



Q3'16 Results

Investor Presentation

Oct 21, 2016



Agenda

1	Cement Industry Update
2	Key Highlights
3	Financial Summary
4	Performance Analysis

- ❑ Industry Utilisation at the lowest
- ❑ Regional players growing faster than major players due to large capacity addition with very large price difference
- ❑ Due to over capacity in South region, inflow from South players impacting West markets
- ❑ South and West market growth less than 3 % due to slump in reality, industrial and infrastructural investment
- ❑ Rising fuel prices will have negative impact on cost



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Q3'16 – Key Highlights

Volume	<ul style="list-style-type: none"> ❑ Capacity Utilisation @ 66% (Industry Capacity utilisation ~60%) ❑ Cement Sales Volume @ 5.07 Mio ton lower by 9.6% YoY & 17.2% QoQ ❑ RMX volume growth of 5% YoY & lower 3% QoQ
Net Sales	<ul style="list-style-type: none"> ❑ Declined by 10 % YoY, 13% QoQ; Overall realisation dipped YoY
Operating Costs	<ul style="list-style-type: none"> ❑ Per ton cost for cement business improved by ~1% YoY ❑ Fuel mix optimisation – higher usage of cheaper fuel (Petcoke @ 63%) ❑ Lower input material cost ❑ Gypsum mix optimisation benefited lower cost ❑ Fixed cost lower by 2% YoY ❑ Impact of additional Royalty on coal (DMF) due to recent notification (~Rs 19 Cr) ❑ Focus continues on cost reduction
Profitability	<ul style="list-style-type: none"> ❑ Op. EBITDA at Rs 274 Cr (Cement ~259 Cr, RMX ~14 Cr), Lower by 13% YoY
Growth/ Projects	<ul style="list-style-type: none"> ❑ Jamul clinkering project (2.79 MioT) and Jamul cement grinding unit (1.1 MioT) commissioned during the quarter ❑ Sindri Cement grinding unit (1.35 MioT) expected to be commissioned in Oct'16



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Particulars	Q3			YTD		
	2015	2016	Variance	2015	2016	Variance
Net Sales	2740	2473	-10%	8587	8274	-4%
Other Operating Income	50	49	-2%	299*	159	-47%
Cost of materials consumed	-418	-361	-13%	-1338	-1208	-10%
Purchase of stock-in-trade	-22	-20	-13%	-87	-64	-26%
Changes in inventories of finished goods, work-in-progress	45	71	58%	100	-1	-101%
Employee benefits expenses	-167	-196	18%	-539	-578	7%
Power & Fuel	-619	-537	-13%	-1852	-1628	-12%
Freight & Forwarding expenses	-609	-595	-2%	-2023	-1973	-2%
Other Expenses	-687	-610	-11%	-1889	-1817	-4%
Operating EBITDA	313	274	-13%	1258	1165	-7%
Operating EBITDA Margin	11.4%	11.1%	-36 bps	14.6%	14.1%	-57 bps
L-F-L Operating EBITDA	313	274	-13%	1118**	1165	4%

* Other operating income for the period ended Jun 30, 2015 includes Rs 139.74 Cr being accrual of sales tax incentives pertaining to the period August 2005 to March 2015

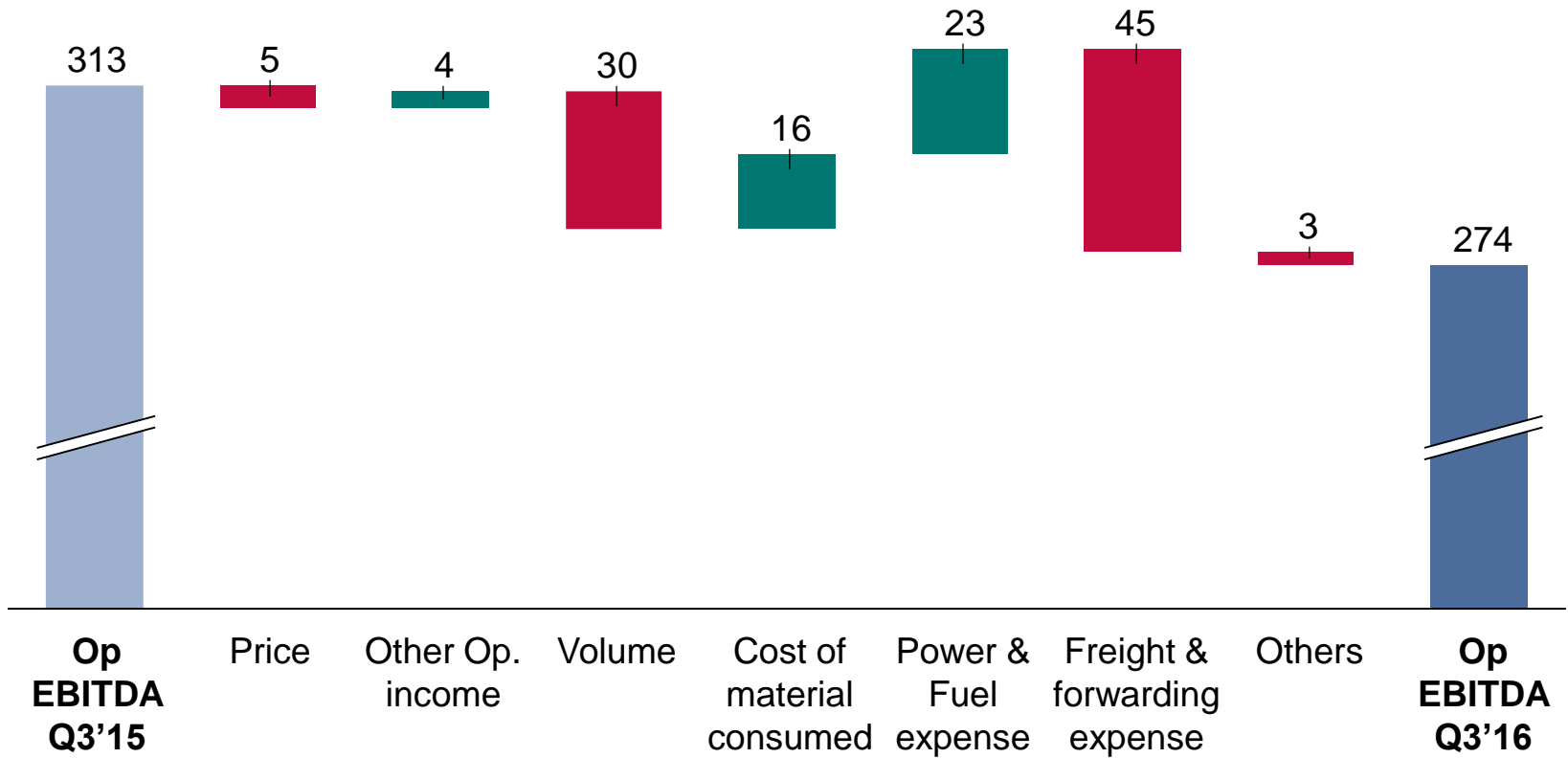
** Excludes Sales tax incentive Rs 139.74 Cr

Consolidated Financial Results – (2/2)

[Rs Cr]

Particulars	Q3			YTD		
	2015	2016	Variance	2015	2016	Variance
Operating EBITDA	313	274	-13%	1258	1165	4%
Other income	18	26	43%	100	90	-11%
Depreciation	-163	-155	-5%	-504	-445	-12%
PBIT	168	145	-14%	854	810	-5%
Interest	-14	-19	32%	-50	-52	3%
PBT before exceptional items	154	126	-18%	804	758	-6%
Exceptional item	0	0	-	(164)*	0	-
PBT	154	126	-18%	640	758	19%
<i>PBT Margin</i>	6%	5%	-100 bps	7%	9%	200 bps
Tax	-39	-43	10%	-164	-215	31%
PAT	115	83	-28%	476	544	14%
<i>PAT Margin</i>	4%	3%	-100 bps	6%	7%	100 bps
Minority interest & Share of profit of associates	0	-1	0%	9	4	-53%
PAT after minority interest & share of profit of associates	115	82	-29%	485	548	13%

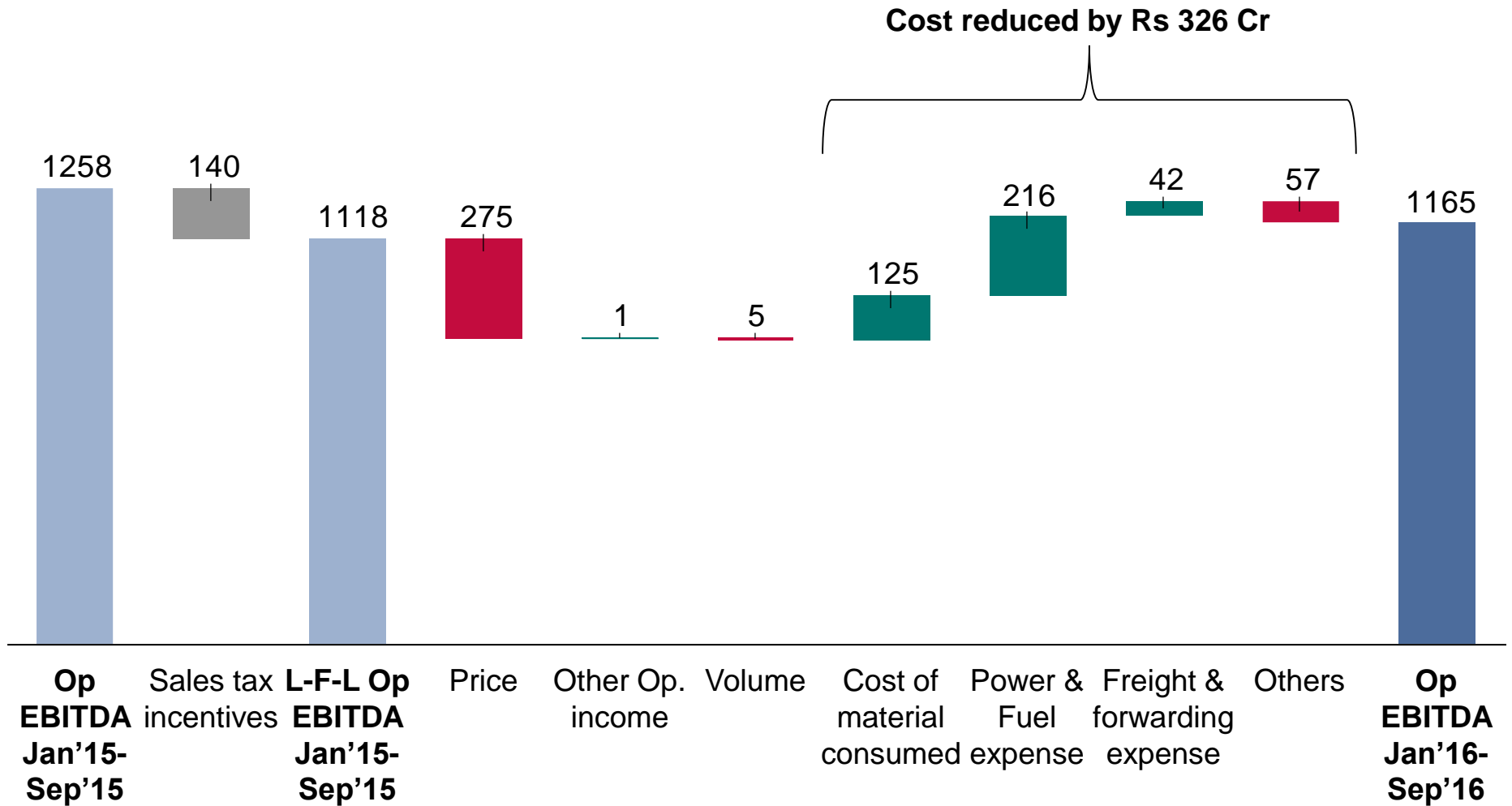
* Pursuant to provisions of Schedule II of the Companies Act, 2013, an additional charge of Rs 164.45 Crore, being the carrying amount as of January 1, 2015 of fixed assets with no remaining useful life (as revised) as of that date, was recognized in the period ended Jun 30, 2015 and disclosed as an exceptional item



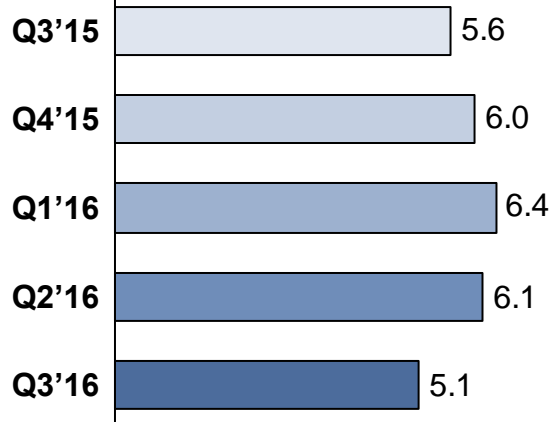


YTD Operating EBITDA Waterfall – Consolidated

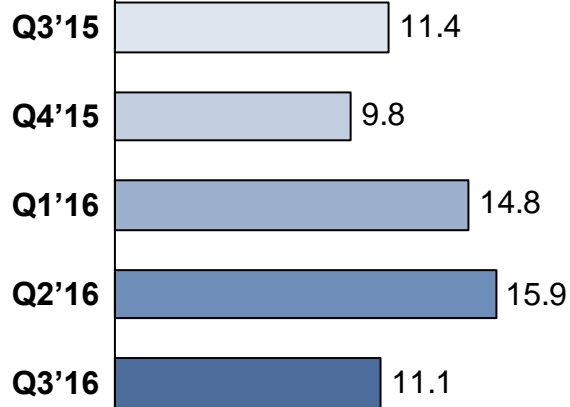
[Rs Cr]



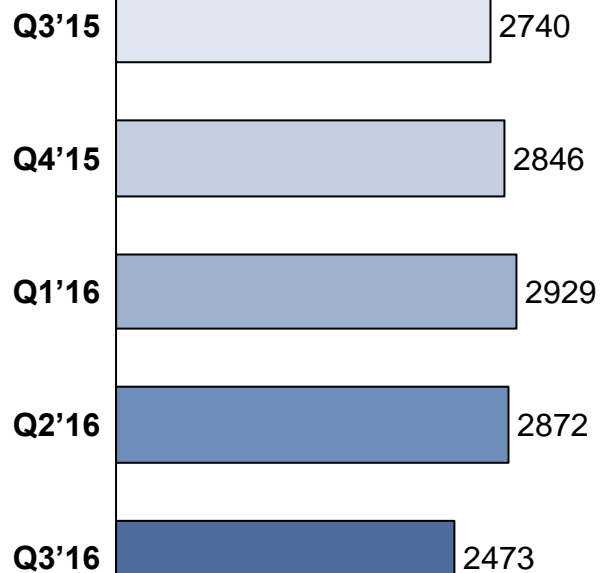
Cement Volume ['MT]



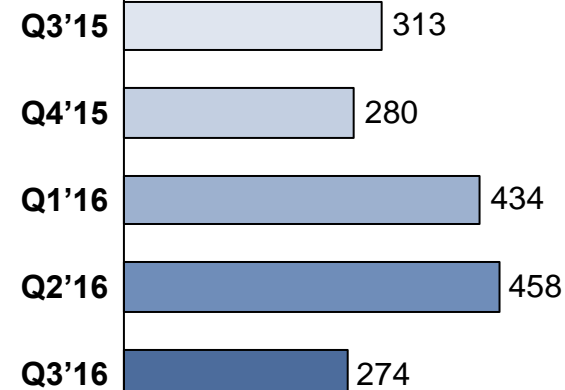
Op EBITDA Margin [%]



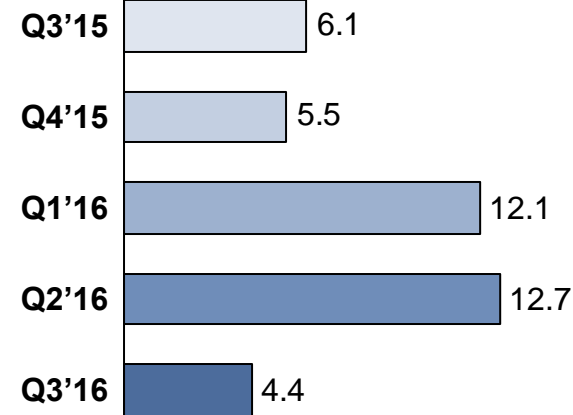
Net Sales [Rs. Cr]



Op EBITDA [Rs Cr]



EPS





Financial Position

Rs Cr

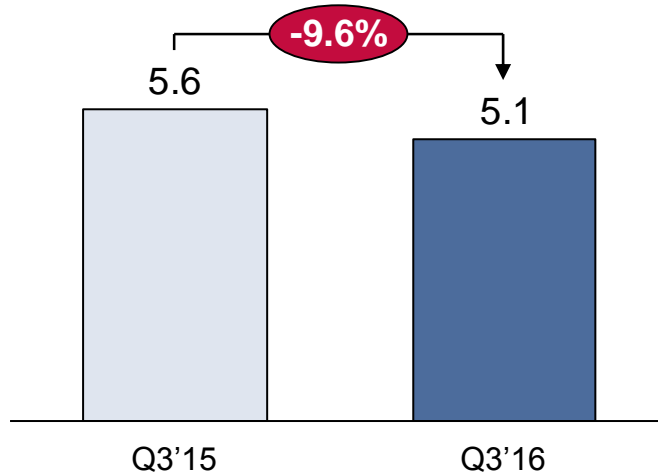
Consolidated		Particulars	Standalone	
30.09.16	31.12.15		30.09.16	31.12.15
8721	8,421	Shareholders Funds	8749	8,443
3	3	Minority interest	-	-
-	-	Short term borrowing	51	36
485	470	Deferred Tax Liabilities	483	469
9209	8,894	Sources of Fund	9283	8,948
7618	7,711	Fixed Assets	7592	7,656
13	16	Goodwill on Consolidation	-	-
		Investments:		
1179	1,328	Liquid investments & Bank FD	1147	1,301
81	87	Long-term investments	275	275
318	-248	Net Working Capital	269	-284
9209	8,894	Total Application of Funds	9283	8,948



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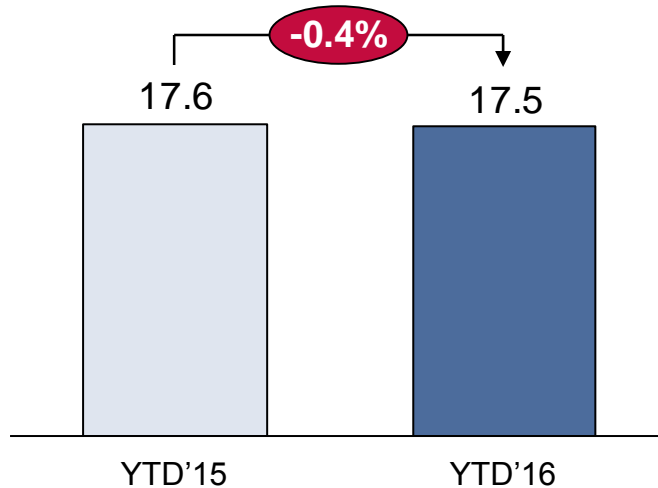
Q3
YoY



Q3'16 YoY :

- Cement volume de-growth mainly due to heavy rains & floods in Bihar, Jharkhand, Uttar Pradesh & Madhya Pradesh which contributed to volume decline
- Sand shortage in Uttar Pradesh led to lower demand
- Premium Products volume increased from 5.7 Lac tons to 6.7 Lac tons

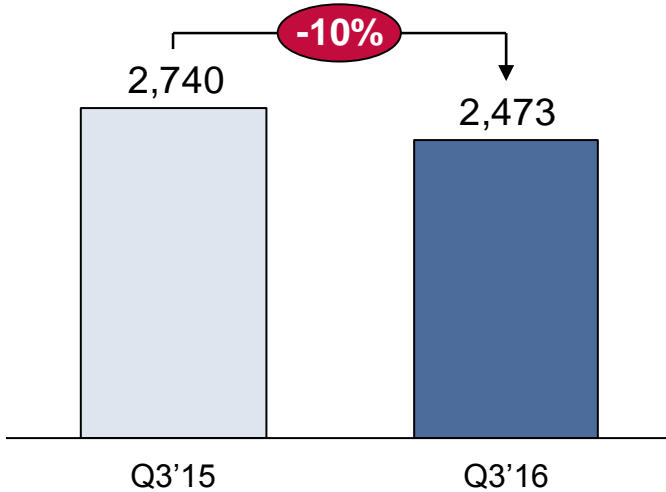
YTD
YoY



YTD'16 YoY :

- Cement volume almost flat
- Premium Products volume increased from 15.1 Lac tons to 21.4 Lac tons

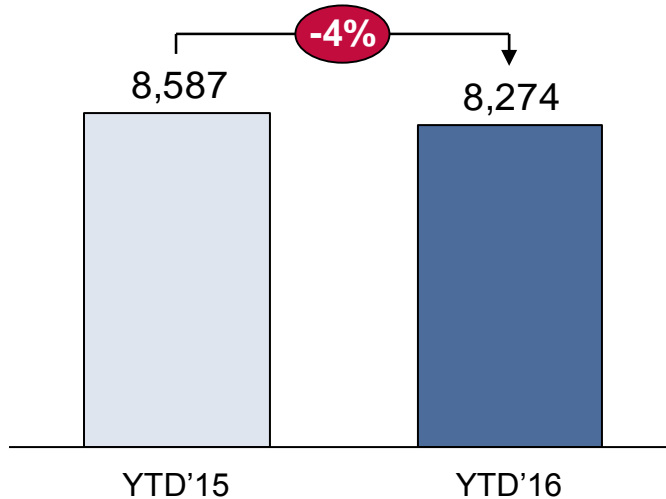
**Q3
YoY**



Q3'16 YoY :

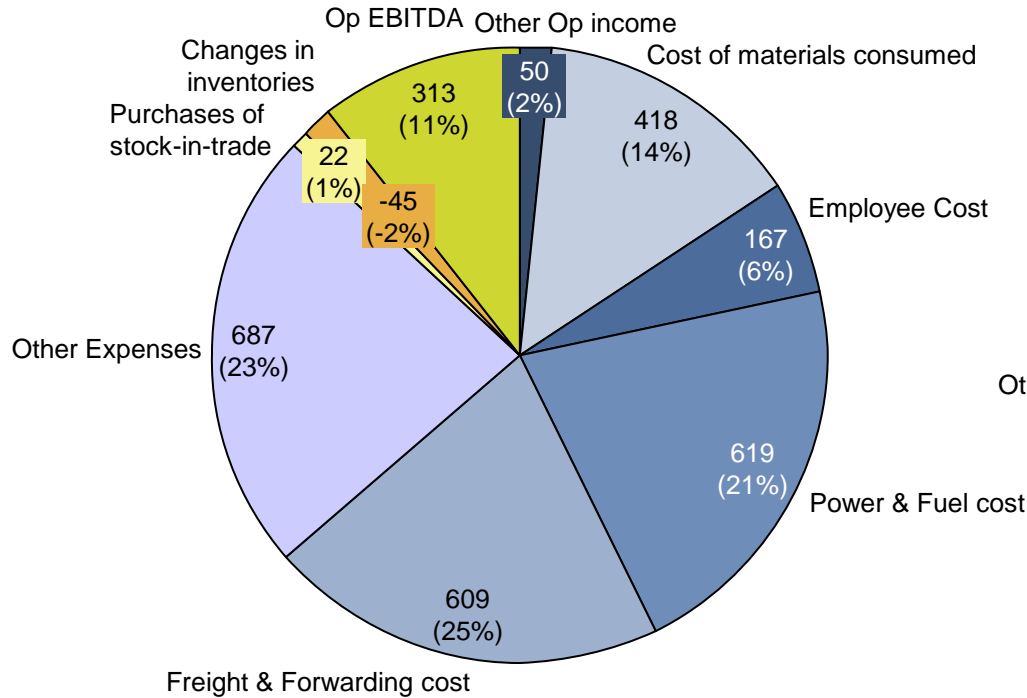
- Realization lower due to lower Cement sales volume in North, East & South regions & lower prices in East, South & West regions
- RMX recorded 5% growth in volume while realisation dipped by 2%

**YTD
YoY**

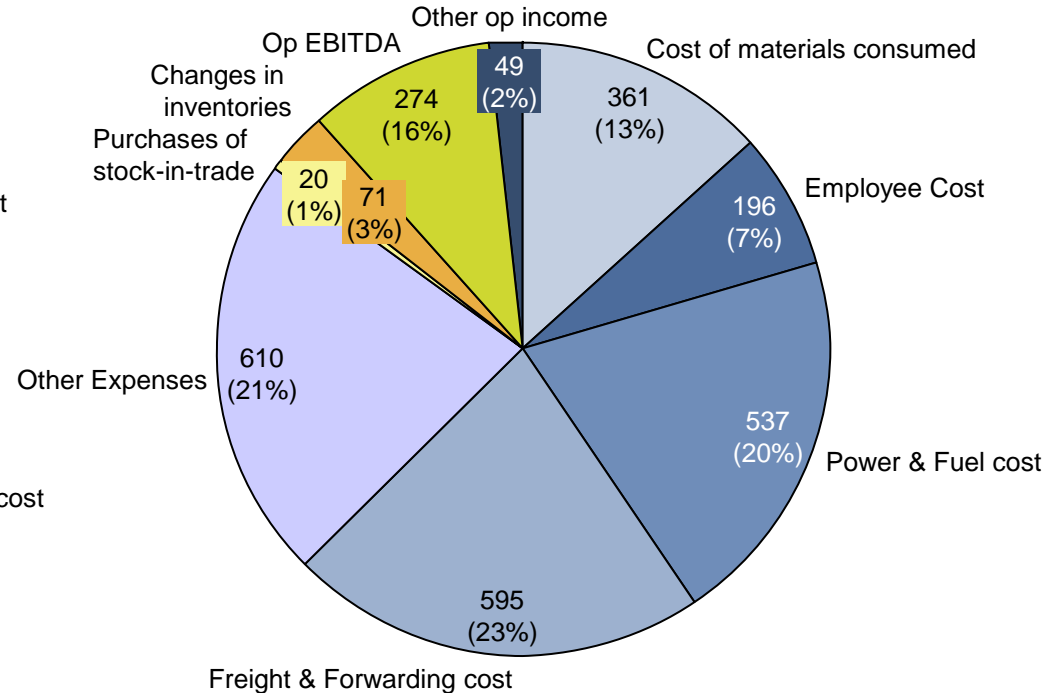


YTD'16 YoY :

- Cement volume remained flat , prices dropped in all regions except North
- RMX volume growth 9%, while realization was weak



Q3'15

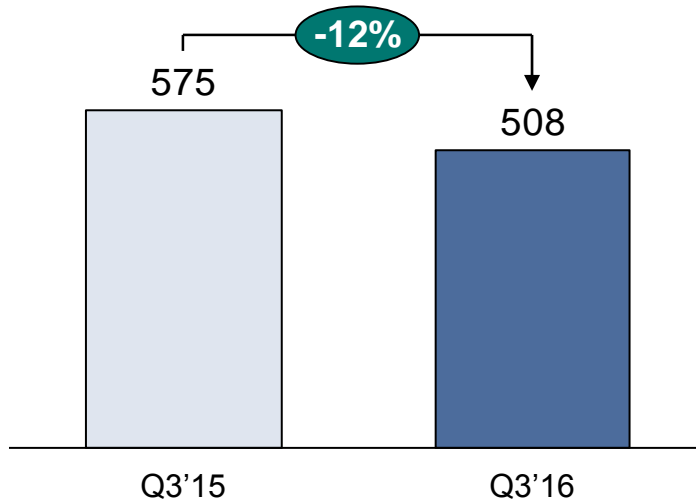


Q3'16

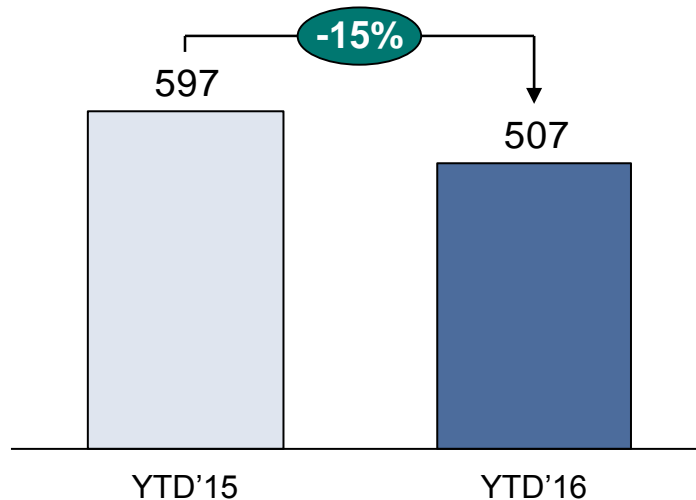
Q3'16 YoY :

- Cost of material consumed reduced due to lower cost of Slag, Flyash & Gypsum
- Reduction in Power & Fuel cost mainly due to increased usage of Petcoke and lower cost of fuel
- Freight & forwarding improved mainly due to freight optimization
- Reduction in other expenses mainly due to lower marketing & selling overheads, packing material cost and provision for royalty on Limestone (DMF) in Q3'15 effective from Jan'15

**Q3
YoY**



**YTD
YoY**

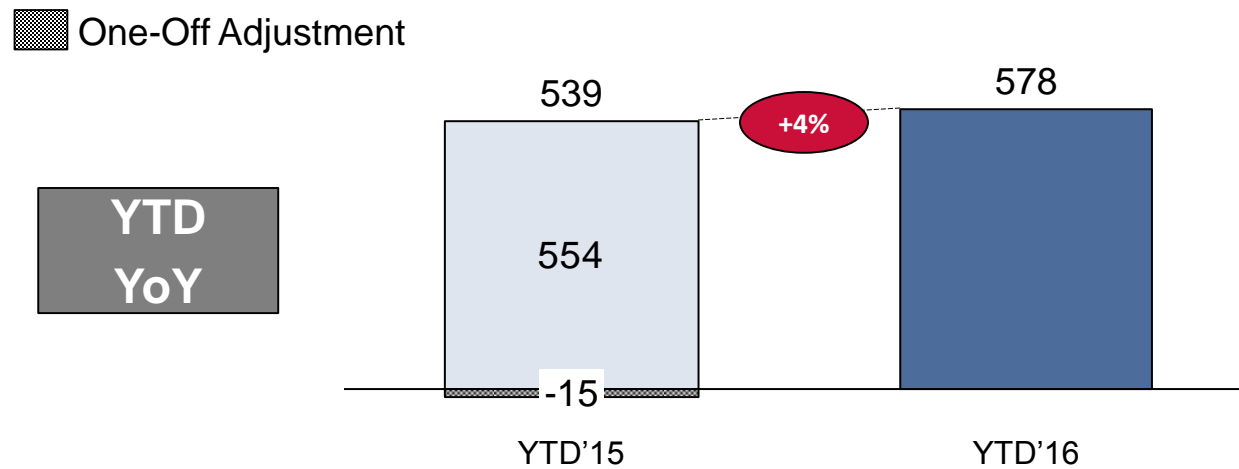
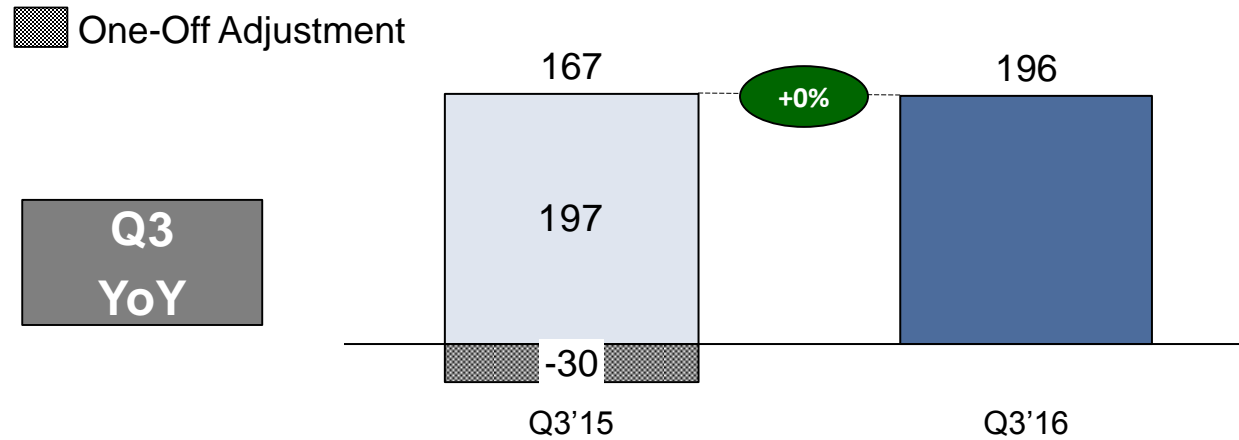


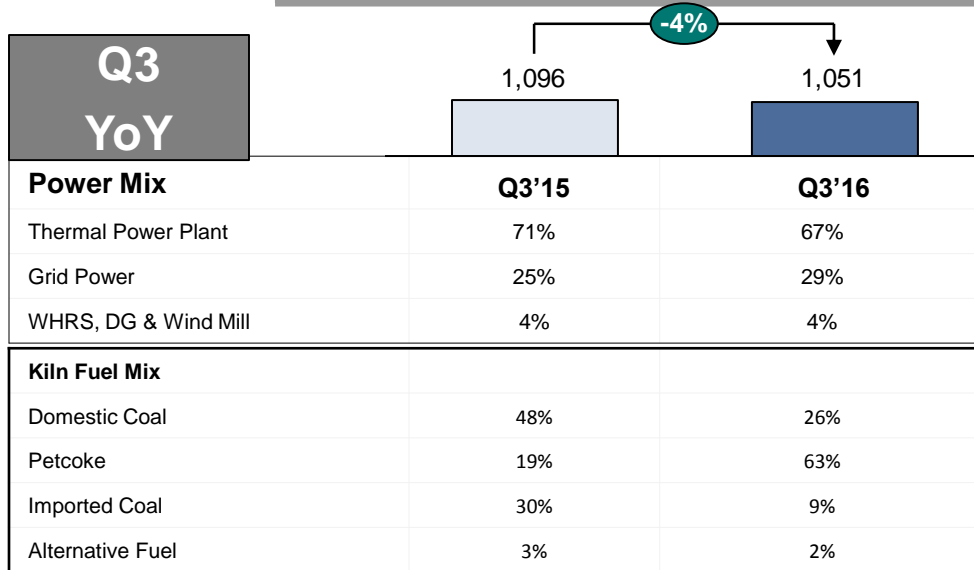
Q3'16 YoY :

- Slag prices renegotiated & reduced (Impact Rs 7 Cr)
- Reduction in Fly ash cost (Impact Rs 3 Cr)
- Gypsum mix optimization & price reduction (Impact Rs 11 Cr)
- Reduction in cost of additives & corrective material by rate negotiation & substitution of Cheaper material (Impact Rs 3 Cr)
- Lower consumption of Purchased Limestone (Impact Rs 4 Cr)

YTD'16 YoY :

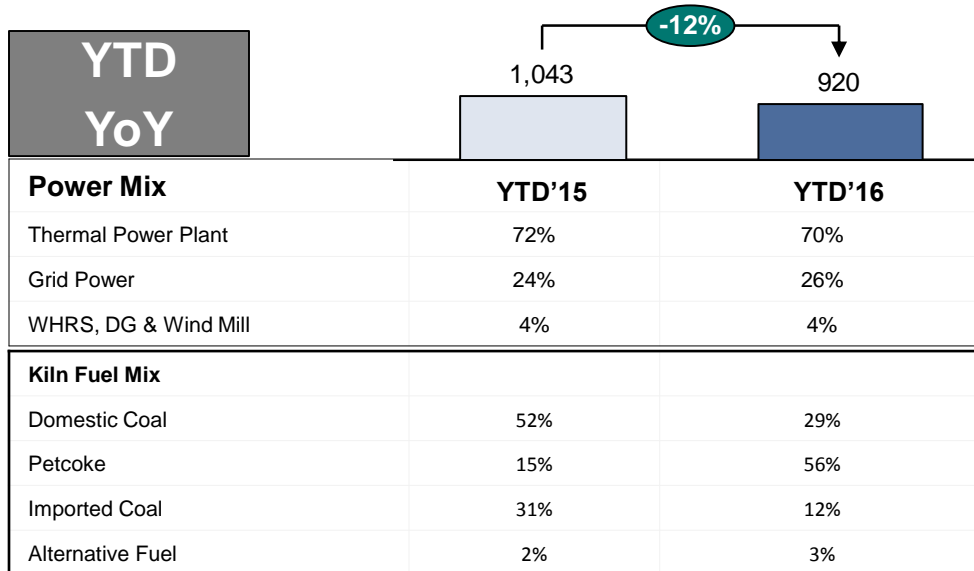
- Reduction in landed cost of Gypsum, Flyash and Slag Cost (Impact Rs 76 Cr)
- Higher purchase of Clinker in YTD Sep'15 due to mining suspension at Bargarh & Chaibasa (Impact Rs 51 Cr)
- Lower consumption of purchased Limestone (Impact Rs 18 Cr)
- Gypsum mix optimization (Impact Rs 12 Cr)
- Higher cost of Additives & other corrective materials (Impact Rs 2 Cr)





Q3'16 YoY :

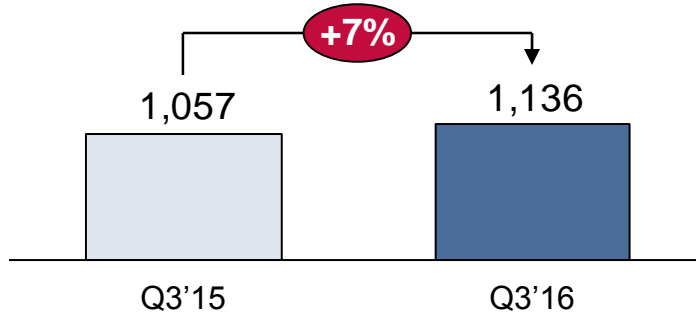
- Higher Petcoke consumption in Kiln from 19% to 63% and lower cost of Imported Coal & Petcoke (Cost saving Rs 72 Cr)
- Provision against Royalty on Coal (DMF) adversely impacted Fuel Cost (Rs 19 Cr)



YTD'16 YoY :

- Higher Petcoke consumption in Kiln from 15% to 56% and lower cost of Imported Coal & Petcoke (Cost saving Rs 210 Cr)
- Savings in Fuel cost in Thermal Power Plant (Cost savings Rs 36 Cr)
- Provision against Royalty on Coal (DMF) adversely impacted Fuel Cost (Rs 19 Cr)

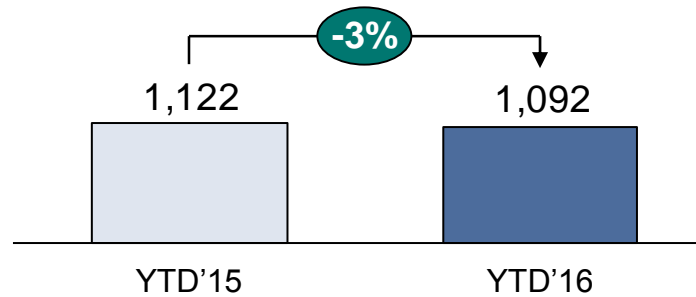
**Q3
YoY**



Mode of Transport Mix

Rail	44%	40%
Road	56%	60%

**YTD
YoY**



Mode of Transport Mix

Rail	44%	40%
Road	56%	60%

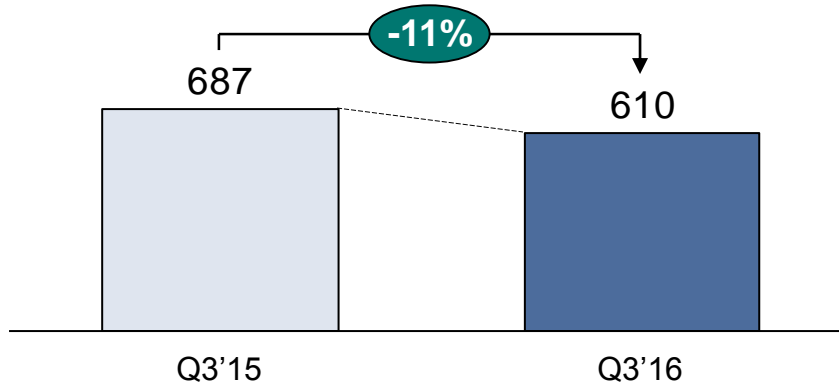
Q3'16 YoY :

- Primary Road lead distance increased by 21 km (Impact Rs 17 Cr, ~ Rs 32/t)
- Increase in clinker freight due to long lead inter-unit clinker movement (~Rs 18 Cr - Impact Rs 35/ton)

YTD'16 YoY :

- Reduction in outbound Road freight by Rs 13/ton (Impact Rs 23 Cr) due to Freight renegotiation and lower lead
- Reduction in rail freight by Rs 26/ton (Impact Rs 46 Cr) due to benefit of busy season surcharge and lower Rail co-efficient
- Increase in clinker freight due to long lead inter-unit clinker movement (Impact ~Rs 20 Cr)

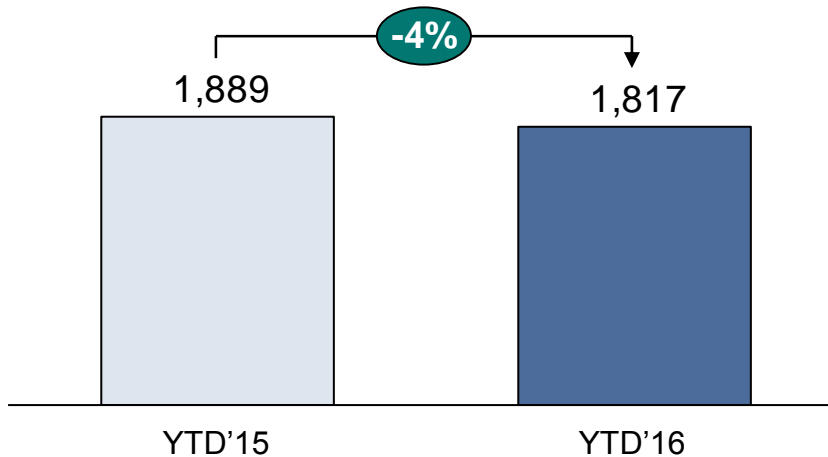
**Q3
YoY**



Q3'16 YoY :

- Reduction in packing material cost by Rs 13/T Cement (Impact ~Rs 7 Cr)
- Lower Marketing & Selling overhead (Impact ~Rs 11 Cr)
- Royalty on Limestone [Provision in Q3'15 towards contribution to DMF/NMET effective from Jan'15] (Impact Rs 25 Cr)
- Provision for contract workmen compensation during Q3'15 (~Rs 20 Cr)

**YTD
YoY**



YTD'16 YoY :

- Reduction in packing material cost by Rs 22/T Cement (Impact Rs 40 Cr)
- Lower Marketing & Selling overhead (Impact Rs 27 Cr)
- Higher maintenance cost(Impact Rs 14 Cr)

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This presentation may contain certain forward-looking statements relating to the Company's future business, developments and economic performance

Such statements may be subject to a number of risks, uncertainties and other important factors, such as but not limited to (1) competitive pressures; (2) legislative and regulatory developments;(3) global, macroeconomic and political trends;(4) fluctuations in currency exchange rates and general Financial market conditions;(5) delay or inability in obtaining approvals from authorities;(6) technical developments;(7) litigation;(8)adverse publicity and new coverage, which could cause actual developments and results to differ materially from the statements made in this presentation. ACC assumes no obligation to update or alter forward-looking statements whether as a result of new information, future events or otherwise



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