



**Performance Update**  
for the half-year ended 30<sup>th</sup> September, 2009

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**UltraTech Cement Limited**

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30<sup>th</sup> October, 2009

Dear Shareholder,

**Sub: Performance Update - half-year ended 30<sup>th</sup> September, 2009**

We would like to apprise you on the performance of your Company during the first half of the current fiscal (H1FY10).

**Operating Performance**

During H1FY10 your Company produced 8.25 MMT (7.28 MMT) cement, registering a growth of 13%. Effective capacity utilisation was at 84% on expanded capacity. Domestic sales volume at 8.43 MMT (7.29 MMT) reflected a growth of 16%.

Your Company's Net Sales increased by 21% from Rs. 2,892 crores in H1FY09 to Rs. 3,494 crores. Profit before Interest, Depreciation and Tax at Rs. 1,252 crores (Rs.797 crores) and Profit after Tax at Rs. 669 crores (Rs. 429 crores) were higher by 57% and 56% respectively. Variable cost was lower by around 12% on account of softening in fuel prices and enhanced share of power from the captive power plants.

Overall, the markets of southern India where your Company sells around 29% of its volume, witnessed low growth at 3% together with pressure on prices. This restricted your Company's ability to optimally utilise capacity from the expanded line at its Unit in Andhra Pradesh. Export volume and prices were also under pressure due to lower offtake from the Middle East where your Company exports clinker. Overall performance in H1FY10 would have been even better compared to the corresponding period in FY09, but for these constraints.

**Capex**

With the commissioning of capacity at your Company's Unit at Andhra Pradesh Cement Works together with the split grinding Unit at Ginigera, Karnataka, your Company's capacity stands augmented to 23.10 million TPA. The thermal power plants set up across various Units have also become fully operational. Your Company has access to around 236 MW of captive thermal power, catering to around 80% of its power requirements.

Your Company has a capital outlay of around Rs.2,000 crores. This will be spent over the next two to three years, mainly for setting up of a 25MW Thermal Power Plant (TPP) at your Company's Unit in Awarpur, Maharashtra; an additional grinding and evacuation facility at its Unit in Gujarat and Waste Heat Recovery Systems across Units for generating power out of waste gases. These will be primarily funded out of internal accruals. Your Company has a comfortable financial position and balance sheet strength to support its growth plans.

**Directors**

Consequent to the divestment of Larsen & Toubro Limited's ('L&T') entire equity stake in your Company in June, 2009, Mr. Y. M. Deosthalee and Mr. J. P. Nayak, L&T's nominees on your Company's Board tendered their resignation with effect from 15<sup>th</sup> June, 2009.

At the meeting of the Board of Directors held on 16<sup>th</sup> October, 2009, Mr. S. Misra has been re-appointed as Managing Director upto 31<sup>st</sup> March, 2010, subject to the approval of the shareholders.

## Corporate Development

Your Company received a proposal dated 3<sup>rd</sup> October, 2009 from Samruddhi Cement Limited (Samruddhi), a wholly owned subsidiary of Grasim Industries Limited (Grasim), your Company's holding Company, informing about the demerger of Grasim's cement business and a potential consolidation of Samruddhi and your Company. The Board at its meeting held on 6<sup>th</sup> October, 2009, having found the proposal attractive, constituted a Committee of Directors and Officers of your Company to inter alia evaluate and consider the proposal in consultation with legal and financial advisors. The Committee will revert to the Board with its recommendations.

## Outlook

Despite a weak monsoon, Industry demand may grow at 9% in FY10 given the Government's initiatives to boost rural development, infrastructure and housing. The new capacities in the Sector, which are at various stages of commissioning, will lead to a fall in capacity utilisation. New capacities together with the recent hike in domestic coal prices will result in pressure on margins.

Your Company's focus on higher volume growth, captive power generation and capital productivity should partially offset the impact on margins.

With Season's Greetings,

Yours sincerely,



**K. C. Birla**  
Sr. Executive President & CFO

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## CAUTIONARY STATEMENT

*The statement in this "Update" describing the Company's objectives, projections, estimates, expectations or predictions may be "forward looking statements" within the meaning of applicable securities laws and regulations. The actual results could differ materially from those expressed or implied. Important factors that could make a difference to the Company's operations include global and Indian demand supply conditions, finished goods prices, feed stock 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 statements, on the basis of any subsequent development, information or events or otherwise.*

## Financial Results – H1FY10 (Unaudited)

Rs. in lakhs

Sr. No.	Particulars	Three Months Ended 30/09/2009 (Unaudited)	Three Months Ended 30/09/2008 (Unaudited)	Six Months Ended 30/09/2009 (Unaudited)	Six Months Ended 30/09/2008 (Unaudited)	Year Ended 31/03/2009 (Audited)
1	(a) Net Sales	154081	139621	349359	289219	638308
	(b) Other operating Income	1702	2077	3318	3280	5427
2	Expenditure					
	(a) (Increase)/Decrease in Stock in Trade and Work - in - Progress	(6925)	(166)	(6383)	(6436)	(8876)
	(b) Consumption of raw materials	18491	15793	41154	32515	68496
	(c) Purchases of Traded Goods	1214	191	2358	270	1950
	(d) Employees cost	6348	5077	12239	9752	21767
	(e) Depreciation	9666	8076	19024	15189	32300
	(f) Power & Fuel	31624	39452	69957	78042	171298
	(g) Freight & Handling Expenses	28608	23430	59098	48944	107108
	(h) Other Expenditure	27721	26171	52261	51875	105924
	(i) Total Expenditure	116747	118024	249708	230151	499967
3	Profit from Operations before Other Income & Interest (1-2)	39036	23674	102969	62348	143768
4	Other Income	1376	706	3182	2163	4929
5	Profit before Interest (3+4) (PBIT)	40412	24380	106151	64511	148697
6	Interest	2987	3088	6284	5560	12551
7	Profit Before Tax Expenses (5-6)	37425	21292	99867	58951	136146
8	Tax Expenses	12335	4873	33000	16031	38444
9	Profit After Tax (7-8)	25090	16419	66867	42920	97702
10	Paid-up equity share capital (Face Value Rs. 10/- Per Share)	12449	12449	12449	12449	12449
11	Reserves					347593
12	Earnings Per Share (EPS)					
	(a) Basic EPS (Rupees)	20.15	13.19	53.71	34.48	78.48
	(b) Diluted EPS (Rupees)	20.15	13.19	53.71	34.48	78.48
13	Public Shareholding:					
	- Number of Shares ('000s)	56108	56517	56108	56517	56107
	- Percentage of Shareholding	45.07%	45.40%	45.07%	45.40%	45.07%
14	Promoters and promoter group shareholding:					
	(a) Pledged/ Encumbered					
	- Number of Shares	-	-	-	-	-
	- Percentage of Shares (as a % of the total shareholding of promoter and promoter group)	-	-	-	-	-
	- Percentage of Shares (as a % of the total share capital of the Company)	-	-	-	-	-
	(b) Non - encumbered					
	- Number of Shares ('000s)	68193		68193		68193
	- Percentage of Shares (as a % of the total shareholding of promoter and promoter group)	100%		100%		100%
	- Percentage of Shares (as a % of the total share capital of the Company)	54.78%		54.78%		54.78%
	Debt Service Coverage Ratio (DSCR)*			2.93	2.61	2.72
	Interest Service Coverage Ratio (ISCR)**			17.11	10.65	10.92

\* DSCR = PBIT / (Gross Interest + Principal Repayment)

\*\* ISCR = PBIT / Gross Interest

### Notes:

- The Board received a proposal dated 3/10/2009 from Samruddhi Cement Limited (Samruddhi) a wholly owned subsidiary of Grasim Industries Limited (Grasim), the Company's holding company, informing the Board about the demerger of Grasim's cement business and a potential consolidation of Samruddhi and the Company. The Board at its meeting held on 6/10/2009, having found the proposal attractive, constituted and authorized a Committee of Directors and Officers of the Company to inter alia evaluate and consider the proposal in consultation with legal and financial advisors. The Committee is expected to revert to the Board with its recommendations by the first week of November, 2009.
- The Board re-appointed Mr. S. Misra as Managing Director from 16/10/2009 upto 31/03/2010, subject to the approval of the shareholders.
- The Company is engaged in one business segment viz. Cement. The Company's manufacturing operations are solely situated in India.
- The figures of the previous year / period have been regrouped wherever necessary.
- The Company received 2 investor complaints during the quarter, which have been attended to. No complaints were pending at the beginning and the end of the quarter.
- The above results have been reviewed by the Audit Committee and approved by the Board of Directors at their meetings held on 16/10/2009. The Statutory Auditors have carried out a limited review of the above results as required under Clause 41 of the listing agreement with the stock exchange.