

UltraTech CemCo Limited

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

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 &! !, " & " " , - & "

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.