

V M V V SANGHA'S



V M K S R VASTRAD ARTS SCIENCE
AND V S BELLIHAL COMMERCE COLLEGE
HUNGUND

Project report entitled

"A PROJECT REPORT ON ULTRATECH CEMENT"

UNDER GRADUATION OF BACHELOR OF COMMERCE

Submitted by

Ms. Soumya S Hungund
B.Com-II Semester
Register Number U15IY22C0038

Under the Guidance of

Mr. SHREESHAIL BOMMASAGAR
Assistant Professor,
Department of commerce
2022-23

CERTIFICATE

This is to certify that **Ms.Soumya Hungund** is a bonafide student of the Department of Commerce, bearing REG NO : U15IY22C0038 during the academic year 2022-23 has satisfactorily completed the project work entitled " **A PROJECT REPORT ON ULTRATECH CEMENT** " submitted in partial fulfillment of the requirements for the award of the Degree of Commerce by RANI CHANNAMMA UNIVERSITY under guidance and supervision by **Mr. SHREESHAIL BOMMASAGAR** And Prof. B A KANTHI Head of the Department in Commerce.


Mr. SHREESHAIL BOMMASAGAR
(Coordinator)


Prof. B A KANTHI
(HOD OF COMMERCE)



Prof. S K MATH
Principal

Head, Department of Commerce
V.M.K S.R.Vastrad Arts, Science & Commerce College
V.S.Bellihal Commerce College
Hungund-587118
Mahantesh Krupa
V.S.Bellihal
Commerce College, Hungund-587118

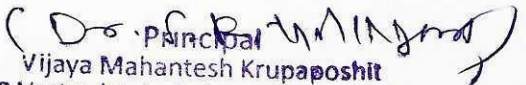
CERTIFICATE

This is to certify that the project work on "**A PROJECT REPORT ULTRATECH CEMENT**" has been carried out by **Ms. Soumya Hungund** B. Com II semester under the guidance of **Mr. SHREESHAIL BOMMASAGAR** Co-ordinator, **Prof. B A KANTHI** Head of the Department in Commerce. towards the partial fulfilment of the requirements for the award of degree of department of Commerce by the **Rani Channamma University** during the year **2022-23**.

Date :23 -8-2023
Place :HUNGUND

HC 

Prof. SHAKUNTALA K MATH
(PRINCIPAL)


Vijaya Mahantesh Krupaposhit
S R Vastrad Arts, Science & V.S. Bellita
Commerce College, Hungund-587111

Acknowledgement

I am greatly indebted to my guide, **Shri. SHREESHAIL BOMMASAGAR** Co-ordinator, *Department of Commerce*, **Rani Channamma University, V M K S R VASTRAD ARTS SCIENCE & V S BELLIHAI COMMERCIAL COLLEGE HUNGUND** for his inspiring guidance. In spite of several busy assignments, he has been kind enough to spare his time for giving me pleasure and privilege to work under his guidance.

Further I am also thankful Principal. **Prof. S K MATH** and **Prof. B A KANTHI** Head of the Department in Commerce and **Mr. S S PATIL** and **Mr. B S HOSAMANI** for their encouragement and help in carrying out this project work.

My sincere thanks to all for supporting me in carrying out project report and I also thanks to library staff and all my friends for their co-operation during the course of project work and I am also thankful to printers of their skillful printing this work.

My parents are main soul for my confidence, determination and strength throughout my life. The sweet hopes and wishes have made me able to present this work.

Last but not the least I take this opportunity to thank and remember all my friends i.e. parvati, kavya, channamma, who are with me and who have helped me throughout my life from the place they have resided in making me feel that I am also one among them who can achieve things as we want.

Date :23- 8- 2023
Place :HUNGUND


Ms. Soumya Hungund

Table of Content

<u>Sl. No.</u>	<u>CHAPTER</u>	<u>CONTENT</u>	<u>PAGE No.</u>
1	1	Introduction about the internship, Industry Profile	1 - 12
2	2	<u>Organization Profile:</u> I. Back ground, II. Nature of business, III. Vision mission, quality policy IV. Workflow model V. Product/service profile VI. Ownership pattern VII. Achievements/awards if any VIII. Future growth and prospects	13 - 25
3	3	McKensy's 7s framework with special reference to organization under study.	26 - 29
4	4	SWOT Analysis	30 - 34
5	5	Poter's five forces analysis	35 - 39
6	6	Analysis of financial statement	40 - 44

7	7	Learning experiences	45 - 46
8		Bibliography	47

Executive Summary

UltraTech Cement Limited, a Grasim subsidiary has an annual capacity of 17million tones. It manufactures and markets Ordinary Portland Cement and Portland Pozzolana Cement.UltraTech has five integrated plants, five grinding units and three terminals two in India and one in Sri Lanka.

UltraTechis the country's largest exporter of cement clinker. The company exports over 2.5 million tones per annum, which is about 30 per cent of the country's total exports. The export markets span countries around the IndianOcean, Africa, Europe and the Middle East.

The goal is to gather preliminary data and to reach the real nature of the problem and to suggest new ideas, Descriptive Research is taken up. Here survey was done by using structured questions.

The source of our data is primary data and secondary data. Primary data was collected from the respondents, who were interviewed there, for the first hand frequencies was the basis on which analysis was carried out. While the secondary data regarding subject was obtained from various magazines, journals, web sites, newspapers, and books

.For analyzing and interpreting the data we have used various statistical tools like SPSS 17,Ms Excel 2007 and Ms Word 2007. The test that was applied to interpret the statistical data collected through questionnaire was chi-square

The study has covered up the Industry profile, Organizational profile Background, Nature of business, Vision, Mission, Quality Policy, Product Profile, Ownership Pattern Achievements, Future Growth and Prospects, Mc Kinsey 7s framework, SWOT Analysis, Analysis of Financial Statement, Learning Experience, Bibliography and Annexure.

INTRODUCTION ABOUT INTERNSHIP DETAILS

Ultratech Cement was incorporated in 2000 as Larsen & Toubro. Later it was demerged and acquired by Grasim and was renamed as Ultra Tech Cement in 2004. Today Ultratech cement a part of Aditya Birla group, is the country's largest exporter of cement clinker. UltraTech Cement Limited has an annual capacity of 52 million tonnes. It manufactures and markets Ordinary Portland Cement, Portland Blast Furnace Slag Cement and Portland Pozzalana Cement. It also manufactures ready mix concrete (RMC). All the plants have received ISO 9001 certification.

The company has 11 integrated plants, one white cement plant, one clinkerisation plant in UAE, 15 grinding units 11 in India, 2 in UAE, one in Bahrain and Bangladesh each and five terminals, four in India and one in Sri Lanka.

The export markets span countries around the Indian Ocean, Africa, Europe and the Middle East.

Narmada Cement Company Limited was amalgamated with UltraTech in May 2006, while Samruddhi Cement Limited was amalgamated with UltraTech Cement Limited in July 2010.

UltraTech Cement Middle East Investments Limited, a wholly owned subsidiary of the Company acquired management control of ETA Star Cement together with its operations in the UAE, Bahrain and Bangladesh in September, 2010

UltraTech's other subsidiaries are Dakshin Cements, Harish Cements, UltraTech Ceylinco (P) and UltraTech Cement Middle East Investments

Human resource is considered to be the most valuable asset in any organization. It is the sum-total of inherent abilities, acquired knowledge and skills represented by the talents and aptitudes of the employed persons who comprise executives, supervisors and the rank and file employees. It may be noted here that human resource should be utilized to the maximum possible extent, in order to achieve individual and organizational goals. It is thus the employee's performance, which ultimately decides, and attainment of goals.

Employee satisfaction is the terminology used to describe whether employees are happy and contented and fulfilling their desires and needs at work. Many measures purport that employee satisfaction is a factor in employee motivation, employee goal achievement, and positive employee morale in the workplace.

Employee satisfaction, while generally a positive in your organization, can also be a downer if mediocre employees stay because they are satisfied with our work environment. The term relates to the total relationship between an individual and the employer for which he is paid. Satisfaction does mean the simple feeling state accompanying the attainment of any goal; the end state is feeling accompanying the attainment by an impulse of its objective

Objective of the Study:

1. To know about the demands of ultratech cement.
2. To know the sale of ultratech cement in chitradurga district.
3. To know the popularity and brand image of ultratech cement.
4. To know the quality and preference of ultratech cement.
5. To know the existing problems with the product.
6. To present the suggestion, finding to Ultratech cement.

ULTRATECH CEMENT :



UltraTech Cement Limited is the largest manufacturer of cement in India and ranks among the world's leading cement makers. UltraTech's vision is to be 'The Leader' in Building Solutions. The company has a consolidated capacity* of 102.75 million tonnes per annum (MTPA) of grey cement. UltraTech has a strong presence in international markets such as Bangladesh, UAE, Sri Lanka and Bahrain. UltraTech is a founding member of the Global Cement & Concrete Association.

It operates 20 integrated units, 26 grinding units, seven bulk terminals and one clinkerisation plant for grey cement, one integrated white cement unit, two wallcare putty plants and over

100 RMC plants. UltraTech has a dealer and retailer network of over 80,000 partners across the country, with a market reach of more than 80% Indian cities and town.

*Including four MTPA capacity which is under commissioning.

Businesses

UltraTech is India's largest manufacturer of grey cement, white cement and ready mix concrete (RMC).

In the white cement segment, UltraTech goes to market under the brand name of Birla White. It has a white cement plant with a capacity of 0.56 MTPA and two wallcare putty plants with a combined capacity of 0.8 MTPA.

With 100+ Ready Mix Concrete (RMC) plants in 35 cities, UltraTech is the largest manufacturer of concrete in India. It also has a slew of speciality concretes that meet specific needs of discerning customers.

UltraTech Building Products business is an innovation hub that offers an array of scientifically engineered products to cater to new-age constructions. Aerated autoclaved concrete (AAC) blocks are economical, light-weight blocks ideal for high-rise buildings, while dry mix products include waterproofing, grouting and plastering solutions designed for faster completion of projects.

The retail format of UltraTech Building Solutions offers a wide range of construction products to the end customers under one roof. UltraTech has over 1600 Building Solutions stores across India which are one-stop shops for all primary construction needs of our individual home builders.

BACKGROUND :

The Group's Cement business was earlier under Grasim Industries and UltraTech Cement. The two entities have now been merged into Ultra TechCement to form India's largest Cement company which is founded in 1983. Ultra Tech Cement was acquired from L&T in 2004.

Ultra Tech Cement Limited is India's biggest cement company and India's largest exporters of cement clinker based in Mumbai, India. The company is division of Grasim Industries. It has an annual capacity of 52 million tones. Ultra Tech Cement holds the superbrand Status. Which holds there venues of US \$ 3.7 billion in 2011-12 and profit of US \$ 450 million in 2011-12.

It manufacturers and market ordinary Portland cement, Portland blast furnaceslag cement, white cement and Portland Pozzolana cement. The export markets span countries around the Indian Ocean, Africa, Europe and the Middle East. Most of the plants have ISO 9001, ISO 14001 and OHSAS18001 certification. In addition, two plants have received ISO 27001 certification and four have received SA 8000 certification.

The company exports over 2.5 million tones per annum, which is about 30% of the country's total exports.

Ultra Tech Cement Limited has 12 Integrated plants, 1 white cement plant, 11 grinding units in India and 1 Clinkerization plant in UAE, 15 grinding units (11 in India, 2 in UAE, 1 each in

Bahrain and Bangladesh) and 6 bulk terminals (5 in India and 1 in Sri Lanka). In 2003 The Board of Larsen & Toubro (L&T) decides to demerge its cement business into a separate cement

company (Cemco). Grasim decides to acquire 8.5 per cent equity stake from L&T and then make an open offers for 30% of the equity of Cemco, to acquire management control of the company.

The UltraTech Cement Ltd's captive jetty is situated on Saurashtra coast (village Kovaya) between Jafrabad and the port of Pipavav (in Pipavav Port area). This captive jetty was built with the intention of taking the company's cement and clinker produced by its plant, the Gujarat Cement Works (GCW), at village Kovaya to international buyers (export market) and also to western India's coastal regions, through sea routes so as to reduce the logistics cost to a great extent. This jetty is considered crucial since it is the lifeline for the Ultra Tech cement plant, including that of its another plant, the Narmada Cement at Jafrabad. The captive berth today handles clinker and bulk cement cargo for outward movement and based on the availability of jetty's space it handles coal, gypsum, iron ore and so on, for inward movement for captive use only.

Cement Consumption and GDP/Cap

Profit and loss statement

Y/E March (Rs cr)	FY2007	FY2008	FY2009	FY2010	FY2011E	FY2012E
Net revenue	4,911	5,509	6,383	7,103	13,022	15,003
% chg	48.8	12.2	15.9	11.3	83.3	15.2
Total expenditure	3,493	3,783	4,677	5,079	9,709	10,954
Net raw materials	608	524	616	1,027	1,736	1,961
Other mfg costs	1,138	1,253	1,713	1,431	2,976	3,274
Personnel	117	168	218	251	490	535
Other	1,630	1,838	2,130	2,370	4,508	5,185
EBITDA	1,418	1,726	1,706	2,025	3,313	4,049
% chg	155.8	21.7	(1.1)	18.7	63.6	22.2
(% of net Sales)	29	31	27	29	25	27
Depreciation & amortisation	226	237	323	388	864	959
EBIT	1,192	1,489	1,383	1,637	2,449	3,090
% chg	252.3	24.9	(7.1)	18.3	49.6	26.2
(% of net Sales)	24	27	22	23	19	21
Interest & other Charges	87	82	126	118	247	269
Other income	61	101	104	59	234	225
(% of PBT)	5	7	8	4	10	7
Recurring PBT	1,166	1,507	1,361	1,578	2,436	3,047
% chg	308.3	29.2	(9.7)	15.9	54.4	25.1
Extraordinary expense/(Inc.)	-	-	-	-	-	-
PBT (reported)	1,166	1,507	1,361	1,578	2,436	3,047
Tax	384	499	384	485	803	1,004
(% of PBT)	33	33	28	31	33	33
PAT (reported)	782	1,008	977	1,093	1,633	2,042
ADJ. PAT	782	1,008	977	1,093	1,633	2,042
% chg	240.5	28.8	(3.0)	11.9	49.4	25.1
(% of net Sales)	15.9	18.3	15.3	15.4	12.5	13.6
Basic EPS (Rs)	63	81	78	88	60	75
Fully Diluted EPS (Rs)	63	81	78	88	60	75
% chg	240.5	28.8	(3.0)	11.9	(32.1)	25.1

NATURE OF ULTRATECH CEMENT :

SCOPE

In the survey an attempt has been made to analyze the job satisfaction of employees of Ultra Tech Cement Kovaya (Gujarat Cement Works). The Head Office of the Ultra Tech Cement is situated at Andheri East Mumbai. The study tries to understand the level of satisfaction among the employees of UTCL. It further explains the areas on which employees are mostly dissatisfied. Job satisfaction of the employees has been analyzed on the basis of the following seventeen job related factors.

- Salary and monetary benefits
- Job security
- Promotion policy
- Working environment
- Employees participation in management
- Freedom of expressions
- Nature of job
- Interest taken by superiors
- Superiors and sub-ordinate relationship
- Medicare
- Loans
- Conveyance
- L.T.C.

VISION :

To be India's largest cement manufacturing unit at a single location, producing premium quality cement with clear focus on all stake holders.

- Customization
- Quality consistency
- Product rang
- Cost competitiveness
- Employee empowerment

MISSION :

UltraTech as a brand embodies 'strength', 'reliability' and 'innovation'. Together, these attributes inspire engineers to stretch the limits of their imagination to create homes, buildings and structures that define the new India.

Values

- Integrity
- Commitment
- Passion
- Seamlessness
- Speed

MILISTONES OF THE COMPANY :

Ultratech Cement received Greentech Environment Excellence Award by the Greentech Foundation, New Delhi in the year 2000–2001

The Aditya Birla Group is the 11th largest cement producer in the world and the seventh largest in Asia.

In 2004–05 it received State and Zonal level I prize for overall performance in Mines safety.

2009–10 State Level Environment Award (Plant) Rajiv Gandhi Environment Award for Clean Technology National Award for Prevention of Pollution Greentech Environment Excellence Gold Award Asian CSR Award Business World FICCI–SEDF CSR Award IMC Ramkrishna Bajaj National Quality Award

2010–11 Subh Karan Sarawagi Environment Award ASSOCHAM CSR Excellence Award"

UltraTech's journey began almost three decades ago and throughout this journey, the focus has always been on providing customers with the best products and services. The resulting success has only reaffirmed UltraTech's desire to be a complete end-to-end building solutions provider. Each milestone in this journey is a cherished memory: becoming the largest cement manufacturer in India, winning the 'SUPERBRAND' and 'POWERBRAND' accolades and being recognised as a truly global organization, are a few that stand out.

UltraTech's inception can be traced back to the mid-1980s with the establishment of Grasim's first cement plant at Jawad in Madhya Pradesh. In 2001, with the objective of increasing its reach, Grasim acquired a stake in L&T Cement Ltd. The stake was further increased to a majority stake in 2003 thereby giving Grasim a pan-India presence and an increased market share. In 2004, the demerger of L&T's cement business was completed and Grasim acquired a controlling stake in L&T Cement Ltd and the name was subsequently changed to UltraTech cement. The cement business of Grasim was demerged and vested in Samruddhi Cement Limited in May 2010, with Samruddhi Cement Limited consequently being amalgamated with

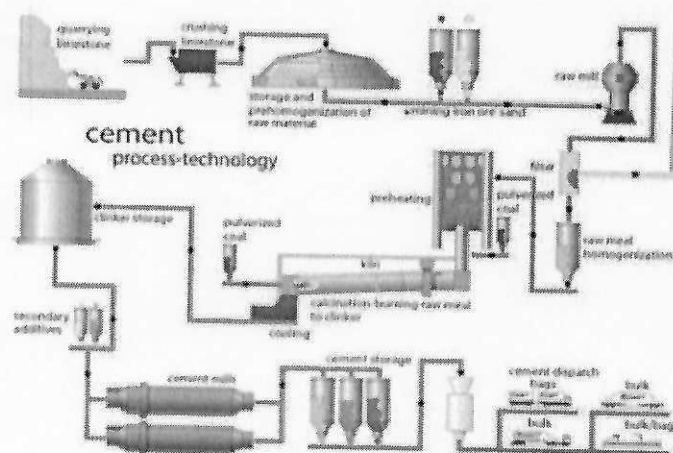
UltraTech Cement Limited in July 2010. In September 2010, UltraTech Cement Middle East Investments Limited, a wholly owned subsidiary of UltraTech Cement acquired management control of ETA Star Cement Company, along with its operations in the UAE, Bahrain and Bangladesh, thereby putting UltraTech on the global map.

Today, UltraTech Cement is amongst the top cement producers globally. It has a diverse presence across the globe. The company has eleven composite plants, one white cement plant, one wall care putty plant and one clinkerisation plant, which is based in the UAE. Furthermore, UltraTech has 15 grinding units across the world: 11 in India, 2 in UAE and 1 each in Bahrain and Bangladesh. It also has 6 bulk terminals (5 in India and 1 in Sri Lanka). UltraTech has 101 concrete plants across 35 locations in India.

WORK FLOW MODEL :

PROCESS

Portland cements are made by grinding a mixture of limestone, clay and other corrective materials, viz. Laterite, Bauxite etc. Essential constituents mainly are Lime, Silica, Alumina and Iron Oxide. The process of manufacturing consists of grinding of raw materials into fine powder, mixing them intimately and burning in a kiln at about 1400 deg. C. The resultant product is called Clinker. Clinker is cooled, ground to fine powder with gypsum. The end product is cement.



1. Lime stone
2. Aluminum leatherette
3. Hematite
4. Gypsum
5. Fly ash

The contents of raw materials consumed to produce the cement are:-

1. Lime stone 93%
2. Aluminum latherite 2%
3. Hematite 1.5%
4. Late rite 2%
5. Fly ash 1.5%

Technology:

Ultra Tech cement has opted for the best world class technology and equipment right from its inception. The plant has a state of art technology featuring an assemblage of fuzzy logic x-ray analyzer and cement scanner to ensure optimum production. The technology knowshow and the main equipment for the cement plants have been obtained from m/s losche supplied the vertical coal mills at unit II and unit III. M/sK HD Humboldt Ltd., Wedge Germany supplied the roller press, on the latest equipment in the cement grinding process. The company was first in the country to install multi-section soil with 6 compartments. In addition to the above the company has v-separator, pyro step cooler coal washery to reduce ash content of high ash coal

PRODUCT PROFILE :

The company manufactures a wide range of premium brands of cement, catering to different needs of customer

Packing Design:

1 High-density polyethylene (HDP) 2 Paper

Weight

1 50 Kg Net per Bag.

Quality

1 Specification bureau of International standard as per quality system of ISO-9001:2000

BRANDS OF CEMENT

1) Rajashree cement

Rajashree cement is 43 grade cement which has end strength 63MTPA; it is positioned in the middle market segment. The product has been used extensively for construction activities in the southern Maharashtra and Karnataka. It enjoys a reputation of giving „value for money“

Materials required producing 43 Grade cement

1. Clinker 93.50% 2

2. Gypsum 4.00%

3. Fly ash 2.50%

2) Birla super

Birla super is 53 grade cement in the company's up

-market product. Birla super has a 28 days comprehensive strength of to MTPA. It can produce concrete up to M 70 grade with ease. Materials required producing 53 Grade cement 1.

Clinker 93.50% 2. Gypsum 4.00% 3. Fly ash 2.50%

3) Birla plus

Birla plus is a premium composite cement in the company's up

-marketproduct. All cement build. But it takes a truly special one to breath life into a construction. Birla plus not only comes with the unique quality of strengthening your construction over time, it also has concrete answers to the widest range of modern constructions, ranging from row houses to skyscrapers and dams to flyovers. Constructions that stands tall. Materials required producing Birla plus cement1. Clinker 71%2. Gypsum 4%3. Fly ash 25%

4) IRST-40 Cement

IRST-40 cement is used for making railway sleepers, dams, and big projects. It is a special category of cement and has very high brains. It helps in producing most durable concrete and is produced when there is an order for the project. Materials required producing OPC 53 S Ce

a. Clinker 96%

b. Gypsum 4%

ACHIEVEMENTS/ AWARDS RECEIVED BY ULTRATECH CEMENT :

While 'Customer Satisfaction' is an important indicator used at UltraTech to enhance the company's performance, its pursuit of excellence has been acknowledged across multiple performance criteria by experts and contemporaries. The company has, over the years, won numerous awards across categories such as export, quality, safety, among others. While these awards are a great source of pride, yet more importantly, they inspire us to continuously push the very benchmarks of quality a little higher, every day.

UltraTech Cement is easily amongst the most unique brand in its category. The consumer perception of UltraTech is built around the attributes of 'modernity', 'quality' and 'technological superiority'. Based on these defining facts, the brand is positioned as the expert for all construction needs. UltraTech has been recently bestowed with the title of consumer validated 'Superbrand' by the Superbrands Council and consumer selected 'Powerbrand' by Powerbrands India.

A majority of UltraTech's state-of-the-art manufacturing units are accredited with the highest quality standards and certifications such as ISO 9001 for quality systems, ISO 14001 for environmental management systems and OHSAS 18001 for occupational hazard and safety management systems.

UltraTech has pursued excellence in all its areas of operations and has numerous accolades to its credit. Clients in India and across the world have consistently endorsed UltraTech's adherence to the highest quality standards. The lists of export awards won by UltraTech provide ample proof of its uncompromising standards on product quality. UltraTech has been on the roll call of top exporters of the Chemicals & Allied Export Promotion Council, year after year. UltraTech has also won the Capexil Certificate of Export Recognition - Top Exporter - Cement, Clinker, Asbestos and Cement Products for the years 2000, 2002 and 2003.

FUTURE GROWTH AND PROSPECTS :

UltraTech's recent announcements on capacity addition have surprised many on the street, given the muted demand environment. But it is not significantly different from the past, when it continued expanding capacities even during tough times. While the capacity plans reflect the company's confidence over its long-term prospects, the expected recovery in cement demand and margin trends are key factors the street will be monitoring.

Focus on growth, reach

UltraTech announced setting up a 3.5-million-tonne (mt) cement plant in Pali, Rajasthan, estimated to start production by June 2020. Earlier, in the September quarter, it had announced an integrated 3.5-mt cement plant in Dhar, Madhya Pradesh, which is to commence production in the March quarter of 2019. These moves come shortly after the country's largest cement producer, in the September quarter, completed acquiring 21.2 mt of JP Group's cement assets, all of which reflect its appetite to grow organically and through acquisitions

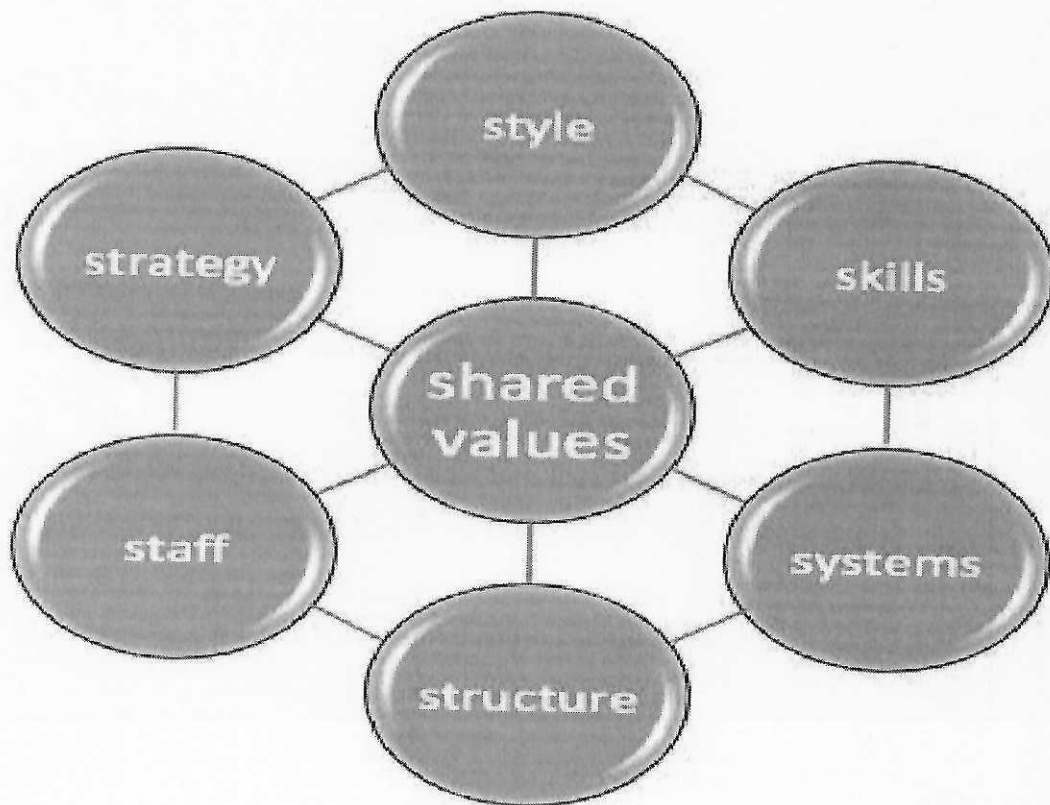
UltraTech's recent announcements on capacity addition have surprised many on the street, given the muted demand environment. But it is not significantly different from the past, when it continued expanding capacities even during tough times. While the capacity plans reflect the company's confidence over its long-term prospects, the expected recovery in cement demand and margin trends are key factors the street will be monitoring.

Focus on growth, reach

UltraTech announced setting up a 3.5-million-tonne (mt) cement plant in Pali, Rajasthan, estimated to start production by June 2020. Earlier, in the September quarter, it had announced an integrated 3.5-mt cement plant in Dhar, Madhya Pradesh, which is to commence production in the March quarter of 2019. These moves come shortly after the country's largest cement producer, in the September quarter, completed acquiring 21.2 mt of JP Group's cement assets, all of which reflect its appetite to grow organically and through acquisitions.

Analysts say the expansions are necessary for driving volumes, geographical presence, and market share. For instance, the Pali expansion will cater for the markets in western Rajasthan, where UltraTech does not have a significant presence, whereas the Dhar project is also targeted to enhance its central India presence (catering for south-west Madhya Pradesh). The acquisition of JP's cement assets was also to strengthen UltraTech's presence in central and northern India (Madhya Pradesh and Himachal Pradesh regions) as well as in Andhra Pradesh and Telangana.

Capacity increases have been crucial for driving volume growth in the past years too, despite challenges on the demand front. As peers such as ACC and Ambuja Cements (which lagged in terms of capacity additions during calendar year 2016, which is also their financial year) had seen sales volumes decline by 2.7 per cent and 1.2 per cent, respectively, UltraTech saw a 1.6 per cent increase in domestic volumes in FY17. Other peers such as Shree Cement also continue to drive volume growth, led by timely capacity expansions. UltraTech, after the acquisition of JP's cement assets and commissioning of grinding units in Maharashtra and Bihar, had seen its capacities grow to 96.5 mt per annum (mtpa) by the September quarter and the latest expansion plans will help it cross the 100-mt per annum mark.

MCKINSEY'S 7'S MODEL :**1.STRATEGY :**

The pricing strategy is based on the product's quality and the other factors which are responsible for the price to fluctuate. The brand sets the price according to the demand in a particular region and the transportation cost sets the market price if Ultratech.

2. STRUCTURE :

UltraTech Cement has 11 integrated plants, 15 grinding units, five bulk terminals and 101 RMC plants- spanning India, UAE, Bahrain, Bangladesh and Sri Lanka. UltraTech Cement is also India's largest exporter of cement clinker reaching out to meet demand in countries around the Indian

3. SYSTEMS :

UltraTech Cement aspires to achieve excellence in safety practices and performance. Therefore it has put a system in place to:

- People's involvement
- Ensure ownership on safety from line function
- Integrate safety into the existing management system
- Assign accountability on safety to the line function
- Build competency among employees
- Form an integrated approach to build in safety within the contract management process
- Establish life saving rules and progressive consequence management

4. STYLE :

With 100+ Ready Mix Concrete (RMC) plants in 39 cities, UltraTech is the largest manufacturer of concrete in India. ... UltraTech's products include Ordinary Portland cement, Portland Pozzolana cement and Portland blast-furnace slag cement.

5. STAFF :

Behind UltraTech Cement's achievements is a highly motivated and dynamic team comprising of more than 22,000 employees spread across 5 countries, and is constantly growing. With an annual capacity of 116.75 million tons, UltraTech Cement is amongst the top three cement producers globally, and number one manufacturer of grey, ready mix concrete and white cement in India.

People are the most valuable resource at UltraTech Cement. Cementing ties with this vast 'Talent Pool', UltraTech believes in providing them a world of opportunities in an environment that is nurturing and empowering.

At UltraTech, you chart the course to your success ...

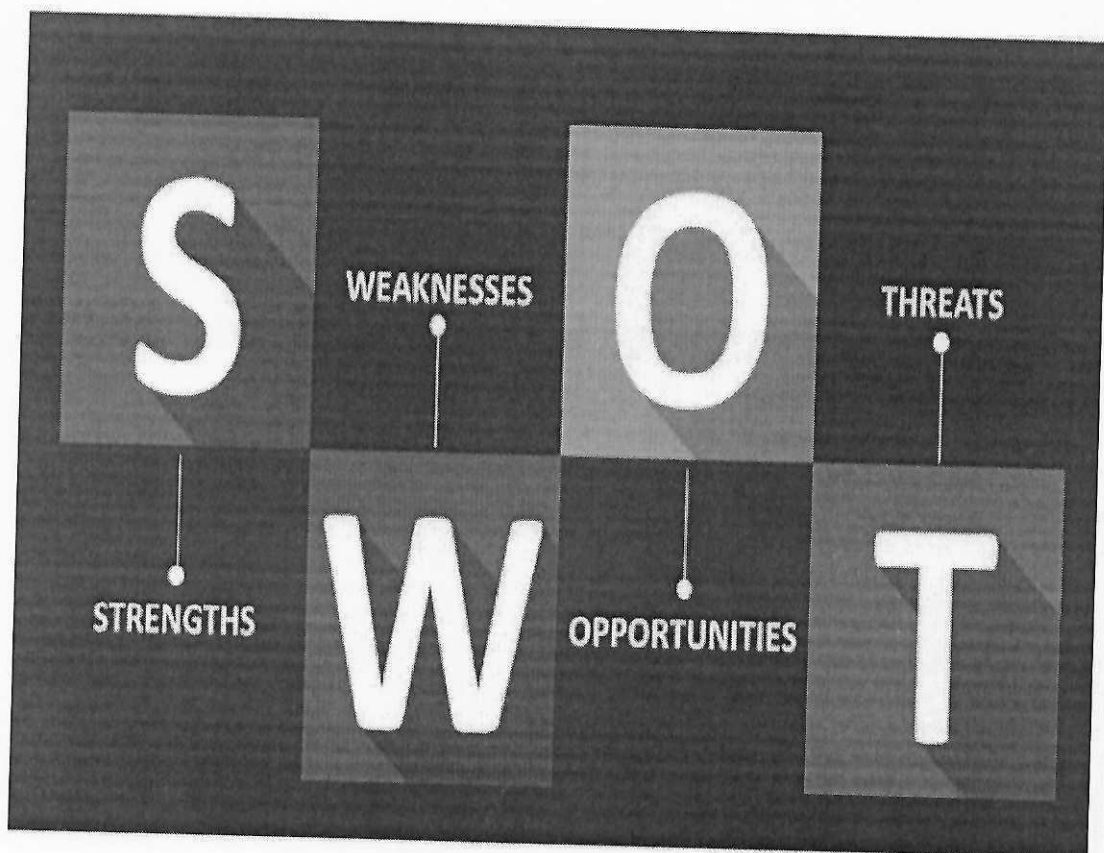
6. SKILL :

Once masons are empowered with better skills and awareness of best-in-class processes and tools in the construction industry, they are able to improve the quality of the structures they build which in turn helps them establish trust with their customers. Under this programme, UltraTech has trained 35,000 mason & contractors last year itself and plans to reach out to more than 36,000 this year.

The programme is breaking new ground now with its pioneering initiative of training women to become skilled masons and thus help them gain sustainable employment. Last year, we successfully trained 4,000 women, masons, across India.

7. SHARED VALUE :

UltraTech Cement Ltd. is the largest manufacturer of grey cement Ready Mix Concrete (RMC) and white cement in India. It is also one of the leading cement .

SWOT ANALYSIS:**STRENGTH :**

Below are the Strengths in the SWOT Analysis of UltraTech Cements:

1. It is India's biggest cement company.

2. It is the largest exporter of cement clinkers.
3. It is a part of the prestigious Aditya Birla Group that helps the brand.
4. It has an annual capacity of 60+ millions tones.
5. UltraTech accounts to about 30% of the total Indian Exports.
6. Most of the plants have ISO 9001, ISO 14001 and OHSAS 18001 certification.
7. UltraTech Cement Limited has integrated plants, white cement plant and many grinding units in India.

WEAKNESS :

Cement Industry is highly fragmented and it is also highly regionalized and Low value commodity makes transportation over long distances uneconomical.

Not available in all the places: Ultra tech is not available at all the places as it is not manufactured at all places and all plants are not available everywhere due to which people cannot find it everywhere hence the profit margins are affected to a greater extend.

Here are the weaknesses in the UltraTech Cements SWOT Analysis:

1. Although UltraTech provides various other construction products and services, but the brand is associated with Cement only, so it has to work on positioning the brand as a construction materials brand, which can be achieved by implementing branding activities.
2. It is not operating /exporting in US market which is a huge market for Cement industry.
3. Brand awareness of Ultratech is lesser as compared to global players.

OPPORTUNITIES:

With the low per capita consumption of cement in India 102 kg compared to the global average of 260 kg and the emphasis on infrastructure development, Ultra tech has ample opportunity to ride the growth curve. Ultratech can develop new marketing area. It can sign MOU's (memorandum of understanding) with government regarding supply of cement for government work. Ultratech can also maintain the position of competition in the market. Institutional market like corporate and offices, school society complexes are growing in large scale, which will increase the requirement. People are opting for more stable structures and good future, so large use of cement is taking place, so government is spending heavily on infrastructure project as Indian industry base is growing rapidly Thus, this is the right time to fully invest in these market. There is regular demand of cement which in turn will increase foreign investment in this sector. As roads transformation process is going on through which the traditional method of road building will be convert by modern concrete roads. Substantially lower per capita cement consumption as compared to developing countries (1/3 rd of world average) Per capita cement consumption in India is 82 kgs against a global average of 255 kgs and Asian average of 200 kgs. For green field capacity 20 million tons per annum will be required to match the demand in pipeline for other two years leading to favourable demand – supply scenario. (verma, 2008)

Following are the Opportunities in UltraTech Cements SWOT Analysis:

1. It should enter the US market by Mergers and acquisitions.
2. It should do worldwide branding activities that would help the brand grow as a whole.

THREATS :

As huge cement industry emerge there is more competition for ACC (Associated Cement Companies) to carefully enhanced its price , product and at the same time satisfy its dealers and customers. Cheap priced brand are capturing like a mushroom to lower income customer base. Players such as Jaypee Cement, Prism Cement, and Birla cement. ACC cement are eating up considerable market share. Due to India' satisfy growth many new international cement companies are expected in coming years which will bring enormous change and can start price war. Government intervention to adjust cement prices Transportation cost is upgrading. Due

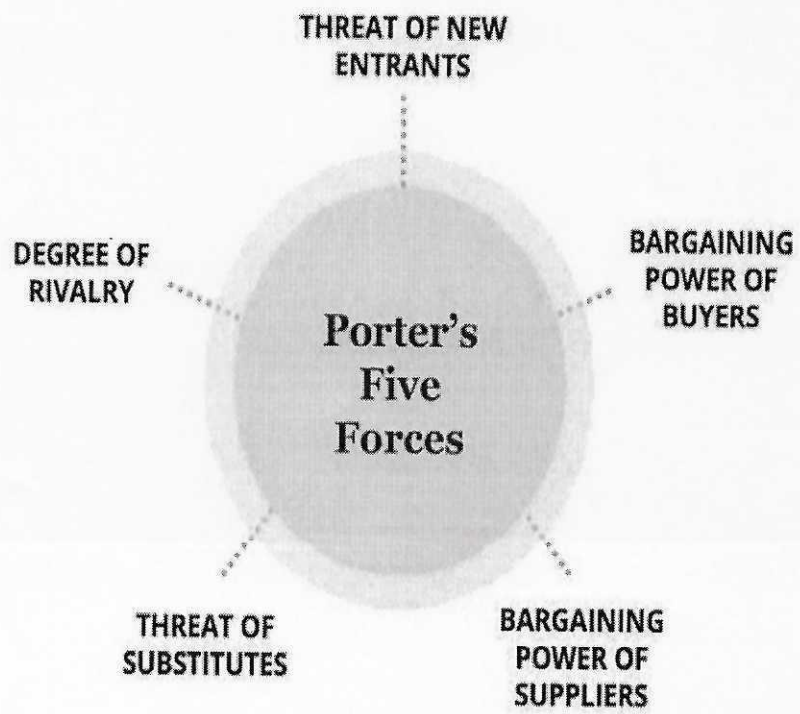
to a loading restriction there is overloading industrialist shows increase in costs due to the shortage in coal industry.

Many retailers are influenced by better profit margin, and other benefits because of small industries increase competition among them, which in turn give heavy discount to customer and start malpractices.

The threats in the SWOT Analysis of UltraTech Cements are as mentioned:

1. It faces strong competition from global players.
2. Mergers and acquisitions involves high risk, so it should be careful while entering new market.

PORTER'S FIVE FORCE MODEL :



THE THREAT TO ENTRY OF NEW COMPETITORS :

RAW MATERIAL - Cement being a high bulk and low value commodity, outward freight accounts for close to one fourth of the total manufacturing cost. In addition, for every tonne of cement produced, close to 1.7 tonnes of raw material is transported.

LOCATION - In this scenario, the location of the cement plant becomes crucial. While deciding on the plant location, there is a trade off between proximity to raw material sources and proximity to markets. Access to limestone reserves (key input) also acts as a significant entry barrier. It is necessary to locate the plant close to the mineral deposits, so as to minimize raw material assembly costs. Given that 1.4 - 1.5 tonnes of limestone are required per tonne of clinker, locating the plant along the limestone deposits is the logical corollary.

- **COMPETITION** - High level of competition in the cement industry. The Indian cement industry is weakly oligopolistic in nature on a national level with top 6 firms among more than 100 firms capturing 55% of the cement market. The market has been consistent through the years.
- **COST** - High capital cost and long gestation period. A new cement work producing 1m tonnes a year, the smallest worth building, costs around \$200m. It is much cheaper for an incumbent to expand.

BUYER POWER (LOW) :

This refers to the effects customers can exert on a particular industry. In the cement industry, the bargaining power of buyers is low because the majority of buyers are bulk buyers. For example, big construction firms, corporate who want to build their own office, etc. These buyers can bargain with the cement companies. Moreover, one potential bargaining power with the buyers is the threat of importing cement. However, this threat is limited to an extent as the cost of import will increase the overall cost of the project. Pure buyer power exists when only one buyer exists in the market. In the cement industry, facts suggest that this effect is minimal. The power of consumer's is limited due to the lack of substitutions, the small number of cement firms, and the demand that consumers have for the product. Buyers are said to be powerful if

they are highly concentrated , purchase a large amount of product. The last effect exists but its impact is weak because of persistent shortage in the cement market.

SUPPLIER POWER (MODERATE) :

In this industry, the suppliers exert a very high power. This is so because the raw materials from a very large part of the process in the manufacturing of the cement. Shortage in supply of raw materials can cripple the whole plant and can lead to huge losses . When the suppliers demand something the negotiating have to be completed quickly and the result is more or less in favor of suppliers. For example, if the coal suppliers stop supplying coal to the plant, it cannot function and production will come to a standstill . The supply of coal has to resume as quickly as possible. Hence , the suppliers exert a grate amount of influence in the decision of the cement manufacturing companies. But since all the raw materials are natural resource , they are under the government's control. Companies have to buy rights from the government to set up the cement plant . Hence the suppliers power is moderate .

INTER FIRM RIVALRY (HIGH) :

Cement industry is one of the highly competitive markets in india . Many players in this industry are large scale players with huge capital invested in setting up the production units . This factory raises the exact barrier for the companies hence , they stay in the industry and start aggressive competition. Also , the differentiation in types of cement is marginal, hence the switching cost of customer is not high , so firm compete intensely to gain market share. Also , some time problem of over capacity come in play . This lead to a price war and computation intensifies .

The market share of the top four companies accounts to 39.80% currently . It is believed that if these four companies don't increase their market share in the coming year then their combined share could drop to 34% . The share of mid large players will remain about 36% small players (like my home industries ltd, orien , binanl) will hold about 24% and new players (like reliance,

murli agro , JSWCement) will account for 6% of the market which focus on capacity addition , many small / medium players have been able to capture more market share and consolidate their position in the industry in the last 2 years.

THREATS OF SUBSTITUTES (LOW) :

Lack of substitutions, other products that are not within the same industry but can be used instead, means that the industry does not face a credible threat of competition. This represents the reality of the cement industry. No product exists to date that can substitute effectively for cement. While constitution firms can use less cement in exchange for using other material that have some cementitious quality , that substitutional effect is negligible on the market price of cement. An industry is only threatened if another industry products a similar product (e.g. aluminum cans vs . Plastic bottles), or if consumers of that product can decrease the ratio of their use of that product and use another product i.e. minimal partial substitution . Both if these choices are virtually non existent to a cement consumers , hence the threat of substitutes is very low .

FINANCIAL STATEMENT ANALYSIS :

CONSOLIDATED STATEMENT OF BALANCE SHEET

Exhibit 11: UltraTech Cement, Profit model, balance sheet and cash flow model, March fiscal year-ends, 2016-2021E (Rs mn)

	2016	2017	2018	2019E	2020E	2021E
Profit model (Rs mn)						
Net sales	237,088	236,157	293,626	359,552	400,247	443,337
EBITDA	46,266	46,743	54,174	66,424	81,058	93,416
Other income	4,807	9,356	10,222	8,693	9,879	11,411
Interest	(5,117)	(5,714)	(11,863)	(13,349)	(10,097)	(6,897)
Depreciation	(12,970)	(12,679)	(17,636)	(20,107)	(21,198)	(22,274)
Profit before tax	32,986	37,706	34,898	41,661	59,642	75,656
Current tax	(6,238)	(8,067)	(6,780)	(8,749)	(12,525)	(15,888)
Deferred tax	(3,046)	(3,416)	(3,925)	(4,583)	(6,561)	(8,322)
Net profit	23,702	26,087	21,930	28,329	40,557	51,446
Adjusted PAT	23,702	26,224	24,192	28,329	40,557	51,446
Earnings per share (Rs)	86.4	95.5	88.1	103.2	147.7	187.3
Balance sheet (Rs mn)						
Equity	207,361	239,410	259,230	284,254	321,506	369,647
Deferred tax liability	32,274	27,736	31,741	36,323	42,884	51,206
Borrowings	76,378	62,404	174,195	142,694	112,694	62,694
Current liabilities	62,508	63,261	78,564	90,578	102,075	113,612
Total liabilities	378,521	392,811	543,730	553,850	579,158	597,159
Fixed assets	239,483	241,102	386,847	392,110	395,912	398,638
Investments	51,081	74,087	61,629	61,629	61,629	61,629
Cash	22,352	22,177	1,993	(5,910)	5,339	11,258
Other current assets	65,605	55,445	93,261	106,021	116,278	125,633
Total assets	378,521	392,811	543,730	553,850	579,158	597,159
Free cash flow (Rs mn)						
Operating cash flow excl. working capital	33,490	37,453	38,039	53,019	68,316	82,042
Working capital changes	5,195	4,878	(12,671)	(746)	1,239	2,182
Capital expenditure	(20,534)	(12,593)	(19,380)	(25,370)	(25,000)	(25,000)
Free cash flow	18,152	29,738	5,988	26,903	44,555	59,224
Ratios						
Book value (Rs/share)	756	872	944	1,035	1,171	1,346
RoAE (%)	12.0	11.7	9.7	10.4	13.4	14.9
RoACE (%)	8.8	8.1	6.7	7.3	9.5	11.2
CRoCI (%)	11.5	12.8	13.3	12.4	14.2	15.4

Source: Company, Kotak Institutional Equities estimates

CONSOLIDATED STATEMENT OF PROFIT AND LOSS :

Profit and loss statement

Y/E March (Rs cr)	FY2007	FY2008	FY2009	FY2010	FY2011E	FY2012E
Net revenue	4,911	5,509	6,383	7,103	13,022	15,003
% chg	48.8	12.2	15.9	11.3	83.3	15.2
Total expenditure	3,493	3,783	4,677	5,079	9,709	10,954
Net raw materials	608	524	616	1,027	1,736	1,961
Other mfg costs	1,138	1,253	1,713	1,431	2,976	3,274
Personnel	117	168	218	251	490	535
Other	1,630	1,838	2,130	2,370	4,508	5,185
EBITDA	1,418	1,726	1,706	2,025	3,313	4,049
% chg	155.8	21.7	(1.1)	18.7	63.6	22.2
(% of net Sales)	29	31	27	29	25	27
Depreciation & amortisation	226	237	323	388	864	959
EBIT	1,192	1,489	1,383	1,637	2,449	3,090
% chg	252.3	24.9	(7.1)	18.3	49.6	26.2
(% of net Sales)	24	27	22	23	19	21
Interest & other Charges	87	82	126	118	247	269
Other income	61	101	104	59	234	225
(% of PBT)	5	7	8	4	10	7
Recurring PBT	1,166	1,507	1,361	1,578	2,436	3,047
% chg	308.3	29.2	(9.7)	15.9	54.4	25.1
Extraordinary expense/(Inc.)	-	-	-	-	-	-
PBT (reported)	1,166	1,507	1,361	1,578	2,436	3,047
Tax	384	499	384	485	803	1,004
(% of PBT)	33	33	28	31	33	33
PAT (reported)	782	1,008	977	1,093	1,633	2,042
ADJ. PAT	782	1,008	977	1,093	1,633	2,042
% chg	240.5	28.8	(3.0)	11.9	49.4	25.1
(% of net Sales)	15.9	18.3	15.3	15.4	12.5	13.6
Basic EPS (Rs)	63	81	78	88	60	75
Fully Diluted EPS (Rs)	63	81	78	88	60	75
% chg	240.5	28.8	(3.0)	11.9	(32.1)	25.1

LEARNING EXPERIENCE

All the statutory and non-statutory measures are provided to employees as per the standard measures, which improves employee's satisfaction and increase productivity. Any organization success and growth depends on employees. The company may have rich resources of capital, material, infrastructure, machines and technology but if the quality of manpower is not good, the organization cannot succeed. Employee welfare plays a vital role in every organization. Besides several other factors the economic development of a country depends upon the effective functioning of employees. In order to achieve this superiors and the state should take necessary steps for the satisfaction of employees in their respective jobs. Employees are satisfied with the present working conditions and feel secure about their job. Almost all the employees are satisfied with the wages paid to them. 80% of the employees feel that there should be an incentive wages scheme for efficient work in the organization. 60% of the employees feel that the management is sympathetic to some extent in their problems faced at workstation; Management shares a very good relation with the workers. 75% of the employees were more than 6 years in the organization. 95% employees were satisfied with the facilities provided to them and are free to express their views freely to the management. Supervisors are ready to clear the doubts and help in improving their performance. 95% of the employees feel that the company policies really protect their interests. 80% of the employees are satisfied with the present management setup. The Company following 0% tolerance policy.