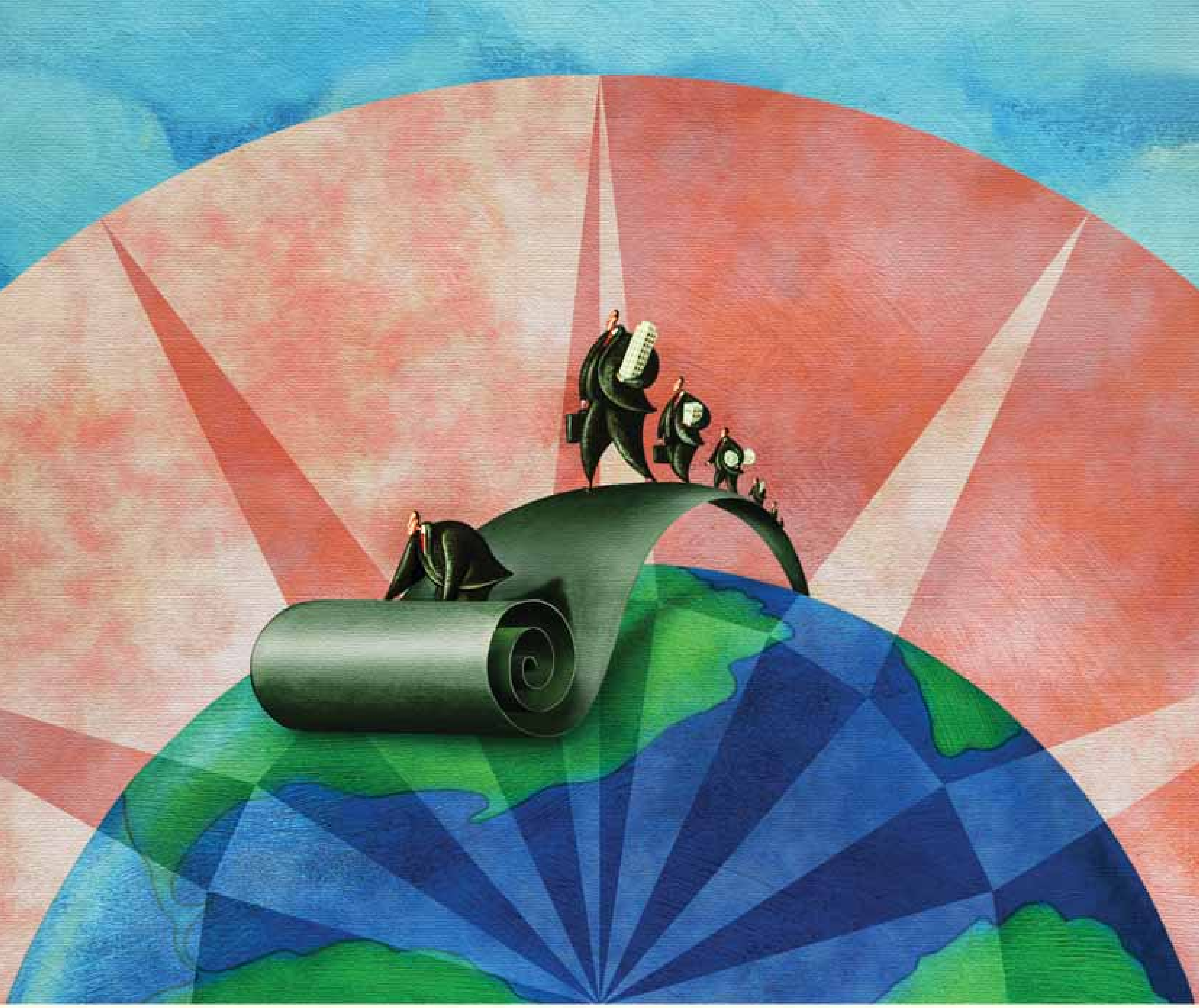
NEW HORIZONS. NEW FRONTIERS.



UltraTech

ADITYA BIRLA GROUP

UltraTech Cement Limited

Performance Update

For the half year ended 30th September, 2008

24th October, 2008

Dear Shareholder,

Sub: Performance Update - half-year ended 30th September, 2008

We would like to apprise you on the performance of your Company during the first half of the current fiscal (H1FY09).

Operating Performance

The financial year began under a challenging economic and business environment. The Government's concern to curb inflation, restricted the sector's ability to pass on the rise in input costs to consumers. Further, the imposition of a six week ban on the export of cement and clinker during Q1FY09 had an adverse impact on the volume of your Company, as it is the largest exporter of clinker and cement. During Q2FY09, the global liquidity crisis, high interest rates and a substantial increase in coal prices affected performance.

Under these circumstances, your Company's cement production remained flat at 7.28 MMT (7.25 MMT) in H1FY09. Effective capacity utilisation was at 91% on expanded capacity.

Total Sales at 8.25 MMT (7.94 MMT) registered a growth of 4%. With the export ban subsequently lifted, your Company was able to maintain its exports volume, which remained flat at 0.96 MMT.

On the cost front, energy prices witnessed a sharp increase together with a rise in cost of raw materials. Shortage in supplies from the existing coal linkages was further aggravated as new coal linkages are not yet operational. This compelled your Company to increase coal purchase from the domestic market and through imports, at significantly higher prices. Imported coal prices more than doubled to US$ 190 pmt year on year. The cumulative impact was a 27% increase in the variable cost, which adversely affected margins.

Your Company's Net Sales increased by 14% from Rs.2,528 crores in H1FY08 to Rs.2,892 crores. Profit before Interest, Depreciation and Tax at Rs.797 crores (Rs.819 crores) and Profit after Tax at Rs.429 crores (Rs.445 crores) were lower by 3% and 4% respectively. However, cash profit at Rs. 654 crores (Rs. 571 crores) during H1FY09 was higher by 14%.

Your Company has a strong balance sheet with debt-equity ratio of 0.6 and interest cover of more than 10 times.

UltraTech Cement Limited

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Capex

Your Company commenced commercial production of clinker from the expansion line at Andhra Pradesh Cement Works (APCW) and of cement from the grinding Unit at Ginigera in Karnataka. Production is being ramped up in a phased manner and will result in the total capacity of your Company rising from 18.2 MMT in March, 2008 to 23.1 MMT by end of FY09.

Two 23 MW Thermal Power Plants (TPP) became operational at Gujarat Cement Works in H1FY09 and since then one 25 MW TPP has been commissioned in APCW. The other Phases will be operational during FY09 and will cater to 80% of your Company's power requirement. Other existing capex projects relating to expansion and modernisation are on track.

Towards all of the capex initiatives, your Company has already spent Rs.2,500 crores. A further Rs.2,100 crores will be spent during the next three years.

Directors

During H1FY09, Dr. Santrupt Misra stepped down from the Board of your Company and Mr. S. B. Mathur was inducted as an Additional Director (Independent) in his place. Mr. Mathur was Chairman of Life Insurance Corporation of India and is on the Board of several companies.

Outlook

We are experiencing a slowdown in real estate, new construction, infrastructure and corporate capital investments, given the high cost of credit and poor capital markets. Demand for cement is now expected to grow around 7% to 8% as compared to earlier forecasts of 9% to 10%. The likely commissioning of around 90 million tonnes capacity in a phased manner over the next three years could lead to a surplus scenario from CY09 resulting in pressure on earnings, sales realisation and margins.

Your Company will continue to focus on stabilising plant performance and optimising efficiencies. The new capacities at APCW, the grinding Unit at Ginigera and the TPPs of 227 MW being set up will partially offset the adverse effect on your Company's profitability.

With Season's Greetings,

Yours sincerely,

K. C. Birla
Sr. Executive President & CFO

CAUTIONARY STATEMENT

The statement 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 – H1FY09 (Unaudited)

(Rs. in lakhs)

S. No	Particulars	Three Months Ended 30/09/2008	Three Months Ended 30/09/2007	Six Months Ended 30/09/2008	Six Months Ended 30/09/2007	Year Ended 31/03/2008 (Audited)
1	(a) **Net Sales**	**139621**	**116762**	**289219**	**252758**	**550878**
	(b) Other Operating Income	2068	1102	3262	2579	6045
2	**Expenditure**					
	a. (Increase)/Decrease in Stock in Trade and Work in Progress	(166)	(2961)	(6436)	(1629)	(2663)
	b. Consumption of Raw Materials	15793	11998	32515	23744	53677
	c. Purchase of Traded Goods	191	5	270	1366	1368
	d. Employees cost	5077	4383	9752	7503	17155
	e. Depreciation	8076	5805	15189	11391	23723
	f. Power & Fuel	39452	25741	78042	56022	125326
	g. Freight & Handling Expenses	23430	21267	48944	45179	96926
	h. Other Expenditure	26171	23227	51875	43696	86506
	i. Total Expenditure	**118024**	**89465**	**230151**	**187272**	**402018**
3	**Profit from Operations before Other Income & Interest (1-2)**	23665	28399	62330	68065	154905
4	Other Income	715	1486	2181	2482	4027
5	**Profit before Interest (3+4)**	24380	29885	64511	70547	158932
6	Interest	3088	2030	5560	4251	8231
7	**Profit before Tax Expenses (5-6)**	21292	27855	58951	66296	150701
8	Tax Expenses					
	— Current tax	2629	8969	8440	20300	51024
	— Deferred tax	2105	178	7290	1215	(1671)
	— Fringe Benefit Tax	139	122	301	257	587
9	**Profit after Tax (7-8)**	16419	18586	42920	44524	100761
10	Paid-up equity share capital (Face Value Rs. 10/- Per Share)	12449	12449	12449	12449	12449
11	Reserves					257173
12	Earnings Per Shares (EPS)					
	(a) Basic EPS (Rupees)	13.19	14.93	34.48	35.77	80.94
	(b) Diluted EPS (Rupees)	13.19	14.93	34.48	35.76	80.91
	Public Shareholding:					
	— Number of Shares ('000s)	56517	57216	56517	57216	56520
	— Percentage of Shareholding	45.40%	45.96%	45.40%	45.96%	45.40%

Notes:

1. The Company is engaged in one business segment viz. Cement. The Company's manufacturing operations are solely situated in India.
2. The Company has started commercial production of clinker from the expansion line at Andhra Pradesh Cement Works and of cement from the grinding unit at Ginigera, Karnataka.
3. The Company has revised estimated useful life of some of the assets resulting in depreciation being higher by Rs.5.97 crores for the three months and Rs.12.98 crores for the six months ended 30/09/2008.
4. The figures of the previous year / period have been regrouped wherever necessary.
5. There were no investor complaints pending at the beginning of the quarter and no complaints were received during the quarter.
6. The above results have been reviewed by the Audit Committee and approved by the Board of Directors at their meeting held on 18/10/2008. The statutory auditors have performed a limited review of the same.