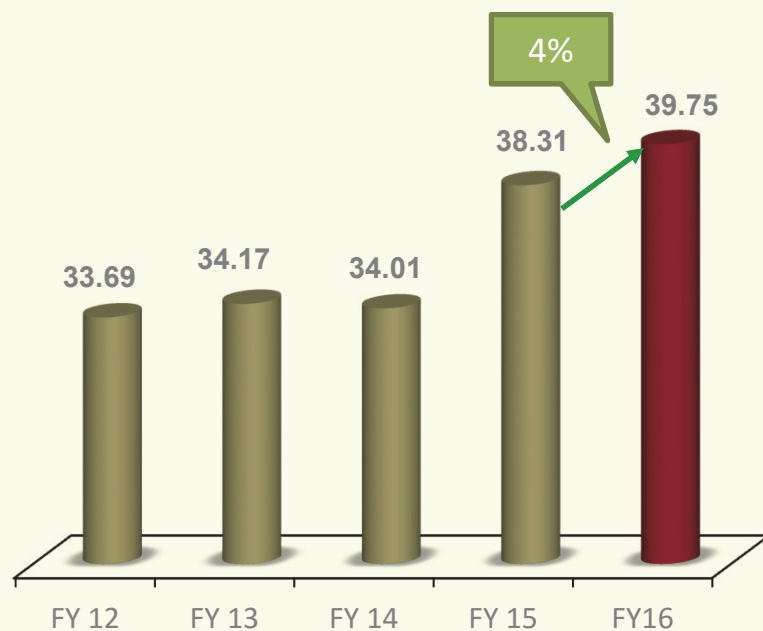
Production trends

(Consolidated)



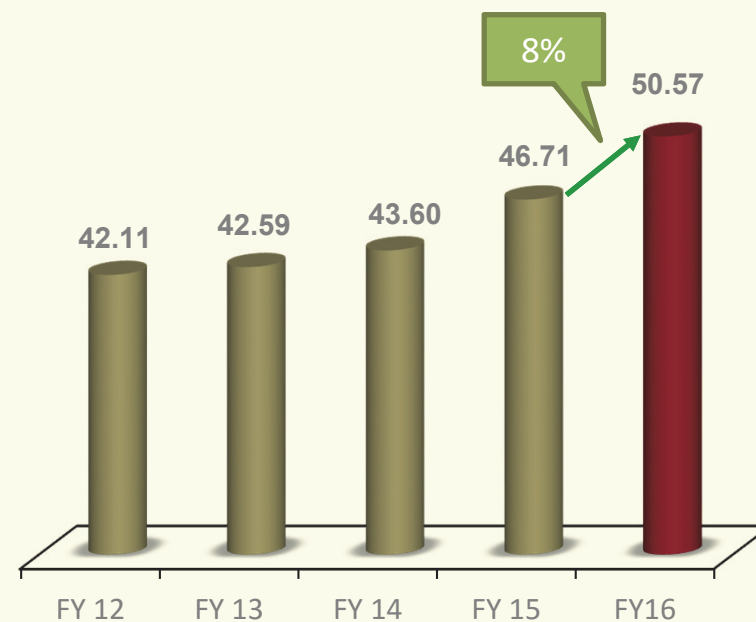
Clinker production

(Million tonnes)



Cement production

(Million tonnes)

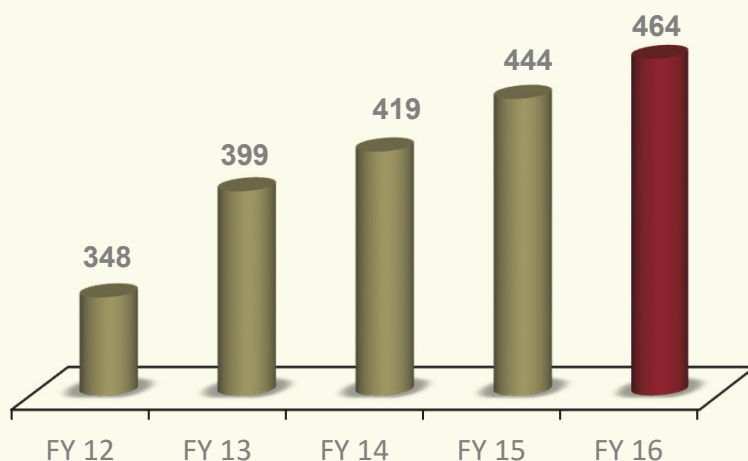


Grey cement cost trends

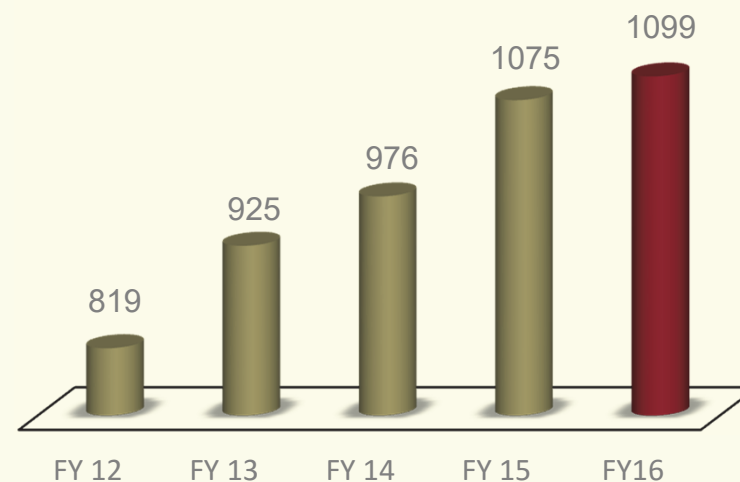
(Indian Operations)



Raw Material Cost
(₹/Mt)



Logistics Cost
(₹/Mt)



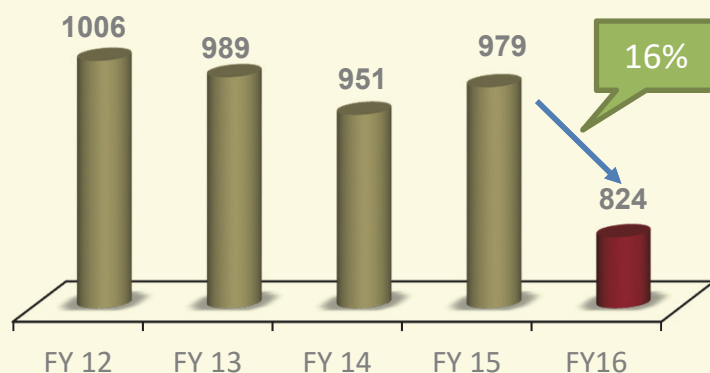
Increasing Government levies

Mix	FY12	FY13	FY14	FY15	FY 16
Rail	36%	34%	34%	29%	28%
Road	61%	63%	62%	67%	69%
Sea	3%	3%	3%	4%	3%

Grey cement cost trends(Contd.) (Indian Operations)

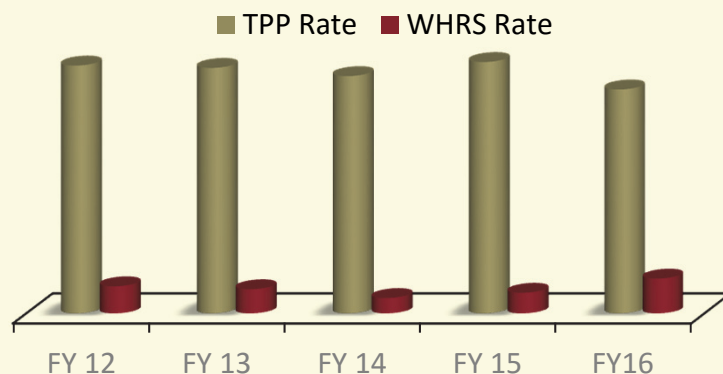


Energy Cost (₹/Mt)



Fuel Mix	FY12	FY13	FY14	FY15	FY16
Imported Coal	44%	35%	26%	26%	20%
Petcoke	26%	38%	48%	52%	70%
Ind. Coal & Others	30%	27%	26%	22%	10%

Comparative Cost Trend TPP / WHRS



Power Mix	FY12	FY13	FY14	FY15	FY16
TPP	78%	79%	81%	82%	82%
WHRs	0.4%	0.3%	0.3%	2%	5%
Others	22%	21%	19%	16%	13%

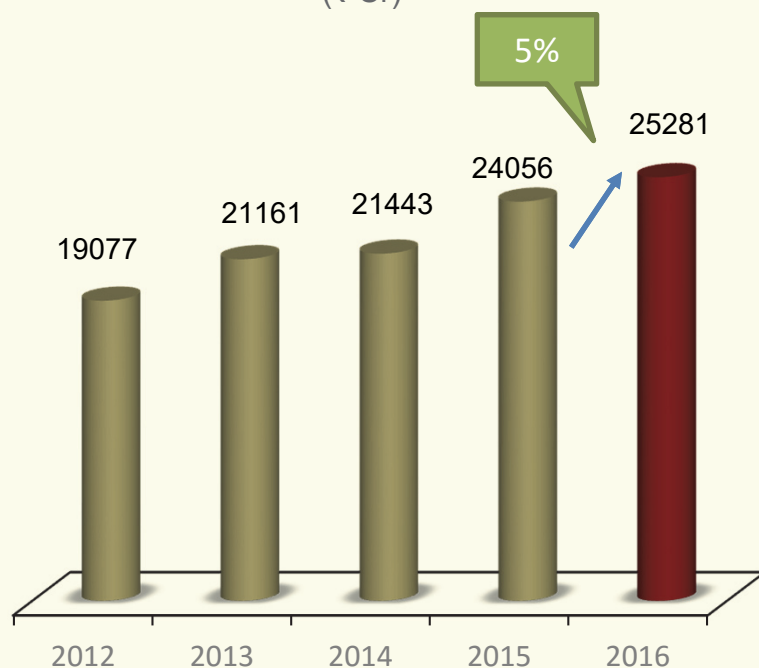
WHRs power cost 1/6th of the TPP Power

Financial performance trends

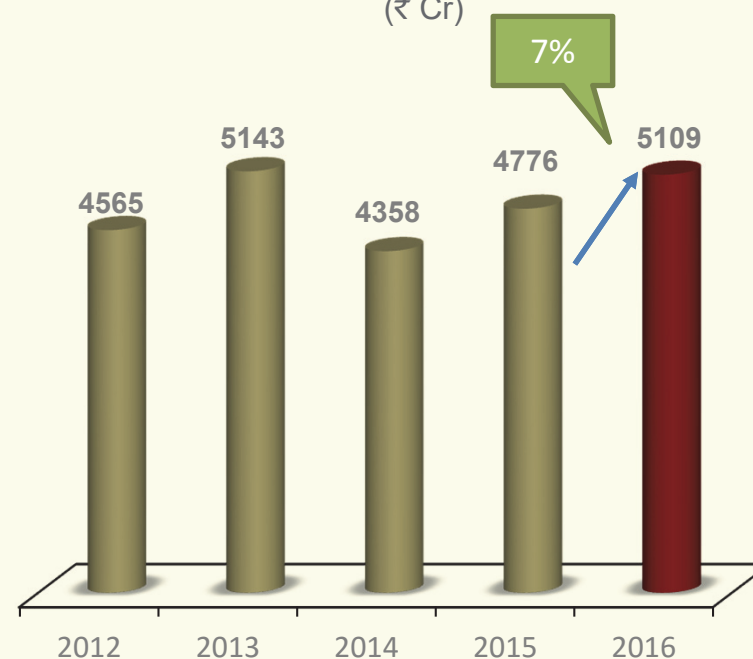
(Consolidated)



Revenue
(₹ Cr)



EBIDTA
(₹ Cr)





Sector Guidance



Sector guidance:

Cautious



Expectations

- ☐ Pick-up in cement concrete roads
- ☐ Development of ports
- ☐ Work started on Amaravati City
- ☐ Housing for all programme and Rural housing
- ☐ Development activities in UP & Punjab

Concern

- ☐ Looming threat of drought
- ☐ Delay in Government projects
- ☐ Increasing trend in input costs (Coal & Petcoke)
- ☐ Volatility in cement prices

Cement demand expected to grow 7-8% for FY17



Annexures



Income statement

(Standalone)



US\$ Mn

Q4			Particulars	FY		
CY	LY	▲%		CY	LY	▲%
971	926	5	Revenue	3598	3418	5
6	8	(27)	Other Income	35	56	(37)
210	206	2	EBIDTA	732	689	6
22%	22%	-	Margin (%)	20%	20%	-
17	23	26	Finance Costs	76	83	8
53	43	(21)	Depreciation	195	171	(14)
140	139	1	PBT	461	436	6
38	47	20	Tax Expenses	133	132	(1)
103	93	11	PAT	328	304	8
0.4	0.3	11	EPS (US\$)	1.2	1.1	8

- ▶ Q4 EBIDTA – marginally higher; benefit of higher sales volume and low costs set-off with weak cement prices
- ▶ PAT improved 11% during Q4 and 8% for full year

Income statement

(Consolidated)



US\$ Mn

Q4			Particulars	FY		
CY	LY	▲%		CY	LY	▲%
1034	984	5	Revenue	3816	3631	5
6	8	(27)	Other Income	33	53	(38)
223	217	3	EBIDTA	771	721	7
22%	22%	-	Margin (%)	20%	20%	-
19	24	21	Finance Costs	85	89	5
57	46	(23)	Depreciation	207	182	(14)
147	146	1	PBT	480	451	7
38	47	19	Tax Expenses	135	133	(1)
0.07	(0.05)		Minority Interest	0	1	
109	99	10	PAT	345	317	9
0.4	0.4	10	EPS (US\$)	1.3	1.2	9

- ▶ Q4 EBIDTA – marginally higher; benefit of higher sales volume and low costs set-off with weak cement prices
- ▶ PAT improved 10% during Q4 and 9% for full year

Financial Position



US\$ Mn

Standalone		Particulars	Consolidated	
31.03.16	31.03.15		31.03.16	31.03.15
3130	2846	Shareholders Funds	3178	2874
-	-	Minority Interest	2	3
1156	1119	Loans (Incl. Current Maturities)	1513	1484
487	421	Deferred Tax Liabilities	486	420
4773	4387	Sources of Fund	5180	4781
3674	3567	Net Block (Incl. Capital Advances)	3919	3801
-	-	Goodwill on Consolidation	167	159
Investments:				
962	676	Liquid Investments	966	699
110	110	Long-term Investments	3	3
26	34	Net Working Capital	125	118
4773	4387	Total Application of Funds	5180	4781
194	443	Net Debt	547	784

ALL GEARED UP TO FACE THE FUTURE!



WE ARE
ULTRA READY

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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