



“Our goal is to become a
US \$65 billion Group by 2015
from US \$30 billion today.
We expect your company
to contribute significantly
to this growth and earnings.”

KUMAR MANGALAM BIRLA

UltraTech Cement Limited
Performance Update
For the half year ended 30th September, 2010

30th October, 2010

Dear Shareholder,

Sub: Performance Update - half-year ended 30th September, 2010

We would like to apprise you of developments at your Company and its performance during the first half of the current fiscal (H1FY11).

Corporate Developments

(A) Scheme of Amalgamation

The Scheme of Amalgamation of Samruddhi Cement Limited ("Samruddhi") with your Company ("the Scheme") has become effective from 1st August, 2010 and is operative from the Appointed Date i.e. 1st July, 2010.

In terms of the Scheme, 14,95,33,469 equity shares of ₹ 10/- each have been allotted to shareholders of Samruddhi including the Custodian(s) of the Global Depository Receipts (GDRs).

(B) Acquisition of ETA Star Cement, UAE

Your Company's wholly owned subsidiary "UltraTech Cement Middle East Investments Limited" (UCMEIL) has completed the acquisition process of ETA Star Cement together with its operations in the UAE, Bahrain and Bangladesh. It has also acquired management control with a 80% beneficial interest.

ETA Star Cement's manufacturing facilities include a 2.3 mtpa clinkerisation plant and 2.1 mtpa of cement grinding capacity in the UAE, 0.4 mtpa and 0.5 mtpa of cement grinding capacity in Bahrain and Bangladesh respectively. For the acquisition and towards repayment of existing loans, UCMEIL has borrowed US\$ 220 million.

With the amalgamation of Samruddhi and the acquisition of ETA Star Cement, your Company's capacity stands augmented to 52 mtpa making it the 8th largest cement Company in the world. (Source: BNP Paribas)

Your Company now 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.

Operating Performance

(₹ in crores)

	H1FY11	H1FY10	△%
Capacity (MnTPA)	48.75	45.65	7
Production (MMT)	13.24	12.88	3
Sales Volume (MMT)	14.21	13.96	2
Turnover	5,005	5,555	(10)
PBIDT	930	1,935	(52)
PBIT	610	1,646	(63)
PAT	359	1,049	(66)

Your Company's performance for the half year reflects the financial results post the amalgamation of Samruddhi with your Company. The results include the performance of Samruddhi with effect from 1st July, 2010 which was the Appointed Date for the amalgamation. The operating performance for the corresponding H1FY10 has been re-casted, to include Grasim's Cement Business performance for a like-to-like comparison and are strictly not comparable with the corresponding period of the previous year.

Your Company produced 13.24 MMT (12.88 MMT) cement in H1FY11 registering a growth of 3%. Effective capacity utilisation was at 78% on and expanded capacity. Its total sales volume increased from 13.96 MMT to 14.21 MMT. Domestic sales volume grew by 6%.

Net Sales stood at ₹ 5,005 crores (₹ 5,555 crores). Profit before Interest, Depreciation and Tax at ₹ 930 crores (₹ 1,935 crores) and Profit after Tax at ₹ 359 crores (₹ 1,049 crores) were lower by 52% and 66% respectively.

These results are inclusive of Samruddhi / Grasim's Cement Business for the three months i.e. July-September. However for a complete understanding of the Cement Business for six months i.e. April-September, the performance of Samruddhi / Grasim's Cement Business has been factored for six months which is as indicated:

(₹ in crores)

	H1FY11	H1FY10	△%
Capacity (MnTPA)	48.75	45.65	7
Production (MMT)	18.53	17.79	4
Sales Volume (MMT)	19.29	18.69	3
Turnover	7,149	7,709	(7)
PBIT	1,130	2,289	(51)

Among the many factors that squeezed your Company's margins, have been - oversupply scenario in the sector together with a subdued demand on account of monsoon, lower realisation coupled with increase in costs. The price of imported coal rose from US\$ 76/Mt to US\$ 110/Mt, substantially escalating your Company's energy cost.

Capex

During the half year, the Board has approved a capex of around ₹ 5,600 crores. This is earmarked for setting up additional clinkerisation plants at Chhattisgarh and Karnataka. Your Company will also establish grinding units and bulk packaging terminals across various states. Consequent to these expansions, the total cement capacity addition will be 9.2 mtpa which is likely to be completed by the end of FY13.

Together with Samruddhi's capex, your Company's total capital outlay extends to over ₹ 10,000 crores to be spent over the next three years. These projects will be funded through a judicious mix of internal accruals and borrowings.

Directors

The Board has inducted Mr. Adesh Gupta, Whole-time Director and CFO of Grasim Industries Limited as an additional Director of your Company with effect from 26th October, 2010.

Outlook

The demand for cement is expected to grow around 10% in the long term. The increase in consumption, both on account of Government and private spending together with a good monsoon and revival in the corporate capex cycle, will bolster demand.

With a strong demand growth, the margins are likely to gradually return back to normal during FY13. Your Company's focus on higher volume growth, better logistics support together with cost efficiencies, should help in improving performance.

Best Regards

Yours sincerely,

← Glacis

K. C. Birla
Sr. Executive President & CFO

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 – H1FY11 (Unaudited)

₹ in Lakhs

Sr. No.	Particulars	Three Months Ended 30/09/2010 (Unaudited)	Three Months Ended 30/09/2009 (Unaudited)	Six Months Ended 30/09/2010 (Unaudited)	Six Months Ended 30/09/2009 (Unaudited)	Year Ended 31/03/2010 (Audited)
1.	(a) Net Sales	321470	153594	500454	348872	704968
	(b) Other operating Income	2980	1677	4952	3286	6317
2.	Expenditure					
	(a) (Increase)/Decrease in Stock in Trade and Work - in - Progress	(3085)	(6925)	(6651)	(6383)	227
	(b) Consumption of raw materials	47248	18491	73004	41154	96061
	(c) Purchase of Traded Goods	2285	1214	5582	2358	6374
	(d) Employees cost	19108	6461	26207	12492	25294
	(e) Depreciation	21838	9666	31993	19024	38808
	(f) Power & Fuel	84342	32173	126108	70915	143023
	(g) Freight & Handling Expenses	65049	28618	100910	59108	122879
	(h) Other Expenditure	65745	26536	93934	50521	113937
	(i) Total Expenditure	302530	116234	451087	249189	546603
3.	Profit from Operations before Other Income & Interest (1-2)	21920	39037	54319	102969	164682
4.	Other Income	3859	1375	6710	3182	5886
5.	Profit before Interest (3+4) (PBIT)	25779	40412	61029	106151	170568
6.	Interest	8451	2987	11237	6284	11752
7.	Profit Before Tax Expenses (5-6)	17328	37425	49792	99867	158816
8.	Tax Expenses *(net of excess tax provision reversal of ₹ 10.18 crores related to earlier years)	5751	12335	13942*	33000	49492
9.	Profit After Tax (7-8)	11577	25090	35850	66867	109324
10.	Paid-up equity share capital (Face Value ₹ 10/- Per Share)	27402	12449	27402	12449	12449
11.	Reserves					448217
12.	Earnings Per Share (EPS) (Not Annualised)					
	(a) Basic EPS (₹)	4.22	20.15	24.58	53.71	87.82
	(b) Diluted EPS (₹)	4.22	20.15	24.57	53.71	87.79
13.	Public Shareholding:					
	- Number of Shares (000s)	92586	56108	92586	56108	56120
	- Percentage of Shareholding	33.79%	45.07%	33.79%	45.07%	45.08%
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)	175623	68193	175623	68193	68193
	- Percentage of Shares (as a % of the total shareholding of promoter and promoter group)	100%	100%	100%	100%	100%
	- Percentage of Shares (as a % of the total share capital of the Company)	64.09%	54.78%	64.09%	54.78%	54.78%
Debt Service Coverage Ratio (DSCR)*				2.89	2.93	4.10
Interest Service Coverage Ratio (ISCR)**				5.57	17.11	14.83

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

** ISCR = PBIT / Gross Interest

Notes:

1. The Scheme of Amalgamation ("the Scheme") of Samruddhi Cement Limited ("Samruddhi") with the Company has been sanctioned by the Hon'ble Bombay High Court on 11/06/2010 and by the Hon'ble Gujarat High Court on 01/07/2010. The Scheme became effective from 01/08/2010 and is operative from the Appointed Date i.e. 01/07/2010. The results for the period ended 30/09/2010 are inclusive of Samruddhi from the Appointed date i.e. 01/07/2010

Upon effectiveness of the Scheme, the authorised Share Capital of the Company increased to ₹ 2,800,000,000, consisting of 280,000,000 equity shares of ₹ 10/- each.

In terms of the Scheme, shareholders of Samruddhi have been allotted 149,533,469 equity shares of ₹ 10/- each of the Company as fully paid-up in the ratio of 4 (four) equity shares of the Company of face value ₹ 10/- each fully paid-up for every 7 (seven) equity shares of Samruddhi of face value ₹ 5/- each fully paid-up.

2. In view of the amalgamation of Samruddhi with the Company w.e.f. 01/07/2010, the figures for the three months and six months ended on 30/09/2010 are strictly not comparable with the corresponding period of the previous year. Comparable Net Sales and PBIT for the corresponding period of previous year are as under:

₹ Lakhs

Particulars	Three Months ended 30/09/2010	Three Months ended 30/09/2009	Six Months ended 30/09/2010	Six Months ended 30/09/2009
Net Sales	321,470	360,180	500,454	555,458
PBIT	25,779	98,826	61,029	164,565

3. The ESOS Compensation Committee has on 07/09/2010 allotted 920 equity shares of ₹ 10/- each of the Company to option grantees pursuant to the exercise of stock options under the Company's Employee Stock Option Scheme – 2006.
4. The paid-up equity share capital of the Company increased from 124,487,079 equity shares of ₹ 10/- each to 274,021,468 equity shares of ₹ 10/- each as a result of the allotment of equity shares in terms of the Scheme of Amalgamation ("the Scheme") and exercise of stock options under the Company's Employees Stock Option Scheme - 2006.
5. The Company's wholly-owned subsidiary 'UltraTech Cement Middle East Investments Limited' has completed the acquisition of ETA Star Cement and has acquired management control of its operations in the UAE, Bahrain and Bangladesh.
6. Statement of Assets and Liabilities as at 30.09.2010:

₹ Lakhs

Particulars	As at 30.09.2010 (Unaudited)	As at 30.09.2009 (Unaudited)*
Shareholders' Funds:		
Share Capital	27,402	12,449
Share Application Money	15	-
Employees Stock Options Outstanding	460	192
Reserves & Surplus	953,075	414,460
Loan Funds	409,444	166,428
Deferred Tax Liability (net)	175,825	80,652
TOTAL	1,566,221	674,181

Application of funds:		
Fixed Assets	1,206,259	519,116
Investments	314,960	108,891
Inventories	201,114	86,858
Sundry Debtors	52,439	22,342
Cash and Bank Balances	15,472	7,889
Loans and Advances	90,471	42,167
Less: Current Liabilities & Provisions		
Current Liabilities	264,293	101,795
Provisions	50,201	11,287
TOTAL	1,566,221	674,181

* Not reviewed by the Statutory Auditors

On account of amalgamation of Samruddhi with the Company w.e.f. 01/07/2010, corresponding figures as at 30/09/2009 are strictly not comparable.

7. The Company is engaged in one business segment viz. Cement. The Company's manufacturing operations are solely situated in India.
8. The figures of the previous period have been regrouped wherever necessary.
9. The Company received 1 investor complaint during the quarter, which has been attended to. No complaints were pending at the beginning and at the end of the quarter.
10. The above results have been reviewed by the Audit Committee and approved by the Board of Directors at their meetings held on 26/10/2010. 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 exchanges.

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