



UltraTech Cement Limited

Chairman's Speech

at

The 15th Annual General Meeting

on

Friday, 28th August, 2015

Ravindra Natya Mandir, Mumbai

Dear Fellow Shareholders,

I warmly welcome all of you to your Company's 15th AGM. Let me begin by sharing with you the highlights of the year's performance and the prospects going forward in the context of the economy.

While the global economic scenario remained challenging with economic growth at 3.4%, the year has been indeed positive for the Indian economy. The favourable external environment, with the sharp decline in oil and commodity prices, enabled the Indian economy march forward. Economic growth accelerated at 7.3%. Inflation fell sharply to 5%. The current account deficit was contained at below 2% of GDP. A slew of initiatives taken by the Government, particularly the deregulation of diesel prices, reforms in the coal and mineral sectors, and steps to boost FDI, helped in reinforcing the positive macro factors. The Indian economy virtually entered a sweet spot.

However, the cement industry was snowed under the slowdown in the rural economy, the lack of investment both from the private sector as well as the Government spends. Sluggish demand, a continuing rise in the price of both input material and logistics put the brake on growth. Consequently, the cement industry's growth stood at a mere 3.5%. Despite these challenging circumstances, by staying focused and pushing cost optimisation initiatives to the maximum, your Company was able to deliver a laudable performance in FY'15.

Net Sales stood at Rs. 22,656 crores vis-à-vis Rs. 20,078 crores – a 13% increase over FY'14. Profit before interest, depreciation and tax was Rs. 4,567 crores as against Rs. 4,147 crores.

The acquisition of the Gujarat units of Jaypee Cement Corporation Limited has been completed. The acquired facilities comprise of an integrated unit at Sewagram and a grinding unit at Wanakbori, with a combined capacity of 4.8 MTPA. The enterprise value was Rs. 3,800 crores besides the actual net working capital at closing.

Furthermore, your Directors have approved the acquisition of the cement units of Jaiprakash Associates Limited, situated at Bela and Sidhi in Madhya Pradesh. With this an additional 4.9 MTPA capacity and thermal power generation capacity of 180 MW will be added. The Scheme of Arrangement between your Company and Jaiprakash Associates, their shareholders and creditors, for the acquisition of these cement units has been approved by your Company's shareholders and creditors. The Competition Commission of India has okayed the transaction. It is now subject to approvals from the Bombay High Court and other regulatory bodies.

This acquisition will raise your Company's cement capacity in India from 60.2 MTPA to 65.1 MTPA. With the on-going projects underway, your Company's capacity in India will grow to 71.2 MTPA by the end of FY 2015-16. Your Company augmented its captive power capacity with the commissioning of 50 MW of thermal power plants and 22.5 MW through waste heat recovery. This brings the total thermal power capacity to 717 MW and waste heat recovery at 33 MW. It meets around 80 % of your Company's total power requirement.

Let me now move on to the dividend: Your Directors have recommended a dividend of Rs. 9/- per share, which entails an outgo of Rs. 246.96 crores. Your Company will absorb the Corporate Tax on the

dividend amounting to Rs. 50.28 crores, resulting in a total payout of Rs. 297.24 crores.

First Quarter Performance:

In the first quarter of FY16, your Company's Net Sales stood at Rs.6,038 crores as compared to Rs.5,649 crores in the corresponding period of the previous year. Profit before Interest, Depreciation and Tax was Rs.1,252 crores and Profit after Tax was Rs. 591 crores as against Rs.1,264 crores and Rs.626 crores respectively, in the corresponding period of the previous year.

During the quarter, your Company commissioned 15 MW Waste Heat Recovery Systems, taking the total power generation capacity from waste heat recovery to 48 MW.

Your Company is a consistent performer in the Indian cement industry. Building capacities, augmenting its people strength, improving safety, caring for the environment and delivering financial performance reflects the robustness of its business model.

Going forward, with the Government's thrust on infrastructure development, housing sector, smart cities, roads etc., your Company is well positioned to meet the expected rise in demand and participate in the next phase of growth in the country.

That said, let me now share with you, your Company's endeavours towards inclusive growth as well as synergising growth in a sustainable manner.

As a responsible and caring corporate citizen, we have been sharing our success and contributing to improve the lives of the people we work with. Your Company has resolutely striven towards inclusive growth and sustainable development. Under the tutelage of the Aditya Birla Centre for Community Initiatives and Rural Development led by Mrs. Rajashree Birla, your Director, your Company has been working in 407 villages, in proximity to its manufacturing plants. As a caring corporate citizen, your Company actively contributes to social and economic development in the communities in which it operates. The major areas of focus are education, healthcare, sustainable livelihood, infrastructure development and social reform.

On synergising growth with responsibility, let me add that your Company has been consistently adopting new technologies that are cleaner and greener. Our plants and processes are constantly driven to become more energy efficient as we continue on our quest to become better stewards of natural resources.

Your Company's efforts towards Corporate Social Responsibility, environment conservation and safety have been elaborated in the Annual Report, which I hope, you have read.

Let me conclude by saying that your Company has a strong Balance Sheet, robust cash flows and gearing levels well within reasonable limits. Your Company enjoys the confidence of its stakeholders. It has a market cap of over US\$ 13 billion. All of these help stoke your Company's future growth and development.

On behalf of your Company's Board, I convey our deep sense of gratitude to all our stakeholders, business associates, the Central and State Governments for their ongoing support. The commitment of all of our employees to the growth of your Company is invaluable. Finally, I want to thank each one of you and all of our other shareholders across the country for backing us always and reposing your faith in us.

Kumar Mangalam Birla