



Q4'17 Results



Investor Presentation

Feb 08, 2018

1	Economy & Cement Industry Update
2	Performance Levers
3	Financial Highlights

Growth forecast reduced from 7.3% to 6.7% in FY 18;
 GDP growth to accelerate to 7.5% in FY19

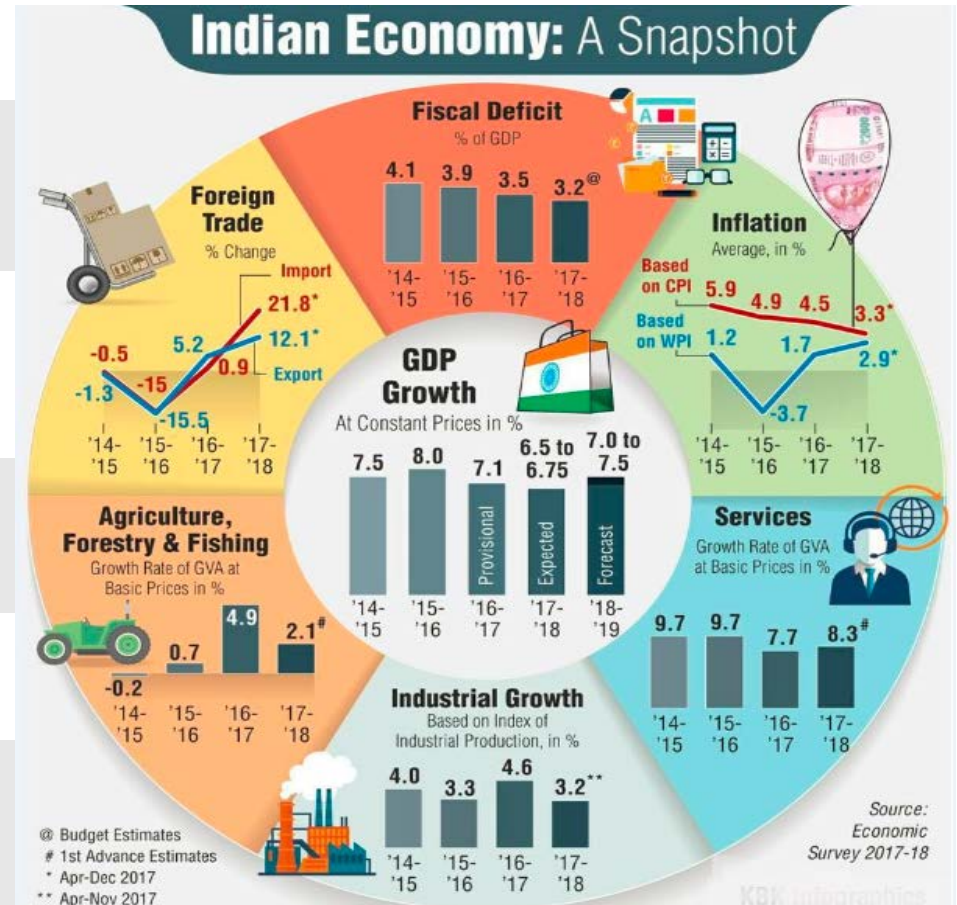
Economy poised for cyclical upswing in 2018, supported by buoyant consumption growth & pick up in private capex activity

Fiscal deficit target may widen to 3.5 per cent of GDP in 2018-19 from 3.2 per cent in 2017-18 (Budget Estimate)

Rise in crude prices recently will push up inflation and put pressure on fiscal deficit (from 53 \$/barrel in Dec'16 to 61 \$/barrel in Dec'17)

Cement emerged as key contributor for the sharp jump in IIP to 8.4% (Nov'17) from 5.7% (Nov'16)

Rupee closed 2017 in positive for the first time in last 7 yrs - US tax reforms could be a threat to rupee



2017 was a year of **challenges**:

- Demonetisation impact
- Goods and Services Tax glitches
- Sand availability
- RERA Compliance constraints
- Ban on Petcoke

Government's proposed infrastructure projects/schemes:

- **Road Projects** involving Rs 50,000 Cr in Uttarakhand by 2019
- **Bharatmala** program investment of Rs 7 trillion in next 5 years
- Govt's urban **low-cost housing scheme** - 3.2 mn units approved over 3 yrs (vs 1.2 mn in 10 yrs till 2013), construction started for 1.4 mn

Cement demand growth strong in South, mixed trend in West, East remains steady despite sand mining issues while North & Central witnessed recovery in demand

Rising energy and freight costs due to higher petcoke, coal and diesel prices

Slag prices up due to spurt in demand and will continue to remain volatile

Usage of **petcoke ban** in few northern states increased cement companies' **dependence on coal**

Coal **availability impacted** industry **adversely** due to rake availability crisis and lower production

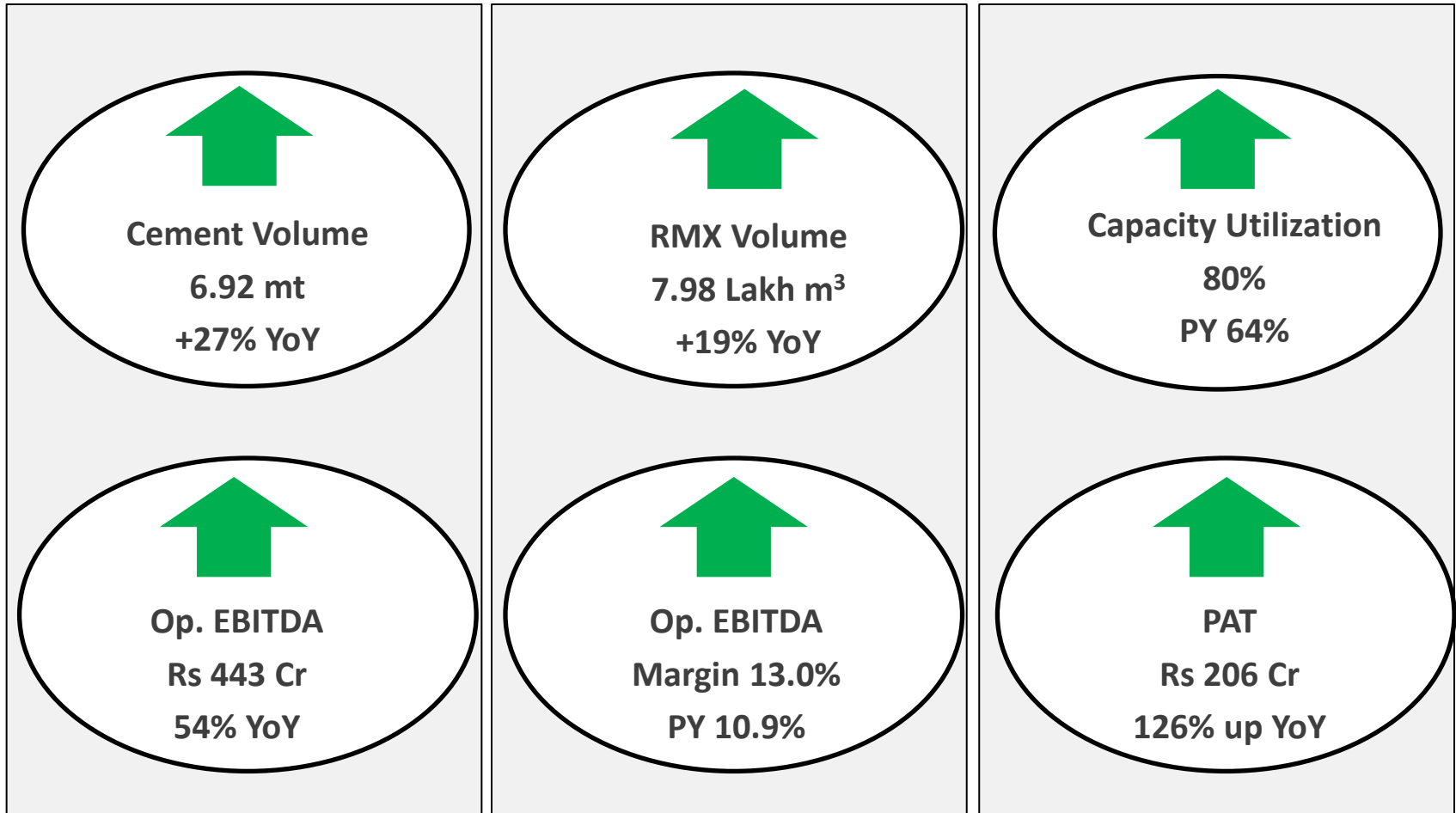
Sand Availability Issues:

- most states initiated action to **shift towards crushed sand** (M-sand)
- Different state governments **addressing** sand mining issue **to bring normalcy**

A pick up in affordable and rural housing segments & infrastructure, primarily road & irrigation projects expected to **improve demand** for cement

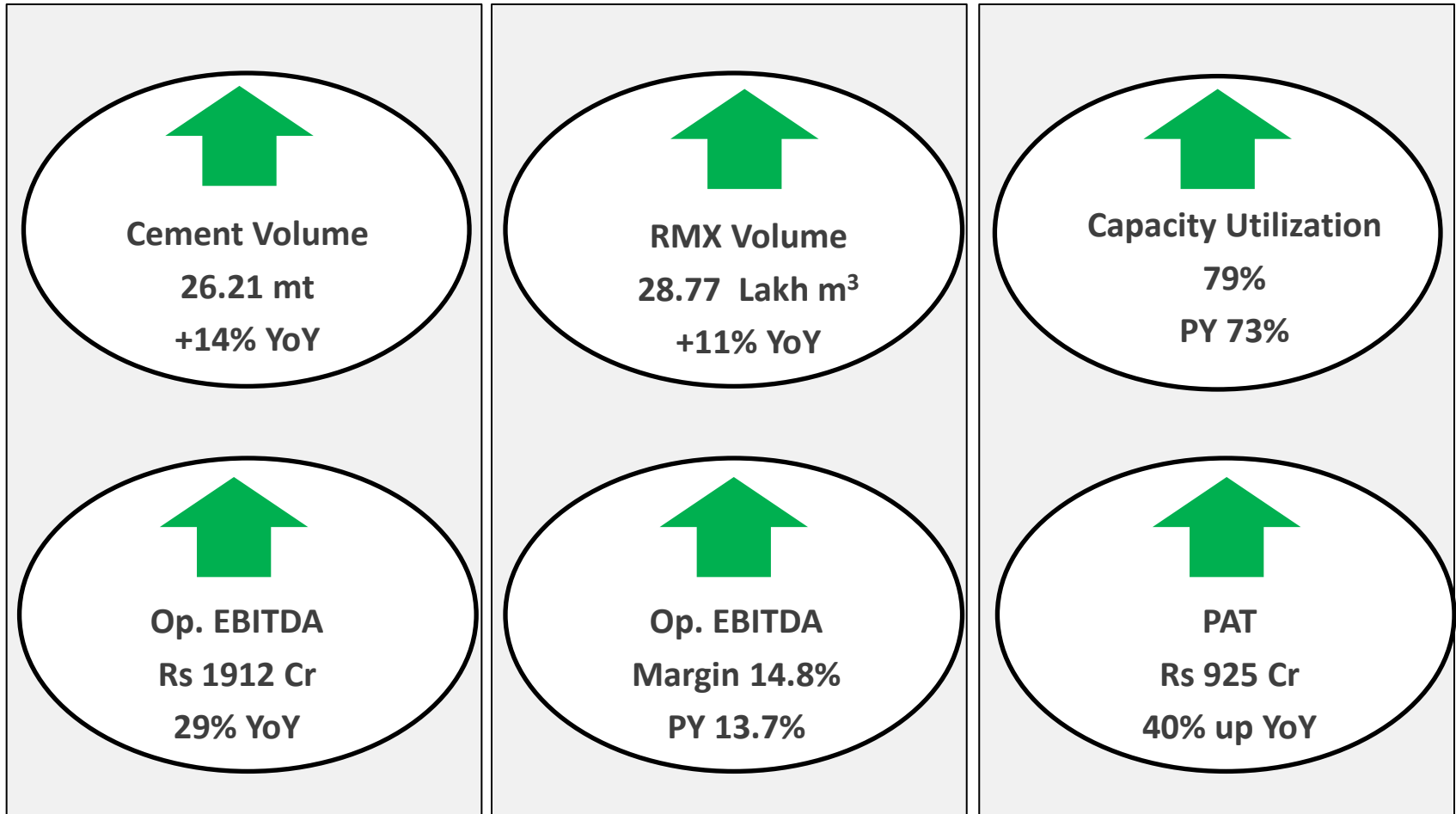
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Performance Levers – Q4'17



**Sustained performance growth ,
Cement volume up; Higher Op. EBITDA, Margin improved**

Performance Levers – 2017



Significant cement volume growth @14%; Op. EBITDA up, Margin improved, PAT higher



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IND AS Result - Consolidated

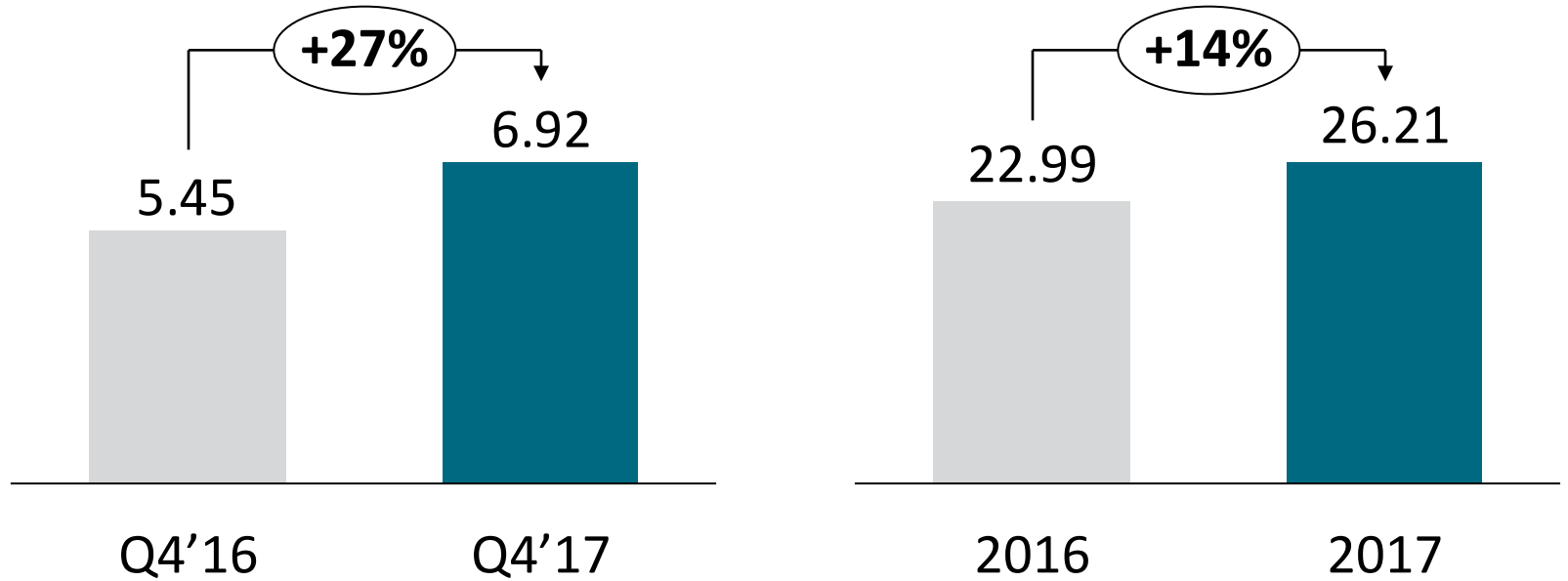
Particulars	UoM	Q4'16	Q4'17	Change vs PY	2016	2017	Change vs PY
Net Sales	Rs Cr	2625	3417	30%	10772	12909	20%
Op. EBITDA	Rs Cr	287	443	54%	1478	1912	29%
<i>Op EBITDA Margin</i>	%	10.9	13.0	210 bps	13.7	14.8	110 bps
Profit Before Tax (PBT)	Rs Cr	96	301	214%	885	1310	48%
Tax Expenses	Rs Cr	5	95	-	227	386	70%
Profit After Tax (PAT)	Rs Cr	91	206	126%	658	925	40%
<i>EPS</i>	<i>Rs/share</i>	4.84	10.95	126%	35.06	49.23	40%



Financial Position

Rs Cr

Particulars	Consolidated	
	31.12.16	31.12.17
Shareholders Funds	8816	9359
Non current Liabilities	598	694
Current Liabilities	3980	4793
Equity & Liabilities	13394	14846
Fixed Assets	7813	7534
Goodwill on consolidation	16	16
Non current investment	117	95
Non current loan and advances	200	223
Other non current assets	1144	1324
Current Assets	4105	5655
Assets	13394	14846

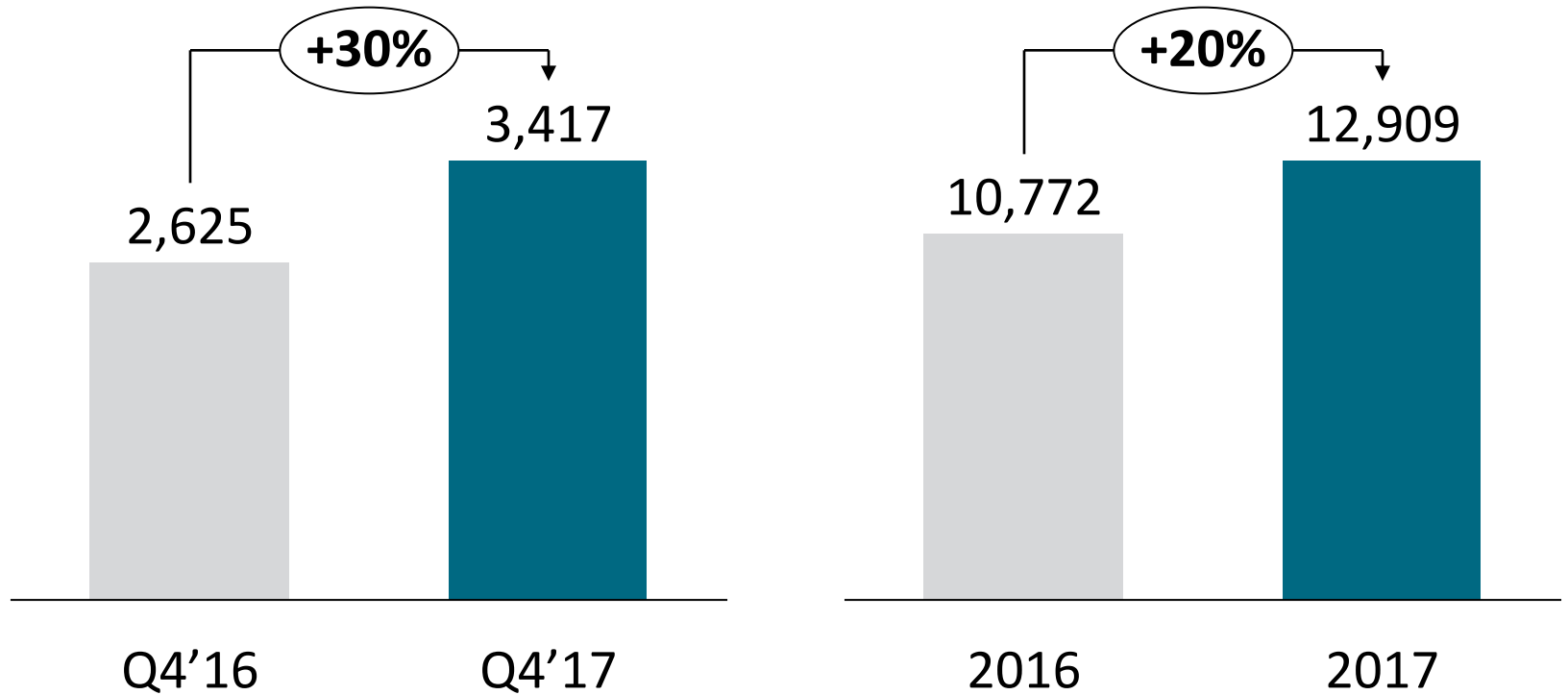


Significant volume growth, market share improved

Consecutive quarters of the current year witnessed increasing volume growth trend year on year

Increased focus on Premium Products; volume grew substantially

Focused and consistent growth in large B2B segment like infra, roads and metro



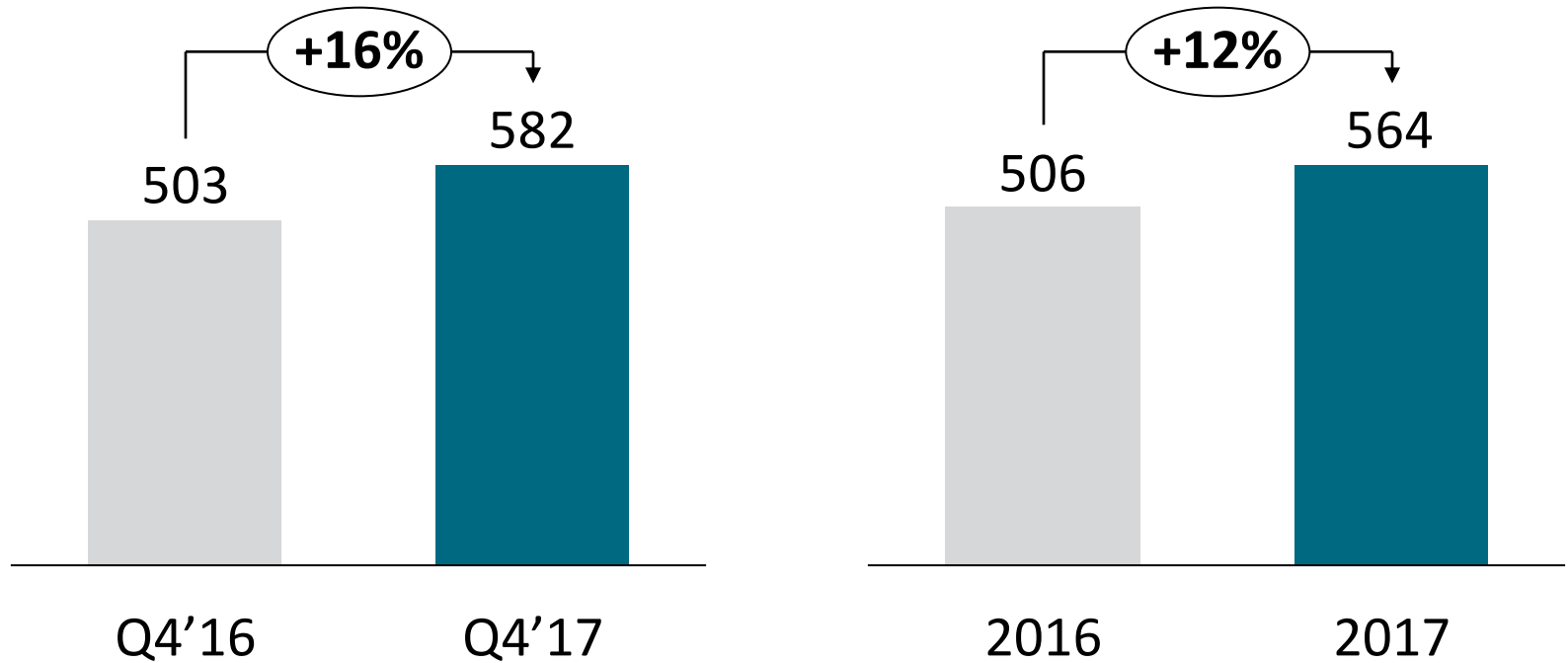
Robust revenue growth; Net sales up despite market challenges

RMX Business sustained its growth trend due to higher realisation & increased sale of value added products & services



Cost of Material Consumed

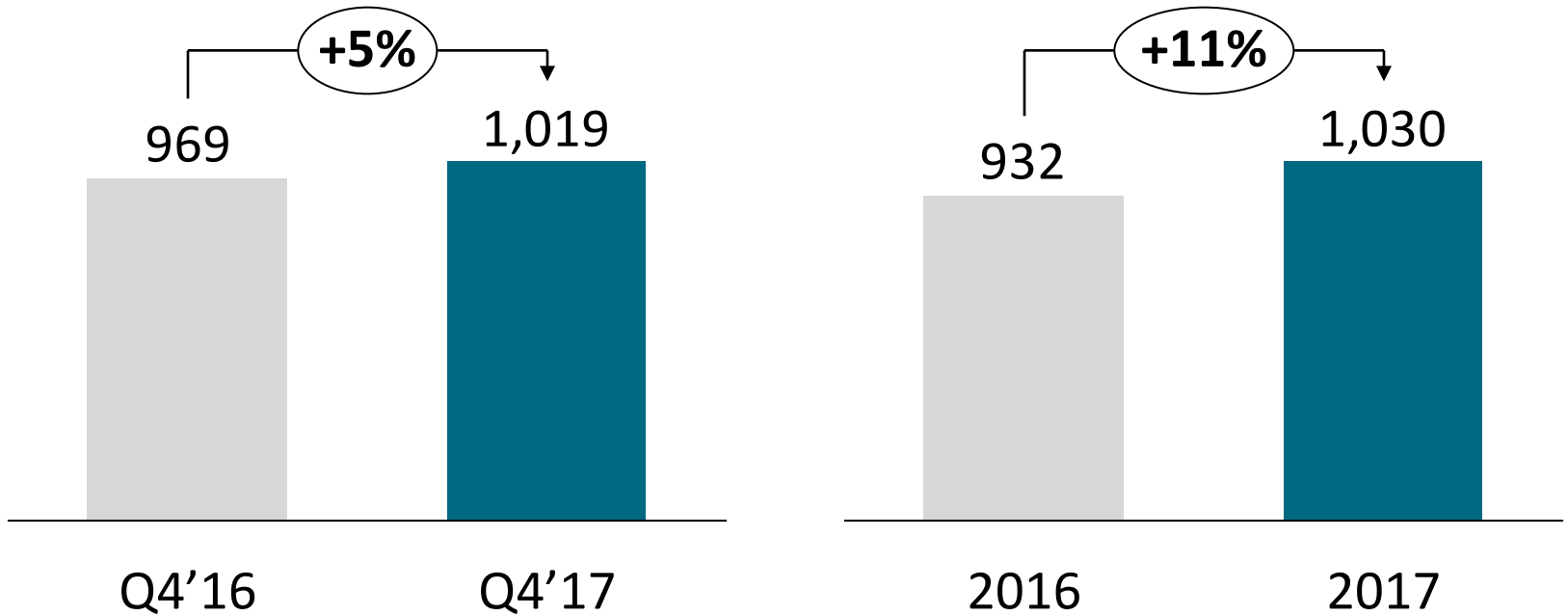
[Rs/t Cement]



Landed cost of Flyash and Slag up due to sourcing from long lead

Basic price of Slag increased on account of surge in demand

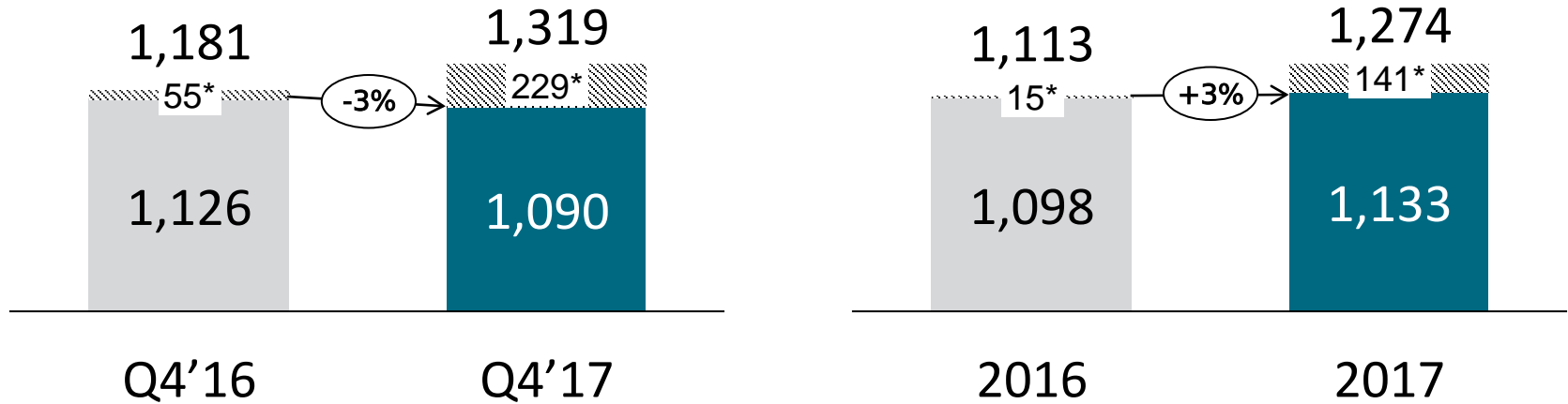
Continuous focus on raw mix optimisation through higher usage of additives/corrective materials helped restrict cost increase



Energy efficiency improved; higher usage of Alternative Fuel

Spiraling fuel prices – imported Coal and Petcoke prices increased

Higher due to increased consumption of costlier E-auction /imported coal on account of limited availability of FSA Linkage Coal

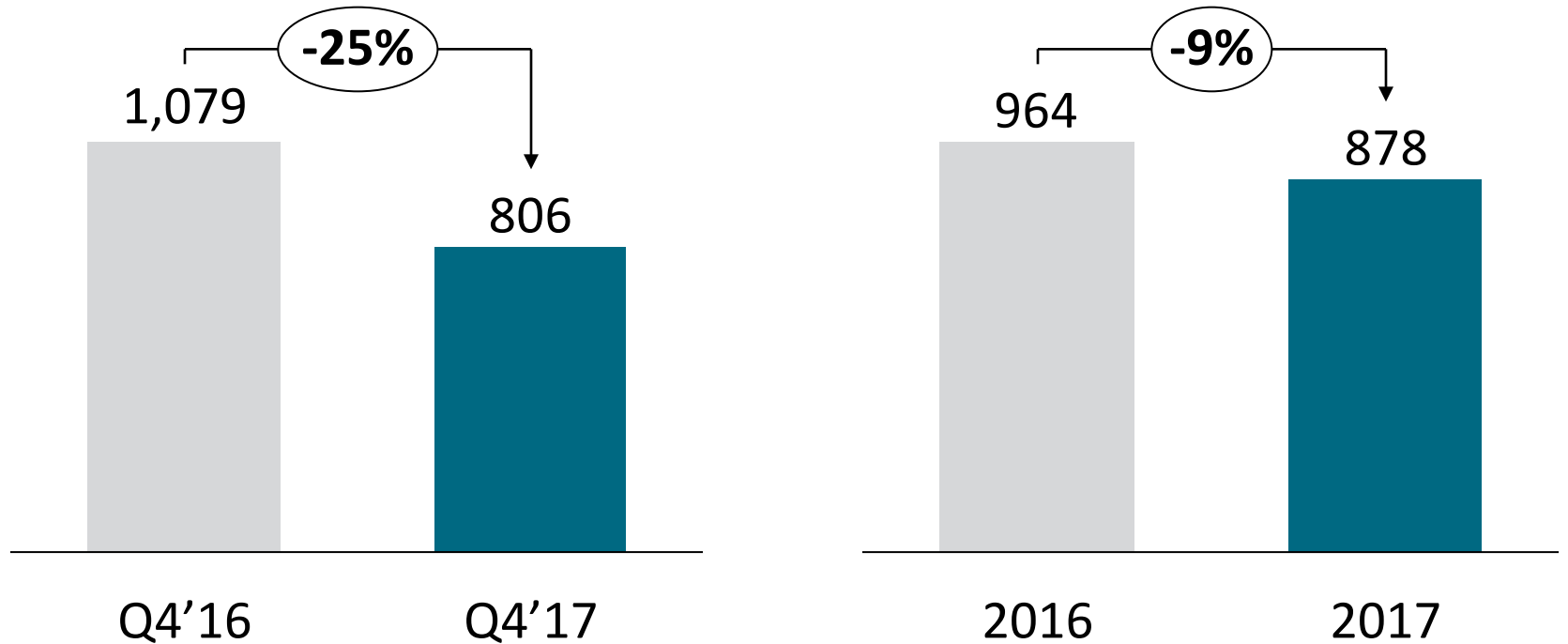


Reduction in rail freight due to lower lead

Inspite of diesel cost headwinds, road freight rationalised through improvement in logistics efficiency levers

Higher handling cost due to growth in premium products volume

* impact of change in commercial terms (Ex to FOR delivered)



Absolute cost below previous year

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