

UltraTech CemCo Limited

Registered Office: L&T House, Ballard Estate, Mumbai 400 001

Financial Results for the year ended March 31, 2004

UltraTech CemCo Limited has reported a gross turnover (including Other Income) of Rs.2746.91 crore for the year ended 31st March 2004. The Profit before tax and the Profit after tax for the year amount to Rs.49.20 crore and Rs.38.83 crore respectively. The Board of Directors of the Company at its meeting held on June 4, 2004 has recommended a final dividend of 5% for the financial year ended March 31,2004.

Demerger of Cement business of Larsen & Toubro Limited (L&T)

A Scheme of Arrangement under Sections 391-394 of the Companies Act 1956 ("Scheme") for demerger of Cement business of L&T into the Company was approved by the shareholders of L&T in February 2004. The Scheme was sanctioned by the Bombay High Court on 22nd April 2004 and became effective as of 14th May 2004.

In terms of the Scheme of Arrangement, the Cement business of L&T was demerged into the Company and all assets and liabilities of the Cement business of L&T as of 1st April 2003 were transferred to and vested in the Company as a going concern. The financial performance of the Cement business for the year ended March 31, 2004 have been incorporated in the books of the Company.

Capacity and Production

The Company's cement capacity was increased by 0.5 million tonnes through debottle-necking during the year. With this, the capacity is now 15.5 million tonnes and along with the capacity of 1.5 million tonnes of Narmada Cement Company Limited, the Company's subsidiary, the total capacity stands at 17 million tonnes.

The Company achieved a higher clinker production of 12.12 million tonnes as against 11.54 million tonnes in the previous year. All cement plants have achieved optimum capacity utilisation.

Domestic Sales & Exports

The sale of cement and clinker during 2003-04 was 14.87 million tonnes, 7% higher than the level of 13.86 million tonnes achieved in the previous year. During the year, the industry's domestic cement consumption grew by 5.8%.

The Company continues to be the largest exporter of cement and clinker, with exports of 3.49 million tonnes during 2003-04 as against 2.76 million tonnes in the previous year.

Profitability

Cement prices during most part of the year were weak and had an adverse impact on the sales realisation. The domestic sales realisation was Rs.1266 PMT as against Rs.1276 PMT in the previous year. Export prices have shown an improvement with the sales realisation reflecting an increase of USD 2.7 PMT.

Despite increases in price of fuel and imported coal, the operating costs have been contained through various cost reduction measures. Initiatives on optimising distribution costs have also helped to mitigate the impact of weak cement prices. The increased share of blended cement in the product portfolio also helped to contain the operating cost.

The Operating Profit (Profit before Depreciation, Interest and Tax) for the year was Rs.361.14 crore.

Outlook

The demand for cement is expected to grow about 8% during 2004-05, with prospects of increased investment in manufacturing capacities and infrastructure facilities in the economy. Key drivers of demand would continue to be the housing sector and the infrastructure sector like roads and water management systems. With no significant additions to cement capacities expected in the near future, the correction of over-supply situation is expected to accelerate. This, in turn, should help stabilise and improve the cement prices. Overall, the outlook for the cement industry is positive.