

**Ultratech Cement Ltd.**

"The cement industry is likely to grow over 8% linked to the Government's focus on infrastructure development. The surplus scenario is likely to continue for the next three years".

**Ultratech Cement reported Q2 FY13 results as follows:**

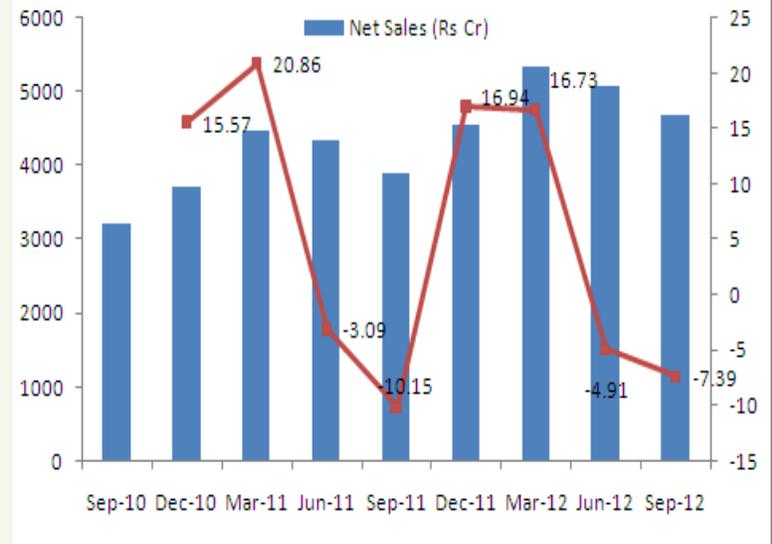
- Cement volumes grew just by 0.7% YoY to 9.29mt .
- Net sales grew by 20% YoY (-7% QoQ) to NR47b
- EBITDA grew by 73% YoY (-21% QoQ) to INR10b translating into EBITDA margins of 21.4% and EBITDA/ton of INR1,069, driven by higher realizations.
- Cost push in form of energy cost (+4.7% QoQ) due to increase in domestic open market prices and other expenses (+28% QoQ) due to maintenance related cost, diluted benefit of higher realizations.
- Lower other income restricted PAT to INR5.5b a growth of 97% YoY (-29% QoQ).
- Blended realization's (including RMC & white cement) at INR 5,059/ton (+3% QoQ). Grey cement (including clinker) realizations is estimated to improve 2% QoQ (20% YoY) to INR4,203/ton, with domestic realizations estimated to have improved by 1% QoQ to INR4,400/ton.

Realisations increased 2.9% QoQ while cement sales volume at 9.1mt were in line. Ultratech blended cement realisation saw hefty improvement of 20% YoY as delayed monsoon across country meant lower season price drops (2QFY13 realization +1.9% QoQ v/s a sharp 4.5% QoQ decline in 2QFY12). Hence despite volume remaining flat, revenues for the quarter grew 20% YoY to Rs47bn. White cement volume at 2.39 lac tons grew by an impressive 13% YoY. White cement revenues maintained its robust revenue growth of 21% YoY.

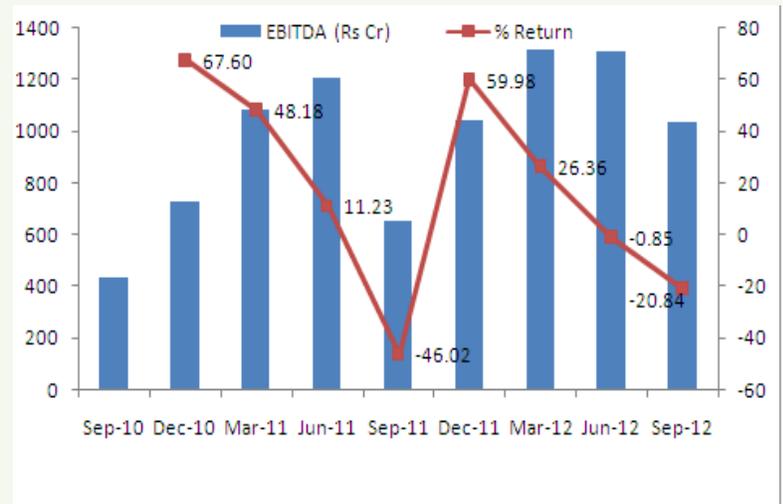
Power and fuel cost/ton increased by 9.6% QoQ, but its impact was offset by lower than expected freight cost (which stood flat QoQ) and lower than expected other expenditure. The energy cost was affected by increase in cost of e-auction coal and increase transportation cost of the fuel. The company has indicated that it doesn't see any meaningful benefit from softening of imported coal prices, as weaker INR has diluted benefits of it. Cement pricing scenario in 3 of Ultratech's key regions, Northern, Central & Southern region, remain benign. Oct-12 dealer checks reveals that cement price in Northern and Central region have witnessed a price hike of Rs8-12/bag, led by season uptick in cement demand on as monsoon season came to end.

The company hasn't provided for CCI's penalty of INR11.8b for alleged cartelization, as based on the legal opinion it believes that it has a good case and will appeal before the Competition Appellate Tribunal. Ultratech massive 10 mtpa capacity addition program is nearing completion. The 1 mtpa Surat grinding unit is expected to be commissioned by 4QFY13. Ultratech board has sanctioned an additional capex of Rs10bn towards modernization and setting up of RMC plants across the country. This brings the total capex under implementation to Rs114 bn. This capex would be funded through mix of internal accruals and debt.

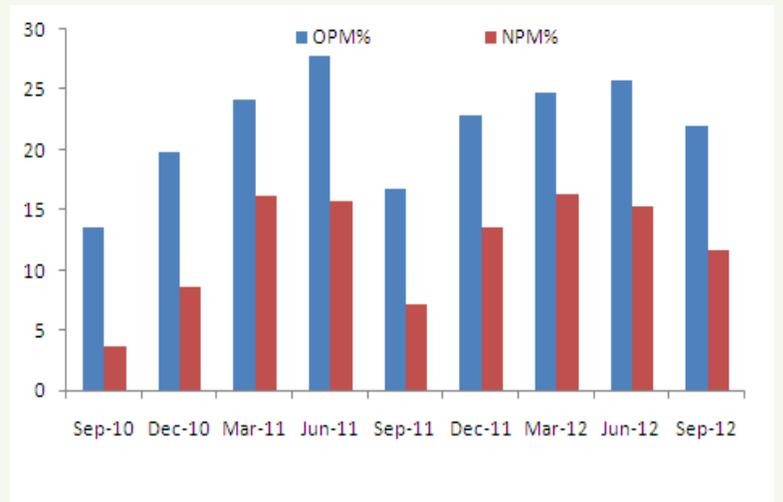
It has acquired 100% stake of Gotak Limestone Khanij Udyog Pvt Ltd, resulting in it becoming UltraTech's subsidiary w.e.f 23/07/2012.



(Source: Eastwind)



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