ADITYA BIRLA

UltraTech

INDIA'S LARGEST CEMENT COMPANY

RESULTS Q4:FY 2014-15

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

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KEY HIGHLIGHTS FOR THE QUARTER AND YEAR

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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

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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

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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)

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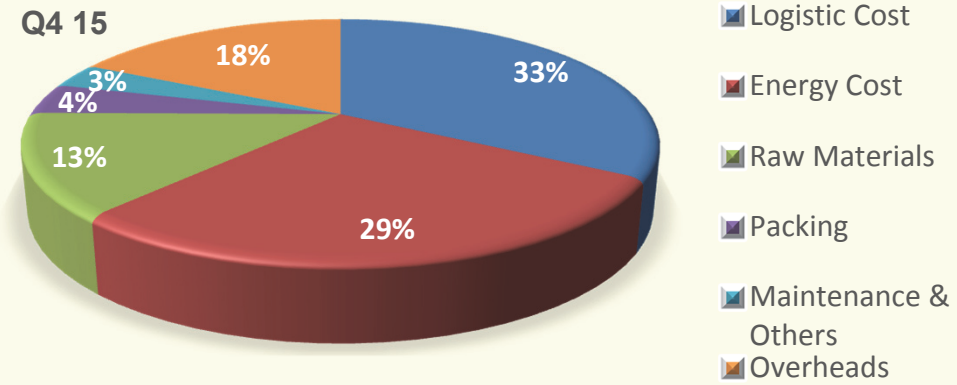

- **Logistics cost increased by 9% at ₹ 1095/t**
- **Benefit of diesel prices reduction in road freight negated with increase in railway freight and change in market mix & sales pattern**
- **Energy costs remained flat at ₹ 940/t**
- **Raw materials cost higher at ₹ 443/t (5% increase) due to hike in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

Logistics cost trends
(Indian Operations)

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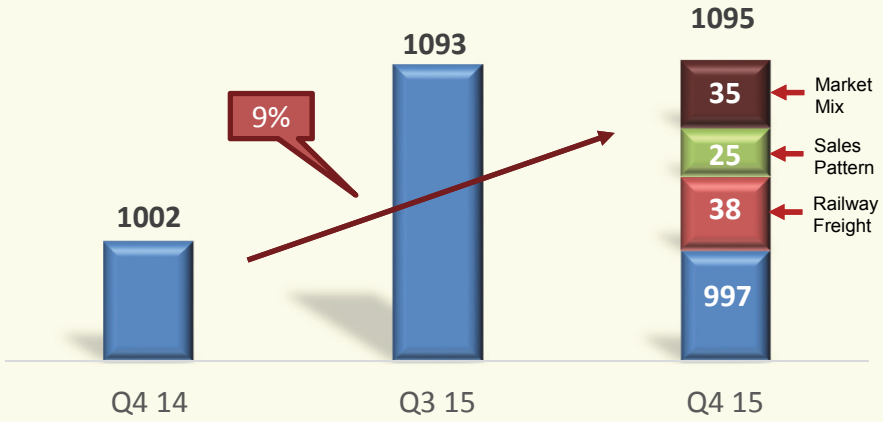
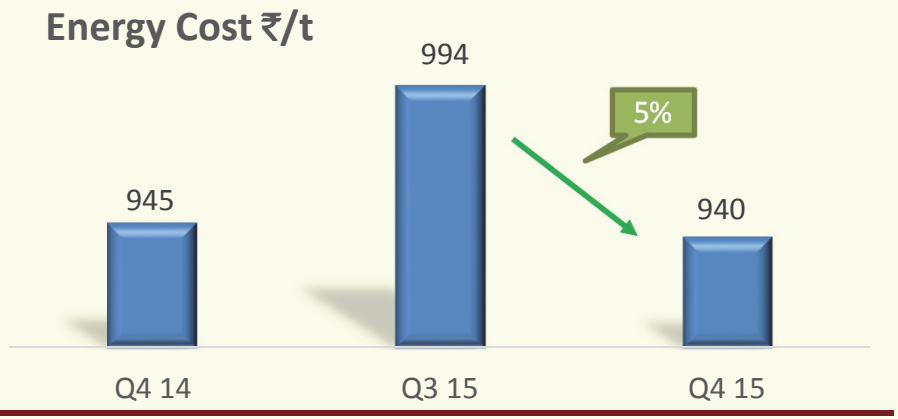
Logistic Cost ₹/t



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

- **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**

Energy costs trends
(Indian Operations)



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%

- **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**

Financial Performance Indicators
(Consolidated)

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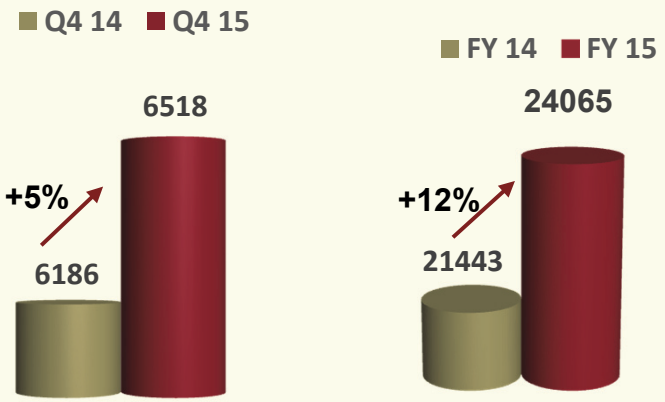
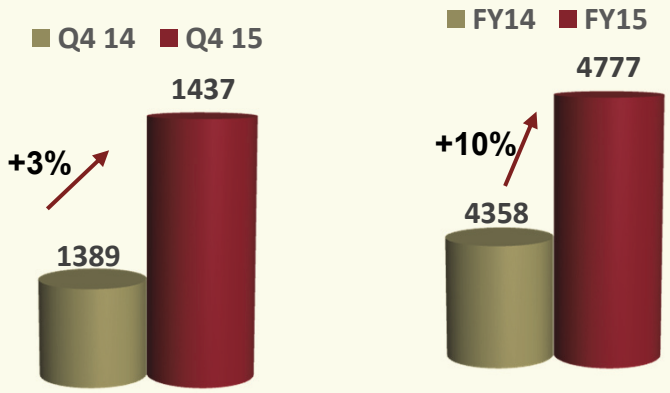
Net Sales (₹ crs)



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

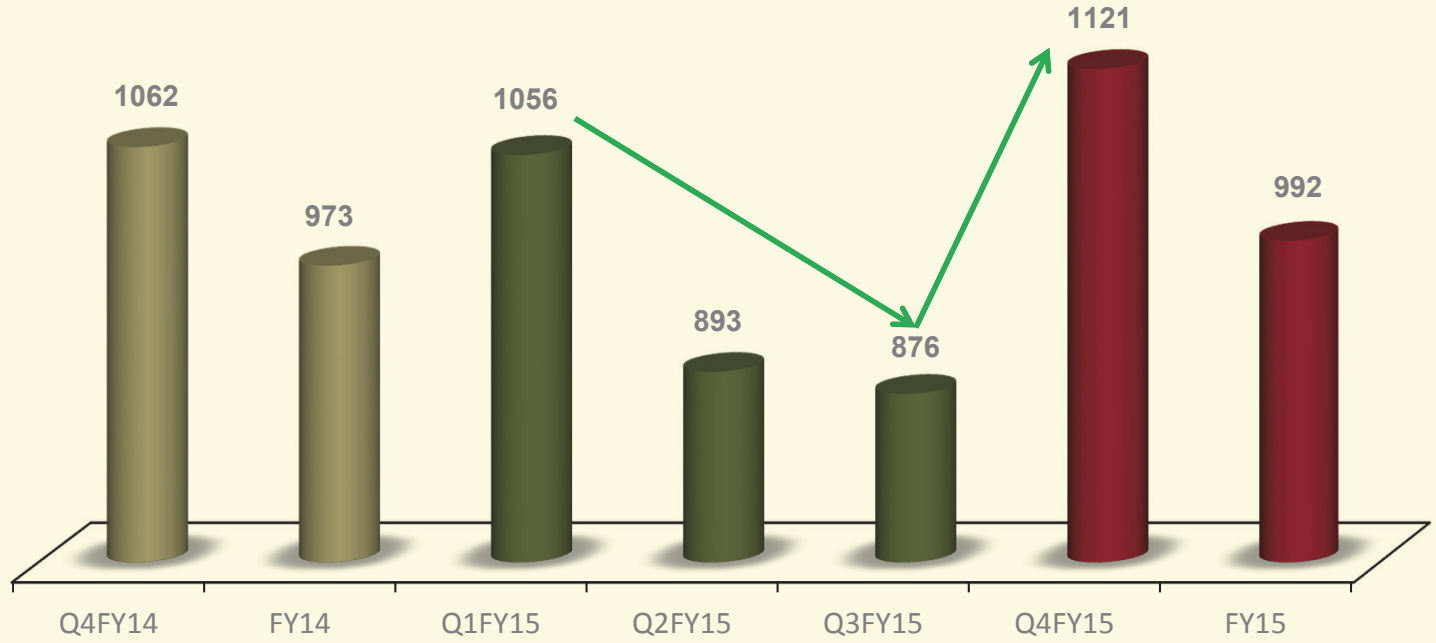
Income statement
(Standalone)

₹ 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)

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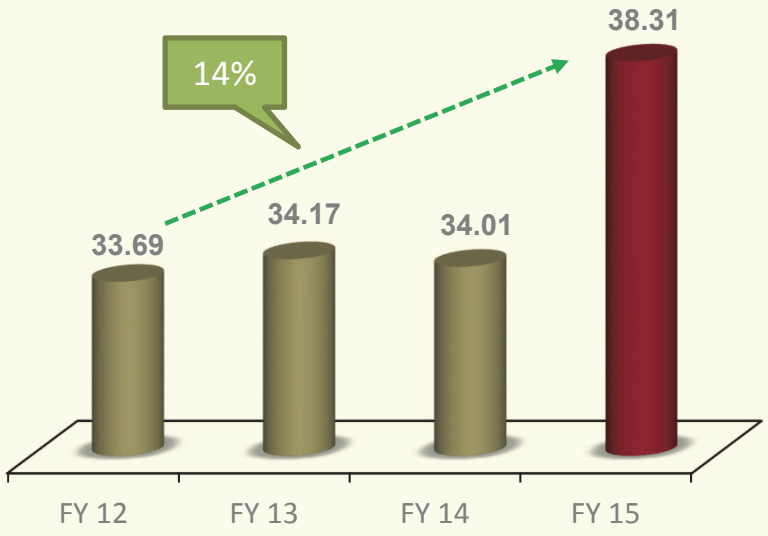
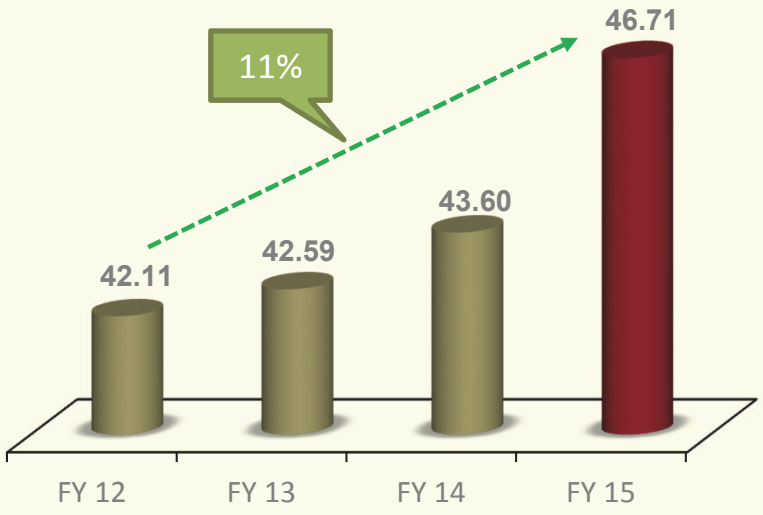
Clinker production
(Million tonnes)



Cement production
(Million tonnes)



Grey cement cost trends
(Indian Operations)

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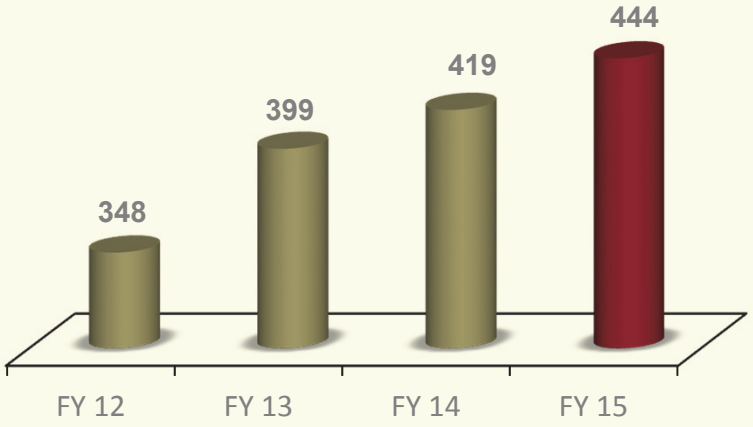
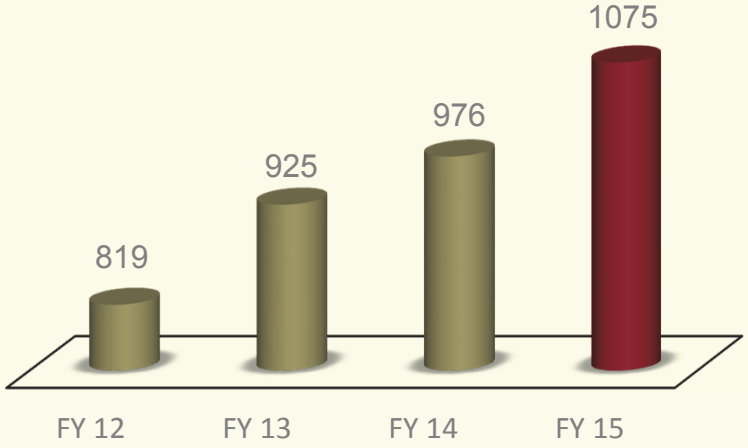
Raw Material Cost
(₹/Mt)



Input material prices hardening

Logistics Cost
(₹/Mt)



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)

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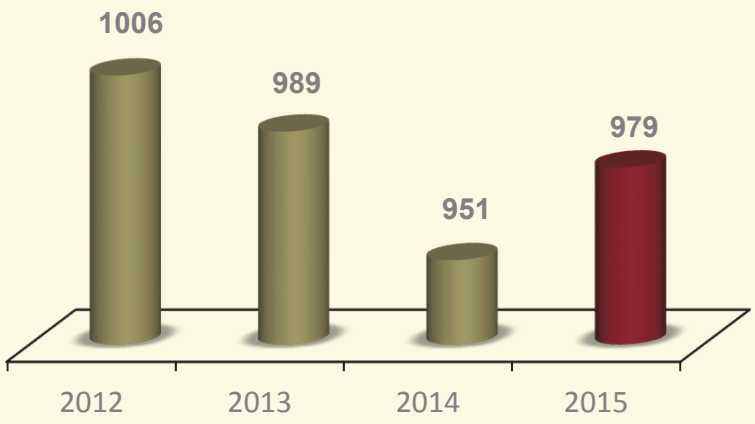
Energy Cost

(₹/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)

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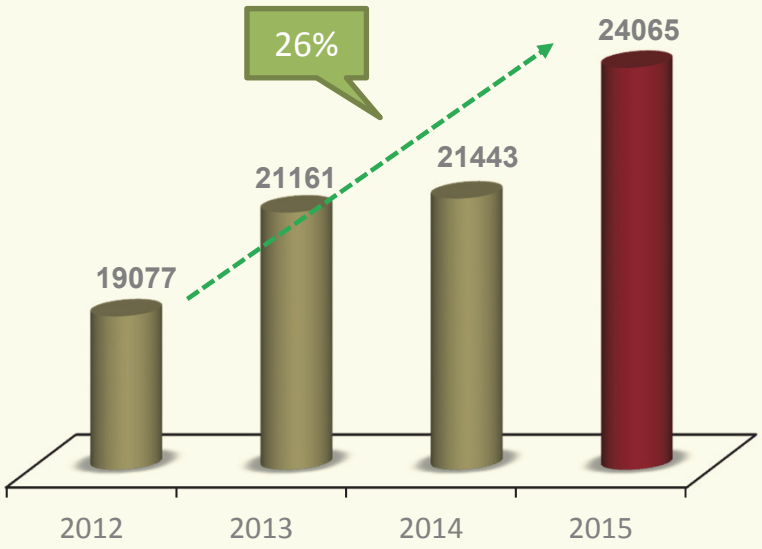
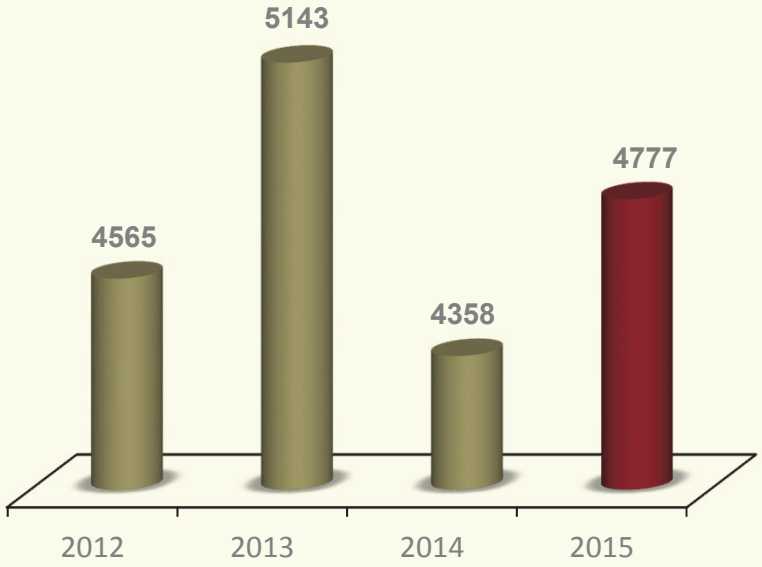
Revenue
(₹ Cr)



EBIDTA
(₹ Cr)



Financial Position

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₹ 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

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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

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