



23rd October, 2007

Dear Shareholder,

Sub: Performance Update for the half-year ended 30th September, 2007

We would like to give you an update on the significant events that impacted your Company during the first half of the current fiscal (H1FY08).

The Indian Cement Industry has maintained its growth momentum, driven by investments in the housing, construction and infrastructure sectors. New capacity in excess of 90 million TPA is in the pipeline. This will be commissioned over the next 3 years and would affect cement prices from H2FY09.

Cement production in the industry grew at 8% during H1FY08 reflecting a per capita annual consumption of 136 kgs, which is significantly lower than the global average of 356 kgs.

The performance of your Company during H1FY08 follows:

BUSINESS PERFORMANCE:

	H1FY08	H1FY07	% Change
Installed capacity (MMT):			
Clinker	14.5	14.5	
Cement	17.0	17.0	
Production (MMT):			
Cement	7.25	6.87	6
Effective capacity utilisation*	95%	94%	
Sales Volume (MMT):			
Domestic			
– Cement**	7.02	6.58	7
Exports			
– Cement	0.33	0.57	– 42
– Clinker	0.63	0.98	– 36
Total	7.98	8.13	– 2

* effective capacity utilisation is based on cement production + clinker sold

** includes trading sales : 0.04MMT (0.16MMT) and clinker sales : 0.17MMT (0.14MMT)

UltraTech Cement Limited

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Your Company's cement production increased from 6.87 MMT in H1FY07 to 7.25 MMT in H1FY08, registering a growth of 6%. Effective capacity utilisation was 95%. Domestic volume registered a growth of 7% from 6.58 MMT to 7.02 MMT. Exports were curtailed to cater to domestic demand.

Net Sales at Rs. 2,539 crores (Rs. 2,185 crores) was up by 16% compared to the corresponding period of the previous year. Profit before Interest, Depreciation and Tax at Rs. 816 crores (Rs. 654 crores) rose 25%. Profit after Tax grew by 32% from Rs. 338 crores to Rs. 445 crores.

CAPEX:

Your Company has committed Rs. 3,300 crores towards various capital investment projects, which are expected to go on stream as scheduled. Notably these cover –

- = 225 MW of captive thermal power capacity at its Units in Andhra Pradesh (50 MW) - Gujarat (92 MW) – Chhatisgarh (50 MW) – and supplementary capacity in Maharashtra (33 MW). On completion, your Company will be able to meet 80% of its power requirements from internal generation, consequently reducing the cost of power.
- = 4.9 million TPA additional cement capacity at its Unit in Andhra Pradesh, supplemented by a Grinding Unit in Karnataka.
- = 2.9 million cubic metres of Ready Mix Concrete capacity.

EMPLOYEE STOCK OPTION SCHEME:

Members of your Company had approved formulating an Employee Stock Option Scheme in terms of the Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999. The ESOS Compensation Committee of the Board of Directors of your Company at its meeting held on 23rd August, 2007 has granted 99,010 Stock Options to eligible employees of your Company. Each Option is convertible into one equity share of Rs.10/- each upon vesting. The Options will vest in 4 annual installments after one year of the grant and shall be exercisable within a period of 5 years from the date of vesting.

OUTLOOK:

Demand is expected to grow at 10% in the second half. Your Company's focus continues to be on strengthening plant operations, timely completion of projects and enhancing shareholder value.

With Season's Greetings,

Yours sincerely,



K. C. Birla
Sr. Executive President & CFO

CAUTIONARY STATEMENT

The statements 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 – H1FY08:
(Rs. crores)

Sr. No	Particulars	Three Months Ended Sept. 30, 2007	Three Months Ended Sept. 30, 2006	Six Months Ended Sept. 30, 2007	Six Months Ended Sept. 30, 2006	Year Ended March 31, 2007 (Audited)
1	Net Sales	1,173.41	1,004.54	2,538.68	2,184.86	4,910.83
2	Other Income	25.80	11.90	52.69	25.30	61.46
3	Total Income (1+2)	1,199.21	1,016.44	2,591.37	2,210.16	4,972.29
4	Total Expenditure					
	– Decrease / (Increase) in stock	(29.61)	(1.11)	(16.29)	(11.01)	32.54
	– Raw Materials Consumed	119.98	84.59	237.44	175.95	392.99
	– Purchases of Finished Goods	0.05	24.16	13.66	49.93	182.43
	– Payment to & Provision for Employees	45.16	29.42	76.57	56.92	117.22
	– Power & Fuel	257.41	248.48	560.22	534.03	1,138.32
	– Freight & Handling Expenses	199.32	179.36	438.86	395.37	882.66
	– Depreciation	58.05	54.74	113.91	109.09	226.25
	– Other Expenditure	251.54	185.15	465.13	354.60	746.86
	Total Expenditure	901.90	804.79	1,889.50	1,664.88	3,719.27
5	Interest	18.76	23.74	38.91	46.33	86.83
6	Profit / (Loss) before Tax Expenses (3) - (4+5)	278.55	187.91	662.96	498.95	1,166.19
7	Tax Expenses					
	– Current tax	89.69	66.97	203.00	174.00	396.00
	– Deferred tax	1.78	(7.18)	12.15	(14.93)	(16.70)
	– Fringe Benefit Tax	1.22	0.68	2.57	1.60	4.61
8	Net Profit / (Loss) (6-7)	185.86	127.44	445.24	338.28	782.28
9	Paid-up equity share capital (Face Value Rs. 10/- Per Share)	124.49	124.49	124.49	124.49	124.49
10	Reserves					1,639.29
11	Basic Earnings Per Share (Rupees)	14.93	10.24	35.77	27.17	62.84
	Diluted Earnings Per Share (Rupees)	14.93	10.24	35.76	27.17	62.84
	Public Shareholding:					
	– Number of Shares ('000s)	57,216	58,952	57,216	58,952	58,117
	– Percentage of Shareholding	45.96%	47.36%	45.96%	47.36%	46.69%

Notes:

1. The Company is engaged mainly in one primary segment viz. Cement Business. The Company's manufacturing operations are solely situated in India.
2. The figures of the previous year / period have been regrouped wherever necessary.
3. During the three months ended September 30, 2007, 3 investor complaints were received, all of which have been attended by the Company. No complaints were pending at the beginning or at the end of the quarter.
4. The above results have been reviewed by the Audit Committee and thereafter approved by the Board of Directors at their meeting held on October 20, 2007. The statutory auditors have performed a limited review of the financial results for the six months ended September 30, 2007.

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