



Q1'16 Results

Investor Presentation

April 28, 2016



Agenda

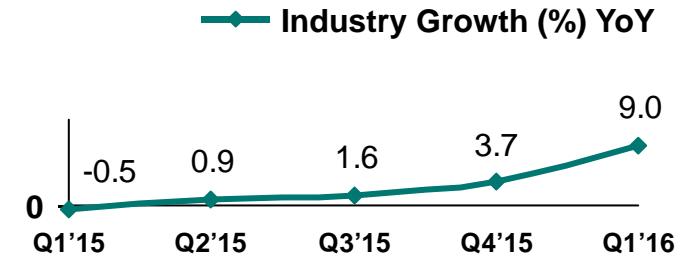
1 Cement Industry Update

2 Key Highlights

3 Financial Summary

4 Performance Analysis

- ❑ **Demand** for cement improved in Q1'16
- ❑ Industry capacity **utilization @ ~ 74%**
- ❑ **Surplus capacity** continues to challenge cement sector
- ❑ Cement **price trend continues to be volatile** ; Improved in North, Weak in East & West and Stable in South
- ❑ Boost in **government spending on infrastructure** coupled with **policy reforms** expected to drive growth
- ❑ The demand growth to gain **further momentum** in the near term owing to Government's business friendly policies, liberalising FDI regime, changes in labour reforms and plans for **heavy investment on infrastructure projects**





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Q1'16 – Key Highlights

Volume	<ul style="list-style-type: none">❑ Capacity Utilisation @ 85%❑ Cement Volume grown by 9% YoY, 6% QoQ❑ RMX volume growth of 13% YoY & QoQ
Net Sales	<ul style="list-style-type: none">❑ Improved by 1.5 % YoY, 3% QoQ; Realisation dipped
Operating Costs	<ul style="list-style-type: none">❑ Per ton cost for cement business lower by 6% YoY❑ Petcoke usage improved to 50% from 10 % YoY❑ Lower input cost❑ Focus on cost reduction
Profitability	<ul style="list-style-type: none">❑ Op. EBITDA at Rs 434 Cr, Higher by 55% QoQ but lower by 8% YoY (L-F-L Q1'15: Rs 470 Cr)
Growth/ Projects	<ul style="list-style-type: none">❑ Jamul clinkering project (2.79 MioT) scheduled to be commissioned in Q2'16❑ Cement grinding unit at Jamul (1.1 MioT) & Sindri(1.35 MioT) expected to be commissioned in Q2'16/Q3'16



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Consolidated Financial Results – (1/2)

[Rs Cr]

Particulars	Q1		
	2015	2016	Variance
Net Sales	2885	2927	1%
Other Operating Income	195 *	63	-68%
Cost of materials consumed	-464	-436	-6%
Purchase of stock-in-trade	-36	-21	-41%
Changes in inventories of finished goods, work-in-progress	73	-8	-111%
Employee benefits expenses	-171	-191	12%
Power & Fuel	-622	-568	-9%
Freight & Forwarding expenses	-680	-728	7%
Other Expenses	-571	-603	6%
Operating EBITDA	609	434	-29%
Operating EBITDA Margin	21.1%	14.8%	-
L-F-L Operating EBITDA	470**	434	-8%

* Other operating income for the quarter ended March 31, 2015 includes Rs 139.74 Crore being accrual of sales tax incentives pertaining to the period August 2005 to March 2015

** Excludes Sales tax incentive Rs 139.74 Cr



Consolidated Financial Results – (2/2)

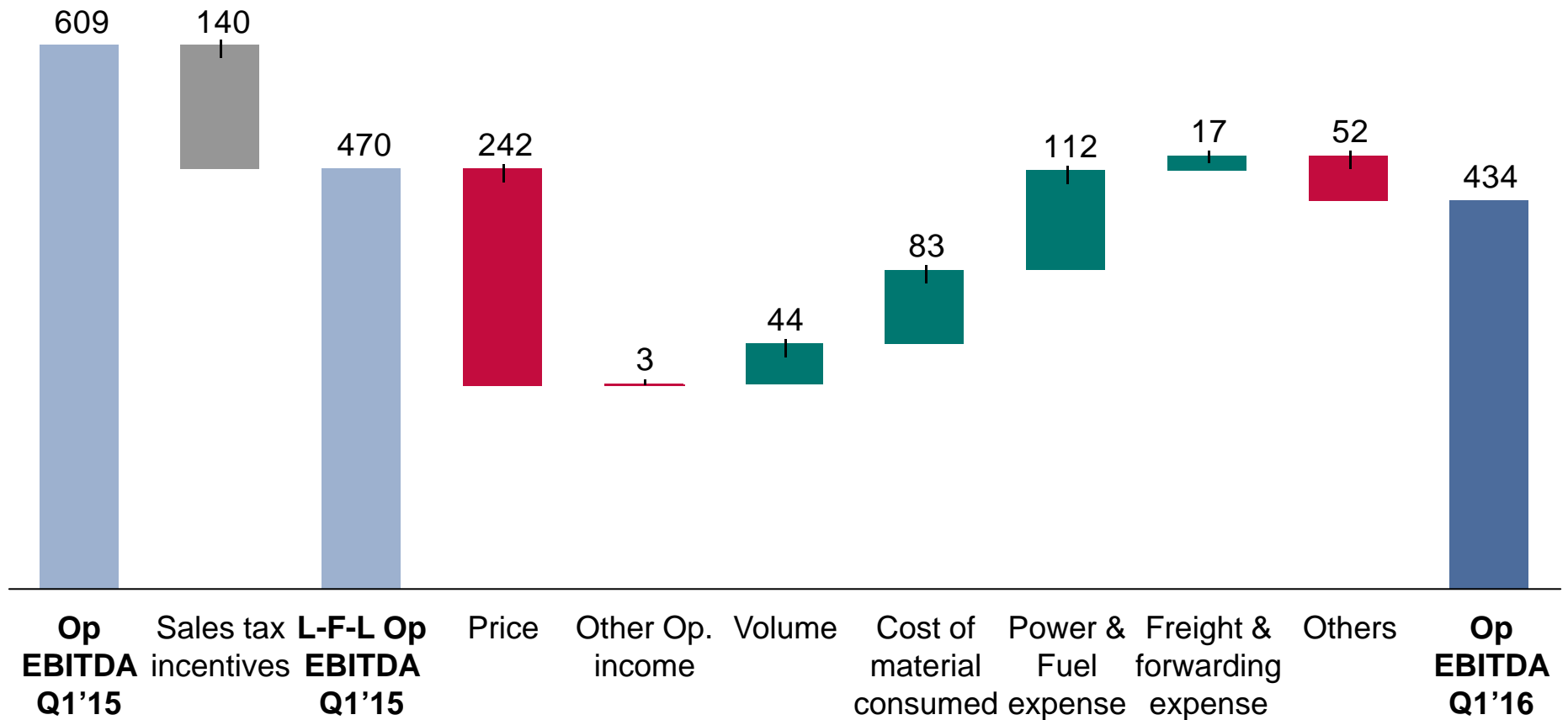
Particulars	Q1		
	2015	2016	Variance
Operating EBITDA	609	434	-29%
Other income	60	42	-31%
Depreciation	-172	-146	-15%
PBIT	497	329	-34%
Finance Cost	-23	-16	-31%
PBT before exceptional items	475	314	-34%
Exceptional item	(164)*	-	-
PBT	310	314	1%
<i>PBT Margin</i>	<i>11%</i>	<i>11%</i>	-
Tax	-78	-91	16%
PAT	232	223	-4%
<i>PAT Margin</i>	<i>8%</i>	<i>8%</i>	-
Minority interest & Share of profit of associates	5	3	-24%
PAT after minority interest & share of profit of associates	237	227	-4%

* Pursuant to provisions of Schedule II of the Companies Act, 2013, an additional charge of Rs 164.45 Crore, being the carrying amount as of January 1, 2015 of fixed assets with no remaining useful life (as revised) as of that date, was recognized in the quarter ended 31, 2015 and disclosed as an exceptional item



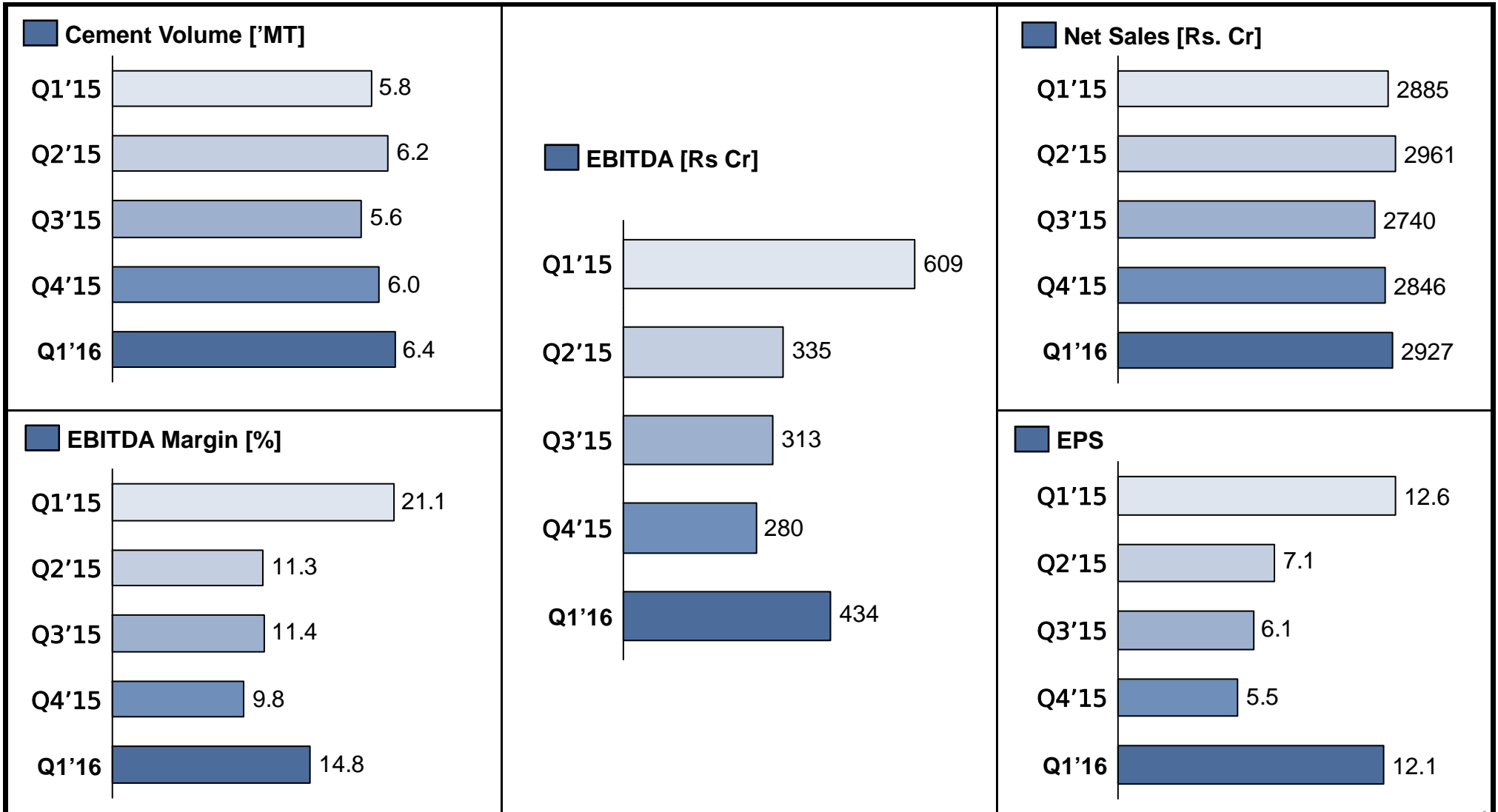
Operating EBITDA Waterfall – Consolidated

[Rs Cr]





Quarterly Trend – Financials Consolidated





Agenda

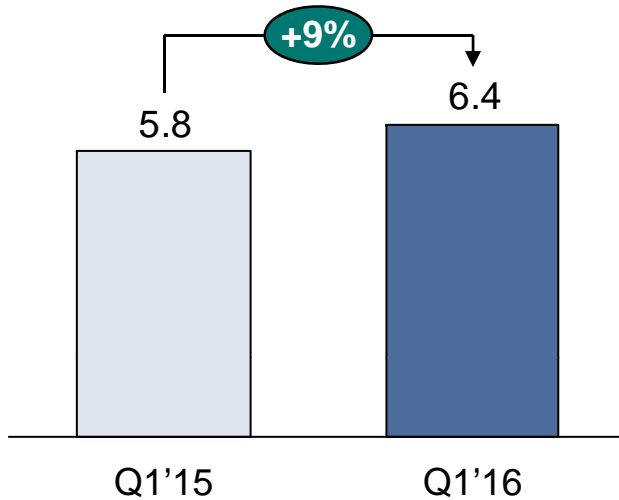
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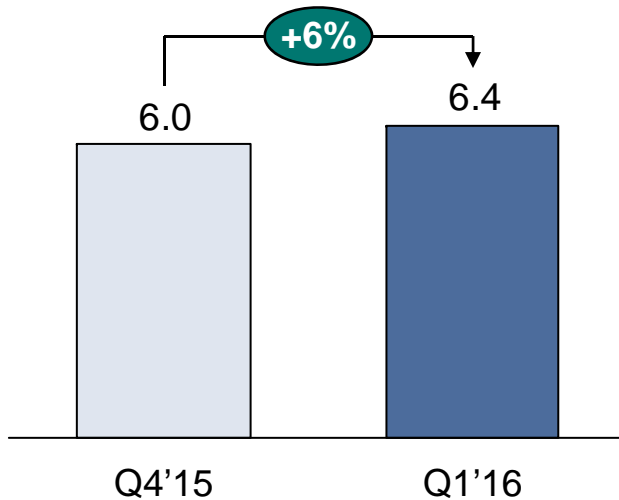
4 Performance Analysis

**Q1'16
YoY**



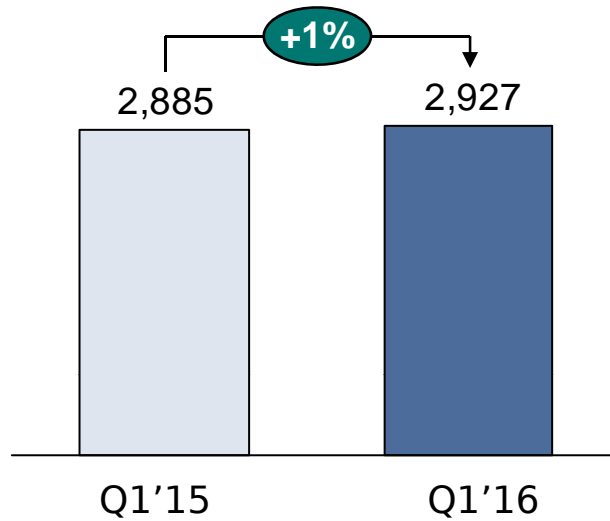
- Q1'16 YoY :**
- Cement Demand Improved
 - Cement volume growth 9%
 - Premium Products volume increased by 53%

**Q1'16
QoQ**



- Q1'16 QoQ :**
- Cement volume growth 6%
 - Premium Products volume increased by 44%

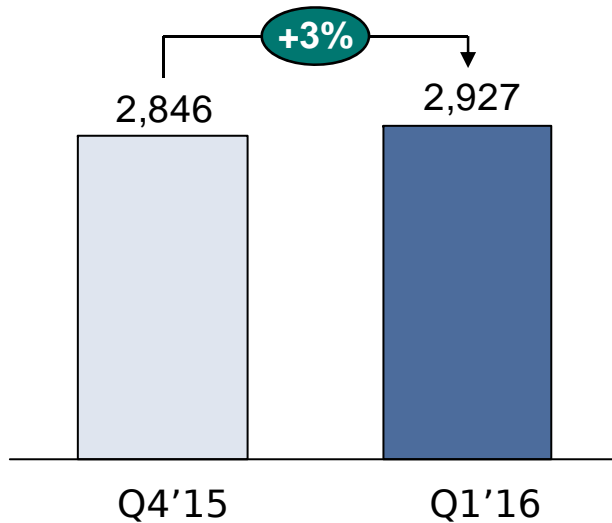
**Q1'16
YoY**



Q1'16 YoY :

- Cement volume growth 9%, RMX volume growth 13%, while Realization was weak

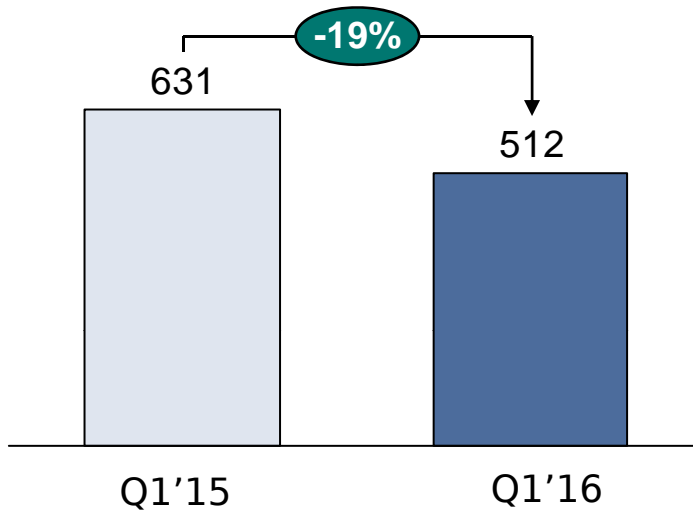
**Q1'16
QoQ**



Q1'16 QoQ :

- Cement volume growth 6%, RMX volume growth 12%, while Realization was weak

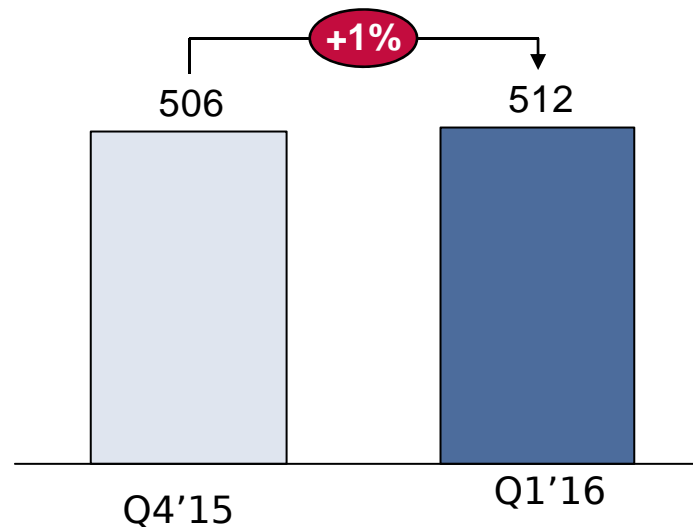
**Q1'16
YoY**



Q1'16 YoY :

- Slag prices renegotiated & reduced (Impact Rs 10 Cr)
- Reduction in landed cost of Fly ash (Impact Rs 3 Cr)
- Reduction in landed cost of Gypsum (Impact Rs 6 Cr)
- Suspension of mining operation at Chaibasa & Bargarh resulted into purchase of Clinker in Q1'15 (Impact Rs 40 Cr)
- Lower cost of Purchased Limestone & other corrective materials (Impact Rs 8 Cr)

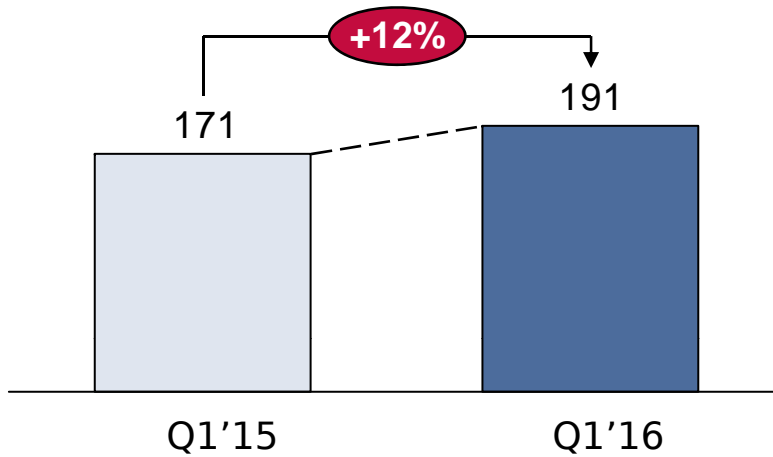
**Q1'16
QoQ**



Q1'16 QoQ :

- Reduction in landed cost of Gypsum, Flyash and Slag Cost (Impact Rs 4 Cr)
- Higher cost of Additives & other corrective materials (Impact Rs 5 Cr)

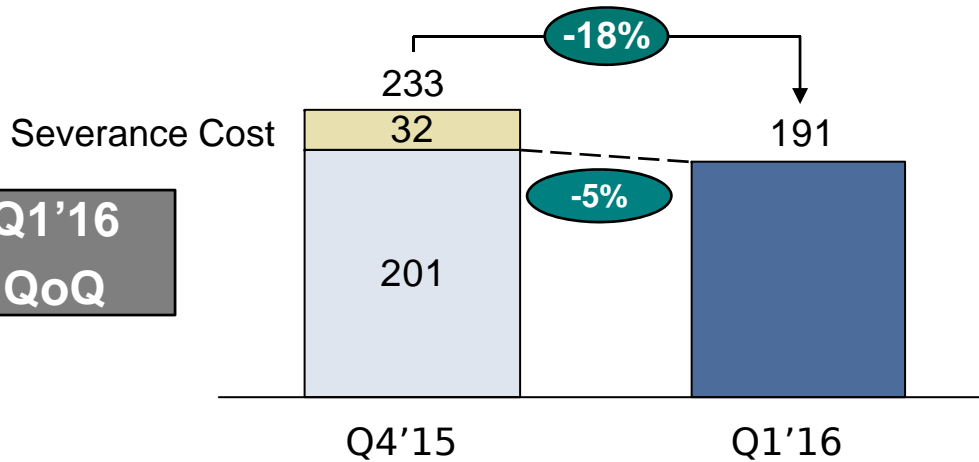
**Q1'16
YoY**



Q1'16 YoY :

- Cost higher due to One-time reversal in Q1'15

**Q1'16
QoQ**



Q1'16 QoQ :

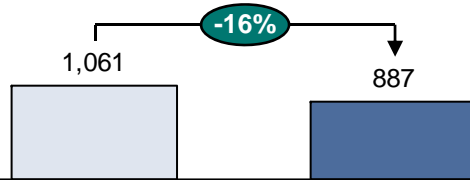
- Cost excluding severance reduced by 5%



Power & Fuel Cost - Cement Business

[Rs/Ton]

Q1'16 YoY



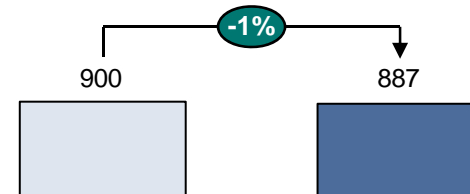
Power Mix	Q1'1	Q1'1
Thermal Power Plant	72% ⁵	73% ⁶
Grid Power	25%	23%
WHRS, DG & Wind Mill	3%	4%

Kiln Fuel Mix		
Linkage Coal	56%	35%
Petcoke	7%	50%
Imported Coal	37%	15%

Q1'16 YoY :

- Higher Petcoke consumption
- Lower cost of Imported Coal & Petcoke (Cost saving Rs 70 Cr)
- Savings in Fuel cost in Thermal Power Plant (Cost savings Rs 10 Cr)

Q1'16 QoQ



Power Mix	Q4'1	Q1'1
Thermal Power Plant	74% ⁵	73% ⁶
Grid Power	23%	23%
WHRS, DG & Wind Mill	3%	4%

Kiln Fuel Mix		
Linkage Coal	43%	35%
Petcoke	28%	50%
Imported Coal	29%	15%

Q1'16 QoQ :

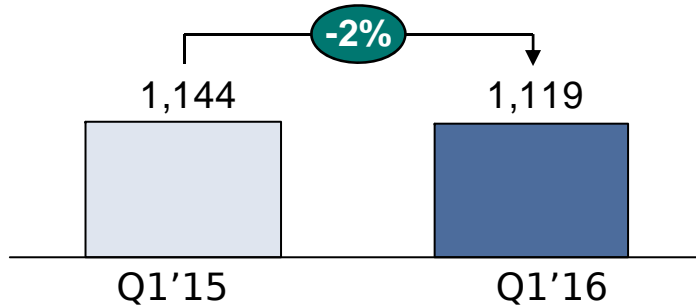
- Higher Petcoke consumption
- Lower cost of Imported Coal & Petcoke (Cost saving Rs 42 Cr)



Freight Cost – Cement Business

[Rs/Ton]

**Q1'16
YoY**



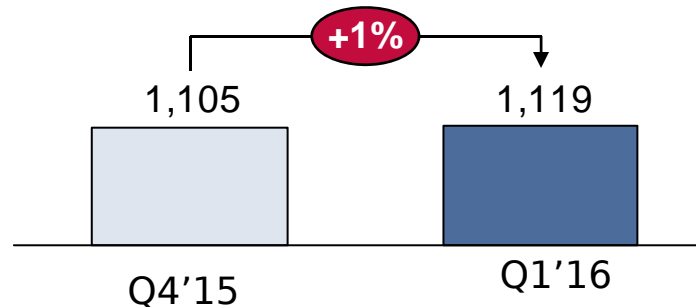
Q1'16 YoY :

- Reduction in road freight due to reduction in diesel price (Rs 5/ton) & secondary lead
- Increase in Rail Freight since April 01, 2015

Mode of Transport Mix

Rail	42%	44%
Road	58%	56%

**Q1'16
QoQ**



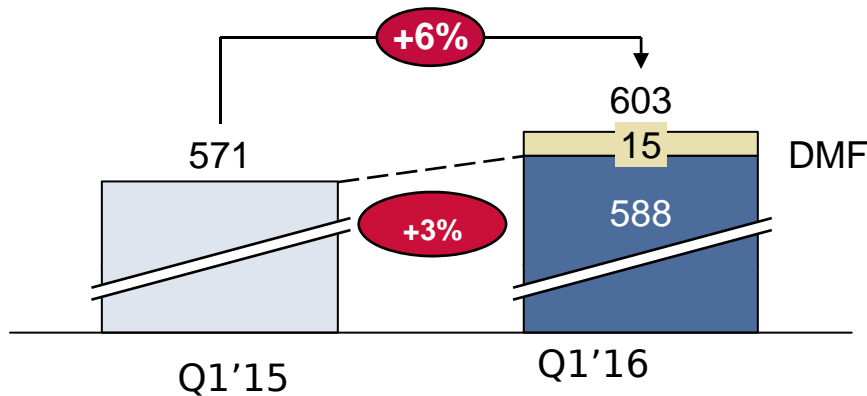
Q1'16 QoQ :

- Freight cost increase mainly due to increase in rail lead distance

Mode of Transport Mix

Rail	44%	44%
Road	56%	56%

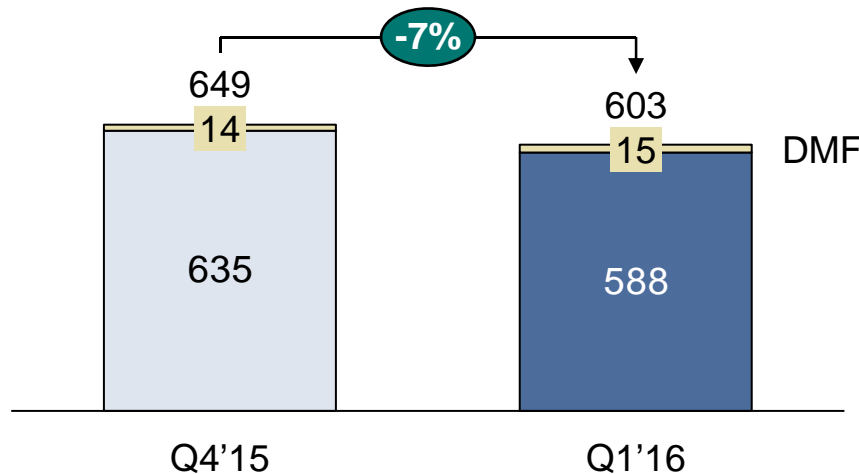
**Q1'16
YoY**



Q1'16 YoY :

- Increase in other expenses viz Packing material and Royalty on Limestone due to higher volume
- Royalty on Limestone provision towards contribution to DMF/NMET effective from Jan'15 (Impact Rs 15 Cr)
- Higher Maintenance cost(Impact Rs 12 Cr)
- Reduction in packing material price by Rs 36/T Cement (Impact Rs 21 Cr)

**Q1'16
QoQ**



Q1'16 QoQ :

- Lower Maintenance cost(Impact Rs 11 Cr)
- Reduction in packing material price by Rs 10/T Cement (Impact Rs 6 Cr)
- Lower Advertisement cost (Impact Rs 15 Cr)



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