

Q4 standalone PAT increases by 60%

Full year standalone PAT increases by 20%

1. Standalone financial results for the quarter and year ended 31st December, 2016

Ambuja Cements Limited today announced its audited financial results for the quarter and year ended 31st December, 2016.

		Quarter December 2016	Quarter December 2015	Year December 2016	Year December 2015
Sales volume – cement	Million tonnes	5.00	5.48	21.12	21.53
Net sales	₹ in crore	2,197	2,356	9,160	9,368
Operating EBITDA	₹ in crore	329	328	1,683	1,531
Net profit after tax	₹ in crore	176	110	970	808

"Our rapid adoption of cashless payment methods in Dec'16 quarter helped Ambuja to deliver a strong performance in 2016. In 2017, we are well placed to be part of the infrastructure development planned by the government, and the new thrust on affordable housing projects. Further, our larger penetration in the rural outreach buoyed on the back of good monsoon and our range of special products and solutions will provide building solutions for projects right across the country." said Ajay Kapur, CEO, Ambuja Cement".

In the December quarter, net profit after tax increased by 60% as compared to the corresponding quarter of the previous year as a result of lower tax charge. On a full year basis, net profit after tax increased by 20%.

Sharp focus on efficiency and cost management led to a 10% improvement in Operating EBITDA for the year, as compared to the previous year. In the quarter, Operating EBITDA increased by 0.3% reflecting short term impact from demonetisation.

Operating costs for the quarter were lower than the prior year due to significant reduction in energy costs of 9% mainly on account of increased use of pet coke at 65% (previous year 50%), increased use of alternative fuels, combined with improved efficiency parameters.

For the year, operating costs were lower due to a reduction in energy costs of 12% mainly on account of increased usage of pet coke at 62% (previous year 47%) and improvement in efficiency parameters. Focused efforts to control logistics costs to mitigate rising costs of fuel also contributed positively.

Favourable growth in cement demand in H1 2016 was impacted in H2 2016 due to the strong monsoon and demonetisation. For the full year, cement sales volumes were down by 2%. The short term decline in sales was mainly felt in the last quarter when volumes were down by 9% as a result of cash shortages in the trade segment where Ambuja has a significant presence. Ambuja's efforts in the

market including the spread of cashless transactions and timely action, facilitated continuous order generation for dealers.

2. Dividend

The Board has recommended a final dividend of ₹ 1.20 per share (60%). Together with the interim dividend of ₹ 1.60 per share (80%), the total dividend for the year is ₹ 2.80 per share (140%)

3. Acquisition update

During the year, the Company received approval from Foreign Investment Promotion Board for the acquisition of 24% equity shares of Holcim India Private Limited (HIPL) for a cash consideration of ₹ 3,500 crore and the balance 76% by issuing equity shares of the Company. Further, pursuant to scheme of Amalgamation, HIPL has been amalgamated with the Company with effect from the appointed date 1st April, 2013. As a result, the Company has acquired 50.05% shareholding in ACC Limited.

4. Performance of material subsidiary:

ACC Limited's consolidated profit before tax for the year was up by ₹ 40 crore on the back of focused cost savings driven by reduced raw material costs and fuel mix optimization. In the December quarter, ACC Limited commissioned a cement grinding unit at Sindri in Jharkhand. Coupled with the Jamul integrated plant in Chhattisgarh, commissioned in previous quarter, the grinding unit is expected to strengthen the market presence in eastern region. Overall, increased government spending in 2017 augurs well for ACC Limited's performance in 2017.

5. Outlook

We expect good cement growth in 2017, supported by the Government's continued focus on housing and infrastructure development and anticipate volume effects from demonetization to be reduced by the end of Q1. The announcement of interest subsidy schemes and an interest rate cut, the recent announcement in the union budget for infrastructure development, including the award of infrastructure status to affordable housing and the increased budget allocation for roads, railways and irrigation will all be key drivers for cement demand.

With continuing operational excellence programs, combined with its segmented marketing and value added special cements products and building solutions, Ambuja is well placed to benefit from the plans being initiated by the Government.



Bibek Chattopadhyay
Head Corporate Communication
Mumbai, 20th February 2017