



Press Release

Mumbai, 29th July, 2010

**UltraTech Cement Announces Results
for the Quarter ended 30th June, 2010**

	Rs. crores	
	Quarter ended	
	30th June,2010	30th June,2009
Net Sales	1,790	1,953
PBIDT	454	751
Profit After Tax	243	418

UltraTech Cement Limited, an Aditya Birla Group Company, today announced its unaudited financial results for the quarter ended 30th June, 2010.

Financials

Net Sales stood at Rs. 1,790 crores as compared to Rs. 1,953 crores in the corresponding period of the earlier year. Profit before Interest, Depreciation and Tax is Rs. 454 crores and Profit after Tax is Rs. 243 crores vis-a-vis Rs. 751 crores and Rs. 418 crores respectively, in the corresponding period of the previous year.

The Company produced 4.63 MMT (4.52 MMT) of cement during the quarter, reflecting a growth of 2% YoY. The combined cement and clinker sales of 5.12 MMT.

These results have to be viewed in the light of the oversupply scenario in the sector together with logistics and cost pressures.

There have been capacity addition in excess of 60 mtpa in the previous year. This has resulted in an oversupply scenario. Markets of south India which account for around 33% of the Company's total sales volume, continued to be adversely affected due to

lower off take and a shortage of wagons. The markets of Western and Eastern India were constrained on account of logistics and partial disruption in operations.

Although prices remained flat sequentially, there was a sharp fall as compared to Q1FY10.

Moving on to costs - prices of coal, raw material such as slag and fly-ash and transportation expenses have risen considerably. Consequently, costs escalated by 12% compared to Q1FY10. The quarter also witnessed a reduction in coal supply through linkages which compelled the Company to increase its coal purchase from the domestic market at a higher price. It had to meet its balance requirement through imports. Imported coal prices rose from US\$ 76 pmt to US\$110 pmt YoY.

These factors have lead to a squeeze on margins. However sequentially (QoQ), performance has improved.

Capex

The Company has an on-going capex plan of around Rs. 2,600 crores. This will be spent over the next three years on augmenting its grinding capacity in Gujarat, installing waste heat recovery systems and setting up of packaging terminals across locations.

The Board, at its meeting held today, has approved an additional capex of around Rs.5,600 crores. This is earmarked for setting up additional clinkerisation plants at Chhattisgarh and Karnataka. The 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.

Together with Samruddhi's capex, the Company's total capital outlay extends to over Rs. 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. The Company has a strong balance sheet with a net debt-equity ratio of 0.1 and an interest cover of more than 10 times.

Scheme of Amalgamation of Samruddhi and acquisition of ETA Star Cement

The Scheme of Amalgamation of Samruddhi Cement Limited ("Samruddhi") with the Company having been approved by the Board, shareholders and respective High courts, will be effective from 1st August, 2010. It is operative from the Appointed Date i.e 1st July, 2010.

The Company will allot around 14.95 crore equity shares to the shareholders of Samruddhi in the ratio of 4 (four) equity shares of the Company of face value Rs.10/- each fully paid-up for every 7(seven) equity shares of Samruddhi of face value Rs.5/- each fully paid-up.

The acquisition of ETA Star Cement is likely to be completed during the quarter.

With the amalgamation of Samruddhi and the acquisition of ETA Star Cement, the Company's capacity will stand augmented to 52 mtpa. This makes it the 9th largest cement company in the world.

Outlook

In the short to medium term, there will pressure on price and margins, given the surplus capacity. However, Industry demand is expected to grow around 10%, given the Government's initiatives to boost rural development, infrastructure and housing, which augurs well for the Company. The outlook for your Company remains positive.

UltraTech Cement Limited

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