

ADITYA BIRLA



UltraTech

UltraTech Cement Limited

India's largest cement company

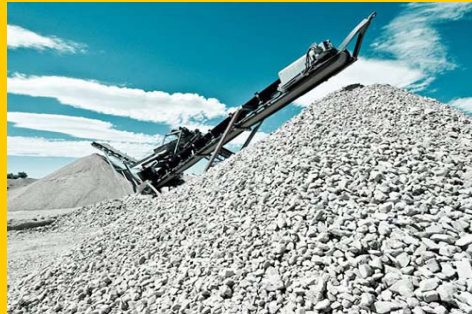
Stock Code: **BSE:532538** | **NSE: ULTRACEMCO**
Reuters: **UTCL.NS** | Bloomberg: **UTCEM IS/UTCEM LX**

Contents



**SAND
and
PET COKE**

SAND



- **Sand:** one of the key ingredients for civil construction
- **River sand v/s Manufactured sand:**
 - **River sand:** Deposited naturally by a river stream and mined from river beds
 - **Manufactured ('M') Sand:** Substitute for river sand, produced by crushing hard granite / aggregates
- **Key users:** Real estate developers, Individual house builders (IHB), Construction companies
- **River sand mining ban** in few States due to environment issues and involvement of unorganised sector

Key States impacted

- Bihar, Madhya Pradesh, Uttar Pradesh, Tamil Nadu, Rajasthan, Maharashtra

Sand mining ban impacted construction & thus cement demand

SAND MINING BAN STATUS

Bihar

Current Status

- National Green Tribunal lifted sand mining ban in first week of October'2017
- State Government introduced new Minor Mineral Rules during July'2017, covering some regulatory requirements on sand suppliers
- Sand traders and transporters moved on strike against new mining rules
- Resulted into very limited sand supply in market
- High Court stayed new mineral rules on 05/12/2017

Next steps

- Government might appeal in Supreme Court against the High Court order
- Government also planning to sell sand through on-line portal

Construction activities - Weak

SAND MINING BAN STATUS

Madhya Pradesh

Current Status

- State Government allowed sand river mining at key sites
- Sand supply improved across major markets
- Some concerns in bordering areas of Rajasthan

Next steps

- State Government planning to sell sand through on-line portal
 - to be managed by village local bodies (Gram Panchayats)
 - expected to commence from 01/01/2018

Construction activities - Improving

SAND MINING BAN STATUS

Uttar Pradesh

Current Status

- Allowed mining to the mines license owners; through non-mechanized mode
- Ban continues at major sites
- Recently clamped down on supplies from other States (Haryana and Rajasthan)
- Aggregate supply also restricted

Next steps

- State Government plans for e-tendering of new mining licenses

Construction activities – gradual picking-up

SAND MINING BAN STATUS

Tamil Nadu

Current Status

- Sand availability in the State remains poor
- On 29/11/2017, State High Court ordered closure of all river sand quarries in the State within 6 months
- Import of sand has been allowed by High Court

Next steps

- State Government under discussion for forming the policy for use of M-sand

Construction activities – Weak

SAND MINING BAN STATUS

Rajasthan

Current Status

- In November'2017, Supreme Court restrained 82 large sand mine lease holders from mining of sand
- Mining suspended till receipt of clearance from the Ministry of Environment & Forests
- Sand supply getting adversely impacted

Next steps

- State Government formed a Committee to review the matter.
- Committee recommendations likely by last week of December'2017.

Construction activities – gradually slowing down

SAND MINING BAN STATUS

Maharashtra

Current Status

- Sand supply normalized since September'2017 for Mumbai
- River sand mining ban continues for some areas of South Maharashtra
- Both river sand and M-sand are being supplied
- Aggregates supply impacted in Mumbai due to ban on one of the key mine

Next steps

- Environment clearance received for the closed aggregate mine
- Supply expected to be normalized by mid December'2017

Construction activities – gradually picking-up

PET COKE



- Pet coke is by-product of oil refineries having high calorific value (~ 8000 kcal)
- **Sulphur content:** 5% - 8%
- Cement industry is one of the key users of pet coke
- **Overall demand in India:** ~ 23 mill tons*
- **Usage in cement industry:** ~ 15 mill tons
- **Supply:** Domestic ~ 14 mill tons & Imports ~ 10 mill tons

Petcoke in Cement

- Sulphur content in Pet coke is neutralised with limestone in cement manufacturing process
- Oil refineries are dependent on Cement Kilns for disposal of Pet coke

Environment Ministry has prescribed emission norms for the Cement Industry

UPDATE ON PET COKE USAGE IN INDIA

Update on Pet coke Usage

- Supreme Court, in its last order dated 17/11/2017, prohibited use of pet coke in the states of UP, Rajasthan and Haryana due to pollution in NCR region
- In the last hearing dated 04/12/2017, Supreme Court directed the Ministry of Environment & Forests to submit an affidavit setting out the impact on environment for use of pet coke by cement industry
- Currently Industry is not using pet coke in these States
- Industry switched mainly to imported coal: 25-35% expensive

Next steps

- Next Supreme Court hearing on 11/12/2017
- Central Government also asked Supreme Court to review ban on import of pet coke - hearing scheduled on 13/12/2017

Industry future fuel strategy – linked to final outcome of Court hearings

Disclaimer

Statements in this “Presentation” describing the Company’s objectives, estimates, expectations or predictions may be “forward looking statements” within the meaning of applicable securities laws and regulations. Actual results could differ materially from those expressed or implied. Important factors that could make difference to the Company’s operations include global and Indian demand supply conditions, finished goods prices, feedstock availability and prices, cyclical demand and pricing in the Company’s principal markets, changes in Government regulations, tax regimes, economic developments within India and the countries within which the Company conducts business and other factors such as litigation and labour negotiations. The Company assumes no responsibility to publicly amend, modify or revise any forward looking statement, on the basis of any subsequent development, information or events, or otherwise.

UltraTech Cement Limited

Regd. Office: 2nd Floor, ‘B’ Wing, Ahura Centre, MIDC, Andheri (E), Mumbai – 400 093
[Corporate Identity Number L26940MH2000PLC128420]

 91-8291048644  www.ultratechcement.com or www.adityabirla.com
 investorrelations.utcl@adityabirla.com