



2015 Third Quarter Results

Oct 20, 2015



Agenda

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Cement Industry

2

Key Highlights

3

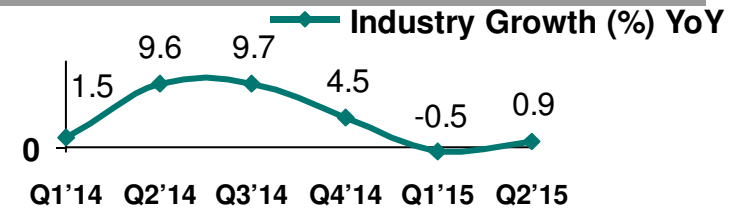
Financial Summary

4

Performance Analysis

Cement Industry

- **Demand** for cement remained **subdued**



- **Slower** than expected execution of infrastructure and housing projects
- **Surplus capacity** continues to challenge cement sector
- Industry capacity **utilization at ~ 74 %**
- Cement **price trend remained volatile** ; North improved, West **weak** and East & South **stable**
- Interest rate cut to **stimulate investment** in infrastructure
- Improved demand in upcoming festive season, government spending and reforms would shape **earnings growth** outlook

Sources : RBI, CMIE, CLSA Research



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Q3 – Key Highlights

Volume	Cement <ul style="list-style-type: none">❑ Almost flat YoY❑ De-grown by 9.5% QoQ due to muted demand RMX <ul style="list-style-type: none">❑ Growth of 24% YoY❑ Higher by ~1% QoQ
Net Sales & Other Operating Income	Net Sales <ul style="list-style-type: none">❑ Almost flat YoY❑ Lower by ~7% QoQ Other Operating Income <ul style="list-style-type: none">❑ Lower by 8% QoQ
Operating Costs	<ul style="list-style-type: none">❑ Operating Costs higher by 1.7% YoY mainly due to<ul style="list-style-type: none">✓ higher Other expenditure✓ higher freight & forwarding expense❑ Operating Costs lower by 7.6% QoQ mainly due to<ul style="list-style-type: none">✓ lower raw material consumed✓ lower employee cost✓ lower freight & forwarding expense
Profitability	<ul style="list-style-type: none">❑ Op EBITDA at Rs 313 Cr , lower by 17% YoY (Q3'14: Rs 379 Cr)
Growth/ Projects	<ul style="list-style-type: none">❑ Jamul clinkering project (2.79 MioT) scheduled to be commissioned by the end of 2015❑ Cement grinding unit at Jamul (1.1 MioT) & Sindri(1.35 MioT) expected to be commissioned in Q2'16



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Financial Results – Consolidated (1/2)

[Rs Cr]

Q3	Particulars	Q2	Q3	Variance	
2014		2015	2015	YoY	QoQ
2742	Net Sales	2961	2740	-0.1%	-7%
73	Other Operating Income	54	50	-32%	-8%
-430	Raw Materials	-457	-418	3%	9%
-192	Employee Cost	-201	-167	13%	17%
-626	Power & Fuel	-611	-619	1%	-1%
-592	Freight Outwards	-734	-609	-3%	17%
-596	Other Expenditure	-678	-664	-11%	2%
-2436	Operating Cost	-2680	-2477	-2%	8%
379	Operating EBITDA	335	313	-17%	-7%



Financial Results – Consolidated (2/2)

[Rs Cr]

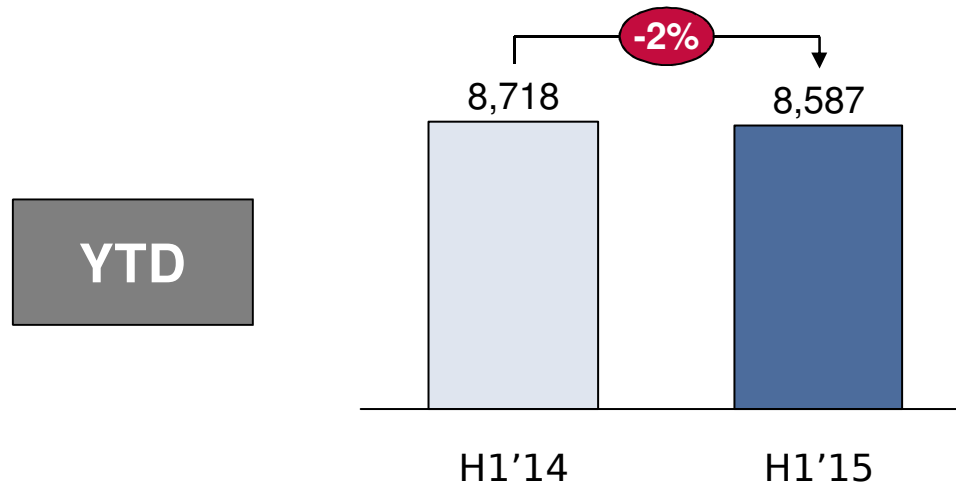
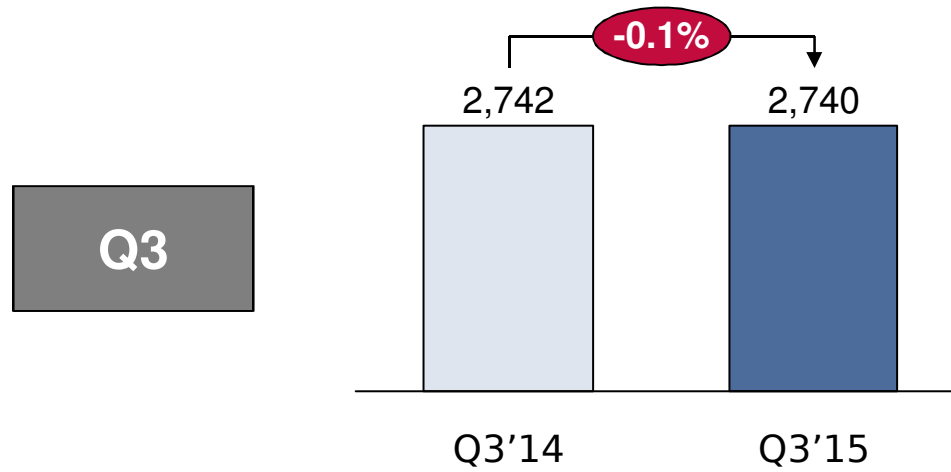
Q3 2014	Particulars	Q2	Q3	Variance	
		2015	2015	YoY	QoQ
379	Operating EBITDA	335	313	-17%	-7%
36	Other income	22	18	-49%	-15%
-142	Depreciation	-168	-163	-15%	3%
274	PBIT	189	168	-39%	-11%
-16	Interest	-13	-14	10%	-5%
258	PBT before Exceptional item	175	154	-40%	-12%
0	Exceptional item - Depreciation	0	0	-	-
258	PBT	175	154	-40%	-12%
9%	<i>PBT Margin</i>	6%	6%	-	-
-68	Tax	-46	-39	43%	16%
190	PAT	129	115	-39%	-11%
7%	<i>PAT Margin</i>	4%	4%	-	-
3	Minority interest & Share of profit of associates	5	0	-96%	-98%
193	PAT after minority interest & share of profit of associates	133	115	-40%	-14%
10	EPS (Rs per Share)	7	6	-	-



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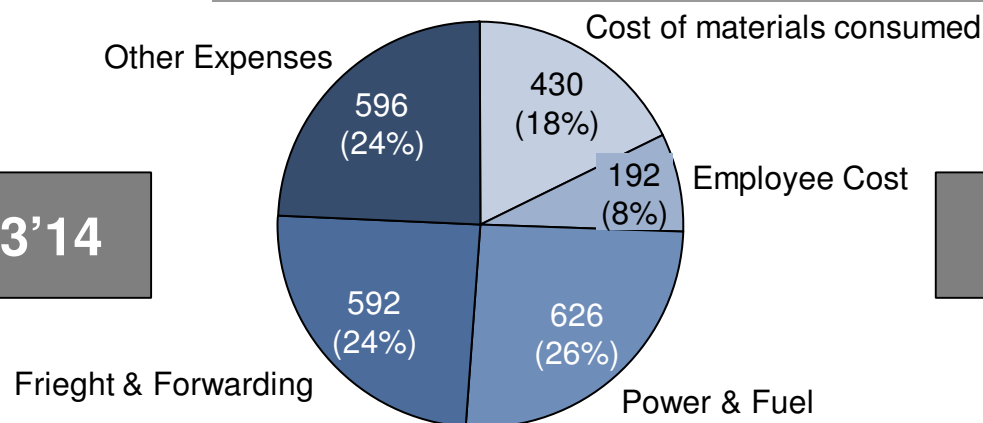




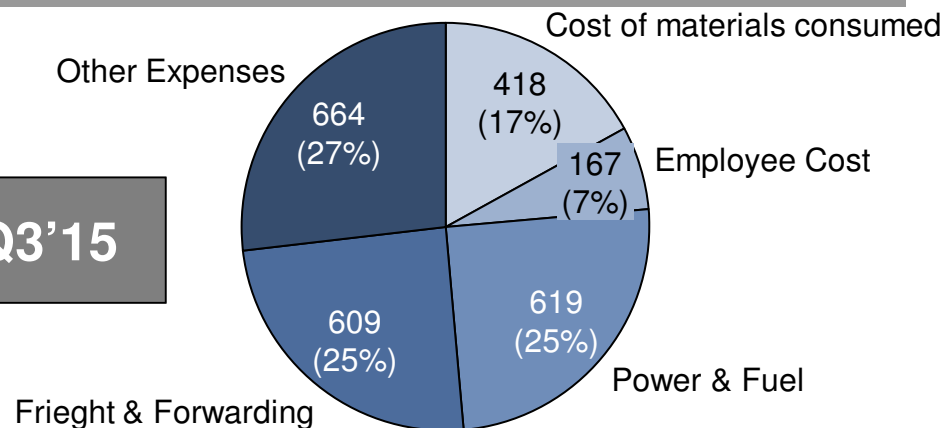
Operating Costs by components

[Rs Cr]

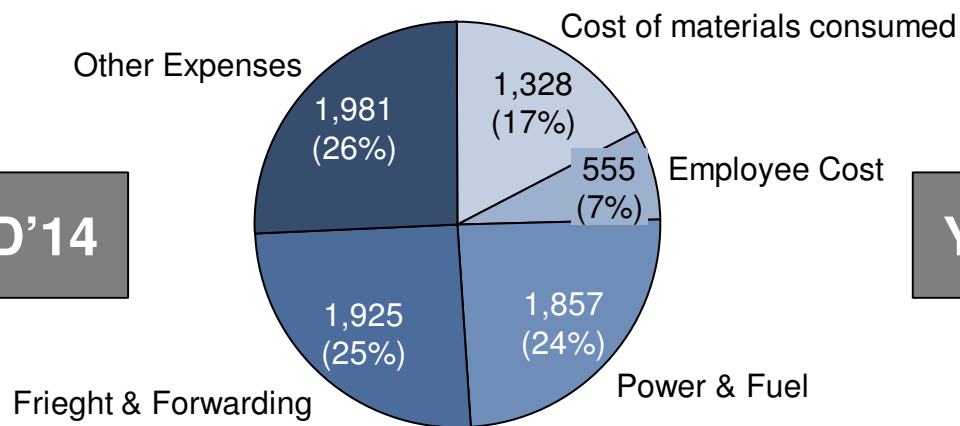
Q3'14



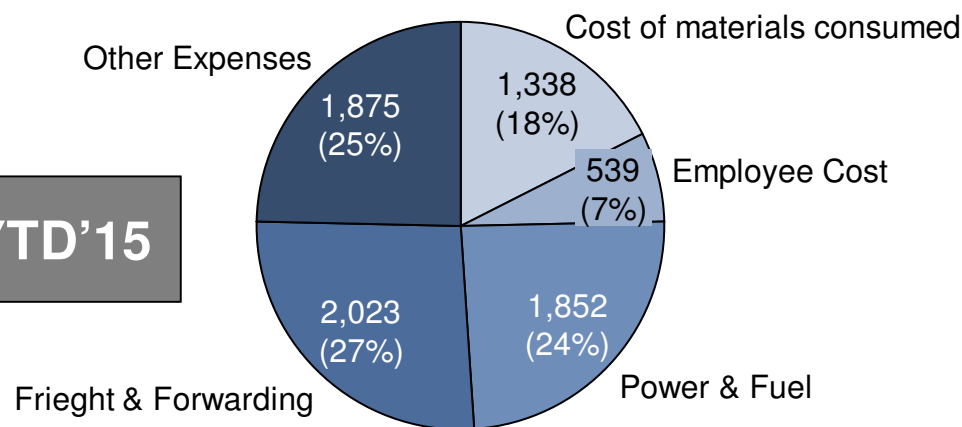
Q3'15



YTD'14

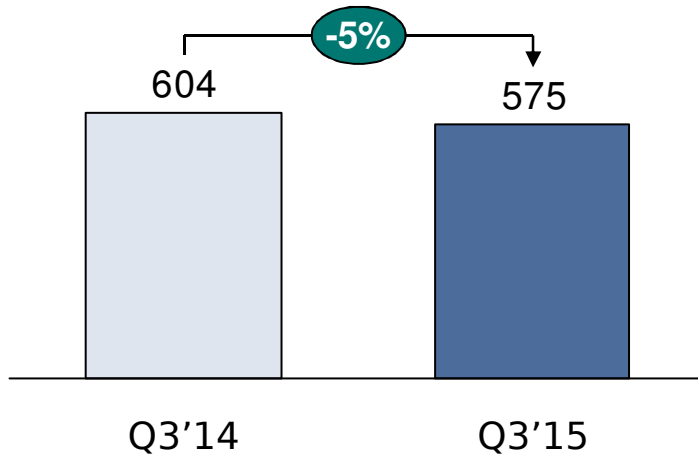


YTD'15



Q3 YoY : Decrease in cost of material consumed due to lower cost of slag and additives /corrective materials partly offset by increase in clinker purchase because of suspension of mining operation at Chaibasa and higher cost of Gypsum; Increase in freight & forwarding mainly due to increase in rail freight and higher clinker movement due to suspension of mining operation; Increase in other expenses mainly due to additional royalty provision towards contribution to District Mineral Foundation (DMF) and National Mineral Exploration Trust

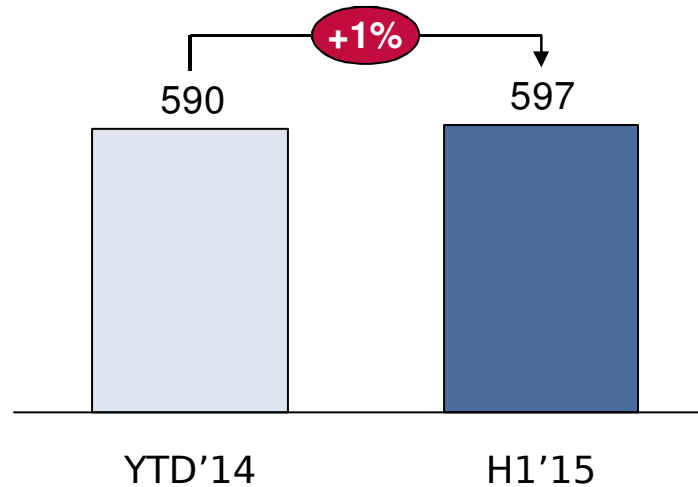
Q3



Q3'15 YoY :

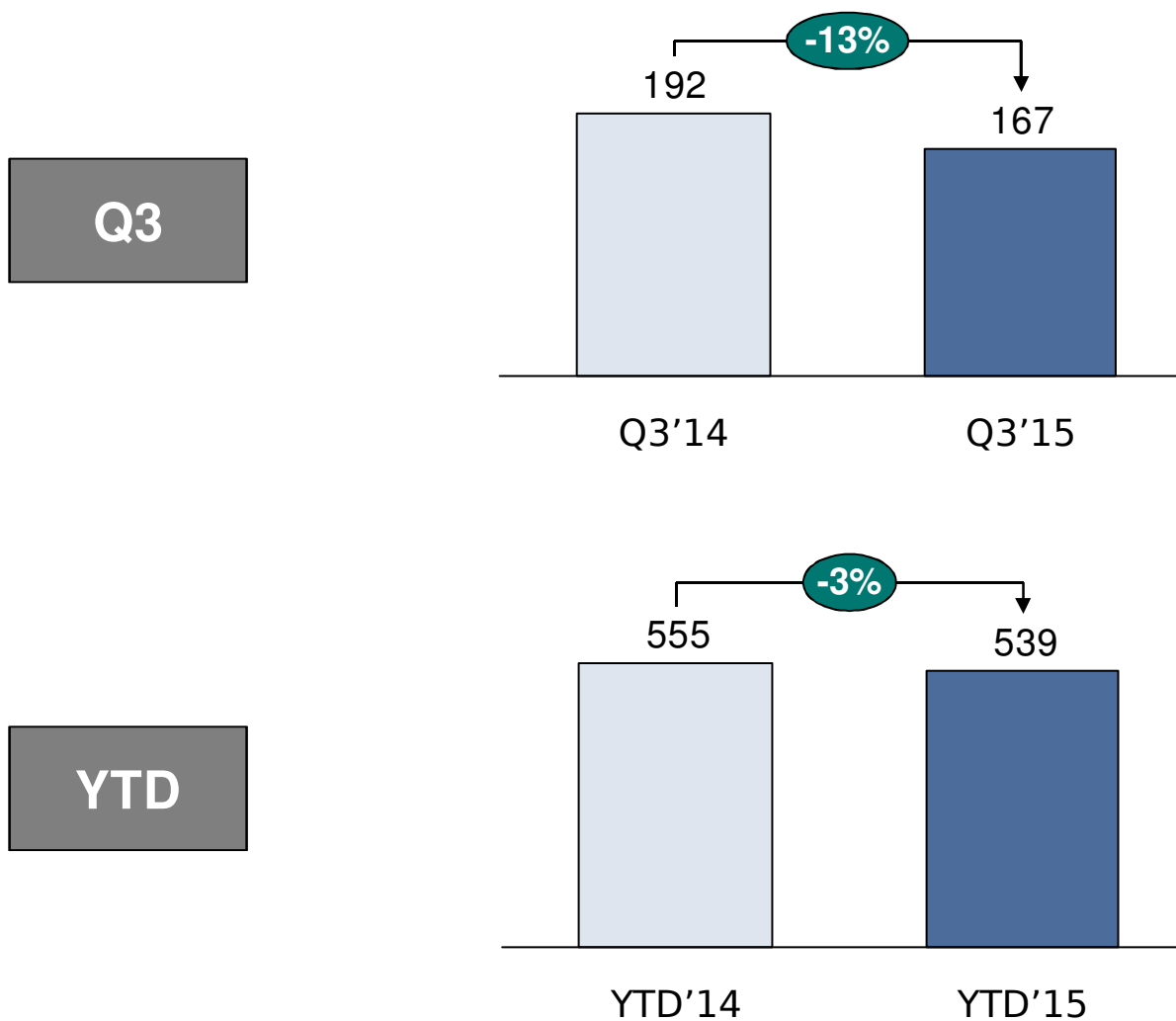
- Lower slag cost (Impact Rs 13 Cr)
- Lower cost of Additives & Corrective Materials (Impact Rs 8 Cr)
- Suspension of mining operation in Chaibasa resulted into clinker purchase (Impact Rs 11 Cr)
- Increase in landed cost of Gypsum (Impact Rs 3 Cr)

YTD



YTD'15 YoY :

- Higher clinker purchase due to suspension of mining operation in Bargarh & Chaibasa (Impact Rs 66 Cr)
- Increase in landed cost of Gypsum (Impact Rs 13 Cr) and Flyash (Impact Rs 17 Cr)
- Lower slag cost (cost saving Rs 52 Cr)
- Lower cost of Additives & Corrective Materials (Impact Rs 18 Cr)





Power & Fuel Cost - Cement Business

[Rs/Ton]

Q3



Power Mix	Q3'14	Q3'15
CPP	68%	77%
Kiln Fuel Mix		
Linkage Coal	49%	52%
E-Auction Coal	14%	5%
Petcoke	10%	13%
Imported Coal	25%	25%
Alternative Fuels	2%	5%

Q3'15 YoY :

- Lower cost of Fuel in Kiln & CPP (Impact Rs 20 Cr)
- Benefit from higher usage of Alternative Fuels (Impact Rs 3 Cr) & higher power generation from Waste Heat Recovery System (Impact Rs 3 Cr)
- Increase in Grid power rate (Impact Rs 10 Cr)

YTD



Power Mix	YTD'14	YTD'15
CPP	72%	77%
Kiln Fuel Mix		
Linkage Coal	56%	57%
E-Auction Coal	10%	4%
Petcoke	11%	9%
Imported Coal	20%	26%
Alternative Fuels	3%	4%

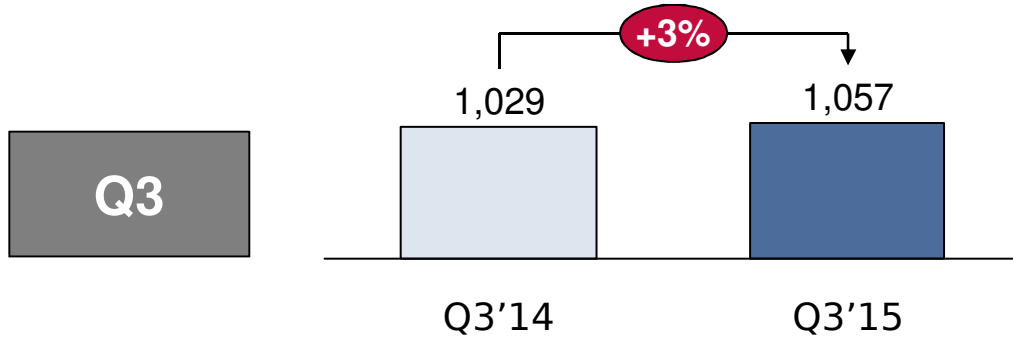
YTD'15 YoY :

- Reduction in Thermal energy consumption by ~ 14 MJ/T Clinker (Impact Rs 5 Cr)
- Lower cost of Imported Coal in Kiln (Impact Rs 8 Cr)
- Higher usage of Alternative Fuels (Impact Rs 8 Cr)
- Cost benefit due to higher power generation from Waste Heat Recovery System (Impact Rs 8 Cr)
- Higher consumption of e-auction and imported coal in CPP (Impact Rs 32 Cr)

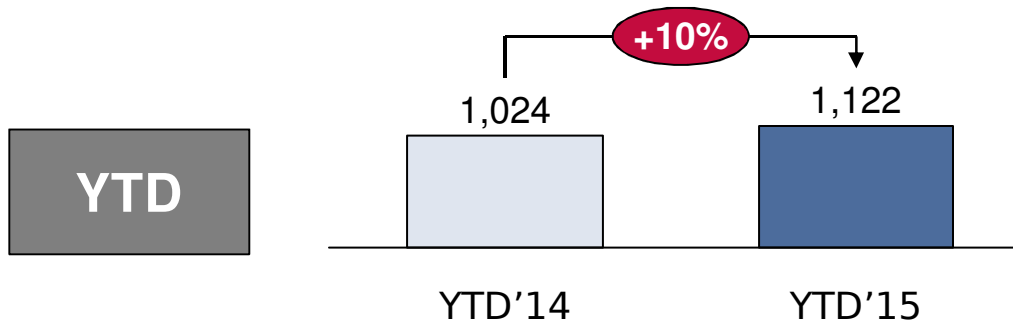


Freight Cost – Cement Business

[Rs/ton]



Mode of Transport Mix		
Rail	42%	43%
Road	58%	57%



Mode of Transport Mix		
Rail	44%	44%
Road	56%	56%

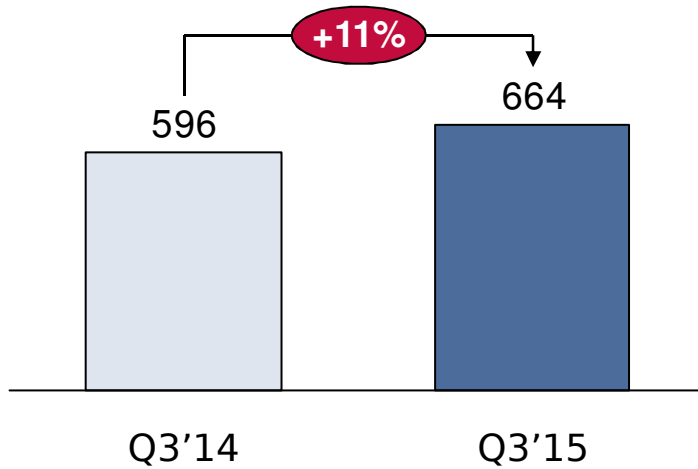
Q3'15 YoY :

- Increase in Rail Freight
- Long lead stock transfer of clinker for Eastern Plants

YTD'15 YoY:

- Increase in Rail Freight
- Long lead stock transfer of clinker for Eastern Plants

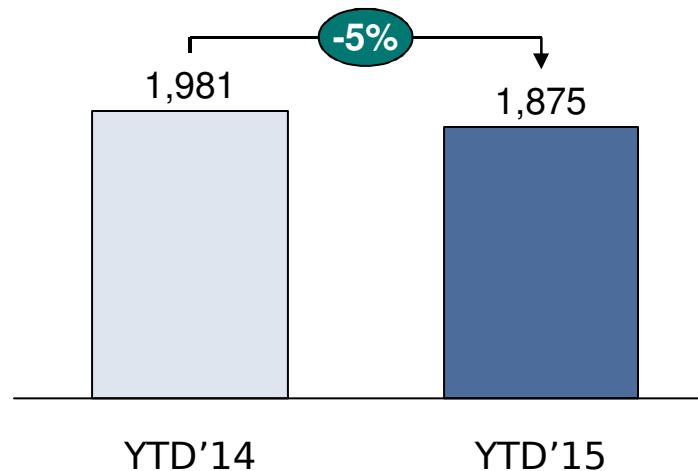
Q3



Q3'15 YoY :

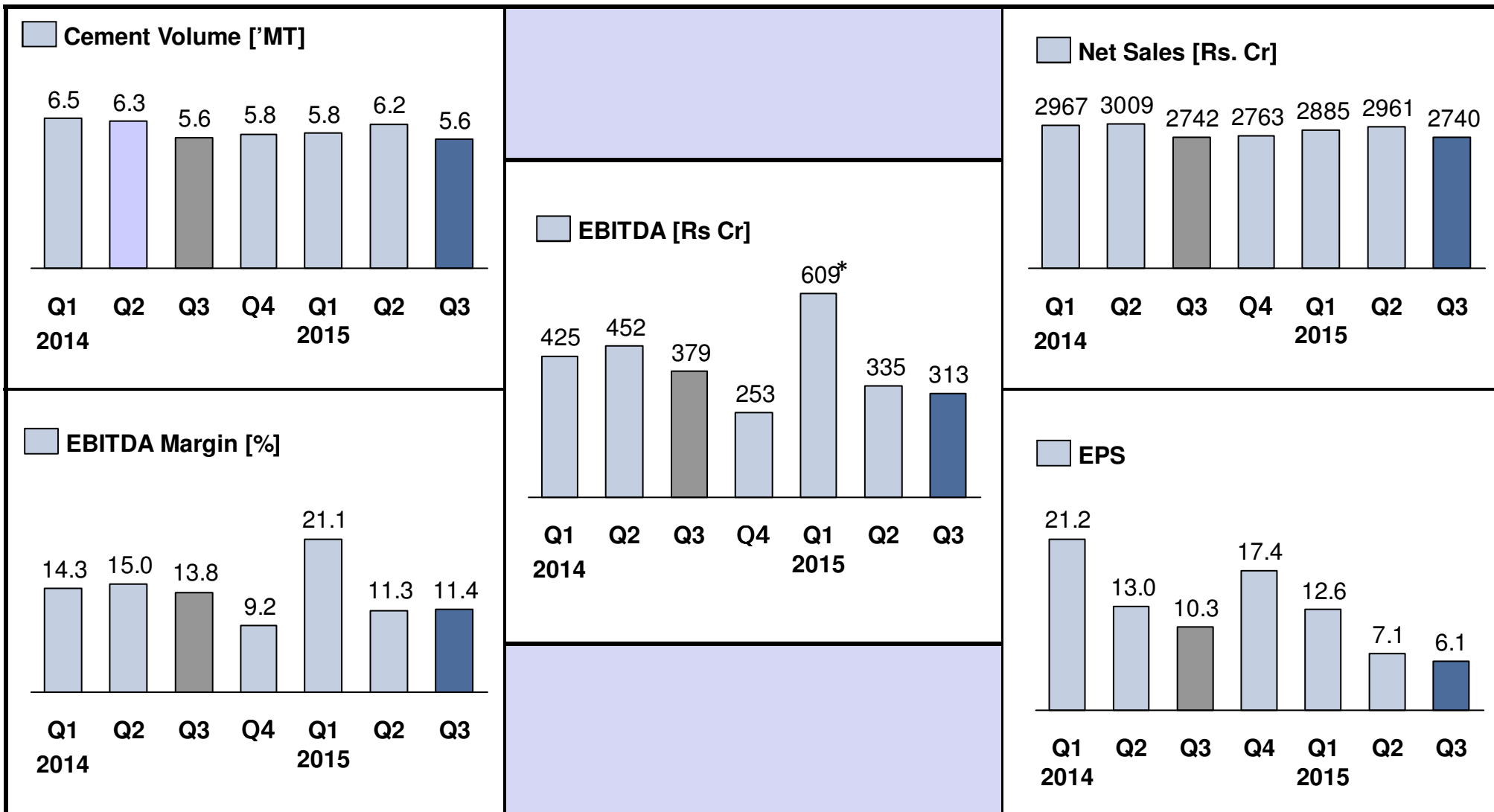
- Reduction in packing material cost by Rs 29 /T
- Provision for Royalty provision towards contribution to DMF effective from Jan'15
- Increase in rate of royalty on Limestone effective from September 2014 - Rs 63/ to Rs 80/t

YTD



YTD'15 YoY:

- Reduction in packing material cost by Rs 27/T
- Provision for additional Royalty on Limestone to DMF effective from Jan'15
- Increase in rate of royalty on Limestone effective from September 2014 Rs 63/ to Rs 80/t
- Reduction in purchase of traded cement



* Includes Sales Tax incentive accrual of Rs 140 Cr



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